



ESTONIA - February 2020

NO NEED TO FEAR SUDDEN LAND TAX INCREASE IN COMING YEARS 1

No need to fear sudden land tax increase in coming years

Minister of Finance Martin Helme (EKRE) said on social media on Sunday that if needed, he will lower the land tax rate and fix the increase in the assessed value at 10 percent per year.

"It was briefly mentioned on the news last week that the government intends to complete a land appraisal that has gone undone for over 20 years," Helme wrote on Facebook. "This has naturally caused landowners to worry that they may end up saddled with an unexpected and sharp increase in taxes. I'd like to calm everyone own and say that you don't need to worry about this."

While it is true that, depending on the region, the value of land has increased 3-6 times on average since the last appraisal, and in some areas even more than that, the government will under no circumstances allow such a sharp increase in taxes, he stressed.

"The current plan is that we will appraise the land, but if necessary, we will lower the maximum tax rate, and we will also cap the increase at 10 percent per year," the minister wrote. "This means that no one person's tax notice may be more than 10 percent higher than the previous year. This will ensure that the tax increase occurs gently, in most cases with a one- or two-figure amount."

Helme added that the land tax rate is up to local government councils to decide, and that, following the next appraisal, local governments may decide to change the tax rates so that tax notices don't increase in size at all.

"I assume that this will become an important issue in next year's local government elections, as all of the monies obtained go to the local government," he said.

Besides, he continued, land appraisals will take several years to complete, as the process will require several IT jobs to be done and budgetary resources to be found for the completion of this relatively substantial effort. "So no one has to worry about an increase in land tax in the next few years in any case," he concluded.