

# **Land Taxation Reform in Estonia**

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## References

## **1. Introduction**

Current paper makes an attempt to give a basic overview of Land Tax Reform in Estonia. It tries also to make some conclusions related to experiences and will list issues still on the agenda.

Estonia made in a beginning of 1990-is comprehensive reforms related whole political, economical and social life. Land Tax Reform should be considered along with General Tax Reform and with Land and Ownership Reforms started in 1991. As during more than 50 years of Soviet occupation all land was expropriated, Estonia started restitution of ownership rights as well privatization of land and property. These reforms covered all territory of the country, every land parcel. Whole regulation related to Land and Property ownership, planning and zoning has been reformed. Land and Ownership Reform are still not completely finished. More than 80% of the territory is registered now in the new registry. /3

## **2. Estonia**

### **History, geography, location & population**

Estonia re-gained its independence after more than fifty years annexation to the Soviet Union in August 1991, and set its course resolutely towards the West.

With only 45.2 thousand square kilometers, nearly half of which is forest-covered, and a population of 1.4 million, Estonia has made extraordinary strides for its size and resources.

Located on the eastern coast of the Baltic Sea, a few miles from Helsinki across the Gulf of Finland, it has neighbors Latvia in south, Sweden in west, Finland in north and Russia in east.

The capital city Tallinn, with nearly a third of Estonian's population, welcomes and attracts international investment and advice, and increasingly foreign tourists, to its shores.

### **Political & social life, administration & political system**

Estonia is a member of European Union (from May 01, 2004) and member of NATO (2004). The legislative body in which the supreme power of the state is vested is the Parliament (Riigikogu) which is elected by proportional representation. It has 101 members and is elected for a period of four years.

The executive power of the state - the Government is responsible to the Parliament. The Government also enjoys a stabilizing guarantee - the right to dismiss the Parliament with the consent of the President and call new elections if the Parliament expresses no confidence in the Government.

The President has mainly representative functions, although he still retains a number of executive powers. The President may veto a parliamentary bill and have it sent back for revision, and his signature is required when appointing the Ministers of the Government.

The court system is divided into three levels: county courts and city courts, circuit courts of appeal and the Supreme Court which also functions as the constitutional court.

The Estonian juridical system is based primarily on the German model, especially within the field of Civil Law, (including Land Registry) with which it has direct historical links. The courts are independent; judges are appointed for life and may not take up any other appointed public offices.

Estonian law and order is subject to international law, whose general principles are incorporated into Estonian law. According to its Constitution, Estonia is an independent sovereign state whose international agreements take precedence over national law. /1

## **Economy**

Estonian economy has been very dynamic through all period since 1991. GDP growth rates trough last 5 years have been 6,5% - 9,8%. Economic forecasts by National Bank and European Commission indicate GDP growth rates 6,8 – 7,5% for years 2007-2009. GDP per capita at current prices is 7832 EUR (2005).

Major trade partners for export are Finland 27%, followed by Sweden, Latvia, Germany and Russia. GDP by main fields of economic activity is divided by:

1. Manufacturing 18,5%
2. Real estate, renting & business services 16,5%
3. Transport, storage & communication 13,7%
4. Wholesale & trade 13,1%
5. Construction 7,1%
6. Education 4,7%
7. Financial intermediation 3,9%
8. Agriculture 2,4% /1

Estonia is attracting FDI (2005) mainly from Sweden 56% and Finland 20%, followed by USA, Netherlands and Germany.

IT and telecommunication is rapidly developing. 53 per cent of population is Internet users and 40 per cent of the households have a computer at home, 81 per cent of home computers are connected to the Internet.

76 per cent of Estonian people conduct their everyday banking via Internet (*Emor*, December 2005). Incomes can be declared to the Tax Board via

Internet. It is estimated that more than 2/3 of personal income tax declaration were declared through internet in 2006. Expenditures made in state budget can be followed on the Internet in real-time. 107 per cent of the population is mobile phone subscribers. All of Estonia is covered with digital mobile phone networks

### **3. General Tax Reform**

#### **a. General Tax Regulation**

Comprehensive Tax Reform in Estonia was carried out during 1991 – 1993. The current Tax Regulation consists of state taxes and local taxes.

#### **b. State Taxes and fees**

State taxes include Corporate Income Tax (Ettevõtte tulumaks); VAT (Käibemaks) with a tax rate is 18%, Social Security Tax (Sotsiaalmaks) with a rate 33%, Gambling Tax (Hasartmängumaks), Excises (Aktsiisimaksud), Customs (Tollimaksud) and State Duties (Riigilõivud). Land Tax (Maamaks) is also a state tax as the Law stipulates. But 100% of its revenues are allocated for the local governments. There is also a Personal Income Tax (Üksikisiku Tulumaks) as state tax. Tax rate for personal Income Tax is 23%. But in this case revenues are shared between central and local governments. Allocation for local governments is 11,8% and the rest is central revenue.

#### **c. Local Taxes**

Local taxes are for car parking, advertising, etc. Most tax revenues to local budgets are Personal Income Tax and Land Tax. Main tax revenue source for local government financing has been Personal Income Tax. It rises around 90% of local tax revenues. Land Tax revenue as average is 7,2% (2005). In different municipalities it could like in Tallinn 4,8% (2005), second biggest city in Estonia, Tartu 3% up to 1/3 in some rural municipalities.

### **4. Land Tax**

#### **a. Policy of Land Tax Reform**

When the land tax was imposed in 1993, then besides the increase of tax revenues and strengthening of local governments' tax base even other, more indirect goals were set:

- i. redistribution of tax burden from indirect taxes to direct taxes,
- ii. imposing of a very effective tax that can be collected 100%,
- iii. acceleration of land reform,
- iv. activating of real estate market,
- v. supporting of effective land use,

- vi. raising awareness of land value,
- vii. revision of registers. /2

#### **b. The Initial Stage of Implementing Land Tax (1993 – 1995)**

- i. In 1993, Estonia introduced a new Land Tax based on the market value of land. The Law on Land Tax (Maamaksuseadus) was passed by the Parliament in May 1993. The Law came into force on July 1, 1993. Based on this improvements and forests, growing plants are not taxed. Reform of Land Tax was a part of the general tax reform carried out during 1991 - 1993.
- ii. Land tax was introduced as a state tax, sharing revenues between the local and central government. In 1993 and 1994 the tax rate was 0.5 % to both local and central governments. The idea of sharing Land Tax revenues instead of allocation of all revenues to local budget was in use 2,5 years.
- iii. In 1995 to the local governments was given responsibility to decide annually local rates within the limits of 0.3 - 0.7 %. The rate of central tax remained 0.5 %.

#### **c. Other Property related Taxes and fees**

- i. In a same period of Tax Reform a new Civil Code and Real Property Law were passed by Parliament. Land Registry was established again in 1993 and state duties for transfer of property rights were regulated. Also Notary fees were regulated by new Law.
- ii. Even land was completely excluded from civil transactions during Soviet occupation single family houses (with a right to use a plot of land) in a quite limited way were owned by private. State duty to transfer these rights was very high what caused quite common un-declaration of sales prices in deeds and contracts during Soviet times.
- iii. When implementing a new Tax Reform from very beginning also State Duties were regulated. Stamp Duty for Land Registry (Kinnistuslõiv) is estimated as less than 1% of sales value and in most cases around half a percent.
- iv. Reduction of these Duties influenced behavior of sellers and buyers so after few years sales declarations were considered reliable sources for property valuation.
- v. Along other features this reduction of Stamp Duty and Notary fees was in favor of developing more transparent market and economy. In many other new democracies this was done later and the issue related to un-declaration of sales prices continued. This should be considered also when implementation of mass appraisal techniques is under consideration. Even more important is that when transfer taxes

are reasonable transaction deeds follow the Law and regulation and people's behavior is legal. Transactions include then less risks and information in deeds is reliable.

#### **d. Evolution of Land Tax**

- i. Until the end of 1995 revenues from Land Tax were shared between Local and central budgets. From 1996 it was decided to allocate 100 % of Land Tax revenues to local governments. Land Tax became one of the most important revenue sources for municipalities. Land Tax revenues are allocated to local budgets but it is still a state tax and National Tax Board is responsible for collection.
- ii. From 1997 Local Governments had a right to decide annual tax rates within certain limits. In 1997 these limits were introduced as: 0.5 - 2.0 %. There was a special tax rate for agricultural land, within limits: 0.3 – 1.0%. It was considered that special rates for agricultural land will be implemented as temporary solution until the end of year 2000. Reality is that agricultural land has lower rates since this until today.
- iii. From 2002 Local Councils have a right to decide tax rates within limits 0,1-2,5% as a general rule and for agricultural land the limits are 0,1 - 2,0%.
- iv. From 2002 Local Councils have a rather interesting opportunity to make decisions related to each land value zone.
- v. Municipalities have to make tax rate decisions at the latest on 31. January and to inform Local administration of Tax Board at the latest on 01. February and present changes of tax rates. The same time they have to present all necessary information for updating Land Tax Register in Tax Board.
- vi. Temporary exemptions
  1. In 1994 a five-year exemption was introduced for private agricultural farms what were established according to Farm Act (1989). This has been expired already.
  2. Exemption for pensioners was introduced in 1994 and in this time it was considered to be valid up to the end of the year. The maximum amount for this exemption is 200 EEK/year. This exemption was granted on the condition that the taxpayer had user rights to the land before Land Tax was introduced in July 1993. The exemption was applicable for up to 1000 square meters of urban land and up to 1 hectare of rural land. This regulation later became a permanent relief for retired persons.

## e. Current regulation and Land Tax Law

Main features of Estonian land tax are:

- i. Tax is levied only on value of land. Value of the improvements is not considered. There are rights related to land considered based on Planning and Zoning Regulation. Restrictions settled by Nature Protection are considered along with protection of lands with improvements of historical and cultural importance.
- ii. The tax is paid by:
  1. Landowners, Owners of Building Lease (36 – 99 years)\*, Persons who have right on usufruct\*\*. Estonia has rather high ratio of owner occupied apartments and family houses. It is estimated that 90% of total residential premises are owner occupied.
  2. Land tax is paid also by users of land what is still in public ownership. (Land Reform is in final stage but not yet finished.) Tenants whose rights to use land were established before the land reform and whose rights are still effective are paying tax).
- iii. Quite interesting feature is also that lands owned by public institutions are not exempted from Land Tax. Exemptions are described later.
- iv. Land Tax rate is annually decided by local councils for all land within municipality in limits: 0.1 - 2.5 %. Tax rates for agricultural land are: 0.1- 2,0 %. Municipal Councils have to make their decisions by the end of January of current fiscal year.
- v. Municipalities have an option to decide different rates for each land value zone. The option has been in use by minority of municipalities. Majority of Municipalities implements uniform tax rate for all land and equal rate for agricultural lands.
- vi. It is a National Tax of which 100 % revenues are allocated to the local budgets.

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\* An immovable may be encumbered such that the person for whose benefit a building lease is established has a transferable and inheritable right for a specified term to own a building permanently attached to the immovable.

\*\* Usufruct encumbers a thing such that the person for whose benefit the usufruct is established is entitled to use the thing and to acquire the fruits thereof. Usufruct is created by the entry in the land register. Usufruct is not transferable without landlord consent.

- vii. Tax could be paid in three equal installments: April 15; July 15 and October 15. Local Tax Administration has to inform taxpayers with special notice at least 30 days before there is date to pay tax.
- viii. Only limited groups of land are tax-exempt.
- ix. National Land Board is responsible for assessment.
- x. National Tax Board is responsible for tax collection.
- xi. Municipalities are responsible of calculating taxable value of each plot of land
- xii. The list of land categories exempted from Land Tax is quite limited. Lands exempted are:
  - 1. Land on which economic activities are prohibited by regulation. These are nature reservations, etc.
  - 2. Land used by embassies of foreign states. It includes lands with embassies only.
  - 3. Lands of International Institutions when it is based on relevant agreement with Estonian state.
  - 4. Land of cemeteries.
  - 5. Lands with churches. Includes land with churches only. Churches can have large territories of land what are under the general regulation.
  - 6. Lands of municipalities
  - 7. Land in public use
  - 8. Lands what are in use of allied military force headquarters.
  - 9. Land where economic activities are restricted by regulation tax burden is 25%, 50%, or 75% of tax rate depending of certain regulation established for specific areas (nature protection areas, National Park, etc.)
- xiii. Tax bills are not issued when the burden is less than 20 EEK.
- xiv. After civil transactions new landowners are liable to pay Land Tax after 01. July if rights were recorded in Land Registry in first half of the year. Liability of the owners whose rights become legal after July 01 would pay Land tax after January 01 of next year.
- xv. Tax relief's are for retired persons. Local Government can exempt retired persons from land tax in urban areas considering up to 1000 sq/m residential land in condition that the person gets no rentals of economic dividends from it. Local Governments can exempt also persons who suffered under repressions of totalitarian powers. Persons interested have to make a relevant application.
- xvi. Loss of revenues to the Local Government budgets caused by tax reliefs is not compensated by Central Government.

- f. There are two Government Decrees regulating the implementation of Land Tax Law in more details:
  - i. The Order of Implementation of Land Tax Law also gives details how retired persons should apply for tax reliefs, what documents they should present. It also regulates that NTB transfers revenues to Municipality at least once a month.
  - ii. The Order of Presenting Information to Tax Board by Municipalities also lists the data what municipality has to present per each land parcel to the NTB, etc.

**g. Land Valuation Law**

- i. Land Valuation Law was passed by Parliament in 1994 and it is providing basic principles for Assessment. It also includes regulation of valuation related to expropriation and land readjustment cases and Compensation in Land Reform related cases.
- ii. The object of a valuation is a plot of land without the buildings, forest, other vegetation or accessories situated thereon. This is the basic simplification of for assessment.
- iii. Valuations of land shall be based on good practice and internationally recognized principles of valuation of immovable. The sales comparison method, capitalized earnings method, cost method and combinations thereof are used in valuations.
- iv. Assessment is defined as a periodic valuation for the purposes of taxation by which the value of land by zones and intended use or by land use type is determined. The results of an assessment shall be prepared as maps of value zones and a list of the value of land by value zones and intended purpose. A letter of explanation shall be appended to the results of an assessment.
- v. An assessment is carried out on the basis of data in the database of transactions of the Land Register. (That is part of Land Cadaster and should not be confused with Land Registry what is separate Institution.)
- vi. Information and data of transactions in a Land Register what were recorded before 30 June of the year of valuation are in use. This way valuation date is determined by the Law.
- vii. In valuation, land is divided into value zones. A value zone is an area which has a similar value level and value formation mechanism. The value of land in each value zone shall be determined by types of intended purpose present in the value zone and the unit used shall be croon per square meter of a plot of land,

per hectare of a plot of land or per square meter of the building rights of a plot.

- viii. Re-assessment cycle is not fixed in a Law. Carrying out of an assessment shall be decided by the Government of the Republic on the proposal of the Minister of the Environment not later than by 30 May of the year of valuation. The carrying out of an assessment is based on significant changes in the market value of land.
- ix. Assessments of land and their results are public. A valuator of land shall organize, together with the rural municipality or city government, a public display of the results of a valuation of land with the duration of at least twenty (20) calendar days. This is a period when every taxpayer can appeal for free. The rural municipality or city government shall publish a notice concerning the time and place of the public display of the results of a valuation in the official publication at least ten days prior to the public display.
- x. Within ten days as of the end of a public display, interested persons have the right to submit to the valuator of land written proposals for corrections and complaints and contest the results of the valuation without paying security.
- xi. A valuator shall submit the results of valuation to the Land Board and the Land Board shall verify compliance of the results of valuation with the method of and procedure for valuation. The results of valuation shall be established by a regulation of the Minister of the Environment not later than by 30 November of the year of valuation.
- xii. The results of an assessment become valid on 1 January of the year following valuation.
- xiii. The assessed value of each land parcel shall be calculated by the local government on the basis of the results of assessments pursuant to the procedure established by the Government of the Republic.
- xiv. Assessed value of land is expressed to the accuracy of 100 EEK and amounts greater than 50 EEK are rounded to the next hundred.
- xv. Appeals are regulated. A petitioner is required to pay security upon contesting the results of an assessment of land by way of administrative procedure. In the case of a reasoned request, the security is returned.
- xvi. The procedure for settlement of disputes relating to assessments of land by way of administrative procedure and the amount of security shall be established by the Government of the Republic. The

amount of security shall not exceed 2 per cent of the assessed value of the plot of land concerned.

- h. There are three Government Decrees regulating the procedure and methodology of assessment: The Order of Land assessment, Methodology of Land Assessment and The Order of Calculating Taxable Value of Particular Land Plot.
  - i. The Order of Land Assessment identifies responsibilities of different institutions involved in valuation process.
  - ii. Methodology of Land Assessment gives more detailed description of methodology. All main valuation methods: sales comparison approach, income approach and cost approach, including also residual methods. Sales comparison is most commonly used.
  - iii. The Order of Calculating Taxable Value of Particular Land Plot gives details how to calculate Value for each parcel. This is done by Local Administration already after approval of Assessments. The formula is

$Mh = Hts \times K \times P$ , where:

- Mh - taxable value of land parcel;
- Hts - taxable value in land value zone corresponding to the land use type;
- K - correction factor (coefficient);
- P - area of land parcel.

#### **i. National Tax Board**

- i. National Tax Board (NTB) has been reformed recently and it is now National Tax and Customs Board. It has 4 regions and offices in every county. NTB when receiving data from Municipalities will calculate tax payment.
- ii. The tax rate can be enacted only once a year. and it must be the same for the whole territory of the local government. Land tax is calculated according to the following formulary:

$Mm = Mh \times Tr \times Sr$ , where:

- Mm - land tax;
- Mh - taxable value of parcel;
- Tr - land tax rate enacted by the local government;
- Sr - land tax reliefs.

- iii. NTB calculates land tax and issues tax bills and collects land tax. NTB also transfers the land tax revenues to the budget of the local government.

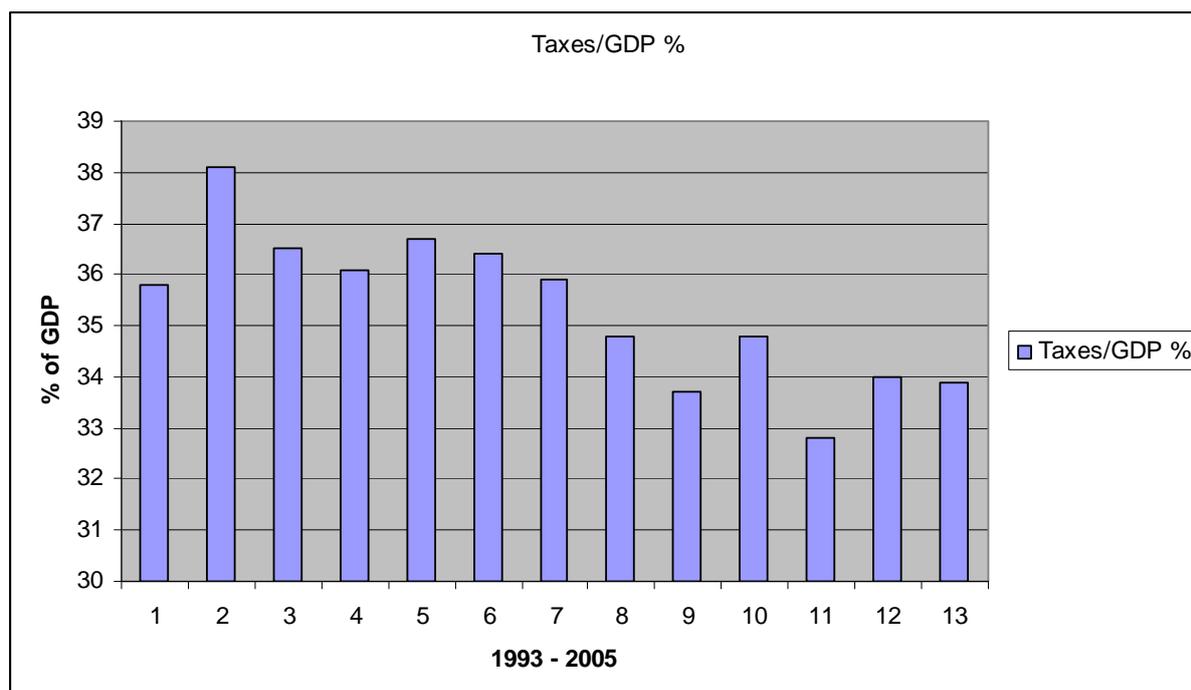
## j. National Land Board

- i. National Land Board (NLB) is responsible of assessment. NLB has local Cadastral offices in each county (15). The central office of Land Board has a responsibility to arrange valuations, co-ordinate valuations, approval of valuation schedule, co-ordination and control of the assessment, approval of assessors, etc. NLB is also responsible to prepare methodology, support education, authority to revise valuations and advising the implementations to methodology, etc.
- ii. County Cadastral offices have to carry out actual valuations. For valuation of each municipality a team consisting of county expert added by local experts is actually doing assessment. There have been experts from private valuation company (Baltic Property Expert- Kinnisvaraekspert) in 1996 and 2001 involved in whole process to help.
- iii. Market information is systematically collected by NLB and recorded in Sales Register. Beginning of the Sales Register in NLB was in 1997. In Tallinn sales information was systematically collected few years before. Sales Register covers whole country and includes sales prices of all types of real estates. It does not include any information related to persons involved in transaction.

## 5. Collection and Revenues

Figure No 1

### General Tax Burden In Estonia



General Tax burden in Estonia has been around 34% during last few years. It is lower than in neighboring Scandinavian countries. The Figure No 1 gives an overview of this.

Figure No 2  
**Ratio of Local Tax Revenues to Total Tax Revenues**

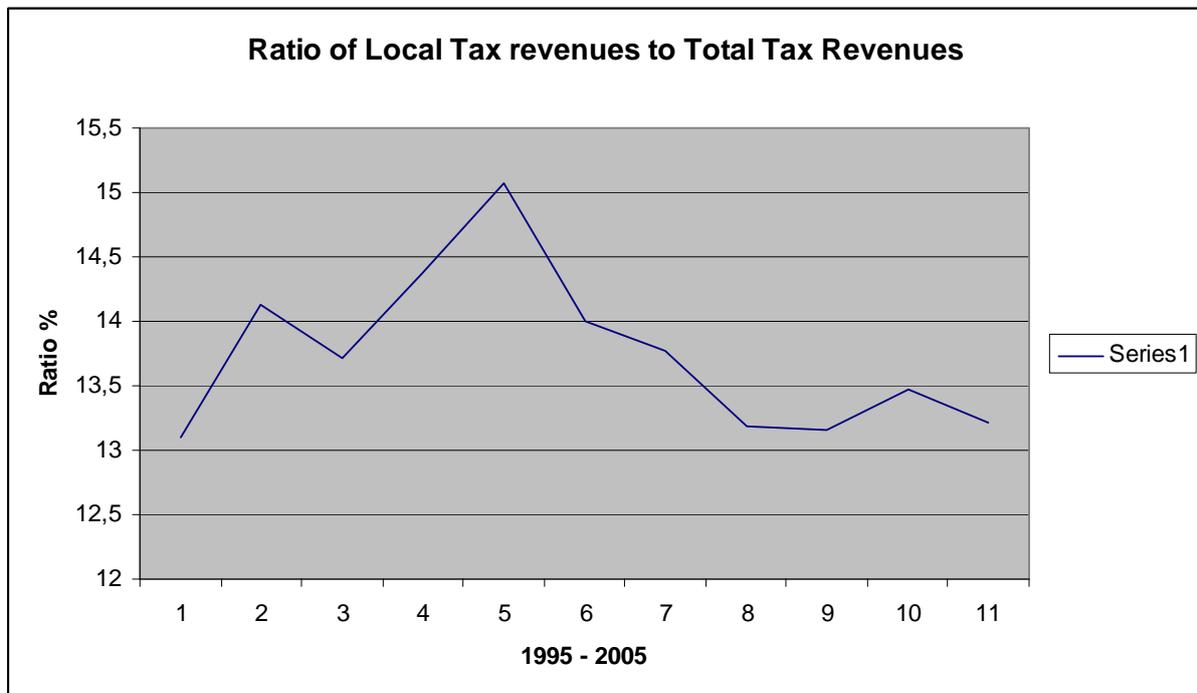


Figure No 2 provides quite interesting overview of financial situation between central and local governments. There is estimated that only 10 – 20 % of municipalities are financially sustainable. The majority of local governments need financial support from central government. There is a need for fiscal decentralization quite clear but political debates related to these issues are quite modest.

There have been debates related to reform of local governments through many years. These debates have been concentrated on borders of the municipalities, the rational amount of sustainable entities. But debates how to reform local government financing is still not high on the agenda.

Figure 3 Total Land Tax Revenues in Estonia, proves that Land Tax raises more and more revenues. First year, 1993 Tax was implemented from July 01, so it is half a year. During 1993 – 1995 revenues were shared between central and local budgets. Ratio of Land Tax collection has been close to 99%. It is a stable revenue source. Regulation of Assessment and Collection is rather clear. The issues are related to the rights based on planning and zoning, etc.

Figure No 3  
**Total Land tax Revenues in Estonia**

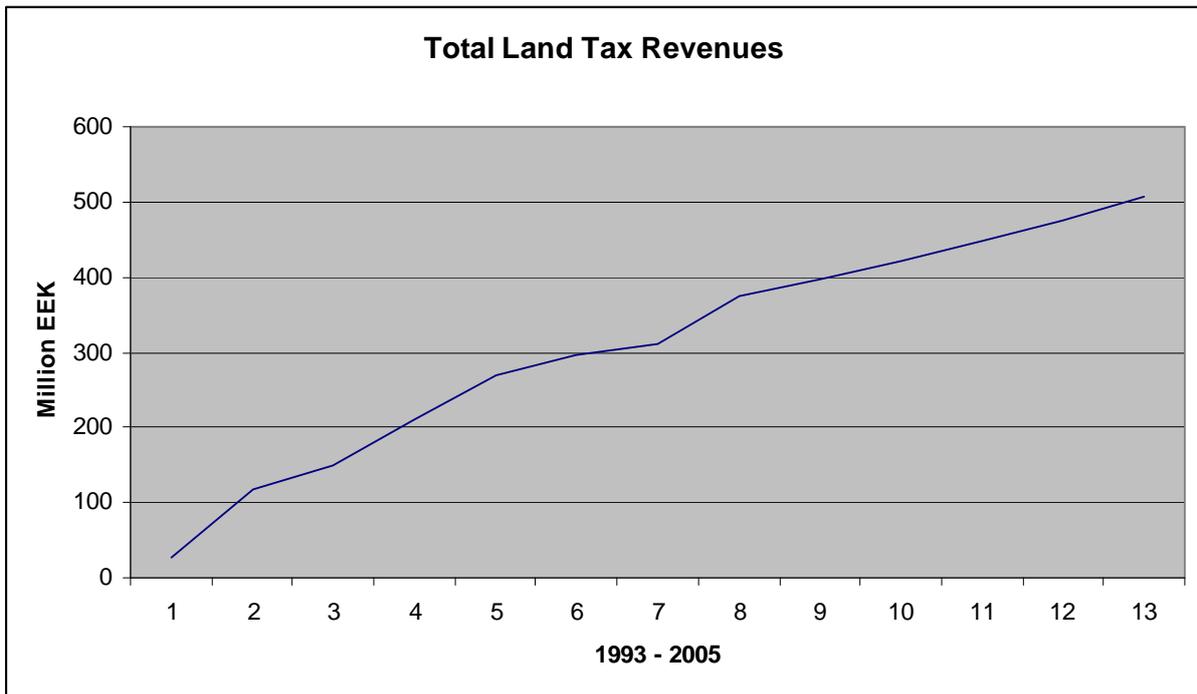


Figure 4  
**Local Tax Revenues**

Land Tax revenues are as average is 7,2% (2005) of Local Government Tax revenues. In different municipalities it could be like in Tallinn 4,8% (2005) or in Tartu 3% up to 1/3 of local tax revenues in some rural municipalities.

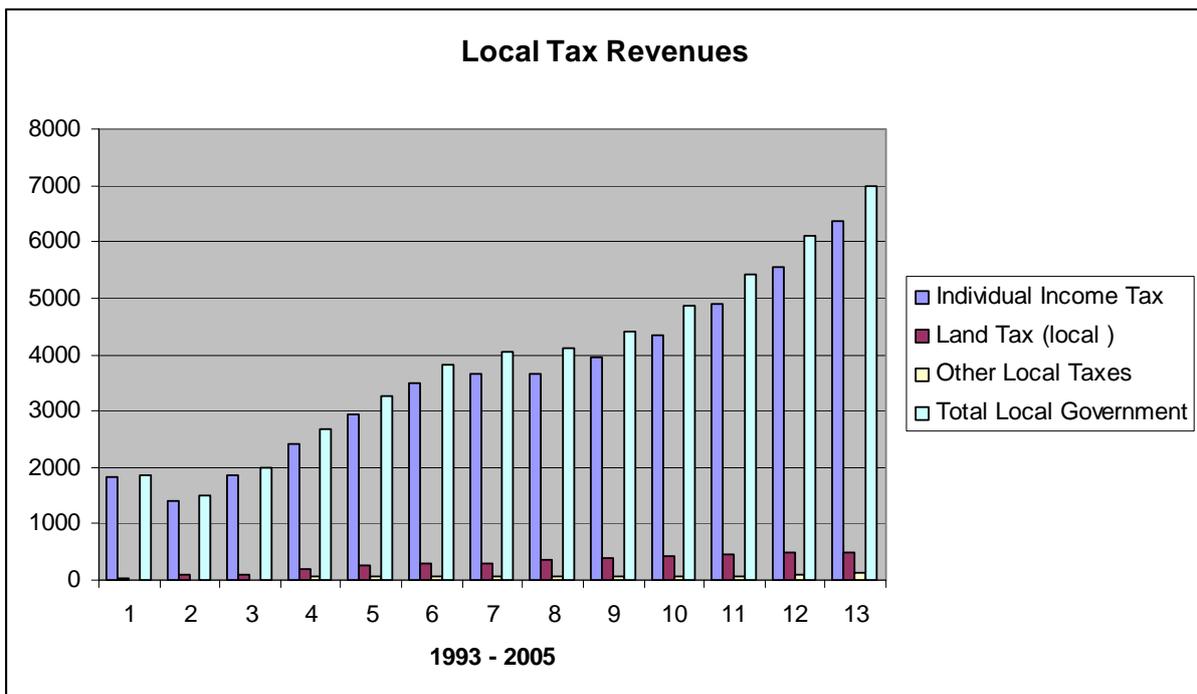
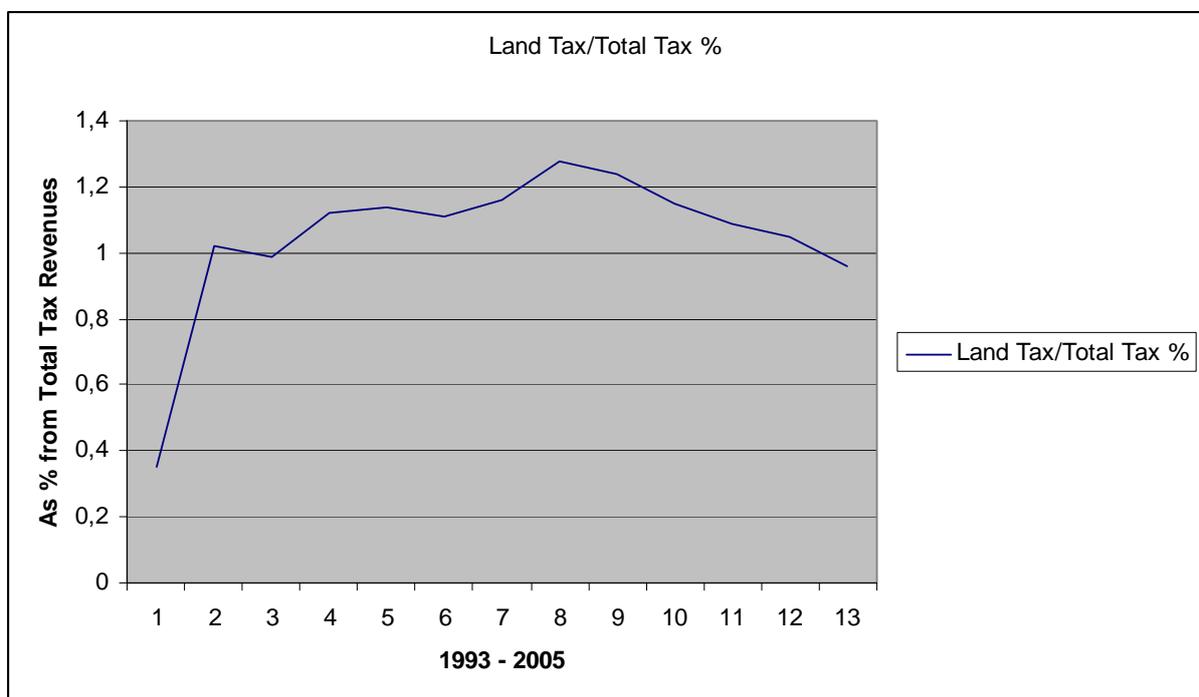


Figure 5  
**Ratio of Land Tax Revenues.**

Ratio of Land Tax Revenues of all Tax revenues, including both national and local government tax revenues is compared to OECD average modest. Land Tax as a revenue source of all tax revenues has been mainly between 1 and 1,2% during the implementation period. The importance as revenue source was declining during last few years. Last land valuation was in 2001 and the market value since this has been growing very rapidly. GDP growth has been also rather high and Government has had no issues with budget. It has been typical that each year additional budget has been approved by Parliament as economy is growing fast and tax revenues have been so good.



Revenue decrease caused by tax exemption is not compensated by central government to local municipalities who have a responsibility to make these exemptions. Total cost of this exemption was on 1998 4,9 million and 5,1 million EEK (1) on 1999. This is estimated as 1,5-2% of revenues.

Figure 6  
**Ratio of Land Tax Revenues to GDP**



Figure 7  
**Comparative figures in Baltic States and OECD countries**

Country	% of total tax revenue	% GDP
Estonia	1.16	0.42
Latvia	3.54	1.29
Lithuania	1.91	0.58
Average of Baltic countries	2.20	0.96
Average of OECD	2.94	1.05

Source: Ministry of Finance, Land Board and Revenue Statistics 1965-1997, OECD 1999

## 6. Problematic Aspects

- a. There is a need to improve Fiscal Decentralization as only 13% of tax revenues of all taxes are allocated to local budgets. It should be mentioned

that as a new EU member Estonia is enjoying substantial financial programs what also are distributed by central government.

- b. As it was described earlier re-assessment period is not fixed in a Law. Carrying out of an assessment should be decided by the Government of the Republic on the proposal of the Minister of the Environment not later than by 30 May of the year of valuation. Assessment has been on 1993, 1996 and 2001. The last experience proved that as economy is developing fast long time differences between assessments will provide a lot of issues of implementation.
- c. The Law of Land Valuation stipulates that carrying out of an assessment is based on significant changes in the market value of land. What is significant change for the Minister of Environment is quite difficult to understand when analyzing market and assessed values. Here is an example from Tallinn:
  - i. Assessed value (2001) of residential land in district Nõmme is 330 EEK/sq/m of land and market value in April – June 2006 is 1308 EEK/sq/m. So there is a difference in many times now between assessed values and market values.
  - ii. There other example from Tallinn where in 2001 assessed value for Pirita region (residential land) is 260 EEK/sq/m what is much less than in Nõmme where it is 330 EEK/sq/m. Now, 2006, market evidences show that in Pirita value of residential land is 1401 EEK/sq/m and in Nõmme 1308 EEK/sq/m.
- d. A. Tomson came to the conclusion in his paper, that „regular and deeply regulated reassessments with correctly defined valuation date”, is an issue what needs a new regulation /9. Re-valuation in countries of rapid economic growth has to be at least every third year.
- e. A. Tomson in his paper also raises issue of valuation process and political influences. Politics should be kept as far as possible from valuation. Valuation should be just implementation economic analyze, methodology based on market information. A. Tomson writes that, there is a need to have: „barriers” to avoid the external influences to the valuation results”.
- f. Municipal Councils have a right and obligation to decide tax rates with certain limits. From 2002 there is an option to have different rates for each land value zone. Some municipalities are using this option to have lower rates for higher value zones. Result is sometimes a regressive tax rate in certain terms. It is quite poor as there is actually missing regulation on what basis councils could use rates this way. Majority of municipalities use unique tax rates for total municipality.
- g. Jaan Kurm in his paper comes to conclusion that revenues of Land Tax could be substantially bigger. Land Tax could bring much more tax

revenues also based on last assessment in 2001. That is also an issue when valuation and collection costs are analyzed. /8

- h.* Ratio of costs of collection and valuation to revenues should be lower.
- i.* Ratio of market value in 2006 and assessed values 2001 is too high and there is difference in many times as average. It also includes un-equal treatment of taxpayers.
- j.* Land tax could raise much more revenues. Jaan Kurm presents in his paper that 32% of all Land Tax revenues was collected from Tallinn on the other hand market capitalization of Tallinn was 69% (1998).

## **7. Main Experiences**

- a. Land Tax proved to be a stable revenue source for local government financing.
- b. High collection ratio, close to 99%.
- c. Limited ratio of Tax Appeals, less than 1% annually.
- d. During the period of implementation there has been a tendency to increase responsibility of local governments in deciding Tax Rates.
- e. Implementation of Land Tax and Land Assessment were the factors to develop Sales Registry. It also provided experiences for new property professionals – Valuers.
- f. Sales Register is developed and is very good tool for assessment.

## **8. Conclusions**

- a. In conclusion the experiences of implementation of Land Tax are valuable. There is a lack of critical analyzes and clear policy for future of Land or Property Taxes in Estonia.
- b. There is a need to reduce the costs of Land Tax administration
- c. There is a need to use the revenue potential of Land Tax more effectively

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