Evaluation of Land Value in Japanese Tax Administration

Office of International Cooperation

National Tax College/National Tax Agency JAPAN

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Operation for Appraisal of Land Value

- Taxable Amounts of an asset for Inheritance Tax and Gift Tax
 - = Objective Exchangeable Value of the Asset

(Inheritance Tax Law)

which is practically appraised based on

Directive for Appraisal of Assets

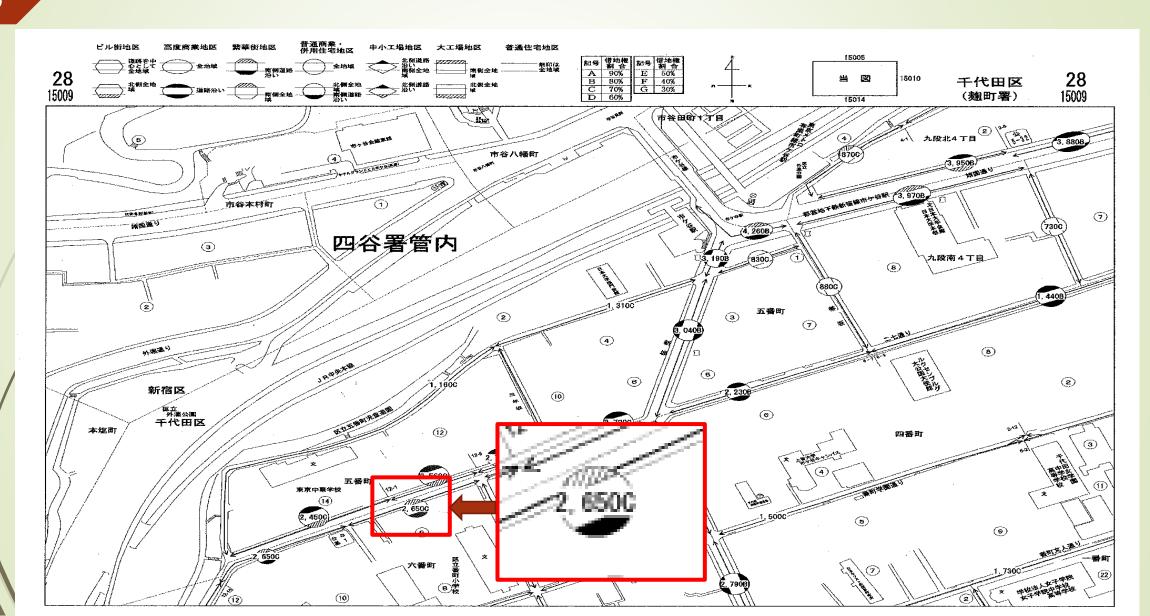
Operation for Appraisal of Land Value (Cont.)

- Appraisal Methods provided in
 <u>Directive for Appraisal of Assets</u>
 - "Rosen price" (Price of Road) Method
 Each road is provided a price based on appraisal
 Land value is decided by the price of road the land facing
 - "Bairitsu" (multiplying ratio) Method (lands for no "Rosen price")
 Land value = the ratio x Appraised Price for Property Tax
 - Appraised Price for Property Tax ··· Appraised price used for calculation of
 Property Tax provided in Local Tax Laws
 - Property Tax ··· Local Tax which is imposed on possession of fixed assets

Operation for Appraisal of Land Value (Cont.)

- "Rosen price" is decided with reference to opinions and appraisals by Experts and Appraisers, Examples of Actual Trades, "Koji price", "Kijunchi price"
 - Experts and Appraisers · · · Selected by NTA from applicants on public recruitment, who ordinary qualify as "Real Estate Appraiser" (qualification certified by Japanese Government)
 - "Koji price" (official announcement price) ····
 - Price on January 1, which is announced by Ministry of Land, Infrastructure, Transport and Tourism (MLIT) every year based on Land Price Notice Act
 - "Kijunchi price" (standard place price) ····
 - Price on July 1, which is announced by Prefectural Governments every year based on National Land Use Planning Act

"Rosen price" Map



Example of Land Value by each Appraisal

- Place: 6-1 Rokuban-cho Chiyoda-ku Tokyo (Address of previous slide)
- Rosen price: JPY2,650,000円/ •(Applied for Inheritance (Gift) occurred during Jan. 2016~Dec. 2016)
- Koji price: JPY3,480,000円/・(Base date for survey: Jan. 1, 2016)
- Kijunchi price: JPY3,630,000円/・(Base date for survey: July 1, 2016)
- Appraised price for Property Tax: JPY2,010,000/
 (Day of Taxation: Jan. 1, 2015~ (Valid for 3years)

"Rosen Price" on NTA WEBSITE



Thank You!