

THE MASSIVE EVALUATION OF REAL ESTATES FOR THE PURPOSE OF TAXATION. CASE STUDY: TOWN HALL OF CAINARII VECHI, DISTRICT OF SOROCA

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Abstract: *The current condition of the evaluation of the real estate's is analysed. The results of the application of the massive evaluation of the real estate's are described. The strengths and the weak points which appear by applying the massive evaluation of the real estate's are analysed. The application of a more advanced and correct appraisal of the value of real estate's is proposed, by using software which is created especially for this purposes. The steps of developing the massive evaluation of the real estates in the Republic of Moldova are mentioned.*

Key words: *Analysis, Evaluation report, GIS, methods, taxes*

Introduction

Assessment of real estates from the Republic of Moldova is relatively a young kind of activity that derives from the market economy specific and proportions required by it. The start point of assessment activity was the privatization of real estates, in result of which there appeared the private property, its inclusion in the civil circuit, formation and development of real estate market, necessity of determination of real estates' market value due to the fact that these could be freely traded. In the economic circuit there were included lands and constructions that in the centralized economy belonged to the state and which value was undisputed. Hence, the assessment of real estates plays a very important role in market infrastructure because it excludes the suspicious attitude of parties concerning the property's value. The real estate market develops remarkably, fact that imposes new requirements towards the assessment activity, which in July 2002 was declared as independent activity type expanded according to a well determined methodological framework.

This work presents the results of the studies performed by authors that assessed massively for tax purposes. We tried to define the place and importance of determining real estates value by massive assessment and bringing in these investigations within the evaluation activity. The reasoning of the topic was made upon the studies and necessity of implementation of massive assessment in order to be settled truly the owners' contribution to local budgets.

The set goals from this work are: to study and make some implementations of massive assessment, to examine the automation process of data collection and processing, to study the trends and possible classifications, to facilitate the process of determining tax duty, to get acquainted and to apply Value Cad module, to come up with proposals and changes concerning the developing procedure of massive assessment process, to implement the performed technologies to data processing got in the result of participation in massive assessment activity of real estates.

Material and method

Cainarii Vechi is a village and a parish from Soroca district. The village is located to 48.003851 – North latitude and to 28.127697 – East latitude, having an area of almost 4.34 square kilometers with a perimeter of 12.01 km. The parish Cainarii Vechi has a total area of 65.64 square kilometers, being included in a perimeter of 45.01 km. In the parishes within the parish is around 4.89 square kilometers. In Cainarii Vechi village there are almost 1800 real estates (living houses) it means that 98% of them are privately owned. In Floriceni village, we found over 100 houses arranged according to a new design urban planning.

In Cainarii Vechi village there were registered 1309 households in 2004. The number of the owners of these households was 3262 people and the average number of people living in such households was 2.5. In the parish, the houses were distributed according to the number of people that live there, pursuant to the following diagram:

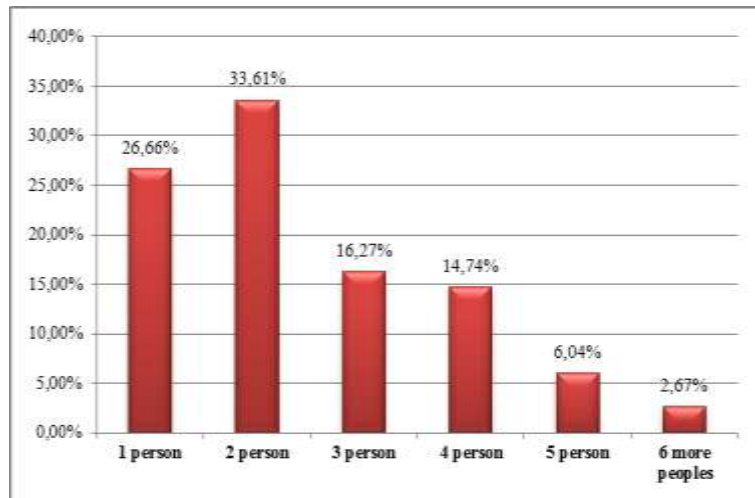


Figure 1. *Distribution of households according to the number of people in family*

The massive assessment of real estates is really expensive and the funds for the implementation of the new assessment system are used for the execution of the following works:

- 1) gathering and analysis of data concerning the real estates, information necessary for the assessment;
- 2) development of maps of value areas;
- 3) developing assessment models for all types of real estates located in the Republic of Moldova;
- 4) assessment of real estate;
- 5) sending notices to the owners concerning the estimated value of real estates;
- 6) settlement of disputes related to estimated value;
- 7) transmission of data to tax authorities;

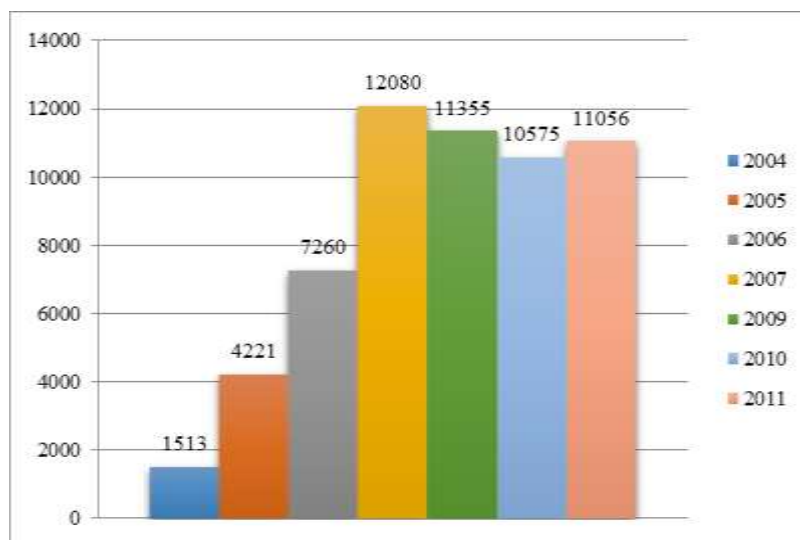


Figure 3. *The total amount of money allocated for massive assessment works of real estates thousands MDL*

The condition of the real estates from Cainarii Vechi parish isn't the best. The results the investigations concerning this factor can be analyzed in the following diagram:

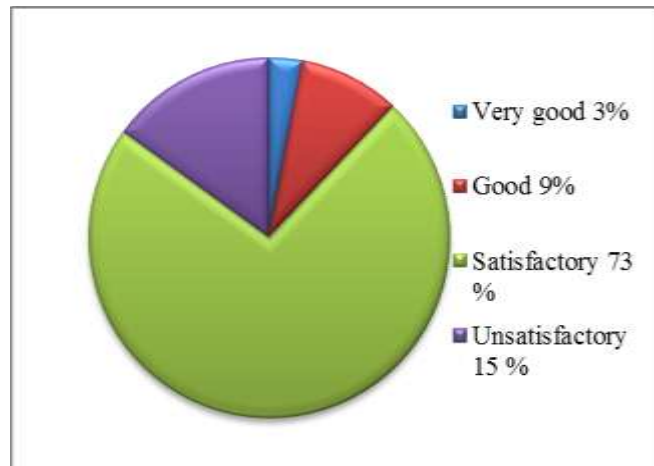


Figure 2. Analysis of technical condition of real estates from Cainarii Vechi parish, Soroca district

Results and discussions

In the result of massive assessment works of real estates from Cainarii Vechi village, Soroca district, there were filled 1401 forms that contain extensive information about the individual living houses, legal data about their owners, total number of adjacent constructions, year of construction of each house, information about construction materials, house's roof and total number of wells. There was also settled the condition of each construction and the cover of the access road for each household. A very important role for the massive assessment of the real estates is the land area around the house.

The massive assessment works in Cainarii Vechi village started concurrently with cadastre project. They expanded in several stages:

- Gathering of legal information and filling standard forms on the territory of the village;
- Execution of massive measures of the lands around the houses;
- Analysis and correction of area errors, owners' last name and name, checking information about owners' dates of birth;
- Analysis of legal documents that confirm the ownership of the real estate;
- Correlation and correction of the errors in standard forms;
- Assignment of cadastral codes to the real estates;
- Entering information about the real estates and their owners in Legal Cad database;
- Establishment and assignment of 2 value regions for the entire area of the village
- Entering technical information about the real estates (from standard forms) in Value Cad database;
- Settlement of adjustment coefficients for calculating the value of real estate;
- Calculation of real estates' value;
- Analysis of the obtained results and overlap with data about market values of the real estates in the given region;
- Approval of assessment results;
- Setting average values for different measurement units in this locality

The majority of real estates from the village territory are privately owned. Due to the fact that the assessment works from the parish are in development course and the information about the real estates is being entered in Legal Cad, in the table below we will present the received results after assessment of individual living houses that were previously registered in Legal Cad database, using adjustment factors developed for Soroca district that were approved by the Agency of Land Relations and Cadastre, making changes to the coefficients of value region, because there were developed 5 value regions for Soroca town, and for each region corresponds an adjustment coefficient from 1,08 for the central region of the town to 0.86 for the suburbs. The calculations were performed using the value region coefficient of 0.5 and are presented in tabular form:

Conclusions

The massive assessment work of the real estates requires very high theoretical training, both concerning the chapter of massive assessment and legal chapter, due to the fact that during the filling of standard forms we faced a range of questions that came from the owners as: “How could I entail the real estate?”, “What should I do if my neighbor violates my property by changing the borders?”, „How could I buy legally a plot of land ?” to which we had to answer with maximum accuracy without avoiding the answer.

The information gathering for the standard forms requires 23-25 minutes for each real estate, that is followed by the stage of checking and correction of information from the standard forms that also involves 10 minutes per each real estate

The massive assessment is lengthy process. Due to this, during the tax collection it is recommended the implication in this process of the owners who could fill the standard forms on local public administration request, fact that will give a higher veracity of collected data and would allow saving money assigned for this type of assessment.

The results of calculating the value of real estate in this village are lower than the ones obtained after the individual assessment, fact that reduces the taxable amount from this village.

The automated module Value Cad is necessary to be modified and adapted to the conditions and requirements of the collected information in the result of massive assessment, because the standard forms that were filled in Cainarii Vechi village were simplified. There are missing several words and namely: windows' type, fence's material. Their absence was motivated by the fact that they don't influence a lot the value of the real estate.

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