



President's Message - June 2013

I am writing this month's newsletter in the middle of what I think is the busiest period of the IPTI calendar so far. Whilst the last 12 months or so have been full of interesting events and activities, May and June 2013 are almost bursting with back to back conferences, seminars, workshops, meetings and projects which I will briefly outline.

However, before I do that, I just want to remind any of you who may be planning your holidays to remember that IPTI is holding its annual conference this year in Scotland in the first week of September. The venue for this event is the Crieff Hydro Hotel which is centrally located in a very convenient part of Scotland within easy reach of Edinburgh, Glasgow and all the main tourist attractions including castles, lakes (lochs), mountains and magnificent scenery. It is also a golfer's paradise with some of the world's most famous courses (St Andrew's, Gleneagles, etc) located close to the conference venue. So, if you are able to combine attending what will be a most interesting and enjoyable conference - being held in conjunction with the IRRV's Scottish Conference - with a visit to a wonderful part of the world, please come and join us.

Just looking back briefly to what we have been doing in May, we held a very interesting breakfast meeting in London organized by the European Chapter of IPTI's Corporate Advisory Committee. The meeting, held at the Royal Society of Arts and kindly sponsored by GL Hearn, included an update on what is happening on business rates in the UK and property taxes across Europe. It also included a discussion session during which representatives of some of the largest global corporations expressed their concerns about the present system of business rates in the UK. These concerns will be the subject of a letter which IPTI will be sending to the UK Government on behalf of large corporate taxpayers many of whom feel that their views are not always listened to by Ministers.

We ran another successful IMA-IPTI seminar in May on the subject of "Highest and Best Use Analysis". This looked at both the principles and practice of the issue along with an outline of recent case law on the subject. Feedback from the



seminar was very positive and we will be running another seminar on the same subject in due course.

In conjunction with RICS Americas, we held a very successful two-day conference at the Hyatt Regency Hotel in Port-of-Span, Trinidad in partnership with the Ministry of Finance and the Economy, part of the Government of the Republic of Trinidad and Tobago. The conference included both plenary sessions on a wide range of topics and two “streams” concentrating on (a) valuation and (b) construction issues. We had over 200 delegates at the conference and a number of international and local sponsors who kindly supported the event. Special thanks must also go to the Valuation Division of the Ministry who not only sent a large number of their staff members to the conference, but also hosted an excellent dinner with very a very colourful show of cultural entertainment complete with a steel band, singers and dancers.

We moved on to Toronto where we organized a round table discussion on the subject of “Active Adjudication in Assessment Hearings” as part of the annual meeting of the Council of Canadian Administrative Tribunals. This event included presentations from various Provinces in Canada on how they were tackling the problem of backlogs in their property tax appeal systems. I outlined the position in the UK where the President of the Valuation Tribunal recently announced a number of changes intended to speed up the process of handling appeals. Most of the bodies that deal with property tax appeals are keen to ensure that their systems are simple, fair and effective in bringing matters to a conclusion as soon as possible and IPTI is keen to provide support by facilitating these type of events where experience and best practice can be shared.

Also in Toronto, we conducted another of our expert witness training courses which are held jointly with the Osgoode Hall Law School. Run over four days with delegates attending two modules, this course looks at both the legal framework and the practical issues associated in preparing for litigation relating to property tax and valuation appeals and the presentation of evidence at a hearing. As usual, this course was full and those attending were very actively involved in discussing the role of an expert witness and putting their knowledge into practice with the help of experienced trainers. IPTI is also developing a new course with the law school on report writing for property valuation disputes which I will tell you more about in future.



Whilst in Canada, Jerry Grad and I had a series of meetings in both Toronto and Vancouver where we had discussions about existing projects and possible new projects which are likely to keep us busy over the coming months.

I should also mention that I was involved in an interview as President of IPTI for a BBC radio programme called "Face the Facts" which was broadcast on 29 May. The programme was looking at the impact of the postponement of what should have been the next revaluation of business properties in the UK due to take place in 2015, but now deferred until 2017. Many businesses in the UK consider this postponement creates problems for them as their existing property tax (rating) assessments are based on pre-recession rental values as at April 2008 and they were anticipating reduced liabilities following the next revaluation. My contribution to the programme was to outline how often other jurisdictions around the world carried out revaluations and the extent to which modern technology (e.g. automated valuation models) can assist this process.

Looking ahead into June, we are holding a "Property Tax Summit" for key stakeholders in the Ontario property tax system on 4 June. This is a follow up to a similar event we held last year where IPTI facilitated the first meeting of all the key players including the assessing agency, taxpayers, municipalities and the body that deals with appeals. We prepared a report following the first meeting setting out the issues raised and recommendations for improvement discussed at the event. The meeting in June is designed to look at the progress that has been made since the first summit and see what further work may be required to take matters forward.

Following that event we go to New York where, on 6 June, we will be participating in a breakfast information seminar entitled "*Pressures on Corporate Taxpayers in an Era of Growing Need for Property Tax Revenues – The Real Property Tax Landscape in the US and European Economies*". This event is being held in partnership with the European American Chamber of Commerce and is likely to cover many of the issues raised by our corporate members and others at the IPTI meeting in London last month which, in turn, were also raised in the recent BBC programme. It will be seen that many of these concerns are global and IPTI is pleased to be able to assist the process of information and experience sharing and, where possible, helping to develop solutions to particular problems.



The next event in June will be our annual Mass Appraisal Valuation Symposium which is being held in Durban, South Africa on 13-14 June. This is being hosted by the African Tax Institute, the South African Institute of Valuers and the Cooperative Governance & Traditional Affairs Department of the Province of Kwazulu-Natal. I am pleased to say we have a number of international sponsors for the MAVS and a varied and interesting agenda with a mix of local, national and international speakers. We are also holding two workshop sessions in conjunction with the MAVS; one will be looking at property taxation in China and the other will be considering spatio-temporal methods for mass appraisal.

As always, full details of these forthcoming events are contained on our website (www.ipti.org).

I should add that IPTI will be participating in the Institute for Municipal Assessors (IMA) annual conference in Canada on 23-25 June. This event is being held in Kingston, Ontario.

I should also briefly mention that the Commonwealth Heads of Valuation Agencies (CHOVA) was hoping to meet in Sri Lanka later this year but, unfortunately, that meeting will not be going ahead. CHOVA is now planning to meeting in Canada in 2014 and IPTI will be supporting this event.

Now for a quick look around the world at what is happening in various countries in connection with property tax.

Starting in Ireland where the new property tax for residential properties in the Republic of Ireland is now being implemented based on self-assessed capital values. Although it remains controversial both in media and political terms, it seems that the vast majority of taxpayers have registered in accordance with the government's scheme and it will be interesting to see how the system operates. The Irish Valuation Office continues with its "rolling programme" of revaluations for non-residential properties and I will be meeting the Commissioner of Valuation and some of his staff in Dublin next month.

In Northern Ireland, the Government has recently made an announcement about the next revaluation of non-residential properties which is due to come into effect in 2015. The Government Minister has issued a press release urging businesses to cooperate with the assessing agency - Land & Property Services - by providing



them with the information needed to carry out their valuations. I will be attending a meeting in Northern Ireland in June.

Staying in the UK, there have been a number of court decisions over the last few months dealing with the availability of relief from property tax for charities. Partly as a result of the liability to pay "empty property rates", the owners of many empty properties have been trying to "remove" their liability by entering into various arrangements with charities to "occupy" their empty properties. Some of these schemes have run into problems as the courts have recently decided that "token" or "minimal" occupation by charities will not qualify for the relief available. To claim business rate relief, charities have to pass two tests; the first is whether they occupy the building; the second is whether they do so "wholly or mainly" for charitable purposes.

In Italy, controversy still surrounds the reintroduction of property tax for residential properties (IMU) with various members of the recently elected coalition government pulling in different directions over whether or not the tax should be retained or not.

In Australia, the report of a recent inquiry into the land valuation system by the Parliament of New South Wales (NSW) has been published. It contains a number of recommendations relating to land tax valuations and council rates. IPTI provided information to the NSW committee in response to a request from them for our input and we remain available to provide any further advice upon request.

And finally, I was intrigued to see that we have our first property taxpayer in space! Russian cosmonaut Pavel Vinogradov, a member of the crew based on the International Space Station, paid his land tax from space via an electronic banking system. It seems that IPTI may have to go beyond global and become intergalactic now!

Paul Sanderson
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