

ANALYSIS OF THE VALUE OF PROPERTY TAX AFTER SWITCHING TO THE *AD VALOREM* SYSTEM IN POLAND

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Abstract

The subject of cadastral tax is undoubtedly an important issue for Poland. For nearly 30 years, the need to change the system of property taxation has been pointed out. The proposed change is to transit the currently binding method of calculating the tax to the area of real estate for *ad valorem* taxation, in other words its value. However, for the cadastral tax to be able to function efficiently in our country, it is necessary to remove many barriers and difficulties. One of the most important is the appropriate and thoughtful determination of the tax rate. Although the introduction of cadastral tax will be a difficult and time-consuming process, if it is carried out in a thoughtful manner, it will not only bring financial benefits for the state, but also positively influence its economic development. Changing the system on *ad valorem* will also allow compliance with the constitutional principle of fair taxation and will positively affect the development of the real estate market.

Key words: tax system, real estate tax base, property tax, cadastral tax

Introduction

The topic of inducting cadastral tax in Poland has been discussed uninterruptedly for almost 30 years. Since the beginning of constitutional and political reforms, many political and economic communities have pointed to the need to change the system of property taxation. The proposed change is to transit from the currently binding method of calculating the tax to the area of real estate for *ad valorem* taxation.

The main argument for introducing tax changes is the need to increase budget revenues of local government units. It will also allow for some kind of "social justice" (KOPYCIŃSKA, 2016). However, as many supporters, so many opponents meet on their way the concept of introducing a cadastral tax, calculated in relation to property values. The main reason for this is the increase in the tax rate, which may occur after this reforms. These fears also the lack of sufficient knowledge of what a 'cadastre' is, and even more so, the 'cadastral value of real estate' (CIAK et al., 2015). Cadastral tax already exists in many countries, but is Poland ready for it?

The current property taxation system

The current construction of the property taxation system has been in force for almost thirty years. It consists of three taxes: real estate, agricultural and forestry. All three tributes are complementary to the subject of taxation, in the sense that land covered by agricultural and forestry tax is not subject of real estate tax. Their common features are the tax base, which is the area, as well as the majority of entities with tax obligation. However, even though in all three duties the taxable basis is the area, it doesn't mean that it is always calculated the same way. In the case of agricultural lands, it is the conversion area, while for other lands, the physical area. Also in the case of buildings and premises, the tax base is different, because it is a usable area. The adoption of various types of space complicates the whole process of taxation. In addition, in most cases, it does not reflect the real value of the property in any way.

Analyzing these three tributes, it can be noted that the real estate tax is the widest of the tax spectrum because it include both land and buildings, while the agricultural and forest tax only include land. In addition, due to the greatest impact for the local budget, it plays the main financial role in the Polish state.

The currently applicable property tax rates are set by the municipal council by way of a resolution. However, the Act of 12 January 1991 about taxes and local fees regulates (USTAWA 1991) annually their maximum thresholds, which in 2017 amounted to:

- for land:
 - a) related to running business activity, regardless of the classification of land and buildings in the register - 0,89 zł per 1 m²,
 - b) under standing water surface or surface waters flowing lakes and artificial reservoirs - 4.54 zł per 1 ha area,
 - c) other, including those used for paid statutory public benefit activities by public benefit organizations - 0.47 zł per 1 m²,
 - d) undeveloped covered by the area of revitalization and located in areas for which the local spatial development plan provides for a housing, service or mixed use development covering only these types of development, if from the date of entry into force of this plan for these lands the period has expired 4 years, during which time the construction was not completed in accordance with the provisions of the Construction Law - 2.98 zł per 1 m² of area;
- for buildings or parts thereof:
 - a) residential - 0.75 zł per 1 m² of usable area,
 - b) connected with running a business and residential buildings or parts thereof occupied for conducting business activity - 22.66 zł per 1 m² usable area,
 - c) occupied for running a business in the field of trading in certified seed - 10.59 zł per 1 m² of usable surface area,
 - d) related to the provision of health services within the meaning of the regulations on medical activity, seized by entities providing these benefits - 4.6 zł per 1 m² of usable area,
 - e) other, including those used for conducting paid statutory public benefit activities by public benefit organizations - 7.62 zł per 1 m² of usable area;
- for buildings - 2% of their value.

Cadastral tax in the light of legal regulations

Despite the lack of clear efforts to change the current system of property taxation, some steps can be taken in this direction. Certainly, the most important of them is defining the cadastral value in the Act of 21 August 1997 on real estate management, and the basic principles related to its definition in the Regulation of the Council of Ministers of 29 June 2005 on common property taxation (ROZPORZĄDZENIE, 2005). On the other hand, a big barrier is the lack of unambiguous legal regulations defining the three most important issues related to cadastral tax, i.e. the date of starting the work related to the change of the system, the source of its financing and the cadastral tax rate. Without such regulations, no activities related to common taxation will be taken.

It is worth reminding, that the property tax will calculate its value is not something new in the Polish state. It appeared after World War II and for over 20 years, in various forms it was in force in Poland.

It came into force under the Decree of 30 June 1951 on land tax (DEKRET, 1951). Although it concerned only agricultural lands, as the tax base it determined the total utility of the farm expressed in zlotys. Subsequently, pursuant to the Decree of May 20, 1955 (DEKRET, 1955), on taxation and land charges, also buildings and premises were subject to taxation. The tax base in this case for buildings was the rent, depreciation, circulation or balance sheet value, depending on the method of use, while for premises the rental value. This situation was in force until 1975, when pursuant to the Act of 19 December 1975 on some taxes and land charges (USTAWA, 1975), the area as the tax base became applicable to both land and non-leased or non-leased buildings. In the case of rented or leased buildings, it was still the amount of rent, and in the case of buildings earmarked for use or owned by entities of the economy - the full value of the building being the basis for depreciation. The 1980s brought further changes and pursuant to the Act of February 26, 1982 on taxation of units of the social economy (USTAWA, 1982), the amortization value returned as the basis for taxation of buildings and structures. This situation lasted until the end of the 1980s, when value-added taxation disappeared for good both in the case of land, buildings and premises.

Determination of the real rate of property taxation relative to their value

Selection of the real estate base for analysis

Three types of real estate were selected for the analysis: undeveloped, built-up and residential premises located in Kielce and the Kielce district. In the case of undeveloped real estate, selected were only those, which in the local spatial development plan were intended for single-family housing, whereas in the case of built-up real estate, those on which there was only a single-family residential building were selected.

Materials for work were obtained from the Register of Price and Value of Real Estate from the Municipal Office and district office in Kielce. All transactions were completed from September 2016 to February 2018.

Determination of property tax rates

In accordance with the resolutions of the commune council, the real estate tax rates for the city of Kielce and individual municipalities in the Kielce district effective for 2017 were adopted for analysis (Table 1). In the case of land, the amount of tax applies to 1 m² of area, while for buildings 1 m² of usable area.

Table 1. The heights of property tax rates.

	Land	Residential buildings
City of Kielce	0,38 zł/m ²	0,64 zł/m ²
Community Bodzentyn	0,17 zł/m ²	0,30 zł/m ²
Community Chęciny	0,33 zł/m ²	0,68 zł/m ²
Community Chmielnik	0,16 zł/m ²	0,45 zł/m ²
Community Daleszyce (precinct Daleszyce, Borków, Suków, Komórki, Szczecno)	0,19 zł/m ²	0,62 zł/m ²
Community Górno (precinct Cedzyna)	0,22 zł/m ²	0,37 zł/m ²
Community Masłów (precinct Masłów, Dąbrowa, Domaszowice, Wola Kopcowa)	0,33 zł/m ²	0,75 zł/m ²
Community Miedziana Góra	0,30 zł/m ²	0,70 zł/m ²
Community Morawica (precinct Morawica, Dyminy, Radomice, Bilcza, Brzeziny)	0,30 zł/m ²	0,68 zł/m ²
Community Raków (precinct Nowa Huta)	0,23 zł/m ²	0,59 zł/m ²
Community Strawczyn (precinct Oblęgorek)	0,34 zł/m ²	0,73 zł/m ²
Community Zagnańsk (precinct Zagnańsk, Bartków, Zachełmie, Samsonów, Kaniów, Belno)	0,13 zł/m ²	0,40 zł/m ²

Source: Own study.

In addition, the maximum rates of property tax specified in the Act were used for the analysis, amounting to 0.47 zł for 1 m² of land and 0.75 zł for 1 m² of usable area for residential buildings, respectively.

Determination of current tax rates

Undeveloped real estate

At the beginning of the analysis, the current real estate tax values for each plot were determined as a result of the percentage rate and the land area. On this basis, the actual tax rate was calculated relative to the value of the property. This value was calculated for both rates in individual municipalities and for the maximum rate specified in the Act.

Based on the above analysis, it can be seen that the current, real tax rate in Kielce is more than twice lower than in the Kielce district. For Kielce, these values ranged from 0.06% to 0.34%, while for the district the minimum rate was 0.12%, and the maximum was 0.68%. Average values were at the level of 0.16% for the current rate and 0.19% for the rate from the Act in Kielce, while for the Kielce district they were 0.35% and 0.63% respectively.

Table 2. Current tax values for undeveloped real estate in the city of Kielce.

No.	Plot number	Area [m ²]	Value	Current rate		Maximum rate	
				Tax amount	Interest rate	Tax amount	Interest rate
1	1232/8	359,00	220 000,00 zł	136,42 zł	0,06%	168,73 zł	0,08%
2	254/2	435,00	190 000,00 zł	165,30 zł	0,09%	204,45 zł	0,11%

3	228/13	60,00	22 755,00 zł	22,80 zł	0,10%	28,20 zł	0,12%	
4	306	474,00	300 000,00 zł	180,12 zł	0,06%	222,78 zł	0,07%	
5	200	200,00	94 600,00 zł	76,00 zł	0,08%	94,00 zł	0,10%	
6	445	564,00	130 000,00 zł	214,32 zł	0,16%	265,08 zł	0,20%	
7	182	448,00	255 000,00 zł	170,24 zł	0,07%	210,56 zł	0,08%	
8	118	852,00	123 000,00 zł	323,76 zł	0,26%	400,44 zł	0,33%	
9	117	901,00	132 000,00 zł	342,38 zł	0,26%	423,47 zł	0,32%	
10	1331	684,00	265 000,00 zł	259,92 zł	0,10%	321,48 zł	0,12%	
11	666/5	4287,00	2 050 000,00 zł	1 629,06 zł	0,08%	2 014,89 zł	0,10%	
12	97/5	919,00	400 000,00 zł	349,22 zł	0,09%	431,93 zł	0,11%	
13	1662/6	383,00	72 770,00 zł	145,54 zł	0,20%	180,01 zł	0,25%	
14	1662/5	1093,00	207 670,00 zł	415,34 zł	0,20%	513,71 zł	0,25%	
15	60/16	769,00	430 000,00 zł	292,22 zł	0,07%	361,43 zł	0,08%	
16	229	882,00	110 000,00 zł	335,16 zł	0,30%	414,54 zł	0,38%	
17	547	1773,00	373 000,00 zł	673,74 zł	0,18%	833,31 zł	0,22%	
18	224/2	488,00	70 000,00 zł	185,44 zł	0,26%	229,36 zł	0,33%	
19	184	426,00	110 000,00 zł	161,88 zł	0,15%	200,22 zł	0,18%	
20	15/1	525,00	200 000,00 zł	199,50 zł	0,10%	246,75 zł	0,12%	
21	376/2	400,00	95 000,00 zł	152,00 zł	0,16%	188,00 zł	0,20%	
22	1091/1	198,00	86 100,00 zł	75,24 zł	0,09%	93,06 zł	0,11%	
23	4010	344,00	123 000,00 zł	130,72 zł	0,11%	161,68 zł	0,13%	
24	296/2	480,00	50 000,00 zł	182,40 zł	0,36%	225,60 zł	0,45%	
25	1090/1	449,00	50 000,00 zł	170,62 zł	0,34%	211,03 zł	0,42%	
					average	0,16%	average	0,19%

Source: Own study.

Table 3. Current tax values for undeveloped real estate in the district of Kielce.

No.	Plot number	Area [m ²]	Value	Current rate		Maximum rate	
				Tax amount	Interest rate	Tax amount	Interest rate
1	436	1047,00	50 000,00 zł	136,11 zł	0,27%	492,09 zł	0,98%
2	144/19	1008,00	60 000,00 zł	191,52 zł	0,32%	473,76 zł	0,79%
3	55/11	1600,00	144 000,00 zł	304,00 zł	0,21%	752,00 zł	0,52%
4	969	1091,00	118 000,00 zł	327,30 zł	0,28%	512,77 zł	0,43%
5	948	1121,00	142 176,00 zł	336,30 zł	0,24%	526,87 zł	0,37%
6	848	2187,00	175 920,00 zł	656,10 zł	0,37%	1 027,89 zł	0,58%
7	848/120	3105,00	380 000,00 zł	931,50 zł	0,25%	1 459,35 zł	0,38%
8	542/3	900,00	99 000,00 zł	117,00 zł	0,12%	423,00 zł	0,43%
9	174/4	968,00	87 000,00 zł	319,44 zł	0,37%	454,96 zł	0,52%
10	168/9	1100,00	104 000,00 zł	363,00 zł	0,35%	517,00 zł	0,50%
11	1289/25	732,00	60 000,00 zł	95,16 zł	0,16%	344,04 zł	0,57%
12	727/3	2000,00	150 000,00 zł	380,00 zł	0,25%	940,00 zł	0,63%
13	1003	326,00	17 000,00 zł	42,38 zł	0,25%	153,22 zł	0,90%
14	1003	326,00	14 300,00 zł	42,38 zł	0,30%	153,22 zł	1,07%
15	314	1686,00	200 000,00 zł	505,80 zł	0,25%	792,42 zł	0,40%
16	224/390	948,00	138 500,00 zł	284,40 zł	0,21%	445,56 zł	0,32%
17	224/93	869,00	86 900,00 zł	260,70 zł	0,30%	408,43 zł	0,47%
18	224/578	1151,00	126 610,00 zł	345,30 zł	0,27%	540,97 zł	0,43%
19	598	1083,00	100 000,00 zł	324,90 zł	0,32%	509,01 zł	0,51%
20	537/318	2117,00	230 000,00 zł	635,10 zł	0,28%	994,99 zł	0,43%
21	224/30	1100,00	120 000,00 zł	330,00 zł	0,28%	517,00 zł	0,43%
22	537/113	1154,00	100 000,00 zł	346,20 zł	0,35%	542,38 zł	0,54%
23	537/112	1160,00	105 000,00 zł	348,00 zł	0,33%	545,20 zł	0,52%
24	852	2300,00	180 000,00 zł	690,00 zł	0,38%	1 081,00 zł	0,60%
25	537/60	999,00	95 000,00 zł	299,70 zł	0,32%	469,53 zł	0,49%
26	961/122	1000,00	60 000,00 zł	300,00 zł	0,50%	470,00 zł	0,78%

27	224/38	1100,00	120 000,00 zł	330,00 zł	0,28%	517,00 zł	0,43%	
28	570/1	1930,00	117 500,00 zł	636,90 zł	0,54%	907,10 zł	0,77%	
29	158/22	600,00	36 000,00 zł	198,00 zł	0,55%	282,00 zł	0,78%	
30	868/13	1491,00	90 000,00 zł	447,30 zł	0,50%	700,77 zł	0,78%	
31	1121/58	1142,00	124 000,00 zł	342,60 zł	0,28%	536,74 zł	0,43%	
32	1126/2	1000,00	60 000,00 zł	300,00 zł	0,50%	470,00 zł	0,78%	
33	871/9	1315,00	70 000,00 zł	394,50 zł	0,56%	618,05 zł	0,88%	
34	1040/13	1506,00	85 000,00 zł	451,80 zł	0,53%	707,82 zł	0,83%	
35	989/4	1579,00	70 000,00 zł	473,70 zł	0,68%	742,13 zł	1,06%	
36	1085/27	1500,00	130 000,00 zł	450,00 zł	0,35%	705,00 zł	0,54%	
37	1440	900,00	75 000,00 zł	297,00 zł	0,40%	423,00 zł	0,56%	
38	282	3025,00	147 000,00 zł	998,25 zł	0,68%	1 421,75 zł	0,97%	
39	745/38	1022,00	65 500,00 zł	347,48 zł	0,53%	480,34 zł	0,73%	
40	1085/7	49,00	2 000,00 zł	6,37 zł	0,32%	23,03 zł	1,15%	
					average	0,35%	average	0,63%

Source: Own study.

Built-up properties

Also, in the case of built-up real estates, the current tax amounts have been determined. It was the sum of the product of the percentage rate for the land and land area and the product of the rate for residential buildings and the usable area of the building. Then, the actual tax rate was determined relative to the value of the property.

Table 4. Current tax values build-up real estate in the district of Kielce.

No	Plot number	Area [m ²]	Usable area of the building [m ²]	Value	Current rate		Maximum rate	
					Tax amount	Interest rate	Tax amount	Interest rate
1	514/4	1539,00	176,76	197 000,00 zł	270,77 zł	0,14%	855,90 zł	0,43%
2	615/2	5600,00	157,40	205 000,00 zł	1 380,87 zł	0,67%	2 750,05 zł	1,34%
3	2104	2104,00	60,00	130 000,00 zł	375,68 zł	0,29%	1 033,88 zł	0,80%
4	2170/3	297,00	93,00	140 000,00 zł	161,25 zł	0,12%	209,34 zł	0,15%
5	900/5	903,00	180,00	500 000,00 zł	420,39 zł	0,08%	559,41 zł	0,11%
6	2177	172,00	49,00	30 000,00 zł	90,08 zł	0,30%	117,59 zł	0,39%
7	517/4	1262,00	82,40	67 850,00 zł	472,49 zł	0,70%	654,94 zł	0,97%
8	1832	552,00	90,00	200 000,00 zł	128,82 zł	0,06%	326,94 zł	0,16%
9	3465/3	14324,00	114,00	480 000,00 zł	2 792,24 zł	0,58%	6 817,78 zł	1,42%
10	2494	700,00	108,00	150 000,00 zł	199,96 zł	0,13%	410,00 zł	0,27%
11	160/17	3937,00	98,00	340 000,00 zł	808,79 zł	0,24%	1 923,89 zł	0,57%
12	322/1	1705,00	145,76	265 000,00 zł	414,32 zł	0,16%	910,67 zł	0,34%
14	475/2	1500,00	129,46	540 500,00 zł	592,10 zł	0,11%	802,10 zł	0,15%
15	295/1	1590,00	240,00	670 000,00 zł	704,70 zł	0,11%	927,30 zł	0,14%
16	487/28	530,00	88,59	355 000,00 zł	221,01 zł	0,06%	315,54 zł	0,09%
17	487/24	2490,00	70,00	340 000,00 zł	796,00 zł	0,23%	1 222,80 zł	0,36%
18	308/33	878,00	285,67	320 000,00 zł	463,37 zł	0,14%	626,91 zł	0,20%
19	204	2700,00	150,00	400 000,00 zł	912,00 zł	0,23%	1 381,50 zł	0,35%
20	379/1	700,00	116,00	309 000,00 zł	288,88 zł	0,09%	416,00 zł	0,13%
21	224/821	468,00	100,00	180 000,00 zł	208,40 zł	0,12%	294,96 zł	0,16%
22	454/4	990,00	109,61	320 000,00 zł	371,53 zł	0,12%	547,51 zł	0,17%
23	224/763	603,00	105,74	250 000,00 zł	252,80 zł	0,10%	362,72 zł	0,15%
					average	0,22%	average	0,40%

Source: Own study.

For the analysis only building properties from the Kielce district were used, as in the analyzed period, only two such transactions were rejected in Kielce because of the mortgage on the real estate.

Based on the above calculations, it can be seen that the current average tax rate in the Kielce district is 0.22%, while using the maximum values from the Act, 0.40%. However, there is a large discrepancy between the values, as the lowest value is 0.06% and the highest 0.70%.

Residential properties

The last object of the analysis were residential premises. The current tax value was calculated as the sum of the product of the percentage rate for the land, its area and share in the common part, and the product of the rate for residential buildings and the usable area of the flat.

Table 1. Current tax rates for residential properties in the district of Kielce.

No	Plot number	Area [m ²]	Participation in the common part	Usable area of the flat [m ²]	Value	Current rate		Maximum rate	
						Tax amount	Interest rate	Tax amount	Interest rate
1	1714/33	11564,00	5536/512864	49,30	125 000,00 zł	74,72 zł	0,06%	95,64 zł	0,08%
2	1714/30	1165,00	807/15023	72,70	145 000,00 zł	70,09 zł	0,05%	83,94 zł	0,06%
3	1714/41	8407,00	7878/219444	70,93	143 000,00 zł	147,83 zł	0,10%	195,05 zł	0,14%
4	1714/34	24176,00	8190/717616	72,70	120 000,00 zł	140,49 zł	0,12%	184,21 zł	0,15%
5	238/22	468,00	538/6447	49,60	143 344,00 zł	46,62 zł	0,03%	55,56 zł	0,04%
6	1714/34	24176,00	7072/717616	61,30	138 000,00 zł	120,31 zł	0,09%	157,95 zł	0,11%
7	238/30	498,00	510/6264	51,00	118 000,00 zł	48,06 zł	0,04%	57,31 zł	0,05%
8	170/441	1968,00	4849/368141	48,49	245 551,23 zł	23,64 zł	0,01%	48,55 zł	0,02%
9	170/441	1968,00	4819/368141	48,19	174 169,00 zł	23,50 zł	0,01%	48,25 zł	0,03%
10	170/441	1968,00	8563/368141	85,63	376 831,00 zł	41,75 zł	0,01%	85,74 zł	0,02%
11	170/441	1968,00	4852/368141	48,52	216 453,00 zł	23,66 zł	0,01%	48,58 zł	0,02%
12	170/441	1968,00	4834/368141	48,34	206 670,00 zł	23,57 zł	0,01%	48,40 zł	0,02%
13	1901/6	1036,00	5228/79439	49,00	221 000,00 zł	59,25 zł	0,03%	68,79 zł	0,03%
						average	0,04%	average	0,06%

Source: Own study.

Table 6. Current tax rates for residential properties in the city of Kielce.

No	Plot number	Area [m ²]	Participation in the common part	Usable area of the flat [m ²]	Value	Current rate		Maximum rate	
						Tax amount	Interest rate	Tax amount	Interest rate
1	331	208,00	4534/34900	45,34	215 000,00 zł	39,29 zł	0,02%	46,71 zł	0,02%
2	183	350,00	60/747	60,00	222 500,00 zł	49,08 zł	0,02%	58,21 zł	0,03%
3	1647	5726,00	4848/844155	46,60	200 000,00 zł	42,32 zł	0,02%	50,41 zł	0,03%
4	206	302,00	4994/57600	49,94	150 000,00 zł	41,91 zł	0,03%	49,76 zł	0,03%
5	902	566,00	5789/208900	57,89	170 000,00 zł	43,01 zł	0,03%	50,79 zł	0,03%
6	1148	404,00	3357/157500	33,57	114 000,00 zł	24,76 zł	0,02%	29,22 zł	0,03%
7	580/5	545,00	3705/116300	37,05	120 000,00 zł	30,31 zł	0,03%	35,95 zł	0,03%
8	552	513,00	43/1403	43,00	126 000,00 zł	33,49 zł	0,03%	39,64 zł	0,03%
9	754	556,00	32/140	32,00	132 000,00 zł	68,77 zł	0,05%	83,73 zł	0,06%
10	1138	267,00	5120/77000	51,20	150 000,00 zł	39,51 zł	0,03%	46,74 zł	0,03%
11	1840	2718,00	5539/24876	51,72	250 000,00 zł	263,08 zł	0,11%	323,23 zł	0,13%
12	1036	8057,00	6049/987057	58,59	70 000,00 zł	56,26 zł	0,08%	67,15 zł	0,10%
13	647/4	8610,00	4450/1685781	44,50	335 000,00 zł	37,12 zł	0,01%	44,06 zł	0,01%
14	450/9	693,00	5754/305452	56,00	215 000,00 zł	40,80 zł	0,02%	48,14 zł	0,02%
15	4/11	1866,00	52/1866	47,20	155 000,00 zł	49,97 zł	0,03%	59,84 zł	0,04%
16	282	583,00	3202/228900	32,02	112 000,00 zł	23,59 zł	0,02%	27,85 zł	0,02%
17	285	8821,00	4088/1136344	39,20	180 000,00 zł	37,15 zł	0,02%	44,31 zł	0,02%
18	71	742,00	3800/285700	38,00	140 000,00 zł	28,07 zł	0,02%	33,14 zł	0,02%
19	1713	402,00	23/1575	23,00	96 000,00 zł	16,95 zł	0,02%	20,01 zł	0,02%
20	274	531,00	39/1578	39,00	154 000,00 zł	29,95 zł	0,02%	35,42 zł	0,02%
21	48	2405,00	3629/222425	36,29	166 635,00 zł	38,14 zł	0,02%	45,66 zł	0,03%
22	1173/1	355,00	28/355	32,00	155 000,00 zł	31,12 zł	0,02%	37,16 zł	0,02%
23	4/16	747,00	5911/210000	59,10	185 000,00 zł	45,81 zł	0,02%	54,21 zł	0,03%
24	16/2	2049,00	8656/178982	64,95	280 740,74 zł	79,22 zł	0,03%	95,29 zł	0,03%
25	291/28	1927,00	2262/109985	18,51	75 000,00 zł	26,91 zł	0,04%	32,51 zł	0,04%
26	1146	404,00	3477/156300	34,77	133 000,00 zł	25,67 zł	0,02%	30,30 zł	0,02%
27	1275	378,00	4840/291300	48,40	174 500,00 zł	33,36 zł	0,02%	39,25 zł	0,02%

28	335/134	834,00	4202/332100	42,02	180 000,00 zł	30,90 zł	0,02%	36,47 zł	0,02%
29	389	640,00	5580/186264	46,80	145 000,00 zł	37,24 zł	0,03%	44,11 zł	0,03%
30	288/5	1000,00	7845/57692	65,10	187 000,00 zł	93,34 zł	0,05%	112,74 zł	0,06%
31	1173/1	355,00	53/981	53,00	200 000,00 zł	41,21 zł	0,02%	48,76 zł	0,02%
32	58/2	2661,00	6995/245059	69,95	350 000,00 zł	73,63 zł	0,02%	88,16 zł	0,03%
33	405/2	797,00	4590/248255	45,90	178 700,00 zł	34,98 zł	0,02%	41,35 zł	0,02%
34	1040	12992,00	3955/988002	37,55	175 500,00 zł	43,79 zł	0,02%	52,61 zł	0,03%
35	1154	331,00	4970/124500	49,70	162 000,00 zł	36,83 zł	0,02%	43,49 zł	0,03%
36	47/6	8674,00	2509/607958	25,09	100 000,00 zł	29,66 zł	0,03%	35,64 zł	0,04%
37	1708	1924,00	2300/157500	23,00	85 000,00 zł	25,40 zł	0,03%	30,46 zł	0,04%
38	755	602,00	441/22110	44,10	160 000,00 zł	32,79 zł	0,02%	38,72 zł	0,02%
39	1251/1	649,00	10910/378257	103,00	105 000,00 zł	73,03 zł	0,07%	86,05 zł	0,08%
40	935	1847,00	10702/108191	73,40	345 000,00 zł	116,40 zł	0,03%	140,92 zł	0,04%
41	275/1	5536,00	613/32022	58,10	205 000,00 zł	77,45 zł	0,04%	93,38 zł	0,05%
42	887	613,00	1810/102500	18,10	98 000,00 zł	15,70 zł	0,02%	18,66 zł	0,02%
43	58/2	2661,00	7656/245059	73,25	411 000,00 zł	78,47 zł	0,02%	94,01 zł	0,02%
44	1251/1	649,00	9970/378257	93,00	318 000,00 zł	66,02 zł	0,02%	77,79 zł	0,02%
45	1254/2	609,00	41/224	85,15	320 000,00 zł	96,85 zł	0,03%	116,25 zł	0,04%
46	394/1	298,00	861/10840	86,10	240 000,00 zł	64,10 zł	0,03%	75,70 zł	0,03%
47	347/5	1049,00	10241/161730	102,41	692 803,65 zł	90,78 zł	0,01%	108,03 zł	0,02%
48	599	556,00	10040/139459	100,40	283 000,00 zł	79,47 zł	0,03%	94,11 zł	0,03%
49	111/1	215,00	1370/91300	13,70	54 000,00 zł	9,99 zł	0,02%	11,79 zł	0,02%
50	219/7	1158,00	7888/139350	70,20	245 500,00 zł	69,84 zł	0,03%	83,46 zł	0,03%
					average	średnia	0,03%	average	0,03%

Source: Own study.

Analyzing the above results, it can be noticed that the tax rate on residential premises is extremely low in Poland. It is 0.03% for the city of Kielce and 0.04% for the district of Kielce. The application of the maximum rate does not cause major changes, cause these values are then 0.03% and 0.06% respectively.

Conclusions

The subject of cadastral tax is undoubtedly an important issue for Poland. Looking at the trends in the European Union and the goals that guide this change, the transition to the *ad valorem* system is undoubtedly what awaits us in the future. However, for the cadastral tax to be able to function efficiently in our country, it is necessary to remove many barriers and difficulties. One of the most important is the appropriate and thoughtful determination of the tax rate.

The conducted analysis showed that the current rates of real estate taxation in Poland are at a fairly diversified level. The highest rates within 0.21% - 0.68% can be noted for undeveloped properties of the Kielce district. For the city of Kielce, these values are almost twice lower and it is 0.06% - 0.36%. The average values are 0.35% and 0.16%, respectively. In the case of built-up real estate, the actual tax rate is at the level of 0.22%, however, when applying the maximum rate from the Act, this value is already 0.40%. The lowest value of taxation can be observed among residential premises. The real tax rate is in the range of 0.03% - 0.04%. However, this is a decidedly lower percentage rate, which would certainly increase after switching to the *ad valorem* system.

However, to begin setting the rates of property tax, it is necessary to overcome many other barriers. First of all, the Polish state should focus on creating a full and reliable real estate cadastre, consistent with other databases. Only then will it be possible to create an efficiently functioning integrated real estate information system that would be a basic tool in determining cadastral value. In addition, it is necessary to create a legal framework defining all aspects related to both the introduction and organization and updating of cadastral tax. You also can not forget about the financial issue. In addition, to the very high costs of implementing the new system itself comes costs associated with the annual maintenance and updating of data, as well as the training of employees who support this system.

What's more, the Polish state should put a lot of emphasis on education in the field of cadastral tax. It should apply to both officials, who will deal with this issue in the future as well as the public. The worst enemy of all changes is the misunderstanding and the lack of transparency, which is why society should gradually be introduced into possible changes, both in terms of the purposefulness of this undertaking and the changes that it will entail.

Analyzing the above mentioned difficulties facing the introduction of cadastral tax, it can be concluded that it will be a difficult and time-consuming process, but if it is carried out in a thoughtful manner it will not only bring financial benefits for the state, but also positively affect in economic development. Changing the system on *ad valorem* will also allow compliance with the constitutional principle of fair taxation, and thus the correct and rational distribution of the tax burden. In addition, it will have a positive impact on the development of the real estate market. The owners will use their properties in a much more effective way, and if they can't be used, they will sell them. The increase in the number of transactions on the real estate market will result in lower prices, which in a sense will compensate the amount of tax.

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