

Economic Ministry Suggests Property Inspections

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The government will come looking for the up to 30 percent of undocumented property in order to collect taxes. **Vladimir Filonov**

The Economic Development Ministry is proposing property inspections to increase tax collection rates, ministry department head Andrei Ivakin told Vedomosti.

The proposal was stimulated by a request from President Dmitry Medvedev to address causes of municipal budget deficits.

The land tax is now set and collected by local municipalities. By federal regulation for garden plots and dacha plots, it cannot exceed 0.3 percent of the value.

"Our task is not to raise taxes but to make those who don't pay start paying," Ivakin said.

Municipal land inspections would be authorized under a proposal to locate unrecorded real estate. A simple estimate would be made of the registry value of the formerly unaccounted-for

land, and the owner would pay a higher land tax, Ivakin explained.

The tax burden would increase primarily for owners of residences of 200 square meters or more. For owners of smaller buildings, the tax rise would be insignificant, if at all.

The amount of unrecorded privately owned real estate in the country is large, "possibly 30 percent of all such structures," Ivakin said, and property tax revenue could increase proportionately.

Land taxes accounted for 67.1 billion rubles (about \$2.25 billion), or 8 percent, of the \$29.38 billion revenue municipalities received in the first 11 months of last year. Tax on private property generated \$240 million, or less than 1 percent of the total.

The ministry's proposal will be sent to Medvedev this week. The ministry is suggesting that the new process enter into force in 2013, at the same time as the land and property taxes are replaced by a single real estate tax.

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