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LAND TAX: SOURCE OF REPLENISHMENT, AND AN INCENTIVE TO IMPROVE LAND USE

This article discusses the functioning of the land tax in the tax system of the Republic of Kazakhstan. The mechanism of functioning of the land tax. The analysis of the role of land tax in the tax revenues of the state budget for 2013–2015 GG Land tax is a direct tax, they are directed to the object of taxation, property taxes are taxen- are difficult to hide from the tax. Land tax applies to fixed taxes, and enter fully into the local budget revenues. The article deals with some problems in the functioning of the land. Comprehensive study of theoretical aspects of functioning of tax on property and approaches to its construction in the world can help to optimize operating in Kazakhstan, property tax and land tax. Therefore, the research methods and techniques of land valuation and determination of the tax base in this area is quite relevant.

Key words: budget, land tax.

А.Қ. Мустафина

Бюджет табысын толтыру көзі және жерді тиімді пайдалану тетігі: жер салығы

Бұл мақалада Қазақстан Республикасының салық жүйесіндегі жер салығының жұмыс істеуін талқылайды. Мүлік салығы, жер салығы, көлік құралы салығы меншікке салынатын салықтың құрамына жатады. 2014–2016 ж. арналған мемлекеттік бюджет салық түсімдерінің ішіндегі жер салығының рөлі талданды. Жер салығы тікелей салықтар болып табылады, олар салық салу объектісіне бағытталған Жер салығынан жасырыну қиын болып табылады. Жер салығы белгіленген салықтар, сондай-ақ жергілікті бюджетке түсетін түсімдерді толық енгізіңіз. Мақала Меншікке салынатын салықтардың істеуінің кейбір мәселелерімен айналысады. Жер салығының және оның әлемдегі құрылысына тәсілдерін теориялық аспектілерін кешенді зерттеу Қазақстанның салық жүйесіне өзекті мәселе, мүлік салығы және жер салығы, көлік құралдарына салынатын салық бюджетінің қайнар көзіне айналуы керек. Сондықтан, зерттеу әдістері мен тәсілдері жерді бағалау және осы саладағы салық базасын анықтау өте өзекті болып табылады.

Түйін сөздер: бюджет, жер салығы.

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Земельный налог: источник пополнения бюджета и стимул к улучшению использования земли

В данной статье рассмотрено функционирование земельного налога в налоговой системе РК. Раскрыт механизм функционирования земельного налога. Проведен анализ роли земельного налога в налоговых поступлениях государственного бюджета за 2013–2015 г.г. Земельный налог является прямым налогом, направлен на объект обложения. Налоги на собственность являются налогами, которые сложно скрыть от налогообложения. Земельный налог относится к закрепленным налогам и поступает полностью в доходы местных бюджетов. В статье раскрыты некоторые проблемы функционирования земельного. Всестороннее изучение теоретических аспектов функционирования налогов на собственность и подходов к его построению в мировой практике может способствовать оптимизации действующих в Казахстане имущественного налога и налога на землю. Поэтому исследования методов и способов оценки земли и определения базы налогообложения в этой сфере представляются достаточно актуальными.

Ключевые слова: бюджет, земельный налог.

Introduction

Land tax holds a special place in the tax system Kazakhstan. Despite the relatively low proportion of the land tax in the total volume of profitable revenue, it has served as an important source of local budget formation. The lack of economically sound principle of formation of tax rates, reflecting the differences in location and land fertility, as well as the presence of a large number of unreasonable benefits has pushed to change the tax system. In today's economy to determine the amount of the land tax shall be administered on the basis of the cadastral value of the land. The introduction of a land tax based on the ratable value of the land is a totally new approach to taxation of land. The standard of living of the population living within the territory of the municipality is largely dependent upon the effectiveness of getting the local authorities own revenues. Questions of formation of profitable articles of local budgets have always been a practical one, since their decisions directly affects the level of expenditure which the municipality can produce without sacrificing themselves to meet the needs of its residents.

Relevant in modern conditions are problems of formation and the seizure of land rents. On this basis, the development of techniques and methods for calculating the differential income will contribute to improving the distribution, and thus equalizing economic conditions at various management on the quality and location of the lands, rising agricultural production, conservation and improvement of soil fertility. The above presents a scientific and practical significance of the study of problems of formation and seizure of land rents.

The experimental part. Studies of the named problem on its various aspects were reflected in the works of I.I. Buzdalova, V.R. Boeva, L.V. Bron-

stein, S.N. Bobyleva, V.V. Vitte, E.S. Karnaukhova, A.B. Petrikova, V.V. Pereturina, E.N. Winged, S.I. Nosova, E.A. Sagaidak and many others. Specific aspects of the problem of formation and mechanism of withdrawal land rents and tax in the modern period are reflected in the works of Kazakh scientists B.Zh. Ermekbayeva, V. D. Lee, M. Zh. Arzaeva.

The article also presented and analyzed the data of the Agency for statistics.

The study used research techniques such as modeling, analysis, synthesis, deduction, induction, classification, systematic approach.

Results and discussion. Land in Kazakhstan is one of the most important objects of the national wealth of the country. It is extremely important for human society, because it provides almost everything necessary for human life. With the growth of the population, the land is increasingly involved in economic circulation, which objectively requires finding ways of organizing economic activities that do not cause undesirable consequences that worsen the state of the land.

Land fee is the main lever of economic mechanism regulation of the land market. With it the State can affect the behaviour of agents of the land market, stimulate efficiency rational use of land, and prevent possible environmental damage as Earth and the entire surrounding Wednesday. On the ground there is a special kind of economic costs, financial costs directly related to income in the form of rent.

The land tax is a direct tax rates which depend on location, soil quality, water availability, and do not depend on the results of financial and economic activity. On the territory of the Republic of Kazakhstan, the land is divided into 7 categories.

To determine the role of the land tax in the income of the State budget revenue analysis on land tax to the budget of the Republic of Kazakhstan for 2014-2016 y. y.

Table 1 – Analysis of tax revenues to the State budget of the Republic of Kazakhstan for 2014-2016 y. y.

Indicators	years			2015 y. in % to 2014 y.	2016 y. in % to 2015 y.
	2014 г	2015 г	2016 г		
Total revenue (millions of tenge)	7321,3	7634,8	9308,4	104,3	121,9
Of these, tax revenue (millions of tenge)	5115,7	4883,9	6023,2	95,4	123,3
The share of tax revenues in the budget revenues (%)	69,8	63,9	64,7		
Source: http://www.minfin.gov.kz					

From table 2 we see that land tax payments constitute only 0.28% of all tax payments in the year 2014, and 0.31 percent in 2015 and 0.25% in the year 2016. Even this little analysis shows that the share of the land tax. Because this tax is a direct tax and taxable object, which cannot be hidden. We turn now to the problem.

The introduction of payment for land use is a direct consequence of the conversion of land relations in our country on the basis of the ongoing market reforms. The imposition of charges for the use of land resources became possible after the abolition of the exclusive State ownership of land, turning the land and land use rights in the object of sale and other civil-legal transactions.

The central problem for State regulation of the land market is the problem of determining market prices of land. It is still not clear how should be determined by the price of the land? That should underpin prices? Obviously, the market price of land should be defined comprehensively and take into account the following:

- Rent forming ability of the plot;
- volume of demand and supply of land;
- the ratio of supply and demand in the market of land;
- the solvency of potential participants of the land market;
- inflation and devaluation of the national currency processes;
- tax and fiscal encumbrance;
- environmental factor.

In addition, the market price of the land of goods affects social, legal, political and physical factors.

One of the main causes of slow progress in the establishment and development of the land market are geographic-climatic and socio-economic differences between regions. In this sense, on the territory of Kazakhstan has emerged clearly in the land market polarization: from active and panic plots to sluggish current or zero land traffic. This trend was negative. To resolve this situation requires differentiation of taxation in certain regions. For example, in some areas, significantly reduce the rate of taxation, somewhere-not even fully exempt from paying various taxes, and in areas of panic-substantially increase the tax burden. Thus, the situation will be created, allowing you to eliminate polarization of the land market and to take account of pricing factors of land.

Unfortunately, Kazakhstan has not developed a technique of an estimation of the land, determining its value, for tax purposes. The term «value» has several meanings related to taxation of land. The

absence of private ownership of land and land markets in most countries during the decades before 1990-ies has resulted in the value of rural land was seen only from the point of view of soil fertility and its ability to yield. In the urban settlements of information on land focused on the needs of central urban planning and construction free housing. Combined mechanism of a centralized economy, these approaches were the result of a very detailed soil-based buildings, inventories or registers on which content has been reduced a lot. Carrying out market-oriented reforms must increasingly put an end to such activities.

Currently inventories throughout Europe are mainly based on the concept of protection of property rights in real property support and support taxation of land and real estate. The restoration of the rights of individuals for property in terms of the reformed economy has led to real estate taxation, which in turn is the result of a review of information, which is not required to register.

It is now recognized that information in inventories should limit the data necessary for the performance of registration of rights, evaluation of land and real estate for tax purposes, the promotion of land market activity and support sustainable development in the economies of Western countries, the land value has always been considered the economic concept that is defined by the usefulness of the property or its ability to meet the needs of individuals, companies or Governments. In this context, the cost refers to the price at which the following will most likely buyers and sellers of real estate, if it is put up for sale.

Value is not a fact, and the probable price that may be paid to the land and property at this time. Value depends on the type of market value market transaction, motives and interests of the parties involved.

In a market economy, the evaluation of land and real estate is usually divided into two related but different types, which are called individual appraisal of real property, or of a separate assessment of the property, and the mass valuation of real estate. Both types provide a close approximation to the market value, which represents the estimated amount for which a property should exchange on the date of valuation between a voluntary purchaser and voluntary the seller what the Parties Act, being well informed, reasonably and without coercion (2001 international valuation standards). Both types are based on the same principles and apply economic analysis.

Individual assessment of the property, usually held to support transactions (such as sale, lease,

pledge, inheritance, donation), reporting and analysis of economic activity. Interested party, usually hires evaluator that can work under license and may be a member of the self-regulating professional association. Appraiser performs a market analysis, the result of which is the estimated value of the property and provides information to the client assessment report.

The cost or value of land declared in this report will depend on the purpose for which this value is. The value of the building, for insurance purposes, for example, may be different than the price that can be obtained at the auction or open market. Determination of the value of the property is most likely an art than science, and depends on many external factors, as well as on the physical quality of land or real estate.

It may be that the same assessment of the same property, made by different experts gives different results. This may be the cause of a possible disagreement between the parties to the transaction or with authorities that may have an interest in such transactions, for example, where State property is put up for sale or privatized either passes the expropriation and the various calculations of the cost.

Individual assessment focuses on a specific item of real estate, mass simultaneously covers a lot of groups of similar properties. Mass land valuation is the process of assessing real estate groups on a given date, using common data, standard procedures and statistical validation. Mass valuation models are mathematical expressions of how supply and demand interact in the real estate market.

In principle, mass valuation is carried out for the purposes of taxation, but once its claim, it gives a basis for the analysis of the functioning of the land market, assessing the dynamics of price indices, support strategic decisions at the State and local levels or estimate the size of compensations in case of realization of the intended plan for the development of territories. In Lithuania, for example, adopted several pieces of legislation that legalized the use of the results of mass valuation for other purposes, such as buying and selling and leasing of State land, social assistance, the definition of land registration fee, estate inheritance tax, etc.

Mass valuation should be based on political decisions on taxation of real estate and the introduction of a legal basis for property taxation. It should include: development of mass valuation models, tools and procedures, education and training of specialists on mass valuation and public servants involved in mass valuation, creation and

management of a nationwide network of evaluation agencies throughout the territory, creation of a system of quality control, ensuring the consistency and uniformity of mass valuation results to similar groups of real estate across the country. Collection and analysis of data on land market, as well as other data that used mass valuation models.

The evaluation process is used to produce sound calculation of the value of property taking into account all significant data. Appraisers expect real estate values by using special techniques that reflect three different data analysis methods. Cost-benefit analysis, comparing sales and income capitalization. One or not as many of these depends on the type of real estate, the appointment of the evaluation, as well as the quality and quantity of available for data analysis.

All three approaches are applicable to many assessment objectives, but for a specific task, greater value may have one or more of the approaches, for example, the cost approach may not be suitable in assessing real estate. With a relatively old facilities that had deteriorated significantly as a result of physical deterioration and are functionally obsolete, all of this is difficult to calculate. Sales mapping method cannot be applied with very specialized real estate, such as recycling plants, because comparable data may not be. Income capitalization method is rarely used to evaluate terrestrial objects of the real estate occupied by the owner, although it can be used in conjunction with other data. Capitalization of income can be especially unreliable for commercial and industrial real estate market. Where possible the evaluation must use at least two approaches. Different values obtained can be useful for mutual review.

There are three methods of assessment of real estate. Expensive real estate valuation method is cumulative methods of assessing the value of real estate based on the definition of the costs, which are necessary for its restoration or replacement, taking into account the accumulated depreciation. The cost approach to real estate assessment consists of the following stages: the cost of the land plot is estimated as undeveloped; estimated full cost of reproduction; wear types evaluated existing improvements; the cost of reproduction and land (replacement) improvements add up to get the magnitude of the estimated value of the property.

Market valuation method is cumulative real estate valuation methods are based on a comparison of object of an estimation with those in respect of whom there is information about the prices of transactions.

This estimate is in the secondary issue of shares of privatized enterprises, seeking to add to its share capital by an amount real assets. This will allow investors to avoid errors when setting a stock quote. Score is needed in the property section, identifying ways to optimize the commercial use of land plots and real estate and all other transactions related to real estate.

Profitable real estate valuation method is cumulative real estate valuation methods based on the determination of future income from the commercial use of estimated property.

There are two method of this evaluation: a method of capitalization of profits; -cash flow discounting method.

These techniques predict the amount of revenues and expenses during the operation of the facility for the projection period, then divide the net operating income for the discount rate, which represents the percentage of income on invested capital. Capitalization rate (discount rate) is determined by the assessor in accordance with existing methods.

Capitalization method is used when there is sufficient data to forecast cash flow, current cash flow is approximately equal to the future cash flows expected cash flow growth are predictable. It is

applicable to objects, revenue-producing, with stable, predictable amounts of revenues and expenses.

Discounted cash flow method is used, when it is expected that future levels of cash flows differ from the current, you can anticipate and identify future cash flows projected future cash flows are positive values for most of the forecast years. The method is applicable to most income-producing objects that have unstable flows of income and expenditure.

Where the evaluation function is to support the Governments tax reserve responsibility for ensuring unity approach to taxes on land and property and guarantee the right of citizens to a fair taxation.

Conclusion

Summing up the article, the following conclusions can be drawn, there is a need to enhance the role of the land tax in generating income budget. The land tax is the key to effective use of the limited resource of the Earth. Considering the various methods of valuation of land, we have noticed that each method has its pros and cons, but despite this, we must move to taxation of land, depending on the market value and the land re-evaluating times in 5-7 years.

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