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Deliverable 2.1 Report on on-tax financing feasibility

EU28 legal and fiscal readiness for the adoption of an on-tax financing mechanism - EuroPACE

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Abbreviations

ADEME – Agency for Environment and Mastering of Energy
AFS – Annual Financial Statement
ALAL – Association of Local Authorities
APTA – Austrian Property Tax Act
ARERA – Italian Regulatory Authority for Energy, Networks and Environment
ASIC – Aradippou Smart Industrial City
BID – Business Improvement District
CEE – Central and Eastern Europe
CEI – Center for Monitoring Business Activities in the Energy Sector and Investments
CGS - Clean Growth Strategy
CoE – Council of Europe
EAC – Electricity Authority of Cyprus
EBRD – European Bank for Reconstruction and Development
EC – European Commission
EE – Energy Efficiency
ENEF – Energy Efficiency Fund
ENFIA – Uniform Tax on the Ownership of Real Estate
EPBD – Energy Performance in Buildings Directive
EU – European Union
GHG – Greenhouse Gas
HMRC – Her Majesty’s Revenue and Customs (HM Revenue and Customs)
HRI – Home Renovation Incentive
ICT – Information and Communication Technologies
IEA - International Energy Agency
IMF – International Monetary Fund
IMI – Imposto Municipal sobre Imóveis
LABEEF – Latvian Baltic Energy Efficiency Facility
LCA – Local Councils Act
LMDF – Luxembourg Microfinance and Development Fund
LPT – Local Property Tax
MF – Ministry of Finance
MiFID – Markets in Financial Instruments Directive
MS – Member State
NREAP – National Renewable Energy Action Plan
NTCA – National Tax and Customs Administration of Hungary
NZEBs – Nearly Zero-Energy Buildings
OECD – Organisation for Economic Co-operation and Development
PACE - Property Assessed Clean Energy
PPP – Public-Private Partnership
RES - Renewable Energy Source
RMI – Readiness Map Index
RUE- Rational Use of Energy
SAO - State Audit Office
SDGs – Sustainable Development Goals
SEAP – Sustainable Energy Action Plan
US – United States
UTCS – Union of Towns and Cities of Slovakia
WB – World Bank

Executive summary

The European Union (EU) is currently facing a number of challenges concerning the supply of secure, clean, and affordable energy. By using energy more efficiently, European citizens can lower their energy bills and reduce their reliance on external suppliers of energy sources, while at the same time protecting the environment. As global climate negotiations have progressed, in 2016, the European Commission (EC) presented a set of legislative proposals (“Clean Energy for All Europeans”) that aimed at preparing the EU energy sector to achieve new ambitious policy goals. The package provides the legislative framework to stimulate the needed investments to make Europe a global leader in promoting renewable energies and tapping energy efficiency (EE) potentials, while at the same time making energy affordable for all citizens. Additionally, the Energy Performance in Buildings Directive (EPBD) promotes nearly zero-energy buildings (NZEBs), mandatory for all new buildings from 31 December 2020. In June 2018, the EU announced its intention to increase energy and greenhouse gas (GHG) emissions targets for the period up to 2030, reinforcing its commitment to the Paris Agreement and demonstrating its leadership in this area. Its latest goals foresee a share of at least 32% renewable energy consumption by 2030 and an indicative target for an improvement in EE at the EU level of at least 32.5% (compared to projections), which corresponds to a reduction of greenhouse gas emissions by at least 40% compared to 1990 levels.

At the same time, according to Eurostat, 26% of the total final energy consumption in the 28 EU Member States (MS; EU28) in 2016 corresponded to residential consumption, thereby making up a non-negligible share of about 5% of total consumption expenditures in the EU. EU buildings, residential and non-residential, account for approximately 40% of energy consumption and 36% of CO₂ emissions. About 35% of the EU’s buildings are over 50 years old and almost 75% of the building stock is energy inefficient, while only 0.4-1.2% (depending on the country) of the building stock is renovated each year. Current developments aiming to increase EE do not reflect ambitious political goals.

The statistics vary, but in general, EU citizens spend approximately 90% of their time indoors; and while time spent in workplaces, schools, and public spaces is relevant, it is the time spent in our homes that accounts for two-thirds of this time in total. The aim of this paper is to present an ingenious financial mechanism – EuroPACE – which could increase the quality of this crucial residential category.

EuroPACE is an innovative financial mechanism inspired by an American building improvement initiative called Property Assessed Clean Energy (PACE). The innovative character of the EuroPACE mechanism is that financing through EuroPACE is linked to the taxes paid on a property. In other words, the financing lent by a private investor is repaid through property taxes and other charges related to the buildings. EuroPACE is therefore in line with the EC’s objectives of (1) putting EE first, (2) contributing to the EU’s global leadership, and (3) empowering consumers to enable MS to reach their energy and climate targets for 2030. Last but not least, EuroPACE could contribute to the democratisation of the energy supply by offering cash-flow positive, decentralised EE solutions.

The EuroPACE mechanism engages several stakeholders in the process: local government, investors, equipment installers, and homeowners. To establish the EuroPACE programme, several conditions must be satisfied, each of which are relevant for different stakeholder at different stages of the implementation. For the purpose of this report, we divided these criteria into two categories: key criteria, which make the implementation possible, and complementary criteria, which make the implementation easier. For the time being, it is a pure hypothesis to be tested with potential EuroPACE implementation.

One ought to remember that residential on-tax financing is a concept in its infancy in the EU. Therefore, the methodology to evaluate the readiness of a country to implement on-tax financing is complex and consists of six stages:

1. Identification of fiscal and regulatory conditions;
2. Data collection;
3. Weighting;
4. Grading;
5. Country SWOT analysis;
6. Qualitative assessment.

Based on the knowledge gathered from the American PACE scheme, as well as from the pilot study being performed in the Spanish city of Olot, the fiscal and regulatory conditions required to successfully implement EuroPACE have been divided into four areas. These areas correspond to the EuroPACE criteria and are addressed to the different stakeholders of the EuroPACE mechanism.

All together, 112 tables were prepared – 4 for each of the 28 MS. Moreover, to assess country readiness, we have defined a weighting of different criteria. Although all of the criteria assessed in each of the four tables are important to implement EuroPACE, our initial assumption is that three criteria will most likely be crucial in the successful development of the scheme. The three criteria are: (1) property related taxes; (2) an effective foreclosure mechanism; and (3) property liens.

When all of the tables were filled in and the grading for each country was completed, the total points acquired were counted and compared. This rating served as the basis for the preparation of the EuroPACE readiness map.

One should remember that given the innovative character of this study, such type of methodology will never be objective and purely comparable. Therefore, in order to validate the evidence, a qualitative assessment has been carried by the EuroPACE Steering Committee Group. This type of quality check helped to assess the credibility of information obtained, but also helped in creating the criteria for the identification of the seven most suitable countries for further analysis in the next part of the EuroPACE project. In a subsequent part of this research, a detailed analysis of the possibility to develop EuroPACE will be carried out for these seven countries. Later on, it will include the identification of leader cities where EuroPACE could be implemented.

It is also important to note that the rating of a country is relative to the rating of the other countries. Furthermore, even a suitable country (indicated with green) may require some legal changes and other conditions in order to develop EuroPACE effectively.

Apart from a cumulative assessment, each EU28 MS received a colour coding and a rating per criteria or area. This provides a visual analysis of each country’s situation in the key areas required for implementing on-tax financing. By combining the ratings given to these four key areas, a map was created reflecting the possibility of EuroPACE implementation. On this basis, a Readiness Map Index (RMI) was produced using the information gathered at the country level in the four areas.

The RMI results can be summarised as follows:

RMI	Country assessment
28-23	Very adequate countries (9): Austria, Denmark, Germany, Luxembourg, the Netherlands, Portugal, Romania, Slovenia, and Spain – countries where all, or at least

	two of the three key criteria have been met; oftentimes, those in which on-tax financing has already been piloted
22-19	Moderately adequate countries (10): Belgium, Bulgaria, Finland, France, Hungary, Ireland, Italy, Poland, Sweden, and the UK – predominantly countries with stable and well-institutionalised property-tax systems, but with weak enforcement procedures or insufficient experience in cooperation with the private sector
18-11	Less adequate countries (6): Czechia, Estonia, Greece, Latvia, Lithuania, and Slovakia – predominantly countries in which the administration and collection of property-related taxes is centralised
10-0	No-go options (3): Croatia, Cyprus, and Malta – countries with no property-related tax in place

The study and ranking compiled revealed some overarching trends:

- There is no perfect EuroPACE candidate in the EU for the time-being, and all MS will need to adjust their legislation to some extent. Even Austria, the country that gathered the highest number of points (26/28; 92.86%), failed when trying to implement a BID, as the relevant legislation enabling BIDs was found unconstitutional.
- Property taxation across the EU is well established, as there are only three countries that do not levy taxes on property (Croatia, Cyprus, and Malta). Particularly in Croatia, negotiations are being held in order to introduce property taxation. However, the social perception of an additional burdensome tax is negative, which resulted in protests in early 2018 that have put negotiations on hold.
- In other EU MS, property taxes vary significantly from each other. In some countries (i.e. France), property tax is a well-established concept with a long-standing tradition; in others, particularly in Central and Eastern Europe (CEE), property-related taxes are newer, having been established in the early 1990s after entering the market economy.
- Municipalities in all EU MS are familiar with SEAPs and other internationally recognised climate-oriented plans and commitments, but the degrees of their implementation differ. For example, municipalities in wealthier countries (i.e. Nordic countries and Austria) are more engaged in such initiatives, while, typically, in countries with smaller GDPs, municipalities are less active in this respect. This trend is also visible in smaller countries where the central government is more in a position to act. However, it can be concluded that the pace of joining climate-oriented associations and creating ambitious EE-oriented strategies by local governments is rapidly growing: every year municipalities in various countries proactively adopt additional EE strategies and plans, which confirms their commitments to ambitious climate goals. Oftentimes, they cooperate with private actors to achieve these climate goals.
- In general, in all EU MS, enforcement procedures exist and are well defined. Depending on the country, the procedures are more or less institutionalised and effective. In countries like Denmark, interest rates exist and foreclosures can be considered extremely effective. Conversely, in Italy, while enforcement procedures are technically in place, they are viewed as time consuming and complicated. Moreover, even though it is difficult to assess all the data per category, senior liens proved to be the least common among EU MS of all the key EuroPACE criteria when compared to the US. This issue might also not be easy to resolve given banks' strong positions across the EU, as eventually mortgages could become less important in the prioritisation of pledged assets.
- Various countries across the EU, including Germany, France, and Slovenia, to name a few, plan to reform their property-tax systems in the near future. This increases uncertainty, but also opens the window of opportunity for legislation oriented towards on-tax financing soon.

PART A

Introduction

The European Union (EU) has established several policies to achieve the general objective of secure, clean, and affordable energy. One of these policies concerns improving energy efficiency (EE) in buildings. Reducing greenhouse gas emissions is particularly important as the threat of global climate change urges a significant reduction in emissions from energy production and consumption in order to keep the increase in the global average temperature well below 2°C above pre-industrial levels.²

As global climate negotiations have progressed, in 2016, the European Commission (EC) presented a set of legislative proposals (“Clean Energy for All Europeans”) that aimed at preparing the EU energy sector to achieve these policy goals.³ The package provides the legislative framework to stimulate the needed investments to make Europe a global leader in promoting renewable energies and tapping EE potentials, while at the same time making energy affordable for all citizens. Additionally, the Energy Performance in Buildings Directive (EPBD) promotes nearly zero-energy buildings (NZEBs), mandatory for all new buildings from 31 December 2020.⁴ In June 2018, the EU announced its intention to increase energy and greenhouse gas (GHG) emissions targets for the period up to 2030, reinforcing its commitment to the Paris Agreement and demonstrating its leadership in this area. Its latest goals foresee a share of at least 32% renewable energy consumption by 2030 and an indicative target for an improvement in EE at the EU level of at least 32.5% (compared to projections), which corresponds to a reduction of greenhouse gas emissions by at least 40% compared to 1990 levels.⁵

At the same time, according to Eurostat, 26% of the total final energy consumption in the 28 EU Member States (MS; EU28) in 2016 corresponded to residential consumption, thereby making up a non-negligible share of about 5% of total consumption expenditures in the EU. EU buildings, residential and non-residential, account for approximately 40% of energy consumption and 36% of CO₂ emissions. About 35% of the EU’s buildings are over 50 years old and almost 75% of the building stock is energy inefficient, while only 0.4-1.2% (depending on the country) of the building stock is renovated each year.⁶

The statistics vary, but in general, EU citizens spend approximately 90% of their time indoors; and while time spent in workplaces, schools, and public spaces is relevant, it is the time spent in our homes that accounts for two-thirds of this time in total.⁷ The aim of this paper is to present an innovative financial mechanism – EuroPACE – which could increase the quality of this crucial residential category.

The structure of the report is the following. Part A provides an overview of the specific financial instrument at stake, the methodology used to assess its potential application in the EU, and a testable hypothesis of its scalability. It presents the European suitability assessment for EuroPACE implementation in all EU countries. Grading of the countries together with the European readiness map is followed by conclusions and policy recommendations. Part B of the report includes an analysis of the various aspects of the fiscal and legal systems in each EU MS based on country grading and SWOT analyses.

² The current report of the Intergovernmental Panel on Climate Change (IPCC) suggests that the temperature should not exceed 1.5°C: <http://www.ipcc.ch/report/sr15/>

³ European Commission, 2016

⁴ Nearly zero-energy buildings: <https://ec.europa.eu/energy/en/topics/energy-efficiency/buildings/nearly-zero-energy-buildings>

⁵ 2030 Climate and Energy Framework: https://ec.europa.eu/clima/policies/strategies/2030_en

⁶ EU Energy Efficiency, Buildings: <https://ec.europa.eu/energy/en/topics/energy-efficiency/buildings>

⁷ The Regional Office for Europe of the World Health Organization:

http://www.euro.who.int/_data/assets/pdf_file/0020/248600/Combined-or-multiple-exposure-to-health-stressors-in-indoor-built-environments.pdf

Barriers to increasing energy efficiency

Much research has been done to analyse the triggers enhancing EE. However, current developments aiming to increase EE still do not reflect ambitious political goals. In the end, the economic instruments provided by the government are still seen as the key stimuli in the EE debate, as by lowering upfront costs, they can make investments more interesting.

Perhaps even more has been written about the EE investment gap. Sanstad and Howarth (1994), Howarth and Sanstad (1995), Greene (2011), and Allcott and Greenstone (2012) provide various explanations for under-investment in EE. They all agree that when it comes to EE in residential buildings, numerous market and behavioural failures can impede such investments. As contributing to this debate is beyond the scope of this report, only one aspect of this discourse will be discussed.

According to Alberini, Gans, and Towe (2016), subsidies and rebates increase the lead deficit and can lead a rebound effect. Furthermore, they encourage free-riding and, in general, are not cost-effective. This was confirmed by Fuchs and Gertler (2014) in their study evaluating a subsidy programme in Mexico. The overall conclusion is that households that receive grants and subsidies are less eager to make subsequent investments. Moreover, the externality benefit from reduced energy does not compensate for the reduction in consumer utility, due to the higher taxes to finance the program.

This does not mean that schemes based on taxes are free from drawbacks. For example, they produce negative distributional effects and their impact is limited if the price elasticity of energy demand is small. Nevertheless, contrary to the findings in the previous case, Galarraga, Abadie, and Kallbekken (2016) find that, in Spain, a tax scheme on dishwashers, refrigerators, and washing machines ensured greater energy savings than a subsidy scheme. Still, given the complexity of tax schemes, governments are not particularly willing to introduce them.

At the same time, bank loans for the purpose of residential retrofits are still not widely available. The few banks that are willing to provide loans for EE retrofits in homes (houses, apartments, or buildings), provide funding at high rates and usually for a short-term (up to 5-7 years). This is due mainly to the capital requirements from Basel and the Markets in Financial Instruments Directive (MiFID) banking regulations.⁸ To put it simply, for banks, lending to homeowners for EE retrofits is not an interesting business. Furthermore, this kind of operation is also not interesting for investment funds either because it is not secured (no asset as guarantee); hence, the risk perceived is high and therefore the cost of capital is expensive as compared to mortgage rates.

A solution to the previous situation would be to attach financing to the property, which could secure the funding, as the property would be the guarantee. Consequently, lenders could provide capital at lower rates. Studies such as that pursued by Allcott and Greenstone (2017), who conducted research on the impact of EE schemes, prove that the market for home energy audits and retrofits, which in Europe is still not fully developed, would almost entirely disappear in the absence of government interventions, even if only in the form of guarantees.

EuroPACE answers all these needs while at the same time being directly in line with the EC's objectives of (1) putting EE first, (2) contributing to the EU's global leadership, and (3) empowering consumers to enable MS to reach their energy and climate targets for 2030. Last but not least, EuroPACE could contribute to the democratisation of the energy supply by offering cash-flow positive, decentralised EE solutions.

⁸ For more information see: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-supervision-and-risk-management/managing-risks-banks-and-financial-institutions_en

Legal aspects of the implementation of EuroPACE

EuroPACE is an innovative financial mechanism inspired by an American building improvement initiative called Property Assessed Clean Energy (PACE). The innovative character of the EuroPACE mechanism is that financing through EuroPACE is linked to the taxes paid on a property. In other words, the financing lent by a private investor is repaid through property taxes and other charges related to the buildings.⁹

The EuroPACE mechanism engages several stakeholders in the process: local government, investors, equipment installers, and homeowners. The roles and interactions of the stakeholders are depicted in Figure 1 below.

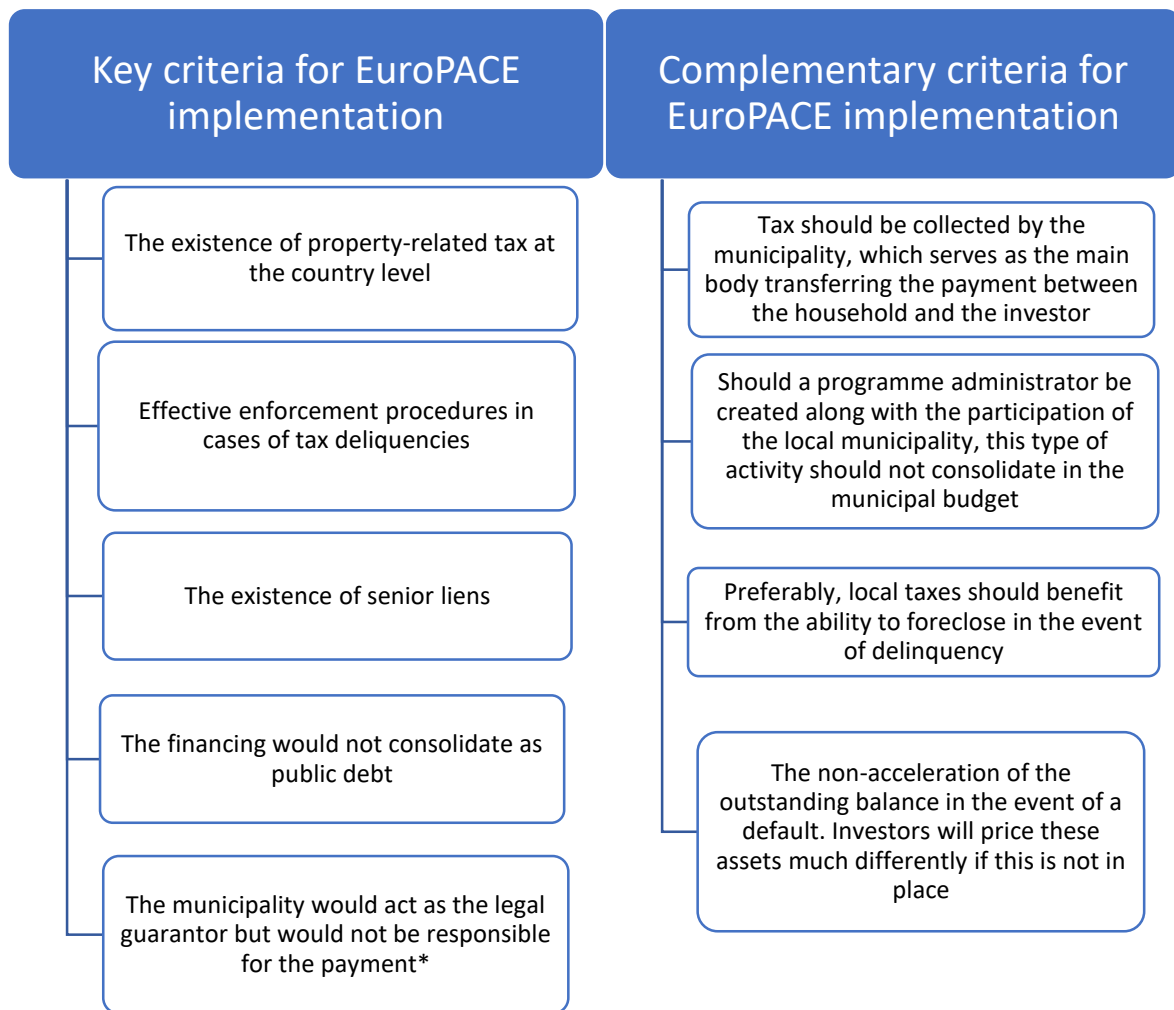
Figure 1: The eco-system of a EuroPACE programme



To establish the EuroPACE programme, several conditions must be satisfied, each of which are relevant for different stakeholder at different stages of the implementation. We divided these criteria into two categories: key criteria, which make the implementation possible, and complementary criteria, which make the implementation easier. These criteria, which are summarised in Figure 2 below, serve as a starting point for the detailed identification of the fiscal and regulatory conditions presented in the methodology, data collection, and the preparation of the EuroPACE Readiness Map at the EU level.

Figure 2: EuroPACE criteria

⁹ For more information on PACE financing see: <https://pacenation.us>



* As confirmed by various researchers, including Fischbacher, Schudy, and Teyssier (2015), guarantees whereby governments or energy providers share not only the risks, but also the chance to benefit from future savings related to EE renovations reduce the perceived risk of the investment.

Aim of the report

The overall aim of the report is to assess the key and complementary criteria that make the implementation of EuroPACE possible in each of the EU28 MS. The specific objectives of this study are as follows:

- Analyse the legal and fiscal conditions in each EU MS relevant for the effective implementation of the EuroPACE mechanism.
- Grade each of the EU28 MS together with a readiness map illustrating their preparedness for the implementation of EuroPACE.

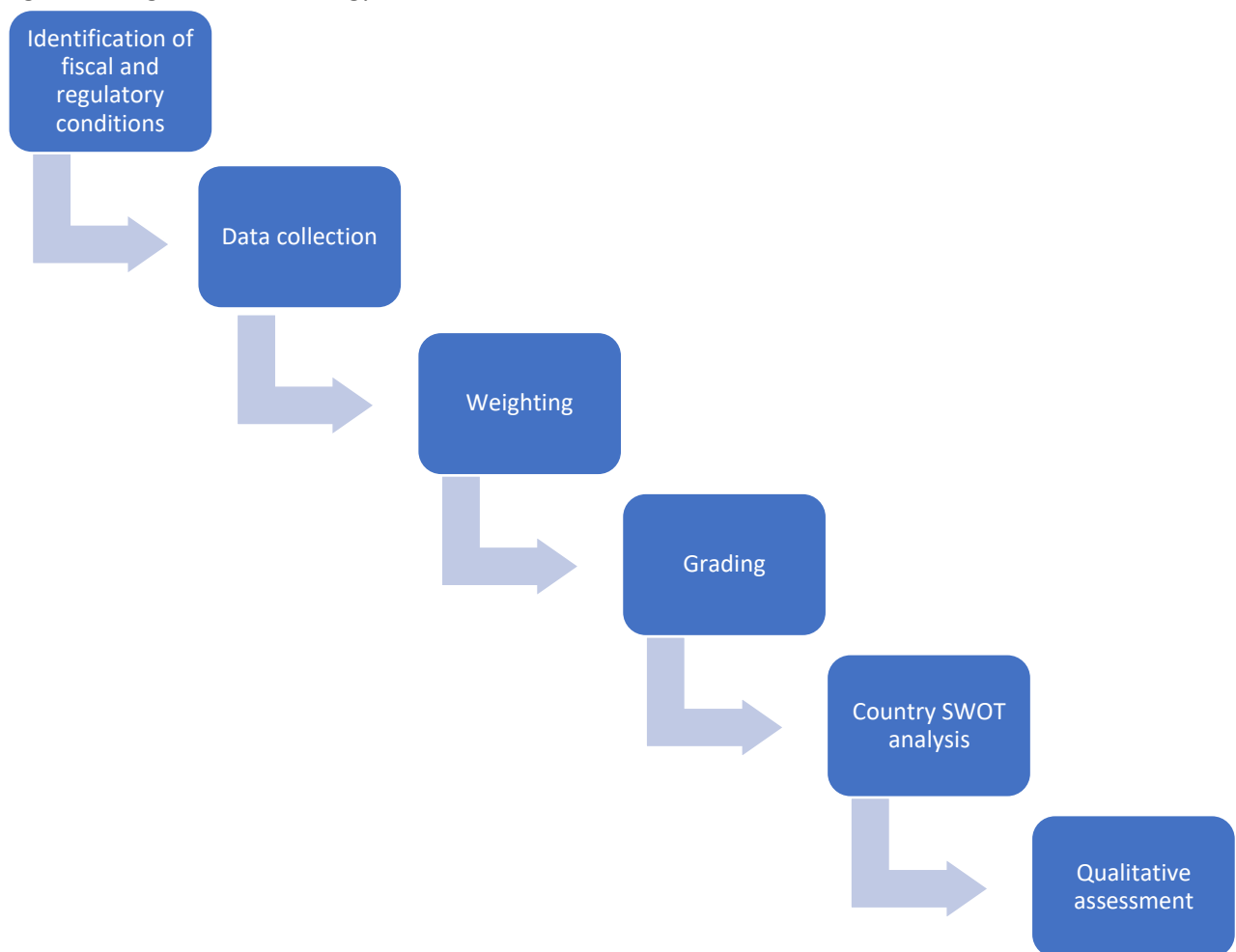
- Assess the enables and barriers to the implementation of EuroPACE in each of the EU28 MS through country SWOT analyses.
- Provide recommendations on the suitability of the EU28 for the adoption of an on-tax financing mechanism.

Currently, there is no single holistic analysis on the possibility of the implementation of an on-tax financing mechanism for the EU28. This report aims at filling that gap.

Methodology

Residential on-tax financing is a concept in its infancy in the EU. Therefore, the methodology to evaluate the readiness of a country to implement on-tax financing is complex and consists of six stages.

Figure 3: Stages of methodology



Step 1. Identification of fiscal and regulatory conditions

Based on the knowledge gathered from the American PACE scheme, as well as from the pilot study being performed in the Spanish city of Olot, the fiscal and regulatory conditions required to successfully implement EuroPACE have been divided into four areas. These areas correspond to the EuroPACE criteria depicted in Figure 2 and are addressed to the different stakeholders of the EuroPACE mechanism.

Areas assessed

Area 1. Suitability of the legal framework for on-tax financing

As EuroPACE is added to property taxes, this area (A1) assesses the suitability of the legal framework for the on-tax financing mechanism. Property taxes differ in many aspects between countries, but issues such as the existence of a property-related tax, the regular collection of property taxes, or a relatively low level of exceptions in the tax collection mechanism are essential for the legal implementation of EuroPACE.

Table 1. Assessment criteria for the suitability of the legal framework for the on-tax financing mechanism

	Variable	Definition	Maximum score
1.1	Examples of existing on-tax financing schemes nationally or locally		1
	An on-tax financing scheme has already been piloted or tested in the country.	This criterion measures whether the mechanism of on-tax financing (i.e. in the form of Business Improvement District – BID) has been used in a country, even if only in the form of a pilot study. A previously tested on-tax financing scheme is assumed to have a positive impact on the EuroPACE implementation in that particular country.	1 if yes; 0 otherwise
1.2	Existence of property-related taxes		4
	Property-related taxes (or other taxes linked to property, which are suitable for EuroPACE implementation) exist.	This criterion measures whether property-related taxes exist in a given country. EuroPACE can be expressed as additional charge to the property tax; thus, its existence and collection would represent a positive element.	3 if yes; 0 otherwise
	The existence of local charges or bills attached to the property (i.e. waste management fees).	This criterion measures the existence of other bills attached to the property (i.e. waste management fees), which can be used for EuroPACE implementation, as was done in the United States (US) with property assessments.	1 if yes; 0 otherwise
1.3	Collection of property-related taxes		1
	Local authorities ¹⁰ are responsible for the collection mechanism of taxes and charges attached to the property (even if subcontracted to third parties).	This criterion measures whether municipalities are responsible for tax collection (even if this task is subcontracted to third parties). If local authorities perform the collection mechanism (apart from the smallest EU MS), it is assumed to have a positive impact on the implementation of EuroPACE.	1 if yes; 0 otherwise
1.4	Municipality rights towards local taxes		2
	The local or regional administration has the legal authority to change the tax rate of property-related taxes within a range.	This criterion measures whether municipalities have the right to change the local tax rate within a range established by national law, without the need to change national legislation. This characteristic is assumed to have a positive impact on the implementation of EuroPACE.	1 if yes; 0 otherwise

^{10*} In the case of the smallest EU MS (usually approximately 3 million citizens and less), a separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralised structure.

	The local or regional administration has the right to establish new local taxes and fees.	This criterion measures whether the local authority has the right to establish an entirely new local charge, bill, or tax without changing national legislation. This characteristic is assumed to have a positive impact on EuroPACE implementation.	1 if yes; 0 otherwise
1.5	Tax collection exceptions		2
	Differences are observed in tax collection rates at the regional or local level (urban versus rural).	Between-regional exemptions in property-related tax collection (urban versus rural) do not exist. This characteristic measures: whether different rules concerning property-related tax collection are applied in different regions, whether between-regional exemptions and differences in tax rates exist, and whether the type of region determines the property tax rate. Tax exemptions should apply to different regions or land (in federal countries) or in an urban versus rural setup. The existence of broad tax exemptions has a negative impact on EuroPACE implementation; therefore, the rating in this case is zero. The more tax exemptions are identified, the more difficult it is to implement EuroPACE smoothly.	1 if no; 0 otherwise
	Differences are observed at the individual property level based on the property size or property value, among others.	Tax exemptions at the individual or property level do not exist. This characteristic measures whether property tax exemptions at the individual or property level exist. For example, there are countries where the elderly or families with three or more children exempted from property tax, or countries where the value of the property determines the property tax rate. If there are no significant exemptions in the implementation of a property tax at the individual level, its impact on EuroPACE is positive. The more tax exemptions that are observed, the more difficult it is to implement EuroPACE smoothly.	1 if no; 0 otherwise
MAXIMUM SCORE			10

A country can receive the maximum rating of 10 when the following criteria are met: examples of on-tax financing exist; property taxes and bills related to the property exist; the tax is collected on a regular basis and can be adjusted by the local administration; and tax collection exceptions across the country are rare or non-existent. However, if the grade for variable A1.2 equals 0, the country is automatically excluded, as this variable is seen as indispensable for EuroPACE implementation.

Other issues related to A1 assessed in some country-specific analyses: *How diverse are the local taxes? Is property tax the most suitable for an additional on-tax financing component? What percentage of local taxes does the property tax or other relevant tax account for? Are there any surcharges? Are local taxes administered and collected by the municipal administration or can the collection mechanism be subcontracted at the local level?*

Area 2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

Municipalities play a vital role in the EuroPACE mechanism, as they have an interest in implementing EE solutions and are also relevant actors in the creation of private-public partnerships (PPPs). In order to approximate the experience of municipalities in working on comparable assignments and to assess their readiness to implement EuroPACE, this area (A2) refers mainly to municipalities’ capacities to manage EE projects, particularly in a PPP model. This analysis keeps in mind the basic criteria set in the introductory part of this report, as well as the best practices from PACE in the US. A key market enabler is considered a situation where the municipality has experience working with the private sector to implement broadly defined investment programmes. Another enabler is linked to the existence of EE programmes and policies in buildings.

Table 2. Assessment criteria for the municipal capacity for implementing an on-tax financing mechanism and municipalities’ experience and policy objectives concerning EE and/or climate mitigation

	Variable	Definition	Maximum score
2.1	Experience working with the private sector to implement investment programmes related to infrastructure, buildings, or public lighting, among others.	If the majority of local or regional authorities within a country have already informally co-worked with a private sector organisation or in a more institutionalised form of PPP, this characteristic is assumed to have a positive impact on the implementation of EuroPACE. Institutionalised partnerships between the municipality, investors, and other contractors is one of key determinants of EuroPACE.	1 if yes; 0 otherwise
2.2	Existence of a Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality.	If the majority of municipalities within a country already have a developed EE strategy and/or SEAP at the local level, this characteristic is assumed to have a positive impact on the implementation of EuroPACE. It is assumed that the past experience and interest of municipalities in EE actions is a facilitator for EuroPACE objectives. ¹¹	1 if yes; 0 otherwise
2.3	Existence of EE financing, either in the form of grants, subsidies, tax deductions, or technical assistance at the local level.	If the majority of municipalities within a country benefit from diverse modes of financing for EE solutions, this characteristic is assumed to have a positive impact on the implementation of EuroPACE.	1 if yes; 0 otherwise
MAXIMUM SCORE			3

Local authorities receive the maximum number of points when the following criteria are met: they have some experience working with the private sector to implement investment programmes related to infrastructure, buildings, or public lighting, among others; a SEAP or other EE strategy for the municipality is in place; and programmes such as financing or deductions for EE projects have already been tested at the local level. This is because given austerity measures, grants might not always be

¹¹ Information on SEAPs has been gathered directly from the Covenant of Mayors website. As municipalities from across the EU join this initiative on a rolling basis, there is a chance that some specific numbers given throughout PART B will soon be outdated.

available; thus, the opportunity for the development other innovative financial instruments will be greater.

Other issues related to A2 assessed in some country-specific analyses: *Are there regional institutions representing or gathering the interests of a group of municipalities when it comes to EE strategies or investments? Are there any toolkits or guidelines prepared by the central administration for municipalities interested in pursuing partnerships with the private sector?*

Area 3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Area 3 (A3) concerns information on the enforceability of local taxes and/or property taxes and an assessment of charges, defaults, and delinquencies. This area also assesses the roles and responsibilities of the local authorities that provide guarantees (including senior liens) to investors. In particular, A3 focuses on the progress made towards fair, standardised, and transparent administrative processes as well as possible penalties, tax liens, and, eventually, foreclosure procedures in cases of the non-payment of taxes. A fully developed guarantee mechanism over the payment of property taxes is considered as a key market enabler.

Table 3. Assessment criteria for the enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

	Variable	Definition	Maximum score
3.1	Property-related tax collection		4
	Property-related tax is collected well and on a regular basis, with a high collection rate of more than 90%.	The bigger the collection rate is across the country, the more secure the mechanism. Another prerequisite applies to regular tax collection, which must be at least annual.	1 if yes; 0 otherwise
	Foreclosures related to tax delinquencies and defaults exist.	This aim of this point is to assess whether there exists an established, transparent, and executive foreclosure mechanism in cases of delinquency and default on property-related taxes. This is paramount for the EuroPACE implementation; therefore, it is rated at 3 points.	3 if yes; 0 otherwise
3.2	Characteristics of local authorities' finances		3
	Local authorities possess a fully autonomous budget.	Local authorities (whether at a municipal, county, or regional level) possess a fully autonomous budget. Local authorities are fully in charge of the structure of their expenses.	1 if yes; 0 otherwise
	Earmarked budgets or project-related funds exist at the local authority level.	If the local authority has the right to create separate budgeting lines for their activities, this characteristic is identified as an important criterion for EuroPACE implementation.	1 if yes; 0 otherwise
	Local authorities' finances are controlled by independent bodies	Local authorities must be indebted within set levels and their finances should be controlled by independent third-party bodies.	1 if yes; 0 otherwise
3.3	Measures aimed at enforcing local tax collection		2
	Additional interest rates and penalties for deliberate non-payments exist.	This criterion assesses whether additional interest rates in cases of deliberate non-payment are available, which may increase investor confidence.	1 if yes; 0 otherwise

	Standardised and transparent administrative processes exist.	This criterion assesses whether transparent administrative procedures supporting the enforcement of tax collection exist, and if they can be used to take the invested money back.	1 if yes; 0 otherwise
3.4	Mortgage and property ownership characteristics		4
	Property title search (land/estate registry) and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment.	Property title search and evidence of any lien on the property. This point assesses if the property title search exists and if liens on a property appear when a title search is performed.	1 if yes; 0 otherwise
	The municipality has the authority to impose a senior lien on the property.	The municipality has the authority to impose a senior lien on the property. This criterion assesses whether, in exceptional circumstances, a municipality can act as a tax authority and impose a senior lien on the indebted property.	3 if yes; 0 otherwise
MAXIMUM SCORE			13

We give a maximum rating when the following criteria are met: local governments have adequate systems in place to ensure property tax collection occurs on a regular basis and that there is a high collection rate; local authorities can autonomously use the tax collected, even if they are under the control of independent accounting bodies; additional fees and penalties are in place in cases of the deliberate non-payment of local taxes; there are public records of the legal ownership of buildings; and municipalities have the right to impose senior liens on properties.

Other issues related to A3 assessed in some country-specific analyses: *If implementing EuroPACE, will the related debt be considered a public debt? Is the level of municipal debt controlled, and, if so, how? Can municipalities be indebted? Is there a digital, online, or SMS system to collect the property tax? Is there a system with property deeds? Is there a legal framework for a surcharge for late payments? Do municipalities share a tax code or rules and then each is vested with the power to implement it? What is the level of “litigation” concerning property tax? Do tax payers tend to challenge tax issues in court? Can mayors serve as tax authorities in particular cases? What is the recourse mechanism if the local (other than property tax) fees are not paid? Do taxes stay within the local budgets or is some part transferred to the central government? Are the taxes collected linked to a specific public service, and therefore cannot be used for anything else? Or, do taxes end up in a “common budget line” and, afterwards, the municipality decides how to administer them depending on the actual needs?*

Area 4. Political, institutional, and social perceptions and acceptance of EuroPACE

Area 4 (A4) refers to the political, institutional, and social perceptions and acceptance of property-related taxes. It is difficult to compare the attitude towards property taxes, as these vary significantly among the countries analysed. There is a vast set of secondary country-specific data on the impact local taxes have on elections and on local and national debate in general. While in some countries politicians barely mention the importance of local taxes, in other, increases in local taxes lead to mass protests and can determine the results of local (or central, if the government is fully in charge of local taxation) elections. In principle, it can be concluded that the more stable and institutionally continuous the tax is, the easier it will be to use it as a basis for EuroPACE implementation. Apart from studying whether society finds the property taxation fair and politicians propose its amendments in debates proceeding elections, this area analyses the possible “window of opportunity” to modify the tax base, depending on the upcoming local and central elections. According to the theory of political cycles,

particularly in developed countries,¹² policy makers' equilibrium decisions depend on both their reputation and the proximity of the next election. Typically, incentives to influence election results are stronger when it is closer to the election (for a given reputation level). The information on the next elections can thus be useful for planning purposes and is covered in the country analyses. Consequently, this area presents the most fluctuating criteria and the grading has been adjusted accordingly.

Table 4. Assessment criteria for political, institutional, and social perceptions and acceptance for EuroPACE development

	Variable	Definition	Maximum score
4.1	Institutional continuity and the stability of property-related taxes.	If the property tax is an entirely new concept or its legal basis is amended on a regular basis, it cannot be considered a continuous mechanism, which could be problematic for EuroPACE development.	1 if yes; 0 otherwise
4.2	General perception towards property-related taxes – acceptance reflected in documented situations where the topic of property taxes has been the subject of political debate.	Acceptance reflected in documented situations where the topic of property taxes has been the subject of political debate. This criterion assesses the general impact local taxes have on public life. The more frequent these are in political discourses, the better.	1 if yes; 0 otherwise
MAXIMUM SCORE			2

We give the maximum number of points when the following criteria are met: the property tax is well institutionalised, stable, and reforms do not happen after every election and there is an ongoing debate on property taxes at the local or regional and national level and tangible examples of situations where the topic of property tax reform or increases have determined the results of local elections. As this is the only category assessing the demand side and possible acceptance of EuroPACE as an additional tax surcharge, which in the initial phase is not imperative for the implementation of on-tax financing, the rank is therefore respectively smaller than those of previous variables. In summary, the relatively low tradition (the tax is new) or the lack of public debate on property taxes does not necessarily exclude the possibility of developing a EuroPACE initiative. Therefore, in cases where the rating equals 0, the country should not be automatically seen as unsuitable for EuroPACE.

Other issues related to A4 assessed in some country-specific analyses: *What do politicians say about local and property taxes in particular? When does the current government term end? Is there a window of opportunity to change the legislation in the near future and if yes, when and why? Do local (property taxes) have any “non-fiscal” functions, and if yes, what are these?*

Step 2. Data collection

The information for this particular analysis was collected through the desk research of regulatory and legal documents, available market studies, and other relevant assessments. Country experts prepared or reviewed the national reports, so that the findings reflect their experience on the ground. As already mentioned, this approach has some drawbacks, which are related to the lack of a fully objective comparison system between all countries. However, this approach also provides valuable insights

¹² i.e. Martinez, L. (2009), *A theory of political cycles*, Journal of Economic Theory, Volume 144, Issue 3, May 2009.

relevant for potential recommendations. Last but not least, 16 finance ministries¹³ were contacted to validate the information gathered during the research phase and 14 replies were received. All together during this Step, 112 tables were prepared – 4 for each of the 28 MS.

Step 3. Weighting

Once this information was collected, data analysis commenced. The research included an examination and comparison of the countries with respect to their: property tax schemes, the possibility to introduce an on-tax financing mechanism, and the legislative capacity of local governments to put in place secured on-tax financing, among others.

To assess country readiness, we have defined a weighting of different criteria. Although all of the criteria assessed in each of the four tables above are important to implement EuroPACE, the on-going EuroPACE pilot taking place in Olot concludes that three criteria will most likely be crucial in the successful development of the scheme (see Figure 2 for reference). These three elements receive 3 points to each of them, instead of the normal 1 point assigned to the others. The three criteria are: (1) property related taxes: property-related taxes that might be suitable for financing energy efficient home renovation; (2) an effective foreclosure mechanism: the aim is to assess if the property-related taxes that might be suitable for EuroPACE financing provide a consolidated, effective, and well-functioning foreclosure mechanism in cases of property-tax delinquencies or defaults. This is a key element that distinguishes on-tax financing from other types of mechanisms to finance energy efficiency in buildings, like unsecured consumer loans. In terms of credit risk, this is the most relevant element. At the same time, it is unrelated to a mortgage foreclosure as the key focus is on property-related tax delinquencies only; and (3) property liens: the third key element that needs to be addressed concerns the possibility of registering a lien on the property associated with the EuroPACE financing. In practice, even when there is a mortgage on the building, the municipality can still have its own “administrative lien” on it, which will be senior to the mortgage.

Step 4. Grading

Taking into account the criteria and weighting of each of them, the readiness of the different EU MS has been assessed. The maximum number of points a country could receive is 28. The table below presents the results of the analysis.

RMI	Country assessment
28-23	Very adequate countries (9): Austria, Denmark, Germany, Luxembourg, the Netherlands, Portugal, Romania, Slovenia, and Spain – countries where all, or at least two of the three key criteria have been met; oftentimes, those in which on-tax financing has already been piloted
22-19	Moderately adequate countries (10): Belgium, Bulgaria, Finland, France, Hungary, Ireland, Italy, Poland, Sweden, and the UK – predominantly countries with stable and well-institutionalised property-tax systems, but with weak enforcement procedures or insufficient experience in cooperation with the private sector
18-11	Less adequate countries (6): Czechia, Estonia, Greece, Latvia, Lithuania, and Slovakia – predominantly countries in which the administration and collection of property-related taxes is centralised
10-0	No-go options (3): Croatia, Cyprus, and Malta – countries with no property-related tax in place

¹³ Or other central bodies responsible for property taxation (i.e. Revenue Commissioners in Ireland).

It is important to note that the rating of a country is relative to the rating of the other countries. Furthermore, even a suitable country (indicated with green) may require some legal changes and other conditions in order to develop EuroPACE effectively.

Apart from a cumulative assessment, each EU28 MS received a colour coding and a rating per criteria or area (see graphs in Part B). This provides a visual analysis of each country's situation in the key areas required for implementing on-tax financing. By combining the ratings given to these four key areas, a map was created reflecting the possibility of EuroPACE implementation. On this basis, a Readiness Map Index (RMI) was produced using the information gathered at the country level in the four areas.

Step 5. Country SWOT analysis

Given the fact that there are substantial differences in the property tax legal framework, as well as in municipal capacities to implement EuroPACE, a detailed EU-wide comparison was impossible. For this reason, country SWOT analyses have been carried out, as a complementary element to the EU-wide readiness map presentation. As a result, the analysis of the country situation lays out the possible strengths and weaknesses as well as the opportunities and threats, which allows for the formulation of some initial recommendations aimed at helping to facilitate EuroPACE implementation.

Step 6. Qualitative assessment

As stated above, the methodology adopted for the creation of the Readiness Map is complex and innovative and is based on data gathering for 28 MS by different country experts. This type of methodology will never be objective and purely comparable. Therefore, in order to validate the evidence, a qualitative assessment has been carried out by the EuroPACE Steering Committee Group. This is the group of people that have been working with PACE and EuroPACE on a daily basis for several years: those that have been trying to implement EuroPACE on the ground in the Spanish city of Olot and those that have been performing continuous talks with all the stakeholders involved in the creation process of EuroPACE mechanism.

This type of quality check helped to assess the credibility of information obtained, but also helped in creating the criteria for the identification of the seven most suitable countries for further analysis in the next part of the EuroPACE project. In a subsequent part of this research, a detailed analysis of the possibility to develop EuroPACE will be carried out for these seven countries. Later on, it will include the identification of leader cities where EuroPACE could be implemented.

Results and the EuroPACE readiness map

When all of the tables were filled in and the grading for each country was completed, the total points acquired were counted and compared. This rating served as the basis for the preparation of the EuroPACE readiness map. The map below presented shows which countries are fully, moderately, or less ready for the development of a EuroPACE initiative, as well as those that should be excluded for the time being. A short summary of the findings follows.



Figure 4: Readiness Map Index

Country	Legal framework suitability	Municipal capacities	Enforceability of local taxes and/or property taxes	Social perceptions and acceptance	Total	%
Austria	8	3	13	2	26	92.86%
Belgium	8	2	10	2	22	78.57%
Bulgaria	7	2	9	2	20	71.43%
Croatia	1	2	3	0	6	21.43%
Cyprus	2	1	7	0	10	35.71%
Czechia	6	0	7	2	15	53.57%
Denmark	8	3	10	2	23	82.14%
Estonia	6	0	9	1	16	57.14%
Finland	7	2	10	2	21	75.00%
France	8	3	10	1	22	78.57%
Germany	9	2	13	1	25	89.29%
Greece	5	2	6	0	13	46.43%
Hungary	8	0	11	1	20	71.43%
Ireland	7	3	10	1	21	75.00%
Italy	7	3	10	2	22	78.57%
Latvia	5	1	5	0	11	39.29%
Lithuania	6	2	5	1	14	50.00%
Luxembourg	9	1	13	2	25	89.29%
Malta	0	1	3	0	4	14.29%
Netherlands	7	3	13	2	25	89.29%
Poland	8	3	9	2	22	78.57%
Portugal	8	3	11	1	23	82.14%
Romania	7	3	13	2	25	89.29%
Slovakia	8	1	6	1	16	57.14%
Slovenia	7	3	13	0	23	82.14%
Spain	8	3	10	2	23	82.14%
Sweden	6	3	10	2	21	75.00%
UK	8	2	10	1	21	75.00%

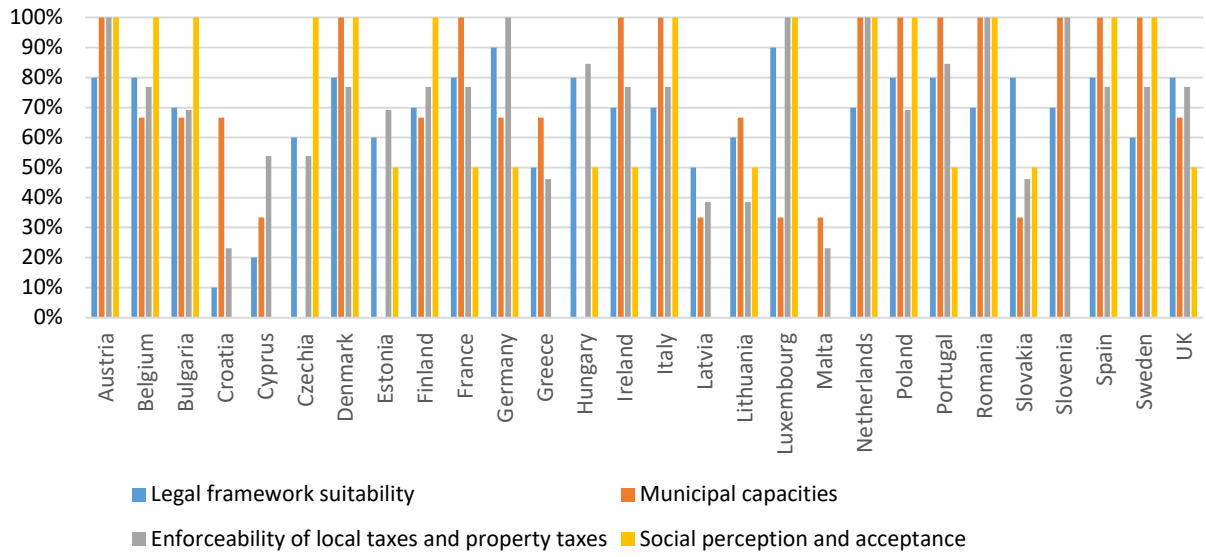
The study and ranking compiled revealed some overarching trends:

- There is no perfect EuroPACE candidate in the EU for the time-being, and all MS will need to adjust their legislation to some extent. Even Austria, the country that gathered the highest number of points (26/28; 92.86%), failed when trying to implement a BID, as the relevant legislation enabling BIDs was found unconstitutional.
- Property taxation across the EU is well established, as there are only three countries that do not levy taxes on property (Croatia, Cyprus, and Malta). Particularly in Croatia, negotiations are being held in order to introduce property taxation. However, the social perception of an additional burdensome tax is negative, which resulted in protests in early 2018 that have put negotiations on hold.

- In other EU MS, property taxes vary significantly from each other. In some countries (i.e. France), property tax is a well-established concept with a long-standing tradition; in others, particularly in Central and Eastern Europe (CEE), property-related taxes are newer, having been established in the early 1990s after entering the market economy.
- Municipalities in all EU MS are familiar with SEAPs and other internationally recognised climate-oriented plans and commitments, but the degrees of their implementation differ. For example, municipalities in wealthier countries (i.e. Nordic countries and Austria) are more engaged in such initiatives, while, typically, in countries with smaller GDPs, municipalities are less active in this respect. This trend is also visible in smaller countries where the central government is more in a position to act. However, it can be concluded that the pace of joining climate-oriented associations and creating ambitious EE-oriented strategies by local governments is rapidly growing: every year municipalities in various countries proactively adopt additional EE strategies and plans, which confirms their commitments to ambitious climate goals. Oftentimes, they cooperate with private actors to achieve these climate goals.
- In general, in all EU MS, enforcement procedures exist and are well defined. Depending on the country, the procedures are more or less institutionalised and effective. In countries like Denmark, interest rates exist and foreclosures can be considered extremely effective. Conversely, in Italy, while enforcement procedures are technically in place, they are viewed as time consuming and complicated. Moreover, even though it is difficult to assess all the data per category, senior liens proved to be the least common among EU MS of all the key EuroPACE criteria when compared to the US. This issue might also not be easy to resolve given banks' strong positions across the EU, as eventually mortgages could become less important in the prioritisation of pledged assets.
- Various countries across the EU, including Germany, France, and Slovenia, to name a few, plan to reform their property-tax systems in the near future. This increases uncertainty, but also opens the window of opportunity for legislation oriented towards on-tax financing soon.

Figure 5: EU countries suitability for EuroPACE implementation, by category

EU countries suitability for EuroPACE implementation, by category

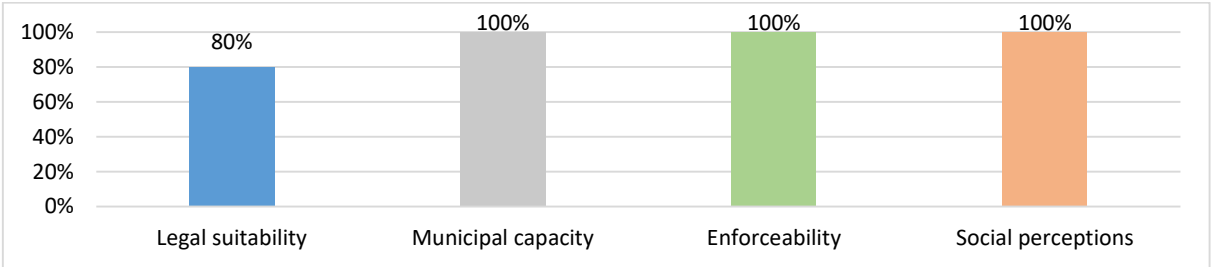


Part B: Country descriptions

The purpose of Part B is to alphabetically present the country schemes important from the perspective of EuroPACE. Each country description is a separate piece of information which presents a more detailed description of the property-related tax systems and municipal capacities believed to be useful for EuroPACE development. The structure therefore follows the methodology presented in Part A. The country descriptions are summaries of the results gathered during the research phase in the previously-presented tables compiled for each MS by the team, researchers, and in-country experts.¹⁴ Each country description includes a grading on its suitability for EuroPACE implementation, adequate graph and a SWOT analysis presenting the strengths, weaknesses, opportunities, and threats related to its legal and fiscal set-up. The descriptions also include four short summaries presenting information on property-related taxes, municipal capacities, the enforceability of local taxes, and the social perceptions towards them, and conclude with the main take-aways on the three key EuroPACE criteria and possible recommendations for next steps.

Austria

Very adequate country for EuroPACE implementation – overall grading for suitability: 92.86%



SWOT Analysis

Strengths	Weaknesses
Local authorities are responsible for the collection mechanism and have the right to change property-related tax rates. State legislation may authorise municipalities to impose certain levies on by a resolution of the municipal council. There are no exceptions at the regional level in tax collection.	PPPs do not play an important role in Austria. Furthermore, due to problems with capital markets, interest in PPP projects has waned again in recent years.
Opportunities	Threats
Austrian municipalities are active players in sustainable energy actions, with over half belonging to the Climate Alliance. Moreover, several EE programmes have been identified in the country. Therefore, a new initiative, such as EuroPACE, could be easily welcomed.	There was an attempt to implement a measure similar to on-tax financing—a BID—in the city of Linz, but the project was never realised because of the lack of a legal basis for it. Furthermore, as several EE programmes already exist in Austria, EuroPACE may face competition in this respect.

1. Suitability of the legal framework for on-tax financing

Although BID measures have been discussed at length across the country, particularly in the city of Linz, the Linz City Council representative confirmed via e-mail (response received in September 2018) that no single BID project has been realised due to the lack of a legal basis for it.

¹⁴ Given the length and complexity of the tables, it was not possible to include them in this report. If you are interested in receiving the full country-specific tables, please email: case@case-research.eu.

Nevertheless, the basis for a potential EuroPACE assessment is reliable, as according to Paragraph 1 of Article 1 of the Austrian Property Tax Act (APTA) (*Grundsteuergesetz*), all domestic real estate is subject to property tax. There are different collection rates among municipalities and the basic federal rate depends on the property. The tax is levied and collected by the municipalities, which are also fully entitled to the tax revenue. In accordance with the APTA, the collection rate shall be determined by the municipality. This authority to change the rate within a specified range is additionally confirmed by the Fiscal Equalisation Law (*Finanzausgleichsgesetz*).

Other property-related levies exist, particularly for the use of the municipal drinking water supply and sewage systems. The municipality may also combine the collection of these fees with the collection of other charges or fees for services provided by the municipality and, in this case, may prescribe the payment of the fees via the person obliged to pay the other charges or fees on the due dates. According to the Fiscal Constitutional Law (*Finanz-Verfassungsgesetz*), state legislation may authorise municipalities to regulate and levy certain charges on the basis of a resolution of the municipal council. Moreover, the respective local tax office decides on the existence of permanent exemptions from real estate tax. The tax rate depends on the tax base, which results in significant differences at the individual property level. Last but not least, the municipalities may grant some temporary exemptions from property tax.

2. Municipal capacities to develop an on-tax financing mechanism - municipalities' experience and policy objectives concerning EE and/or climate mitigation

Recently, the involvement of private investors in infrastructure development was enhanced by means of a large-scale project. The construction, operation, and maintenance of 52 kilometres of the motorway and highway network in the eastern region (A5, S1, S2) was transferred to a private concessionaire in December 2006.

Austrian municipalities are also active players in sustainable energy actions. More than 950 municipalities (of 2,098 municipalities in total) are active in the Climate Alliance.¹⁵ Moreover, 772 municipalities are implementing climate protection projects on their own.¹⁶ In addition, 206 municipalities and towns are identified as energy efficient.¹⁷ The administrative capacities with regards to the EE-oriented projects of Austrian municipalities are confirmed by European Investment Bank loans for energy projects, which have been used heavily since 2007.¹⁸ The *KOMMUNALKREDIT PUBLIC CONSULTING GMBH* grants environmental subsidies to municipalities.¹⁹ The current results demonstrate that local authorities are efficient in their management. Approximately 900 cities, municipalities, and regions are participating in the National Action Programme for Mobility Management (*klimaaktiv mobil*).²⁰ Furthermore, there are numerous financing and funding opportunities at the EU, federal, and state level, which municipalities are successfully administering on their own.²¹

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Property tax is well collected annually. Default surcharges must be paid if a levy is not paid in due time. Failure to pay may result in additional fines or imprisonment. These regulations are implemented following a transparent and standardised process. The land register is a public register maintained by the district courts, in which land plots are registered. The register records ownership as well as rights pertaining to or charges upon real estate property. Paragraph 11 of the APTA provides for a statutory

¹⁵ For more information see: <https://www.klimabuendnis.at/gemeinden/klimabuendnis-gemeinden>

¹⁶ For more information see: <https://www.klimaundenergiemodellregionen.at/>

¹⁷ For more information see: <http://www.e5-gemeinden.at/index.php?id=19>

¹⁸ For more information see: <https://www.e-control.at/presse/aktuelle-meldungen/eib-darlehen-fuer-oesterreichische-energieprojekte>

¹⁹ For more information see: <https://www.umweltfoerderung.at/gemeinden.html>

²⁰ For more information see:

https://www.umweltfoerderung.at/fileadmin/user_upload/media/publicconsulting/kamobil_Leistungsbericht2017.pdf

²¹ For more information see: <https://www.help.gv.at/Portal.Node/hlpd/public/content/100/Seite.1000400.html>

lien on the land plot for property tax claims. Accordingly, as a creditor of property tax, the municipality has a right of separation for the property tax debts.

Concerning the municipal budget, the municipality has the right, within the limits of general federal and state laws, to own, acquire, and dispose of assets of all kinds, to operate economic enterprises and, within the framework of the financial constitution, to manage its budget independently. The Court of Auditors (*Rechnungshof*) has auditing competence for municipalities with a population of 10,000 or more,²² while internal audit controls smaller municipalities. In addition, any person interested can gain online access to the information on the budget of any Austrian municipality.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The property tax law dates from 1955.²³ It is collected regularly and is considered a stable fiscal mechanism. An important discussion took place before its last amendment in 2016. The potential increase of the standard tax base for the property tax attracted significant attention from the media and was part of the political debate. As public consultations took place, the public perception of the amendments was positive.

Country summary and take-aways:

- With the highest grading received, Austria is a perfect candidate for EuroPACE development.
- Based on previous trials to introduce BIDs, the biggest uncertainty is related to the potential need to change the constitution in order to apply on-tax financing across the country.
- The APTA details a stable and well-functioning property tax which is imposed on residential buildings.
- Effective foreclosure procedures exist. Procedures are clear, and all information is available in the property title search.
- Property liens exist and are well documented in the land registries.

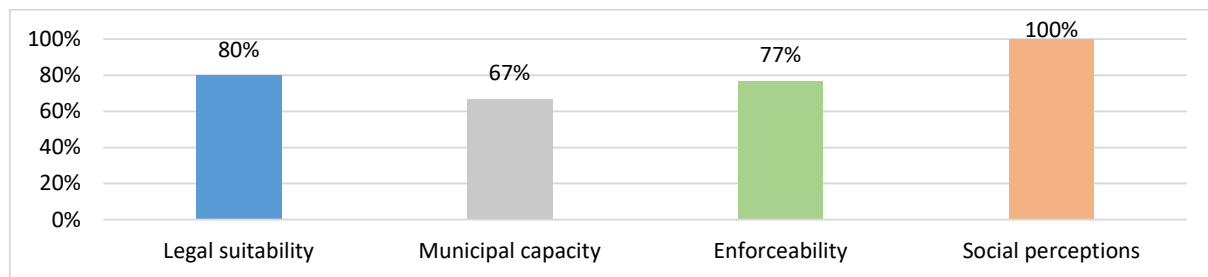
²² For more information see:

http://www.rechnungshof.gv.at/fileadmin/downloads/2010/berichte/teilberichte/kaernten/kaernten_2010_08/Kaernten_2010_08_3.pdf

²³ For more information see: <https://www.help.gv.at/Portal.Node/hlpd/public/content/229/Seite.2290000.html>

Belgium

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 78.57%



SWOT Analysis

Strengths	Weaknesses
The overall legal framework is well structured and property tax exists and is collected by the municipality. The collection rate and enforcement procedures are clear and well described for homeowners and investors.	In Belgium, PPPs are not very popular, with some municipalities criticising this mechanism. This might bring difficulties in the establishment of public-private collaboration.
Opportunities	Threats
In Belgium, 75% of buildings are not energy efficient. Municipalities implement SEAPs, “Smart Cities” projects, as well as other localised projects. There are national action plans and policies, which, indirectly, may positively affect the implementation of EuroPACE.	There are several tax exemptions and reductions of the property tax at the individual and regional level. In Wallonia, for example, people with low incomes have the right for a reduction, while those whose property has been unoccupied for more than 180 days in a year have the right for an exemption. Unclear rules could limit investment potential.

1. Suitability of the legal framework for on-tax financing

To the best of our knowledge, on-tax financing has not been tested in the country yet. However, there is a stable property-related basis for potential EuroPACE assessment, called the *précompte immobilier/onroerende voorheffing*. Moreover, waste management fees are added to property tax.²⁴ All municipalities collect the tax, but there are differences in the rates depending on the municipality. Nevertheless, the main difference among regions is noticed as far as the additional municipal taxes (*taxe additionnelle à l'impôt des personnes physiques*) are concerned. This tax is calculated on the basis of property tax and takes into account income tax. Its amount may vary considerably between municipalities. There are also tax exemptions and reductions of the property tax at the individual level. In Wallonia, for example, persons with low incomes have the right for a reduction, while those whose unfurnished property has been unoccupied for more than 180 days in a year have the right for an exemption.²⁵ In Flanders, tax exemptions are similar as in Wallonia but are also extended to other types of property. Similar rules apply to the Region of Brussels Capital Region.²⁶

The property tax amount varies among municipalities. For example, in Tournai, taxes are fixed for individuals at EUR 65 per year for one-person households and at EUR 110 per year for households of

²⁴ For more information see: <https://www.rtl.be/info/belgique/societe/comment-les-communes-determinent-elles-les-taxes-liees-a-la-gestion-des-dechets--843612.aspx>

²⁵ For more information see: https://finances.belgium.be/fr/particuliers/habitation/precompte_immobilier/reduction/region-wallonne#g5

²⁶ For more information see: <https://fiscalite.brussels/fr/le-precompte-immobilier>

more than one person.²⁷ In Rochefort, taxes are EUR 110 for one-person households and EUR 130 for households of more than one person.²⁸ The tax rate in Brussels is even higher.²⁹ Municipalities and namely, the “*Receveur Communal*” (communal agent in charge of tax perception), are responsible for the collection mechanism of taxes and charges attached to the property. They also have the right to decide the rate, exemptions, and means of payment. Moreover, municipalities have the right to establish new local taxes and fees without the need to change the national legislation (Article 170 of the Belgian Constitution).

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

In Belgium, PPPs are not very popular. Given that 75% of buildings are not energy efficient,³⁰ municipalities try to implement SEAPs (337/589 Belgian signatories currently) as well as other localised projects.³¹ There are also national action plans and policies, which indirectly impact local EE initiatives. Overall, EE financing is concentrated at the regional level – for example, Wallonia benefits from an Energy Fund and other similar solutions. This demonstrates the preparedness of administrative capacities to manage technical EE-oriented programmes.³²

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Property taxes are collected yearly and sanctions for tax delinquencies are strict. The non-payment or belated payment of property taxes are liable to penalties. Foreclosures³³ related to tax delinquencies exist and can be considered effective; however, they are the last resort as additional interest rates and penalties in the case of non-payment are in place.³⁴ Penalties correspond to a 4% interest rate of the due tax per month of delay. The Ministry of Finance (MF) states the transparency and standardisation of the administrative processes supporting tax collection enforcement as being a crucial principle of its functioning.

Property title search and evidence of legal ownership of the property exists and is accessible at the notary who signed the property title.³⁵ It is also accessible through the land register, which is divided into three units: the land register (*kadaster/cadastre*), the registration offices (*registratiekantoren/bureaux de l’enregistrement*), and the mortgage depositories (*hypotheekbewaringen/conservations d’hypothèques*). These three sources of information are regrouped in the Federal MF’s national property documentation centre. The consultation of these documents requires the payment of a fee, which is based on the type of document and the nature of the information required.³⁶ According to the best of our knowledge, as the municipality cannot always impose a senior lien on a property with a commercial mortgage, some information securing investors’ interests might not be covered by these registries.

Finally, Belgian municipalities possess autonomous budgets in the limits of the law and are in charge of the structure of their expenses.³⁷ Also, their project-related funds can be earmarked.³⁸ The Court of Auditors (*Cour des Comptes*) ensures the financial control of budgets at the levels of the region,

²⁷ For more information see: <https://www.tournai.be/services-aux-citoyens/taxes-et-redevances-communales/taxe-enlevement-et-traitement-des-immondices.html>

²⁸ For more information see: <https://www.rochefort.be/commune/services/finances/reglements-fiscaux/releve-des-taxes-et-redevances/taxe-sur-la-gestion-des-dechets-menagers-et-assimiles>

²⁹ For more information see: <https://fiscalite.brussels/fr/le-precompte-immobilier>

³⁰ For more information see:

https://www.belfius.be/common/FR/multimedia/MMDownloadableFile/PublicSocial/Themes/energy_efficiency/thema_analyse_Short.pdf

³¹ For more information see: https://www.espace-environnement.be/wp-content/uploads/2015/08/brochure_energie.pdf

³² For more information see: <https://energie.wallonie.be/fr/financement-d-entreprises-innovantes.html?IDC=7625>

³³ For more information see: <https://fiscalite.brussels/recouvrement-force>

³⁴ For more information see: <http://socialsante.wallonie.be/surendettement/citoyen/?q=saisie-sur-salaire-procedure-recouvrement-impot-taxe>

³⁵ For more information see: https://www.cadastre.be/Le_Guide/Acte_de_propri%C3%A9t%C3%A9

³⁶ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-be-en.do?member=1

³⁷ For more information see: https://finances.belgium.be/sites/default/files/downloads/Book_2013_Q4f_Jurion.pdf

³⁸ For more information see: <http://www.uvcw.be/articles/4,23,3,0,2175.htm>

communities, and provinces, but not at that of the municipalities, which is executed by the regions themselves.³⁹

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Property tax in Belgium is a long-standing concept, having been implemented since 1876. Its contemporary form, *precompte immobilier*, was implemented in 1962. It is, therefore, a stable mechanism accepted by the tax payers.⁴⁰

Country summary and take-aways:

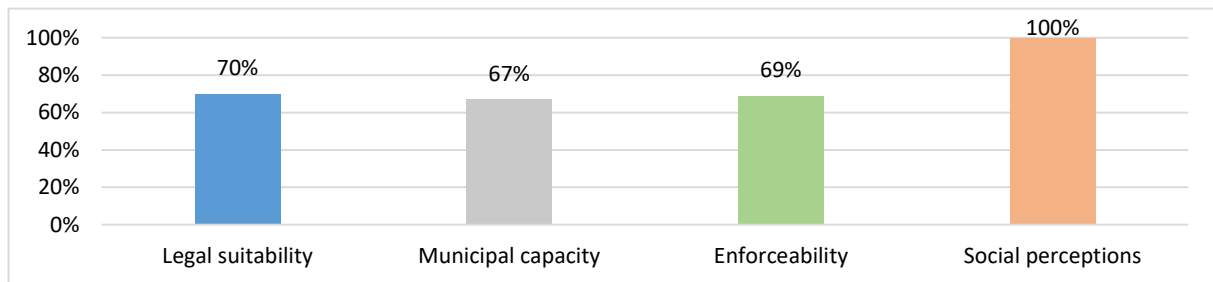
- With an overall suitability of 78.5%, Belgium is a good candidate for EuroPACE development.
- Various differences in collection mechanisms at the regional and individual property level across the country could pose a threat.
- Belgian property tax is called the *précompte immobilier/onroerende voorheffing* and can be considered stable.
- Effective foreclosure procedures related to tax delinquencies exist and are effective. Property rights in Belgium are well protected by law, and the courts are independent and considered effective in enforcing property rights. Mortgages exist through a reliable recording system operated by Belgian notaries.
- In general, property liens exist, but municipalities cannot always impose senior liens on properties with a commercial mortgage.

³⁹ For more information see: <https://www.ccrek.be/FR/Presentation/Competences.html>

⁴⁰ For more information see: https://www.carhop.be/images/Fiscalit%C3%A9_M.T.COENEN_2006.pdf

Bulgaria

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 71.43%



SWOT Analysis

Strengths	Weaknesses
In the last five years, Bulgaria's property tax collection rate was the highest in the EU, varying between 101-110% of annual estimates.	Only a few Bulgarian municipalities have developed strategies for sustainable energy development—for example, just 25 out of 265 municipalities participate in Covenant of Mayors activities.
Opportunities	Threats
Municipalities have experience working with the private sector to implement investment projects. Concessions on public municipal property are traditionally assigned to private firms. There is a National Register of Concessions that provides public information on assigned concessions (state and municipal) which could support the application of EuroPACE.	The average property tax rate (approximately EUR 20-25) is significantly lower than in many EU countries (not including those from Central and Eastern Europe [CEE]). Thus, adding a significantly bigger assessment might be problematic.

1. Suitability of the legal framework for on-tax financing

On-tax financing has not been tested in this country yet. However, there is a stable property-related basis for potential EuroPACE assessment, defined as the “local property tax” which is collected by each of the 265 municipalities.⁴¹ There is also an additional garbage fee that is collected on a yearly basis, on the same bill as the local property tax.⁴² Local governments benefit from the income of these taxes, which are important own-source revenues in the autonomous local budgets. In 2007, local governments were assigned the right to set and change local tax rates within a range determined by the Law on Local Taxes and Fees. At the same time, local governments do not have the power to define or change the local tax base, nor do they have the power to provide additional (or remove existing) legal alleviations for certain taxpayers.⁴³

The Law on Local Taxes and Fees provides a clear and transparent methodology for the assessment of the “tax value” of the immovable property, which is applicable for the entire country.⁴⁴ The tax valuation process is based on a unified scheme and depends on the basic tax value, determined in the Bulgarian currency (BGN)⁴⁵ per square metre of the usable surface of the property, according to its usage (residential or non-residential) and construction (massive, panel, or frame house, among others). In addition, there are “location coefficients”. All settlements are grouped into eight functional types according to the National Classification of the Settlements in the Republic of Bulgaria (1999). As

⁴¹ For more information see: the National Statistical Institute/National Register of the Settlements - <http://www.nsi.bg/nrnm/>

⁴² For more information see the Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art.6 (1)

⁴³ For more information, see the Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991, art.60 and art. 62 (1).

⁴⁴ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, Appendix 2.

⁴⁵ According to the Currency Board provisions 1 EURO = 1.95583 BGN

the functional type number increases, the attractiveness of the included settlements decreases and, logically, the location coefficient decreases as well, thus decreasing the tax valuation. Because of this mechanism, in small and rural municipalities with settlements in the categories between III to VIII, more than 80% of the properties are below the taxable minimum, so tax collection is much lower than in urban areas and cities where properties are more expensive.⁴⁶ In general, only real estate with a tax valuation of up to BGN 1,680 inclusive (approximately EUR 860) are exempt from the tax.⁴⁷ Such estates are extremely rare.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

Bulgarian municipalities have experience in working with the private sector in investment projects. Concessions on public municipal property (mineral waters, Black Sea beaches, and quarries, among others) are traditionally assigned to private firms. There is a National Register of Concessions that provides public information on assigned concessions (state and municipal).⁴⁸

However, only a few Bulgarian municipalities have developed strategies for sustainable energy development – for example, just 25 out of 265 municipalities take part in Covenant of Mayors activities. Nevertheless, municipalities have a demonstrated track record of successfully working on local EE strategies and programmes, as according to the Law on Energy Efficiency, state policy in the field of EE is implemented by both state and local authorities. The programmes are developed taking into account the strategic objectives and priorities of the respective regional development plans. Each year, local governments present reports on the implementation of the programmes for EE improvement to the Agency for Sustainable Energy Development. The reports contain a description of the EE activities and measures and indicate the energy savings achieved. In 2016, a total of 968 EE improvement measures were implemented by municipal and regional administrations.⁴⁹

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Customarily, Bulgarians expect to own property and to pay property taxes. In the last five years, the amounts collected through property taxes have varied between 101-110% of the annual estimates.⁵⁰ The compulsory tax collection is performed by public executors under the procedure of the Tax and Insurance Procedure Code.⁵¹ In the procedure for establishing, securing, and collecting local taxes, some municipal administration employees (appointed by the Mayor) have the rights and obligations of the revenue authorities, and in the procedures for the collection of overdue public receivables, they have the rights and obligations of the public executors.⁵² They can impose a lien on a building, but this can never be senior to other claims with priority.

The Bulgarian property register⁵³ is owned and managed by the Registry Agency, within the framework of what is called the “personal entry system”. Information is based on the personal files of the transacting parties, namely individuals and legal persons. Only transactions and legal documents are entered in the register.⁵⁴ Access to the Bulgarian property register is free and open to all. However, only registered users can obtain information from the website, which guarantees the security of procedures.

⁴⁶ For more information see: <http://www.minfin.bg/bg/810>

⁴⁷ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art. 10.

⁴⁸ For more information see: National Register of Concessions (in Bulgarian) <https://nkr.government.bg/>

⁴⁹ Ministry of Energy (2014). National Energy Efficiency Action Plan (updated 2017), p. 52-53, <http://www.seea.government.bg/documents/TRA%20BG%20NEEAP%202017%20EN.pdf>

⁵⁰ Ministry of Finance of the Republic of Bulgaria. Annual Reports on the consolidated state budget execution (in Bulgarian), <http://www.minfin.bg/bg/4>

⁵¹ Tax and Insurance Procedure Code (2005). Official Gazette No 105/2005. In force since 01.01.2006

⁵² Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art. 4.

⁵³ The Bulgarian Property Register website: <https://www.icadastre.bg/index.aspx>

⁵⁴ European e-Justice Portal website: https://e-justice.europa.eu/content_land_registers_in_member_states-109-bg-en.do?member=1

Local autonomy is legally protected by the Constitution, which describes the Republic of Bulgaria as “a unitary state with local self-government”.⁵⁵ The Constitution gives the municipality the status of a legal entity with respective property rights and the right to independently dispose of its autonomous budget.⁵⁶ This statement is further confirmed by the Law on Local Self-Government and Local Administration. Municipal budgets are autonomous in the framework of the consolidated state budget. Mayors organise and manage the drafting, submission to the municipal council (for adoption), and implementation of municipal budgets. However, there are no earmarked budget lines. The MF monitors the ongoing implementation of the consolidated fiscal programme. The mayor oversees the implementation of the municipal budget and the municipal accounts for funds from the EU and presents to the MF monthly and quarterly reports.⁵⁷ The National Audit Office audits annually the financial statements of municipalities with budgets exceeding BGN 10 million.⁵⁸ The municipalities with budgets below BGN 10 million are audited at a frequency specified by the National Audit Office or on the basis of a risk assessment.⁵⁹

4. Political, institutional, and social perceptions and acceptance of EuroPACE

In Bulgaria, property taxation is not a new phenomenon; on the contrary, it has a long tradition. After its liberation from the Ottoman Empire (1878), Bulgaria as a young sovereign state inherited its tax system from the Turkish Empire, where property taxes were the main source of budget revenues. The Land Tax Act (1894) and Communist period (1945-1950) based their calculations on the predecessor. The regulation of property taxation in Bulgaria in the recent the period (1951-2018) in fact did not change much. The current legal framework is, to a large extent, similar to the previous one regarding the basic principles. The property tax yield is comparatively low, representing 1% of Bulgaria’s gross domestic product (GDP), 3% of its total consolidated tax revenues, and 15% of its total local revenues.⁶⁰ However, the social acceptance of taxes related to property is high. This is because, traditionally, Bulgarians expect to own property and to pay property taxes.

Country summary and take-aways:

- With a EuroPACE readiness of 71.43%, Bulgaria is a moderately adequate candidate for EuroPACE development.
- The biggest strength is related to the fact that municipalities have vast experience working with the private sector to implement investment projects.
- Bulgarian local property tax is stable and is collected by each of its 265 municipalities.
- Penalties and additional interest rates are in place in cases of non-payment. As a last resort, effective foreclosure procedures exist.
- A municipal lien on a property cannot be senior to claims with priority from other creditors.

⁵⁵ Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991. In force since 13.07.1991, art. 2 (1).

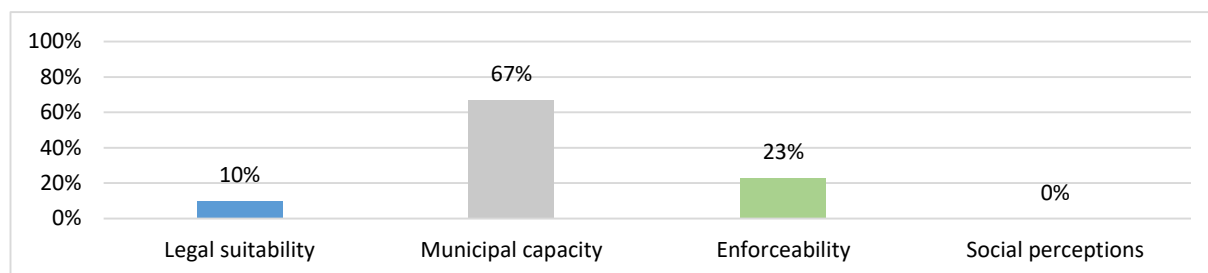
⁵⁶ Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991. In force since 13.07.1991, art. 136(3), art. 140 and art. 141.

⁵⁷ Law on Public Finances (2013), Official Gazette No 15/2013. In force since 01.01.2014, art. 11 (3), art. 133 and art. 137

⁵⁸ Law on National Audit Office (2015), Official Gazette No 12/2015, art. 54 (1)

⁵⁹ Law on National Audit Office (2015), Official Gazette No 12/2015, art. 54 (2)

⁶⁰ For more information see: <http://www.minfin.bg/bg/statistics/13>

No-go option for EuroPACE implementation – overall grading for suitability: 21.43%**SWOT Analysis**

Strengths	Weaknesses
The Centre for Monitoring Business Activities in the Energy Sector and Investments (CEI) could be useful to support EuroPACE planning. The Centre's objective is to find solutions to improve the financial effectiveness of energy sector companies in which the state has shares or holds stock, as well as to support the appropriate and targeted directing of funds to ensure the biggest and most long-term economic returns, stable growth, and the centralised and systematic monitoring of all investments.	There are no real property-related taxes in place.
Opportunities	Threats
Until now, grants have been the main form of incentive for EE provided in Croatia. The intensity rate of grants is usually up to 40% of the eligible cost; however, it may be even higher—up to 80%—if projects are being implemented in heavily underdeveloped areas. The government is actively looking for other instruments that would be less of a burden to the budget, which suggests there could be great potential for EuroPACE when a property-related tax is in place.	There is a lack of documented successful projects managed in partnership with private entities.

1. Suitability of the legal framework for on-tax financing

No on-tax financing scheme has been tested in the country yet. There is also no property or real estate tax as such. However, a few types of property-related taxes are collected, such as a tax on holiday homes in seaside resorts. Additionally, a communal fee is paid by the owner or user of a residential area, business space, garage space, building land that serves the purpose of carrying out business, or unbuilt construction land.⁶¹ The amount of the fee is determined by multiplying the value of the unit of account - point, determined in kuna per metre squared, the zone coefficient, and the coefficient of use. The communal contribution is a public grant payable for the construction and use of facilities and

⁶¹ For more information see: https://narodne-novine.nn.hr/clanci/sluzbeni/2003_02_26_379.html; <http://www.mgipu.hr/default.aspx?id=14118>

utilities infrastructure. According to Article 31 of the Law on Communal Economy, the local self-government unit decides on the communal contribution.⁶² Water charges also apply.⁶³

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

Successful examples of large-scale PPP projects are difficult to find for Croatia. However, some progress in this respect may occur soon.⁶⁴ The government recently established the Centre for Monitoring Business Activities in the Energy Sector and Investments (CEI), with the objective of “finding solutions for improving the financial effectiveness of companies in the energy sector in which the state has shares or holds stock, and appropriate and targeted directing of funds in a manner ensuring the biggest and most long-term economic return, stable growth, and the centralised and systematic monitoring of all investments in the country.”

As of August 2018, the 21 counties of Croatia are subdivided into 128 towns and 428 municipalities. Of the 428 municipalities, 70 are active in Covenant of Mayors initiatives. Moreover, in accordance with EU regulations (EED 2012/27 / EU), Croatia has adopted a plan for reducing energy consumption that is to be achieved by 2020. The target is expressed in the National Action Plan for Energy Efficiency, and is being revised as needed.⁶⁵ The Environmental Protection and Energy Efficiency Fund is implementing energy retrofit programmes that were adopted by the government, and it is co-financing EE measures in buildings, with a view to reducing energy consumption and CO₂ emissions. Financial incentives provided by the fund may be in the form of grants or interest free loans. Still, grants are the main form of incentives provided in Croatia for EE. The intensity rate of grants is usually up to 40% of the eligible cost; however, it may be even higher – up to 80% – if projects are being implemented in heavily underdeveloped areas of Croatia (e.g. areas of special state care, mountain areas, and islands).

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Given that no property tax as such exists, it is difficult to assess any relevant enforcement procedures. The system of registering real property is based on two separate registers: the cadastre and the land registry, which due to historical reasons, have not been parallelly filled in. As a result, the actual title holders are registered in only one of the registers oftentimes.⁶⁶

Finally, according to the Article 68 of the Law on local and regional self-government, local and regional governments manage revenues independently. Income received has to be proportionate with tasks that are to be performed in accordance with the law, but there is substantial autonomy on separate budget lines.⁶⁷ Supervision of the legality of the work of the representative body is performed by the central body of the state administration (Article 78.a).

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The Local Taxes Act, as part of the 2016 Croatian Tax Reform, entered into force on 1 January 2017. The law introduced the new Real Estate Tax, which should have entered into force on 1 January 2018. However, the tax announcement provoked criticism and a negative reaction from citizens, so the government postponed the application of the tax until the further notice.

Country summary and take-aways:

- Municipalities are capable of administering large-scale projects, also in collaboration with the private sector.

⁶² For more information see: Ministry of Construction and Physical Planning, <http://www.mgipu.hr/default.aspx?id=27827>

⁶³ For more information see: https://narodne-novine.nn.hr/clanci/sluzbeni/2010_07_82_2336.html; https://narodne-novine.nn.hr/clanci/sluzbeni/2010_07_83_2379.html; <http://www.voda.hr/hr/vodne-naknade>

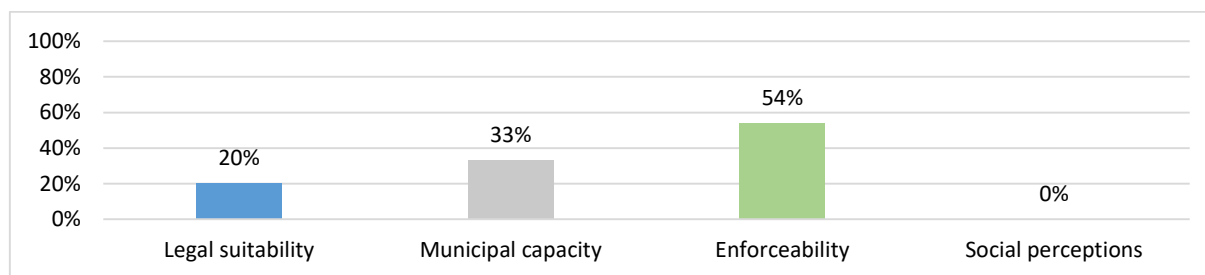
⁶⁴ For more information see: <http://cei.hr/en/public-private-partnership/>

⁶⁵ For more information see: <https://www.enu.hr/ee-u-hrvatskoj/tko-je-tko-ee-rh/>; <https://www.enu.hr/ee-u-hrvatskoj/20-20-20-i-dalje/nacionalni-akcijski-plan-energetske-ucinkovitosti-napenu/> and <https://esavjetovanja.gov.hr/ECon/MainScreen?entityId=5390>

⁶⁶ For more information see: <http://www.uredjenazemlja.hr/default.aspx?id=101>

⁶⁷ For more information see: [https://www.zakon.hr/z/132/Zakon-o-lokalnoj-i-podru%C4%8Dnoj-\(regionalnoj\)-samoupravi](https://www.zakon.hr/z/132/Zakon-o-lokalnoj-i-podru%C4%8Dnoj-(regionalnoj)-samoupravi)

- Given the lack of a property-related tax, Croatia is not an option for EuroPACE implementation for the time being.
- On the other hand, we can expect the introduction of some sort of property-related tax; hence, it may be worthwhile to present EuroPACE to the right legislative authorities to consider on-tax financing in their bill planning.
- The government is actively looking for other (than grants) instruments that would not burden the budget so heavily, which provides a great opportunity for EuroPACE once property-related taxes are in place.

No-go option for EuroPACE implementation – overall grading for suitability: 35.71%**SWOT Analysis**

Strengths	Weaknesses
Enforceability for local fees is in place, concerning both imposing a senior lien and foreclosing a property in cases of delinquencies.	Since January 2017, Cyprus has no tax on immovable property; thus, a property-related tax that could be linked to the EuroPACE surcharge essentially does not exist. There are other local fees, but they are not always secured like taxes.
Opportunities	Threats
Some municipalities focus on becoming “zero-emission”. For example, the city of Aradippou envisages becoming a net zero energy Smart City. The Aradippou Smart Industrial City (ASIC) project is expected to mobilise approximately EUR 43 million in EE actions and renewable energy sources (RES) in the municipality. Other initiatives are equally welcome.	Given the size of the country, the administration of its programmes—particularly those demanding some expert knowledge, like EE-oriented programmes—is centralised, which may limit municipal interest in EuroPACE.

1. Suitability of the legal framework for on-tax financing

No single on-tax financing scheme in the country has been identified. Furthermore, since January 2017, Cyprus has no tax on immovable property; thus, a property-related tax that could be linked to a EuroPACE surcharge does not exist.⁶⁸ Individuals that have acquired an apartment in Cyprus are only required to contribute to the communal budget by incurring “communal fees”.⁶⁹ Such fees normally cover the management, insurance, maintenance, and repair of the shared buildings. Each building has a committee that is responsible for the management of the paid sum. Moreover, municipalities collect annual “town fees” for the provision of public goods, such as rubbish collection, public road repair, and street lighting.⁷⁰ In particular, local authorities may demand an annual fee for waste collection, street lighting, sewerage, and other community services. The amount of the fee depends on the property size and type (e.g. the existence of luxury amenities such as swimming pools) and is paid to the local municipal authority. Municipalities also impose on the registered owner of the property a municipality tax equalling between 1-2% of the property value as of 1 January 1980. The third fee that municipalities impose on registered property owners is a sewage tax. This equals between 3-7% of the property value as of 1 January 1980. However, these are more fees than taxes. The only legislative

⁶⁸ For more information see: <https://www.pwc.com.cy/en/publications/assets/tax-facts-figures/tax-facts-figures-2018-greek.pdf>

⁶⁹ For more information see: http://www.cylaw.org/nomoi/enop/ind/0_224/appendix-apa746862e-2e1c-2923-db92-c5638289c4a5.html

⁷⁰ For more information see:

<http://www.cyprus.gov.cy/portal/portal.nsf/gwp.getGroup?OpenForm&access=0&SectionId=citizen&CategoryId=%CE%93%CE%B7%20%CE%BA%CE%B1%CE%B9%20%CE%9A%CE%B1%CF%84%CE%BF%CE%B9%CE%BA%CE%AF%CE%B1&SelectionId=%CE%A6%CF%8C%CF%81%CE%BF%CE%B9%20%CF%83%CF%87%CE%B5%CF%84%CE%B9%CE%BA%CE%AC%20%CE%BC%CE%B5%20%CF%84%CE%B7%CE%BD%20%CE%B1%CE%BA%CE%AF%CE%BD%CE%B7%CF%84%CE%B7%20%CF%80%CE%B5%CF%81%CE%B9%CE%BF%CF%85%CF%83%CE%AF%CE%B1&print=0&lang=el>

authority with the power to amend existing local taxes or to create new local taxes relating to property is the acting Parliament of the Republic of Cyprus, even though municipal and community bills are paid directly to the municipality.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

According to the Cypriot Directorate General for European Programmes, Coordination, and Development “the policy that will govern the implementation of PPPs in Cyprus as well as the appointment of the roles and responsibilities of the various services, are under preparation. No final decisions have been made as to which public bodies will be responsible for providing services to the relevant Ministries responsible for planning, negotiating and concluding PPPs, nor which bodies will review the progress of the contracts. At this stage, the procedures for designing, negotiating and contracting PPPs are done through ad hoc arrangements by the relevant departments, with the appointment of committees and the use of external consultants.”⁷¹

Some municipalities indeed focus on becoming “zero-emission”. For example, the “Aradippou Municipality has the vision to become a net zero energy Smart City – the project ‘Aradippou Smart Industrial City’ (ASIC) is expected to mobilise approximately EUR 43 million in EE and RES actions in the municipality, supported by a smart grid to be developed by the Electricity Authority of Cyprus (EAC).”⁷² Other municipalities do not lag behind; in fact, 24 take part in Covenant of Mayors initiatives. Given the size of the country, the administration of programmes, particularly those requiring some expert knowledge, like EE-oriented programmes, is centralised.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

When the owner fails to pay the annual town fee, they are put on notice by the creditor.⁷³ Following the consequent failure of repayment, the government issues a memo on that property and prohibits its transfer. This initiates the foreclosure process, during which the debtor and creditors try to reach a consensus for the repayment of the debt, following the submission of a detailed account of all assets in the possession of the debtor. In Cyprus, a private individual may apply for default status following a creditor’s (or debtor’s) request for repayment of arrears that exceed EUR 15,000. The role of the local government in this process is to issue clearance once the taxes have been paid. Liens and liabilities burdening the property can be imposed by both the individuals and authorities. The general name for these liens and liabilities is “encumbrance”. They have the same effect as a mortgage in as much as they prevent the owner from owning the property until the claim has been removed by the person or company that lodged it.

The Land Register provides all the relevant information on property, including “the fiscal value and any charges in rem, encumbrances, deeds of sale, easements, tenancies, restrictive covenants or other related information. It also contains details of the owner or owners, each owner’s share and how and when the property was acquired.”⁷⁴

Municipal taxes are part of a general budget that is allocated in accordance with priorities. Public improvements are not passed to citizens in the form of a specific taxation where spending is itemised in a bill. Most often big projects are either funded through EU subsidies or with money that the central government allocates to the local or regional government. Annual municipal tax fee revenues are mainly used to fund rubbish collection and repairs of public roads, street lighting, and sewerage systems. However, the funds collected for particular purposes do not go to separate accounts. Furthermore, in its Stability Programme for 2017-2020, the Cypriot MF admitted there is a gap in local

⁷¹ For more information, please see the Cypriot Directorate General for European Programmes, Coordination, and Development website: http://www.dgepcd.gov.cy/dgepcd/dgepcd.nsf/page54_en/page54_en?OpenDocument

⁷² For more information, please visit the project website: <http://www.financingbuildingrenovation.eu/cases/aradippou-cyprus/>

⁷³ For further information on the default proceedings in Cyprus, please see: http://www.cylaw.org/nomoi/enop/non-ind/0_5/full.html

⁷⁴ For more information on Cypriot Land Register, please see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-cy-en.do?member=1 or <http://portal.dls.moi.gov.cy/en-us/Pages/The-Department-of-Lands-and-Surveys-Web-Portal.aspx>

government financial reporting which has to be solved by establishing a common accounting and reporting framework.⁷⁵

4. Political, institutional, and social perceptions and acceptance of EuroPACE

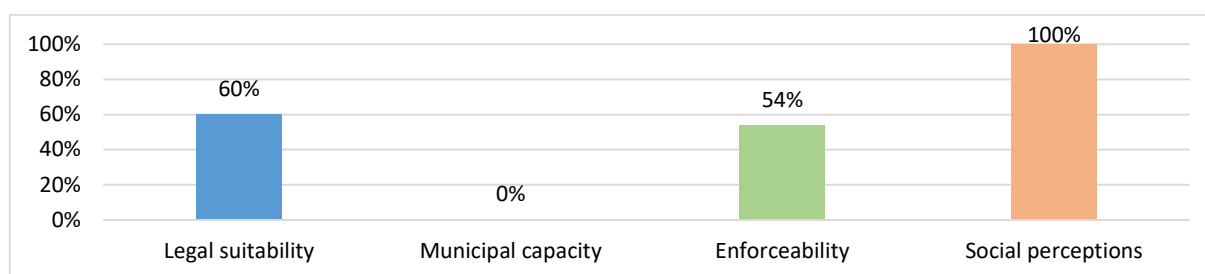
Given the lack of a property tax, the current set up cannot really be classified as stable. The current no property tax regime appears to be widely embraced by the public.

Country summary and take-aways:

- With a readiness of 35.71%, Cyprus is not an option for EuroPACE development.
- However, even though no real property tax is in place, there are some municipal fees that could be considered as a base for EuroPACE assessment if secured properly.
- Effective foreclosure procedures exist. Procedures are clear and all information is available in the property title search.
- A lien on a property exists and has the same effect as a mortgage in as much as it prevents the debtor from owning the property until the claim has been removed by the person or company that lodged it. It is also well documented in land registries.

⁷⁵ For more information see: <https://ec.europa.eu/info/sites/info/files/2017-european-semester-stability-programme-cyprus-en.pdf>

Less adequate country for EuroPACE implementation – overall grading for suitability: 53.57%



SWOT Analysis

Strengths	Weaknesses
The property tax scheme is well structured and stable. High collection rates (95%+) are observed across the country and some incentives, like the recently launched digitalisation of the collection process, increase transparency.	The centralised tax collection mechanism—decisions are made and executed far from the municipality itself.
Opportunities	Threats
There is market potential. As in every Central and Eastern European (CEE) country, the need for EE-oriented actions is unquestionable.	Municipalities are not able to handle technical projects on their own. Some municipalities are populated by fewer than 200 inhabitants, and more than half of the municipalities are populated by fewer than 500 residents. Thus, many projects are administered in a top-down approach.

1. Suitability of the legal framework for on-tax financing

Although no tangible example of a project supported by an on-tax financing mechanism has been identified, buildings and flats situated in Czechia are subject to property (building) tax. The tax base for buildings is the ground area in square metres, and for flats or non-residential spaces, the area in square metres is multiplied by a coefficient of 1.2. The tax rates depend on the use of the building and therefore vary from CZK 1 (roughly EUR 0.04) per square metre (residential buildings) to CZK 10 (roughly EUR 0.40) per square metre (business premises). An additional charge of CZK 0.75 per square metre is levied for each floor above the ground level. Certain rates are multiplied by a coefficient ranging from 1 to 5, depending on the location of the property (for example, 5 for Prague). A further coefficient of 2 to 5 may apply based on a decision by the local municipality. The municipal waste bill is attached both to the person and to the property.

The property tax is collected by the Financial Office of the State, and only after is sent to the municipality in which the property is based. According to the 2015 Statistical Yearbook, with its 10.5 million inhabitants and 6,253 municipalities, Czechia is one of the most fragmented countries across Europe. It is in fact estimated that, “25% of all municipalities are populated by fewer than 200 inhabitants, and more than 50% of municipalities are populated by fewer than 500 residents. Inhabited by only 17 residents in 2015, the municipality of Vysoka Lhota constitutes the most extreme example of this phenomenon.”⁷⁶

Locally determined coefficients, by which the local budget can be increased up to five times the original amount of the calculated tax, are in place.⁷⁷ Still, autonomy surrounding the property taxes of Czech municipalities is quite narrow and, to a great extent, remains unused. Even the largest municipalities

⁷⁶ For more information see: http://www.fos-unm.si/media/pdf/ruo/2016-5-1/ruo_047_clanek_krm_paper_final_prejeto2016_02_24_popravki_po_recenziji_koncen_za_objavo_1.pdf

⁷⁷ For more information see: https://acta.mendelu.cz/media/pdf/actaun_2014062061213.pdf

(with delegated authority and municipalities with extended activity, according to Act#314/2002) do not have the right to establish new taxes without prior legislative preparations at the central level. According to MF data, coefficients in bigger cities, particularly in Prague, are much higher than in rural areas which results in significant disparities in property tax rates between urban and rural levels.⁷⁸ The municipality can issue a generally binding public notice which is able to change the category only under the conditions provided by law.⁷⁹

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

Cooperation with private partners is extremely rare given the small size of most Czech municipalities. PPP projects, as such, are only just starting (only one project has been launched thus far), and still, this happens at the central level only (in this case, with the Ministry of Transport).⁸⁰ Given the already-mentioned differences in municipality sizes, only the 11 largest municipalities (out of more than 6,250) take part in Covenant of Mayors initiatives. These are the frontrunners when it comes to EE-oriented action at the lowest political level. The smallest municipalities simply do not have the resources to meet climate-oriented expectations, and, furthermore, energy/eco-friendly policies are not given in their competence list. As a result, in the case of the smallest municipalities, oftentimes, there is only one person (usually a mayor), who is in charge of the municipality's management. As such, this person is not really able to provide technical assistance or help in EE-oriented grant seeking and management.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

The tax is collected on a regular, annual basis. Every year, the Financial Office sends an assessment with the tax duty to every taxpayer. Since 2017, this is also available digitally. If the annual tax does not exceed CZK 5,000 (roughly EUR 196), it shall be payable in one payment no later than 31 May of the current taxable period. If the tax exceeds 5,000 CZK, it shall be payable in two equal instalments no later than 31 May and 30 November. In cases of non-payment, the tax administrator can use tax execution, which is the exaction of tax arrears by means of a court or a court executor, or the administrator can claim tax arrears in insolvency proceedings or by proving the tax claim against the proceeds from a public auction. According to the MF, if the taxpayer fails to submit the tax return in due time – that is, more than five working days after the set deadline, they are obliged to pay a fine for the late tax claim. This fine is set at 0.05% of the tax set for each subsequent day of delay, up to a maximum of 5% of the tax set. MF officials often assert that municipalities are not interested in property tax administration, as centralisation insulates them from political opposition. However, one should remember that in Czechia, the central MF receives the property tax returns, enters the data in an electronic inventory system, and remits to local governments the property-related tax revenue based on the situs of the property owner. No efforts are made to find under-reported values or non-reported parcels and thus, even though standardised procedures for property tax non-payment exist, they are much more rare compared to situations in which other taxes are not paid in a timely manner. The administrative lien exists but as confirmed by the General Financial Directorate via e-mail, thus far it is not possible to overtake previously registered liens or the mortgages of other creditors, including a bank that provided a mortgage loan or credit and wrote its right as the first in order.

The Czech cadastre register contains both factual and legal information on property – maps and information on property owners, as well as all the pledges.⁸¹

It is estimated that more than 90% of all municipalities belong to the first category of municipalities, which represent the smallest units holding no or only basic transferred responsibilities, and that are

⁷⁸ For more information see: <https://www.mfcr.cz/cs/legislativa/financni-zpravodaj>

⁷⁹ For more information see: Holmes, A. Právní moc obcí stanovit výši koeficientu pro výpočet daně z nemovitostí. Daňový expert. 2008.

⁸⁰ For more information see: <https://www.mdcr.cz/Media/Media-a-tiskove-zpravy/MD-uzavrelo-smlouvu-se-sdruzenim,-ktere-pripravu-P?lang=en-GB>

⁸¹ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-cz-en.do?member=1 and <https://nahlizenidokn.cuzk.cz/>

able to execute these responsibilities only within their own territorial administration; around 5% belong to the second one, while only 3% belong to the third category of the largest municipalities. Even though municipalities have a range of responsibilities, Smith, Bryson and Cornia (2011) analysed intergovernmental fiscal relations in Czechia focusing on the level of fiscal decentralisation and chose the country as the subject for their research as it is “engaged in an extended public sector transition from the central planning era” (Smith, Bryson and Cornia, 2011). Their research proved that the projects undertaken at the local level are usually suggested by the central government, thus it difficult to secure separate funds for some extra initiatives.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Czechia with the value of the percentage share on the total tax collection of 1.15%, belongs to the MS where the recurrent tax on immovable property does not acquire considerable significance, however it still remains in the tax system. “Percentage share of the analysed tax on the total tax collection was only 1.15% in 2011, the average value of that share was then 0.96% in the reporting period (1995-2011).”⁸² Such a low rate is welcomed by the citizens who are aware that the rate of the property tax they have to pay is one of the lowest in the EU. The OECD’s “Going for Growth 2013” lists the states that should follow the path of increasing the tax, as its existence is well received by society and thus has the potential to have an even bigger share in the central budget – Czechia is one of these listed countries.⁸³

Country summary and take-aways:

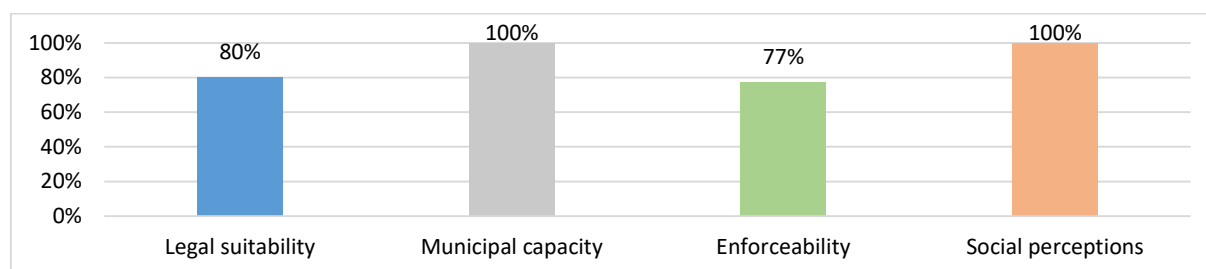
- With a suitability rate of 53.57%, Czechia is a less adequate candidate for EuroPACE development.
- Property tax is stable and transparent with a collection rate exceeding 95%.
- However, the centralisation of the tax administration and collection mechanism could prove burdensome.
- Effective foreclosure procedures exist. Procedures are relatively clear, with all information available in the property title search.
- Administrative liens exist, but it is not possible to overtake previously registered liens or the mortgages of other creditors, including a bank that provided a mortgage loan or credit and it wrote its right as the first in order.

⁸² For more information see: https://acta.mendelu.cz/media/pdf/actaun_2014062061213.pdf

⁸³ For more information see: <http://www.oecd.org/eco/growth/going-for-growth-2013.htm>

Denmark

Very adequate country for EuroPACE implementation – overall grading for suitability: 82.14%



SWOT Analysis

Strengths	Weaknesses
Stable collection mechanism thanks to strong enforcement procedures. Property taxes are uniform throughout the country. Individual municipalities set the land value tax (<i>Grundskyld</i>) rate within a range. The Land Registration Court handles the registration of titles to land, mortgages, and other charges, among others.	Lien seniority is ambiguous due to complicated procedures. The Danish tax system will be slightly amended post-2021, which increases uncertainty. Thus far, we know that despite any increases in the land value tax or property valuations, as property prices rise, annual fees will not increase in terms of kroner and ore; however, part of the difference that is frozen will have to be paid should the property be sold.
Opportunities	Threats
Grants are currently distributed through energy companies that report energy improvements to the Danish Energy Agency and the municipalities. Municipalities offer support in the process of obtaining these grants and further technical assistance; thus, their experience in roles similar to those needed for EuroPACE development could prove valuable.	As the property tax system is doubled, it could be confusing as to which system EuroPACE would actually “fit” more as an assessment. Adding a third surcharge may lead to additional disturbances.

1. Suitability of the legal framework for on-tax financing

To the best of our knowledge, on-tax financing has not been tested in the country yet. However, there are two types of stable property-related taxes that could provide a basis for potential EuroPACE assessment.^{84,85} The municipal real estate tax (*Grundskyld*) is collected by the municipalities and is levied on the value of land, while the national property tax is paid to the state and levied on the value of property and collected by the Tax Office (SKAT).⁸⁶ Both taxes are calculated on the basis of the public property assessments made by the National Board of Assessment.⁸⁷ Additionally, water drainage and sewerage are paid for via the property tax or directly to the water company. Household refuse is collected weekly, and the charges for this are included in property taxes.⁸⁸

⁸⁴ For more information see: <http://www.skm.dk/aktuelt/temaer/boligskat-og-de-offentlige-ejendomsvurderinger/ejendomsvaerdiskat-og-ejendomsskat-grundskyld>

⁸⁵ For more information see: <https://skat.dk/getfile.aspx?id=130346>

⁸⁶ For more information see: <https://skat.dk/getfile.aspx?id=130346>

⁸⁷ <http://www.skm.dk/aktuelt/temaer/boligskat-og-de-offentlige-ejendomsvurderinger/de-offentlige-ejendomsvurderinger>

⁸⁸ <https://www.expatsfocus.com/expatriate-denmark-utilities>

The local administration has the legal authority to change the rate of land value tax within a range 1.6-3.4% but does not have the authority to impose new local taxes. The national property tax rate is set at the national level and municipalities have no authority to change it. This is why property taxes are uniform throughout the entire country. Individual municipalities set the land value tax rate only within a range. No exceptions to this rule were found on a regional or local level. No exemptions were either found at the individual property level based on the property size or property value, among others.

2. Assessment criteria for Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

PPPs at the local level are gaining popularity. The Danish Building and Property Agency has commissioned the first seven PPP projects, namely the Land Registration Court in Hobro, the Danish National Archives, a new regional tax centre in Haderslev, and the courts in Herning, Holstebro, Holbæk, and Kolding.⁸⁹

Denmark is also doing exceptionally well in the EE field. The ultimate goal is to become independent of fossil fuels. Shortly after the creation of the National Renewable Energy Action Plan (NREAP), Denmark drafted and adopted “Energy Strategy 2050” which outlines the plan of how Denmark will achieve its energy independence. All these targets have to be achieved by the municipalities first of all. Households can get grants for improving the EE of their homes. Grants are distributed through energy companies that report energy improvements to the Danish Energy Agency together with municipalities. In order to obtain a grant, a household needs to enter into an agreement with the energy company. Grants can be given for works such as: the replacement of windows, the insulation of outer walls and the roof, and the replacement of old heating equipment with more eco-friendly alternatives.⁹⁰ Municipalities are of help in the process of obtaining the money.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

The strong enforceability of local taxes results in high collection rates, as confirmed in an e-mail received from the Danish Tax Authorities in September 2018. If a person fails to pay a land value tax for a prolonged period of time, the case will be sent to the municipality's lawyer with a request for the forced sale of the property.⁹¹ In the case of a delay in the payment of the *Grundskyld*, additional interest may be imposed by the municipality – for example, in Copenhagen, in the case of payment after the last due date, interest is calculated. The interest rate is calculated by 0.4% for each commencement month, calculated from the due date.⁹² Concerning state property-related taxes: an additional interest charge of 1.7% (January-June) and 3.7% (July-onwards) is imposed.⁹³ All administrative procedures are clear and transparent.

Consisting of a country-wide cadastral map, an official register, and a cadastral archive plays a central role in the public management and administration of land ownership. Updates to Denmark's cadastre are carried out with the use of two dedicated digital tools. The Land Registration Court handles the registration of titles to land, mortgages, and other charges. The Land Registration Court's jurisdiction extends to all of Denmark.⁹⁴ It is also the eligible institution for senior lien imposition.

⁸⁹ For more information see: [https://www.bygst.dk/\(X\(1\)S\(zwxohjq5dgh1gaedtg4ykpkw\)\)/english/knowledge/forms-of-cooperation-and-organisation/public-private-partnership/?AspxAutoDetectCookieSupport=1](https://www.bygst.dk/(X(1)S(zwxohjq5dgh1gaedtg4ykpkw))/english/knowledge/forms-of-cooperation-and-organisation/public-private-partnership/?AspxAutoDetectCookieSupport=1)

⁹⁰ For more information see: <https://sparenergi.dk/forbruger/boligen/tilskud-og-fradrag#tilskud>

⁹¹ Information from the webpage of one municipality: <http://www.ltk.dk/ofte-stillede-spoergsmaal-om-ejendomsskat#Hvad%20sker%20der,%20hvis%20ejendomsskatte%20ikke%20betales%20til%20tiden> (Look for: “Hvad sker der, hvis ejendomsskatte ikke betales til tiden?”)

⁹² For more information see: <https://www.kk.dk/artikel/ejendomsskatte-og-afgifter>

⁹³ For more information see: <https://skat.dk/skat.aspx?oid=2246445>

⁹⁴ For more information see:

<http://www.domstol.dk/om/otherlanguages/english/thedanishjudicialsystem/landregistrationcourt/Pages/default.aspx>

Municipalities in Denmark are responsible for the provision of many public services such as education, healthcare, sport, and culture services, among others. These services are financed mainly from local taxes. Local authorities receive revenue not only from property taxes but also from income taxes. Importantly, local governments can set local PIT rates. Furthermore, funds can be allocated for particular investment projects and all finances are controlled by independent bodies.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

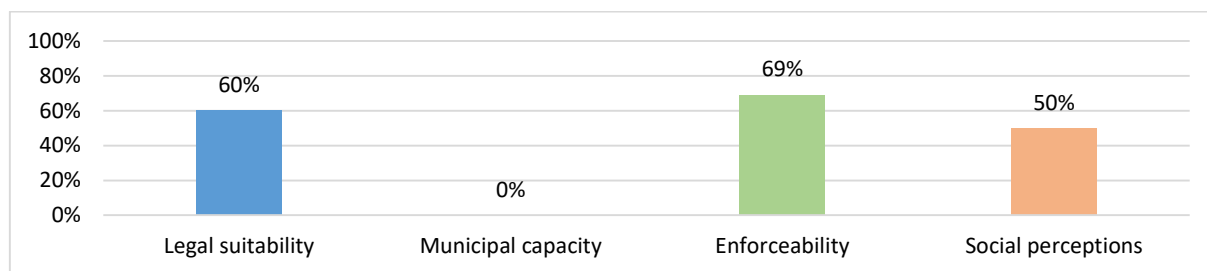
Housing tax in Denmark has been based on assessments of property values for over the last 100 years.⁹⁵ Local taxes in their current form were introduced in 2007 and no evidence was found showing that there is any political will to abolish them given public acceptance.

Country summary and take-aways:

- With a readiness of 82.14%, Denmark is a very adequate candidate for EuroPACE development.
- Both property-related taxes are stable, and Denmark is second only to the UK for the highest real estate taxes.
- The country introduces ambitious EE targets as it aims to become independent of fossil fuels soon.
- The foreclosure mechanism is effective and clear. If a person fails to pay a land value tax for a prolonged period of time, the case will be sent to the municipality's lawyer with a request for the forced sale of the property. Likewise, the Tax Office may request a forced sale against a person who does not pay property taxes, to which people are accustomed.
- Ambiguous rules when it comes to lien imposition (cases where commercial mortgages can have precedence are apparently possible, although no single situation of this kind has been identified).

⁹⁵ For more information see: <http://www.skm.dk/aktuelt/temaer/boligskat-og-de-offentlige-ejendomsvurderinger>

Less adequate country for EuroPACE implementation – overall grading for suitability: 57.14%



SWOT Analysis

Strengths	Weaknesses
Social perception of the land tax is very positive.	Small and centralised country. Apart from initiatives such as e-government, no meaningful PPP experience relevant from the EuroPACE perspective has been identified.
Opportunities	Threats
Named “the most advanced digital society in the world”, Estonia has created efficient digitalised systems that save time and money, which could be extremely helpful while creating platforms and systems for the purpose of EuroPACE management and contracting, among others. ⁹⁶	Unsatisfactory enforceability: municipalities cannot impose senior liens on the indebted properties.

1. Suitability of the legal framework for on-tax financing

No on-tax financing has been identified in the country and the land tax is the only annual property-related tax in Estonia. It is based on the capital values of land. It can differ between municipalities and varies from 0.1-2.5% of the assessed value of the land (not on buildings or other improvements). Residential land is at present charged at 1% land tax.⁹⁷ The land tax is collected by the state (central government) authority Tax and Customs Board (*Maksu- ja Tolliamet*).⁹⁸ This is mainly because municipalities are relatively small in Estonia. However, only municipalities can benefit from this tax.⁹⁹ The local government council may establish the rates of tax as a differentiated rate according to the value zones within the range specified by law. All of the taxes are based on law and, in this context, only the parliament (*Riigikogu*) can issue new taxes and make amendments to existing ones.¹⁰⁰ Local taxes are limited to the list presented in the existing law: advertisement tax, road and street closure tax, motor vehicle tax, animal tax, entertainment tax, and parking charges. The land tax itself is not a local tax in this sense. This means that municipalities cannot decide whether to implement or not implement this tax according to the Land Tax Act (Paragraph 2).

The residential land or the profit-yielding land can only be exempt from land tax to the extent of 0.15 hectares in a densely populated area (i.e. in cities, in cities without municipal status, towns, small towns, and areas designated densely populated areas by a comprehensive plan by a local government of a county plan by a county governor) and to the extent of 2.0 hectares elsewhere. This provision does

⁹⁶ For more information see: <https://e-estonia.com/>

⁹⁷ For more information see: <https://www.emta.ee/eng/business-client/excise-duties-assets-gambling/land-tax#5>

⁹⁸ Taxation Act, §5 (1)

⁹⁹ Land Tax Act, §6

¹⁰⁰ Taxation Act

not apply to apartment ownership – for example, tax exemption in an apartment association is calculated by each apartment ownership. The Land Tax Act does not mention exemptions related to individual properties.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

Insignificant progress has been made towards employing partnerships with private actors apart from those oriented on information and communication technologies (ICT). Accordingly, only the experiences of PPP projects recorded from other MS can be mentioned to provide insight into the impact which the adoption of more investment-oriented PPP approaches might have on development and overall procurement performance in Estonia.¹⁰¹

Only four municipalities take part in Covenant of Mayors initiatives, which leads us to the conclusion that municipal EE strategies are still to be implemented. Moreover, Estonia is too small for efficient solutions at the local level without the aid of the state (following its administrative reform, which was completed in October 2017, Estonia reduced the number of its municipalities to 79 – 14 of which are urban and 65 rural – and reduced its number of small municipalities with under 5,000 inhabitants from 169 to 15).

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Land taxes are paid in three equal instalments (15 May, 15 August, and 15 November). Tax billing is administered by National Tax Board staff in each county office and the whole payment system can be considered fully digitalised.¹⁰²

“If a taxable person fails to meet the schedule for payment of the tax arrears, does not pay the taxes that become due on time, does not file tax returns on time, or, in the event of a decrease in the value of security, does not submit replacement security accepted by the tax authority, the tax authority has the right to revoke the decision on the payment of tax liabilities in instalments and revoke the reduction of interest rate. After revocation of the decision on the payment of tax liabilities in instalments, the tax authority has the right to initiate a compulsory execution of the claims arising from tax arrears pursuant to the procedure provided for in Chapter 13 of the Taxation Act.”¹⁰³ Interest rates of 0.06% per day or 21.9% per year can be added to the initial amount of debt up to the date of its final payment. In the case of land tax delinquency or default, the tax authorities can turn to a bailiff and the bailiff has the right to seize and sell the property of the taxpayer. The enforcement actions by the tax authority can be found in Paragraph 130 of the Land Tax Act. Paragraph 52 of the Code of Enforcement Procedure states the manners of making claims for payment of property. All the administrative procedures can be considered transparent.

The Estonian Land Register is a record of proprietary interests and restricted rights, providing third parties with information about registered immovable property.¹⁰⁴ “The land register focuses on both legal and factual circumstances. All property is entered into the land register, unless otherwise provided for by law. Each individual property has an independent entry and is given a unique number (registered property number). The register has four parts and includes information about imposed liens. Municipal liens do not have to be senior.

The Estonian Constitution stipulates that local government shall have an independent budget for which the bases and procedure for drafting shall be provided by law. At the same time, earmarked

¹⁰¹ For more information see: <http://www.irbnet.de/daten/iconda/CIB16519.pdf>

¹⁰² For more information see: <https://www.emta.ee/eng/business-client/taxation-payment-taxes/payment-tax-liabilities-instalments>

¹⁰³ For more information see: <https://www.emta.ee/eng/business-client/taxation-payment-taxes/payment-tax-liabilities-instalments>

¹⁰⁴ For more information see: <http://www.rik.ee/en/e-land-register>

funds coming from the budgets of the ministries in order to cover the costs of implementing the local and regional functions are also paid directly and do not appear in the separate project accounts.¹⁰⁵ Last but not least, the purpose of the state supervision is to ensure the lawfulness and feasibility of municipal administrative procedures. External control is implemented by ministries, and in some matters, also by agencies and inspections and by the Legal Chancellor (Ombudsman) and the State Audit Office.¹⁰⁶

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The land tax was somewhat complicated when it was first introduced in 1993. However, no real problems have been identified with it mainly because the tax burden is very low; this is likely the main reason why it has been in a rather neutral position. Though, there are some disputes concerning tax exempt land or increasing its rate rather than the tax itself.

Country summary and take-aways:

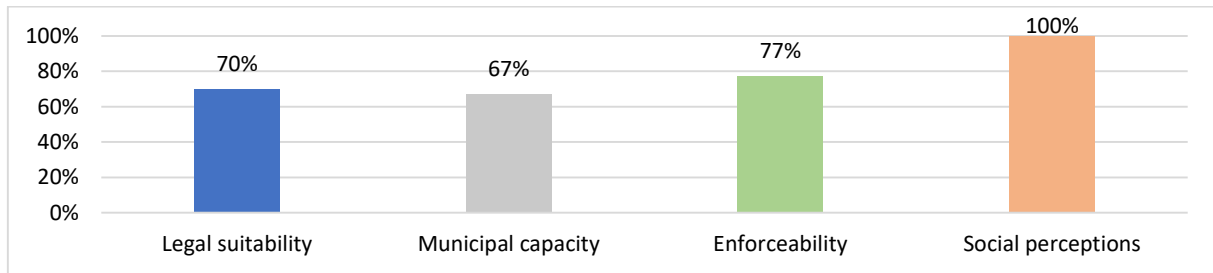
- With a EuroPACE readiness of 57.14%, Estonia is a less adequate candidate for EuroPACE development.
- However, named “the most advanced digital society in the world”, Estonia’s digitalised ecosystem could be helpful while creating platforms and systems for EuroPACE management and contracting.
- In Estonia, the land tax is the only real property tax – buildings and forests are not taxed separately.
- Effective foreclosure procedures exist. Procedures are clear, with all information available in the land registry.
- A senior lien cannot be imposed on an indebted property.

¹⁰⁵ For more information see: <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN013816.pdf>

¹⁰⁶ For more information see: <https://www.rahendusministeerium.ee/en/local-governments-and-administrative-territorial-reform>

Finland

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 75%



SWOT Analysis

Strengths	Weaknesses
Well-structured, stable, and unified property tax system across the country. The overall collection rate is high. Avoiding property taxes is very difficult because there is a national register of the building stock and the tax authority has a good enforcement procedure.	Municipalities are not allowed to establish new taxes. Taxes are determined by law, and, therefore, new taxes must be approved by the national parliament. In addition, the constitution stipulates that a clear basis for all taxes has to be given in the tax laws, which implies that piloting/testing is not very easy because it would require a law change. PPPs are still relatively new.
Opportunities	Threats
Various diffused EE strategies which are already available but not fully exploited could be unified under EuroPACE application.	Municipalities that are committed to the EE pact or programme are eligible for government subsidies for EE inspections and investments, which is strong competition for private financing. Plus, the inability to impose a senior lien on a property makes investment less attractive and secure for private investors.

1. Suitability of the legal framework for on-tax financing

On-tax financing has not been tested in Finland thus far. The constitution stipulates that a clear basis for all taxes has to be given in the tax laws, which implies that piloting/testing is not very easy as it would require a law change. Still, Finland has a stable local property tax. Property tax revenue in 2017 was EUR 1.8 billion or 0.8% of GDP. Different property tax rates are applied to different types of properties, and municipalities can freely choose the tax rates within bounds set by the central government. However, the system is unified across the country and no real exemptions can be found.¹⁰⁷ Moreover, municipalities can collect waste management fees. The fee is payable by the owner of the property (or the renter). Many municipalities offer incentives for recycling by setting lower fees for assorted waste than mixed waste. Typically, waste management is organised through a company owned by the municipality (or many municipalities). In some municipalities waste management is outsourced to private companies.¹⁰⁸ The national Tax Authority is responsible for collecting local property-related taxes. The Tax Authority combines property taxes for all properties

¹⁰⁷ For more information see: Lyytikäinen, Teemu. "Tax competition among local governments: Evidence from a property tax reform in Finland." *Journal of Public Economics* 96, no. 7-8 (2012): 584-595.

¹⁰⁸ For more information see: Ministry of Environment http://www.ymparisto.fi/fi-FI/Kulutus_ja_tuotanto/Jatteet_ja_jatehuolto/Jatemaksu_ja_verot

owned by the tax payer into one annual bill, which is paid in one or two instalments (depending on whether the amount is below or above EUR 150). The waste management charge is collected by the municipality or the waste management company.¹⁰⁹

According to the Constitution of Finland (Article 121), municipalities are not allowed to establish new taxes. Taxes are determined by the law, and therefore new taxes have to be approved by the national parliament.¹¹⁰ Municipalities can, however, choose the tax rates for different types of properties within bounds set by the central government.¹¹¹

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

PPPs have gradually become more popular in municipal public service provision in the 2000s. However, the use of PPPs in major infrastructure or building projects is still rare. There have been altogether only 45 PPP municipal public building projects in 15 municipalities (about 5% of municipalities). In 2018, the legislation changed so that the use of PPPs in municipal infrastructure and building projects became more favourable.¹¹²

The engagement in sustainable strategies is more noticeable. In 2016, 64 municipalities and 13 federations of municipalities had committed to an EE pact (intended for larger municipalities) and a further 53 municipalities and 2 federations of municipalities were implementing an energy programme (intended for smaller municipalities). Thus, altogether, roughly 30% of municipalities have some kind of EE strategy. These municipalities are predominantly large. Still, over 70% of the building stock are located in municipalities with EE strategies.¹¹³ Those 30% of municipalities that are committed to the EE pact or programme are eligible for government subsidies for EE inspections and investments. In 2008-2016, there were some 250 subsidised EE investment projects in Finnish municipalities and about 1,700 buildings were inspected.¹¹⁴

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Property tax is collected annually. The collection rate is high, although minor delays are common. In 2014, property tax revenue was EUR 1,500 million and the amount of unpaid property tax liabilities was only EUR 25 million. The overall collection rate is thus above 98%. Avoiding property taxes is very difficult because there is a national register of the building stock and the tax authority has a good enforcement procedure. Not paying the property tax in time leads first to a reminder letter and 7% penalty interest and, eventually, to standard foreclosure procedures. Unpaid taxes are classified among the liabilities for which no special court decision is required for initiating the foreclosure procedure. Thus, initiating a foreclosure is relatively easy for the tax authority.¹¹⁵

¹⁰⁹ For more information see: Finnish Tax Authority https://www.vero.fi/en/individuals/housing/real_estate_tax/paying_real_estate_tax/ and Ministry of Environment: http://www.ymparisto.fi/fi-FI/Kulutus_ia_tuotanto/Jatteen_ia_jatehuolto/Jatemaksu_ia_verot

¹¹⁰ For more information see: <http://www.finlex.fi/fi/laki/ajantasa/1999/19990731#L11P121>

¹¹¹ For more information see: Ministry of Finance: Draft for a reform of the valuation of the real property (includes a detailed description of the current system) https://api.hankeikkuna.fi/asiakirjat/66d20861-7d42-48af-918a-94d89204ee72/b5cb26e9-acc0-414b-b969-c2fe98d1ff47/LAUSUNTOPYYNTO_20180817050000.PDF

¹¹² For more information see: National Institute for Health and Welfare <https://thl.fi/documents/2616650/2646346/Tilaaia-tuottajamallin+k%C3%A4yt%C3%B6st%C3%A4+Suomessa+ja+er%C3%A4iss%C3%A4+Euroopan+maissa.pdf/1567c6ee-399a-4aac-b3a2-bc91bb2881d5>

¹¹³ For more information see: Annual report of the energy efficiency pact and energy programme for municipalities in 2016 https://www.motiva.fi/ajankohtaista/julkaisut/energiatohokkuussopimukset_2008-2016/kunnat/kuntien_energiatohokkuussopimuksen_ia_energiaohjelman_vuosiraportti_2016.2887.shtml

¹¹⁴ For more information see: Annual report of the energy efficiency pact and energy programme for municipalities in 2016 https://www.motiva.fi/ajankohtaista/julkaisut/energiatohokkuussopimukset_2008-2016/kunnat/kuntien_energiatohokkuussopimuksen_ia_energiaohjelman_vuosiraportti_2016.2887.shtml

¹¹⁵ For more information see: the Law on foreclosure <https://www.finlex.fi/fi/laki/alkup/2007/20070706>

Finland is generally regarded as a country with a high level of transparency and good governance. Transparency International ranks Finland third out of 180 countries in terms of transparency. The Tax Authority publishes information on the enforcement procedure online. If the payment of the tax is delayed, the Tax Authority will send a new bill with added penalty interest and a new deadline for the payment. If the tax payer has a low income and is not able to pay the tax by the new deadline, he/she can apply for a programme in which the tax is paid in several small payments over an extended period. If the tax is still unpaid, the Tax Authority can start foreclosure procedures in which the property of the debtor may be sold to pay the tax.¹¹⁶

A national register of real estate holdings exists and is maintained by the National Land Survey of Finland, which offers a property title search service and evidence of legal ownership of the property. The register includes information on the owner of the property, property liens, and many characteristics of the property (e.g. the location of the property, the coordinates of boundary markers of land belonging to the property, and road or street access, among others). Owners of properties have online access to the information on their own property for free. Others can order the information online (as a pdf) for EUR 14-18 per search depending on the type of information required. The National Land Survey also has a register of real estate transaction prices.¹¹⁷ However, no information on liens is possible as those cannot be imposed on the indebted buildings.

Municipalities are in charge of their own finances, but they are also responsible for several important public services (primary education and health, among others), and there is highly specific legislation and regulation that requires these services to be provided up to a standard. As long as these standards are met, municipalities are free to spend the remaining revenue as they like.¹¹⁸ In addition to that, separate budgeting lines exist. All the municipal finances are monitored and controlled by the MF. There is no official debt limit, but municipalities running substantial deficits are required to close the deficit within four years. Failing to do so may trigger a “crisis municipality” procedure in which the MF takes partial control of the municipality’s finances.¹¹⁹

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Property taxes were introduced in Finland in 1993 and the system has remained quite similar ever since. The statutory bounds for the tax rates have changed but the structure of the system has remained stable.

The MF is currently preparing a reform of the method for determining the taxable value. This reform is due to take effect in 2020. The purpose of the reform is to strengthen the link between market prices and taxable land values, and to improve the transparency of the valuation method.¹²⁰

There are no statistics on perceptions towards property taxes. However, based on public debate on tax policy, most citizens view property taxes slightly more negatively than most other taxes. Municipal income tax is the main source of tax revenue for municipalities. Property tax revenue is much smaller. Despite this, even small increases in the property tax rate are debated more extensively than large increases in the local income tax. On the other hand, property taxation has become a more important source of revenue over the years. The government has adjusted the statutory limits of property tax rates upwards and many municipalities have increased their tax rates within these bounds. These

¹¹⁶ For more information see: Transparency international <https://www.transparency.org/country/FIN>

¹¹⁷ For more information see the National Land Survey of Finland

<https://www.maanmittauslaitos.fi/kiinteistot/asiantuntevalle-kayttajalle/kiinteistotiedot-ja-niiden-hankinta>
<https://www.maanmittauslaitos.fi/kiinteistot/asiantuntevalle-kayttajalle/kiinteistotiedot-ja-niiden-hankinta/kiinteistojen>

¹¹⁸ Moisio, Antti, 2002. “Essays on Finnish Municipal Finance and Intergovernmental Grants”, Research Reports 93, VATT Institute for Economic Research.

¹¹⁹ For more information see: the Economic Policy Council website

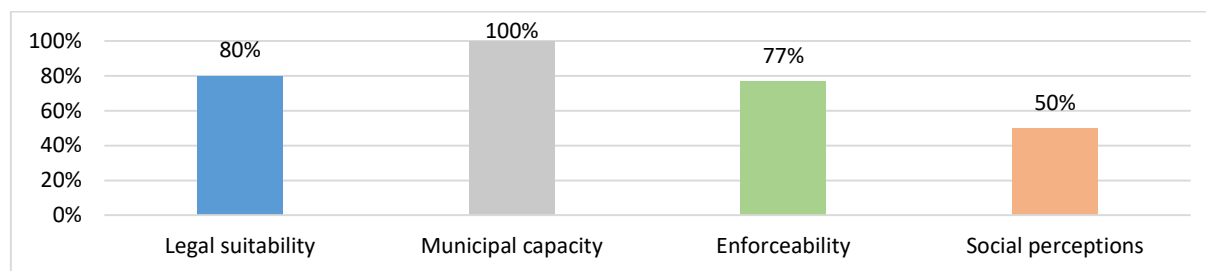
¹²⁰ For more information see: <https://vm.fi/kiinteistoverouudistus>

developments could be interpreted as evidence of more favourable perceptions towards property taxes.¹²¹

Country summary and take-aways:

- With a EuroPACE readiness of 75%, Finland is a moderately good candidate for EuroPACE development.
- Property tax is collected annually. The collection rate is high, although minor delays are common.
- However, the MF is currently preparing a reform of the method for determining the taxable value. This reform is due to take effect in 2020.
- Finland is generally regarded as a country with a high level of transparency and good governance. Transparency International ranks Finland third out of 180 countries in terms of transparency. The Tax Authority publishes information on the enforcement procedure online.
- The municipality cannot act as a tax authority and impose senior liens, and neither can the national Tax Authority. Unpaid property tax payments have no special priority in the foreclosure procedure, but foreclosures can be started without a court decision (when it comes to taxes).

¹²¹ Newspaper article (Helsingin Sanomat): <https://www.hs.fi/politiikka/art-2000005412065.html>; Newspaper article (Kauppalehti): <https://www.kauppalehti.fi/uutiset/tutkimus-asenteet-veroja-kohtaan-aiempaa-suopeammat--silti-moni-kokee-olevansa-vihainen-veroista/GywxJssP> and Lyytikäinen, T. (2012): "Kiinteistövero – taloustieteilijöiden lemmikki ja kansalaisten inhokki", Talous ja yhteiskunta 3/2012, 54-59.



SWOT Analysis

Strengths	Weakness
Reliable legal environment. Energies POSIT'IF trial was very successful—although it was not a typical on-tax financing mechanism, it is a good starting point for EuroPACE development.	Various exemptions on property-related taxes (such as age and number of dependents, among others) could be a substantial obstacle for EuroPACE development. For example, a household with three children would attract a discount of 35% of the average taxable value for the immediate area; these percentages can be further increased by 5-10% per dependent if the municipality decrees.
Opportunities	Threats
French municipalities are independent and in possession of autonomous budgets. They are also active on sustainable development and EE field. PPPs are quite successful: some local authorities also initiated PPPs in the context of sustainability (for example, in Annemasse and French Polynesia) and innovation. This interest could open the door for the introduction and testing of EuroPACE.	President Macron is proposing to abolish the <i>taxe d'habitation</i> for around 80% of households, which was planned to be operative from 2018 on a phased basis to 2020. Those who will be exempt are households with a net taxable income under EUR 20,000 for each “part” of the household.

1. Suitability of the legal framework for on-tax financing

The Ile-de-France region established Energies POSIT'IF, “an innovative company made up of private and public capital. Energies POSIT'IF uses third party funding for the energy renovation of blocks of flats. It consists of financing energy renovation work using the energy savings. In practice, the third-party financing company supports the homeowners’ association on the technical and financial plan. The third party funding company can provide a financial solution in which the homeowners’ association pays regular contributions on an amount that is offset, at least in part, by the energy savings achieved.”¹²² Although this is not a typical on-tax financing mechanism, it could be a good starting point for EuroPACE development. In France, there are two different property taxes (*impôts locaux*): the land value tax (*taxe foncière*), which is paid by the property owner, and the *taxe d'habitation*, which is paid by the person occupying the property. The *impôts locaux* also encompasses waste management fees and sweep fees. It is a part of the *taxe foncière* and is due at a pro rata rate when the property is unoccupied. It is not calculated according to the amount of waste generated per

¹²² For more information see: http://www.energiespositif.fr/?page_id=2300

household, but on the cadastral rental value. This tax is collected by the state and not at local level, unlike the *impôts locaux*.¹²³

Numerous tax exemptions at individual level exist, notably for the *taxe d'habitation*, according to age, to a certain threshold of income, and for sole persons. Moreover, the new Macron law aims at progressively reduce the *taxe d'habitation* until complete elimination by 2020.¹²⁴ For the *taxe foncière*, there are exemptions for a certain threshold of income, some types of property, as well as for disabled people or people over 75 years old.¹²⁵

New taxes are fixed by national legislation. Local authorities have the legal authority to change the tax rate of direct property-related taxes (*taxe d'habitation*, *taxe foncière*, *contribution économique territoriale*) only within the framework of the law.¹²⁶

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

PPPs are quite successful in France with large-scale projects implemented thanks to this mechanism. Some local authorities also initiated PPP in the context of sustainability and EE (in Annemasse¹²⁷ and French Polynesia¹²⁸) as well as innovation.¹²⁹

Some municipalities (among which, Seyssinet Pariset,¹³⁰ Troyes,¹³¹ and L'Hay-Les-Roses¹³²) have implemented sustainability, EE policies, and SEAP, but this strategy is still a minority at the municipal level. SEAPs and EE strategies are mainly implemented at the national or regional/departmental level. However, the State and state agencies such as the ADEME¹³³ (Agency for Environment and Mastering of Energy) grant municipalities what allows them to benefit from diverse modes of financing addressed to sustainable development and EE. Moreover, all property owners have the opportunity to benefit from a tax reduction (*crédit d'impôt pour la transition énergétique*) when conducting home renovations implying sustainability and energy efficiency.¹³⁴

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

The property tax is collected yearly. In 2015, EUR 510 million was recovered for *impôts locaux* by the French government in the framework of the fight against tax fraud.¹³⁵ This is the lowest amount recovered among the other taxes (income tax and VAT, among others). To the best of our knowledge, there are no existing statistics about the percentage/level of tax collection in the country. In 2017, the average amount payable by each household was around EUR 2,000.¹³⁶ There is an additional interest rate of 10% in cases of belated payments of the property tax, and a fine in cases of non-payment of taxes, which increases enforceability to some extent. The main sanction for tax delinquency is the

¹²³ For more information see: <https://droit-finances.commentcamarche.com/contents/961-taxe-fonciere-2018-calcul-et-montant>

¹²⁴ For more information see: <https://droit-finances.commentcamarche.com/fag/7057-exoneration-de-taxe-d-habitation-2018-plafonds-de-revenus>

¹²⁵ For more information see: <https://droit-finances.commentcamarche.com/contents/967-taxe-fonciere-2018-exoneration-et-reduction>

¹²⁶ For more information see: <http://www.vie-publique.fr/decouverte-institutions/finances-publiques/ressources-dependances-etat/ressources/qui-decide-impots.html>

¹²⁷ For more information see: https://www.lesechos.fr/30/09/2015/LesEchos/22034-355-ECH_les-partenariats-public-privé-pour-l-environnement.htm

¹²⁸ For more information see: https://www.persee.fr/doc/ecofi_0987-3368_1995_hos_5_1_2578

¹²⁹ For more information see: <http://www.oecd.org/fr/france/25718043.pdf>

¹³⁰ For more information see: <http://www.ville-seyssinet-pariset.fr/actualites/84-actions-pour-une-ville-durable>

¹³¹ For more information see: <http://demarchesterritorialesdedeveloppementdurable.org/troyes-france/>

¹³² For more information see: <http://www.lhaylesroses.fr/cadre-de-vie/developpement-durable>

¹³³ For more information see: https://www.lemonde.fr/energies-communes/article/2018/02/15/les-financements-de-la-transition-energetique-sur-les-territoires_5257274_5216000.html

¹³⁴ For more information see: <https://www.service-public.fr/particuliers/vosdroits/F1224>

¹³⁵ For more information see: <https://argent.boursier.com/impots/actualites/fraude-fiscale-un-record-de-redressements-en-2015-3119.html>

¹³⁶ For more information see: <https://www.french-property.com/news/tax-france/local-taxes-rates-2017/>

payment of a fine (EUR 500,000) or imprisonment.¹³⁷ In the case of non-payment of the fine, eventually foreclosures are pursued.¹³⁸ The process is transparent and well-structured. No senior liens can be imposed though.

The French Constitution states that local authorities benefit from resources which they can freely administrate.¹³⁹ This means that municipalities possess an autonomous budget and are in charge of their expenses and get to decide the budget allotment for their different activities and budgets. Municipal finances are controlled by the State's representative for departments or regions, and together with the regional financial administrative jurisdiction (*Chambre Regionale des Comptes*).

A property title search and evidence of legal ownership exist. They are accessible at the notary who signed the deed.¹⁴⁰ The Property Title Search is also accessible through the land register. There are 354 independent land registers in France but no online portal enabling their access. There are no mortgage registers in the Eastern region of Alsace-Moselle, where the land registration service is achieved through the property book.¹⁴¹

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The property tax in France is a stable and continuous mechanism. However, in 2014, a survey showed that the French see taxes as extortion and only 56% of them see the payment of taxes as a citizen's duty.¹⁴² Therefore, there is no general positive perception towards property taxes. A new by French President Emmanuel Macron aims at eliminating a part of the property tax, so the topic is present in political debate.

Country summary and take-aways:

- With a EuroPACE readiness of 78.57%, France is a good candidate for EuroPACE development.
- Energies POSIT'IF is an optimistic starting point for EuroPACE development.
- There are two different property taxes (*impôts locaux*) in France, the *taxe foncière* (or land value tax), which is paid by the property owner, and the *taxe d'habitation* (or rates), which is paid by the person occupying the property. This can make the EuroPACE assessment even more secure from an investor's perspective.
- However, uncertainty related to possible reforms on the *taxe d'habitation* could pose a threat.
- Effective foreclosure procedures exist. Procedures are clear, all information is available in the land registry.
- No senior liens can be imposed by the municipality.

¹³⁷ For more information see: <https://www.service-public.fr/particuliers/vosdroits/F31451>

¹³⁸ For more information see: <https://droit-finances.commentcamarche.com/contents/844-recouvrement-de-l-impot-et-saisies>

¹³⁹ For more information see: <http://www.vie-publique.fr/decouverte-institutions/finances-publiques/collectivites-territoriales/ressources/que-designe-t-on-par-autonomie-financiere-collectivites.html>

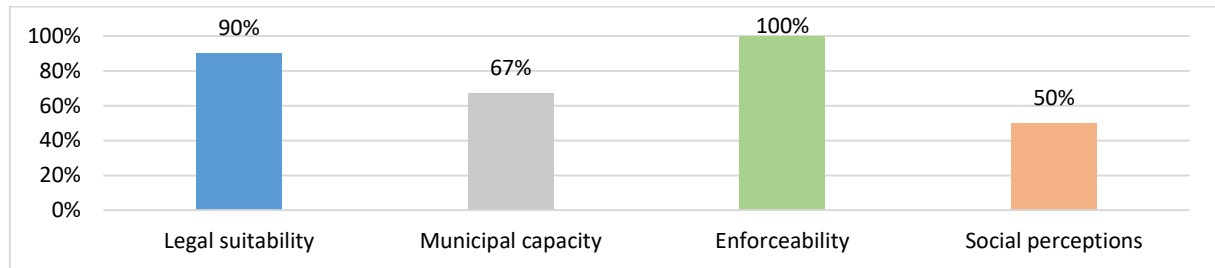
¹⁴⁰ For more information see: <https://www.journaldunet.fr/patrimoine/guide-de-l-immobilier/1202139-titre-de-propriete-comment-l-obtenir/>

¹⁴¹ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-fr-en.do?member=1

¹⁴² For more information see: http://www.lepoint.fr/economie/plus-d-un-tiers-des-francais-voient-les-impots-comme-une-extorsion-de-fonds-01-12-2014-1885918_28.php

Germany

Very adequate country for EuroPACE implementation – overall grading for suitability: 89.29%



SWOT Analysis

Strengths	Weaknesses
Local authorities are responsible for the collection mechanism and they have the right to change the tax rate of the property and to develop entirely new local taxes and fees. State legislation may authorise municipalities to regulate and levy certain charges on local taxes on the basis of a resolution of the municipal council. Municipalities are autonomous and experienced in the administration of various EE initiatives.	Various tax bases and, as a result, structures between eastern and western Germany make this country's property tax-related system unclear and ambiguous (difficulties for one simplified legal base and, later on, for administrators, among others)
Opportunities	Threats
Successfully tested BIDs in various cities, and in particular, a number of cases from Hamburg, are a good starting point for residential on-tax financing development.	The current land tax law was passed in 1973. Due to a judgment of the Federal Constitutional Court, a substantial reform is planned soon; therefore, the property tax structure should not be considered stable.

1. Suitability of the legal framework for on-tax financing

There are successful BID measures in Hamburg, Hessen, and Bremen, among others.¹⁴³ Property tax (*Grundsteuer*), which is in fact a land tax, is levied across the country (the relevant Tax Act is *Grundsteuergesetz*). Municipalities are responsible for its assessment and collection. The municipalities shall be granted the right to fix the rates of this tax within the framework of the law. Different collection rates among municipalities are frequent, but not on the individual property level. Furthermore, the Municipal Levy Law (*Kommunalabgabengesetz*) stipulates that local authorities are entitled to levy taxes in accordance with this act.¹⁴⁴ Additionally, the federal states (*Bundesländer*) grant the municipalities the right to charge certain fees (Local Levies Acts, *Kommunalabgabengesetze*). Waste water, waste disposal fees, and street cleaning fees exist. The legal basis (for the amount of the fee) is stipulated by municipal fee regulations.¹⁴⁵

¹⁴³ For more information see:

https://www.researchgate.net/publication/264539892_Reclaiming_the_European_City_and_Lobbying_for_Privilege_Business_Improvement_Districts_in_Germany

¹⁴⁴ For more information see: <http://www.gesetze-bayern.de/Content/Document/BayKAG-1>

¹⁴⁵ As an example, see the regulation of the city of Potsdam:

https://www.potsdam.de/sites/default/files/documents/2017_09_01_abfallgebuehrensatzung_2018.pdf

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

PPPs are an important form of cooperation in Germany, but not necessarily on the local level. EE strategies are equally interesting. Already, 154 regions obtain 100% of their energy from renewable energy sources or have set themselves this goal and can demonstrate substantial measures to achieve it. These 154 regions comprise around 25 million inhabitants and cover a total area of approximately 127,000 square kilometres.¹⁴⁶ Moreover, there are currently 100 municipalities creatively and innovatively exploiting the possible actions for the expansion of renewable energies¹⁴⁷ with Brandenburg being reported as the first federal state with area-wide regional energy concepts.¹⁴⁸ Supporters of corresponding investment measures are eligible for funding. This also includes housing companies, municipalities, districts, or municipal associations. KfW also provides municipal loans for investments in infrastructure measures. This expressly includes investments in energy saving and environmentally friendly energy sources.¹⁴⁹

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

The tax is collected annually and the objection rate for property tax assessments (< 1%) is extremely low compared to other tax assessments.¹⁵⁰ Interest rate charges and penalties are available in cases of non-payment. Foreclosure is effective and takes place by public auction (*Zwangsversteigerung*) or judicial receivership (*Zwangsverwaltung*). The lien exists and is called land charge. According to Paragraph 12 of the GPTA (GrStG), the real property tax rests on the tax object as a public burden. The public encumbrances resting on real estate as such are excluded from registration in the land register, unless their registration is specially permitted or ordered by law. A land charge holder has a claim against the property owner for foreclosure (*Zwangsvollstreckung*).¹⁵¹

The land registers are kept by the local courts (land registries). They are responsible for the properties in their district. Its list contains following information: owner, reason for registration, encumbrances and restrictions on the land plot, as well as mortgages.

Article 28 of the German Basic Law stipulates that financial sovereignty belongs to the right to self-government. It guarantees the municipalities the authority to manage their own income and expenditure within the framework of a legally regulated budget system. Local finances are controlled by the internal local audit (*örtliche Rechnungsprüfung*)¹⁵² as well as the Audit Office which is independent in its objective assessment of the audit procedures and is not bound by any instructions from other bodies.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The current land tax law was passed on 7 August 1973. However, due to a judgment of the Federal Constitutional Court, a substantial reform is planned soon.¹⁵³ Nevertheless, the tax enjoys a high

¹⁴⁶ For more information see: http://www.100-ee.de/fileadmin/redaktion/100ee/Downloads/broschuere/100ee-Karte_Liste_Oktober_2017.pdf

¹⁴⁷ For more information see: <http://www.kommunal-erneuerbar.de/energie-kommunen/kommunalatlas.html>

¹⁴⁸ For more information see: <http://gl.berlin-brandenburg.de/landesplanung/themen/energie/regionale-energiekonzepte-398077.php>

¹⁴⁹ For more information see: <http://www.kommunal-erneuerbar.de/kommunalratgeber/kommunalratgeber/foerderung.html>; see also p. 21 on: https://www.bbsr.bund.de/BBSR/DE/Veroeffentlichungen/BMVI/MOROForschung/2015/DL_MORO_Forschung_1_15.pdf?blob=publicationFile&v=4

¹⁵⁰ For more information see: Landsberg 2018, Grundsteuer, Säule der kommunalen Selbstverwaltung, Wirtschaftsdienst 2018/3, p. 166.

¹⁵¹ For more information see: [https://uk.practicallaw.thomsonreuters.com/2-501-6976?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&comp=pluk&bhcp=1](https://uk.practicallaw.thomsonreuters.com/2-501-6976?transitionType=Default&contextData=(sc.Default)&firstPage=true&comp=pluk&bhcp=1)

¹⁵² For more information see: <https://www.kgst.de/aufgaben-und-stellung-der-oertlichen-rechnungspruefung>

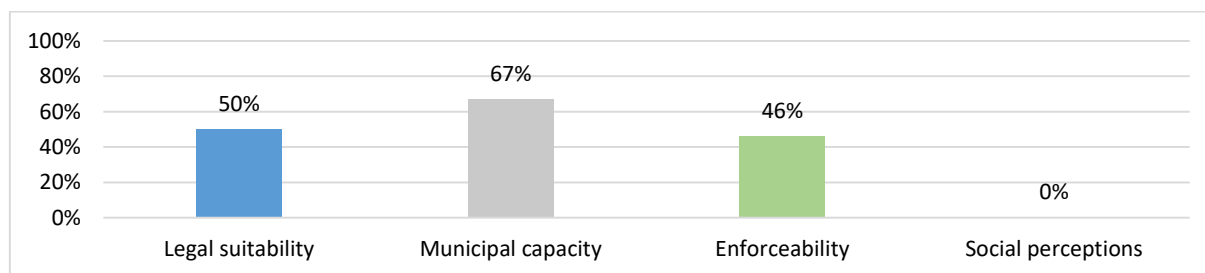
¹⁵³ Judgment of 10 April 2018: 1 BvL 11/14, 1 BvR 889/12, 1 BvR 639/11, 1 BvL 1/15, 1 BvL 12/14 https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/EN/2018/bvg18-021.html;jsessionid=7565D02AD9DAE847101591DA04F3034F.2_cid392

degree of acceptance among citizens compared to other types of tax, due to the low individual tax burden and the visibility of local expenditure. The scientific advisory board at the federal MF has already warned of the erosion of the acceptance of the property tax in 2010 and recommended a reform that has not yet taken place. The judgment in 2018 has triggered the current discussion about the possible reform of the property tax.

Country summary and take-aways:

- With a EuroPACE readiness of 89.29%, Germany is a very adequate candidate for EuroPACE development.
- Municipalities are autonomous and experienced in the administration of various EE initiatives.
- Property tax (*Grundsteuer*), which is in fact a land tax, is levied across the country; however, some changes in its structure are foreseen.
- Foreclosure is effective and takes place by public auction (*Zwangsversteigerung*) or judicial receivership (*Zwangsverwaltung*).
- The lien exists and is called a land charge.

Less adequate country for EuroPACE implementation – overall grading for suitability: 46.43%



SWOT Analysis

Strengths	Weaknesses
The majority of Greek municipalities (156) already take part in Covenant of Mayors initiatives, which can be considered a very successful rate.	The property tax (ENFIA) was imposed in 2011 as a temporary measure to increase state revenues. As a result, taxes related to property are not fully institutionalised yet. There is a lack of financial autonomy at the municipal level.
Opportunities	Threats
In Greece, the importance of grassroots movements from municipalities is increasing. The example includes the law from January 2017 on “energy communities”, which defines the role of citizens in the energy sector, giving particular emphasis to the promotion of a solidarity economy and to fighting energy poverty. It suggests there could be a strong potential for the EuroPACE initiative in the future.	Given the constant changes in the real estate tax, the default rate can be assumed to be lower than in countries with structured property tax systems. In addition, property-related taxes have become extremely unpopular. The modification of ENFIA is a hot topic in the country, especially during elections. A number of parties have promised reform; however, no reform has taken place yet. Therefore, the instability and insecurity around this tax might be a strong barrier for EuroPACE implementation.

1. Suitability of the legal framework for on-tax financing

No tangible example of a project supported by an on-tax financing mechanism has been identified in the country. However, the Uniform Tax on the Ownership of Real Estate (*ENFIA/ENΦΙΑ*) exists.¹⁵⁴ The Hellenic tax code includes three further duties at the municipal level that relate to the ownership of property: the municipality duty (*Telos Akinitis Periousias/Τέλος Ακίνητης Περιουσίας*), the duty for cleaning and lighting services, and the tax on electrified spaces.¹⁵⁵ The local authorities may impose the municipality duty on an annual basis through the electricity bill that is collected by the Public Power Corporation S.A.-Hellas (*ΔΕΗ*). The duty for the provision of cleaning and lighting services is levied on users of real estate. This is again collected via the electricity bill, while the total amount of the duty depends on the size of the property multiplied by a rate that the municipalities set. Municipalities also levy tax on electrified spaces. Municipalities may impose this tax through the electricity bill on real estate properties that are connected to the grid. As a general rule, local/regional administrations cannot establish taxes/fees on property owners who especially benefit from an existing service. However, local governments may request a payment for the electrification or road pavement of houses

¹⁵⁴ For more information see: https://www.lawspot.gr/sites/default/files/annex_files/other/parartima-pol.1008.2018.pdf

¹⁵⁵ For more information see: https://www.synigoros.gr/?i=dimotis.el.upotheseis_forologia_04;

[https://app.box.com/s/zdu7d82oxy2vmodbdraksgqn6a28gzj;](https://app.box.com/s/zdu7d82oxy2vmodbdraksgqn6a28gzj) <http://www.publicrevenue.gr/elib/view?d=/gr/act/1939/2039>

located at a distance from the centre of a densely populated neighbourhood. Finally, individuals that have acquired an apartment in Greece are often required to contribute to the communal budget by incurring “communal fees”. Such fees normally cover the management, insurance, maintenance, and repair of the shared building. Each building has a committee that is responsible for the management of the paid sum.¹⁵⁶ Water and electricity bills are also connected to property use in Greece.

While the parliament is the only legislative authority with the power to create new local taxes, the institution responsible for the collection of tax in Greece is the General Secretariat for Information Systems. Given the structure of the tax, there is no real difference in collection between urban areas and cities compared to rural or small cities. Various exemptions on individual-level property are more common.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

According to the European PPP Expertise Centre¹⁵⁷ 23 projects in a PPP format have been delivered thus far in Greece, with transport (13 projects in total) getting the biggest share. At the same time, the World Bank (WB) assures that the momentum for PPP projects administered by the municipalities is growing rapidly and the latest projects, particularly on the municipal waste management, and that “this paradigm for developing and tendering waste management PPPs sets an example for other countries and systems in using the most advanced technology while meeting EU directives and national policy, as well as in ensuring financing, environmental permitting, and a low charge for citizens.”¹⁵⁸

As for the EE strategies, 156 Greek municipalities already take part in Covenant of Mayors initiatives, which can be considered a very successful rate. REScoop.eu, the European federation for renewable energy cooperatives, is also emphasising the importance of grassroots movements from the municipalities, such as the law from January 2017 on energy communities “defining the role of citizens in the energy sector, giving particular emphasis on the promotion of a solidarity economy and on fighting energy poverty. Its wide scope on energy communities includes production, distribution and supply of energy as well as special clauses that promote energy self-sufficiency and security in island municipalities. It has an eye for the future too, as it includes new and innovative technologies such as storage, electric vehicles charging services, self-consumption and EE end use at local and regional level.”¹⁵⁹ However, given overall country’s centralisation, municipalities oftentimes find it difficult to administer all the ambitious projects without the central government’s help.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Given the constant changes in the real estate tax (i.e. in 2017, the tax was paid in five instalments instead of the announced six, as was the case in 2016), it can be assumed that the default rate is lower than in countries with structured and institutionalised property tax systems. The rules leading to penalties in cases of non-payment are transparent. According to the MF website, the tax office is able to charge penalties even if the taxpayer pays the ENFIA one day after the deadline.¹⁶⁰ “Lenders” are obliged to follow three steps in a typical default proceeding.¹⁶¹ First, the lender needs to put the debtor on notice of belated repayment, inviting the debtor to *regulate* the standing amount (ρύθμιση). If the

¹⁵⁶ For more information see: https://www.sfee.gr/wp-content/uploads/2018/01/%CE%A6%CE%95%CE%9A5%CE%91_17_01_2018.pdf

¹⁵⁷ For more information see: <http://data.eib.org/epec>

¹⁵⁸ For more information see: <https://blogs.worldbank.org/ppps/waste-not-want-not-ppps-lead-better-waste-management-greece>

¹⁵⁹ For further details on the law amendment please see: <https://www.rescoop.eu/blog/energy-communities-in-greece-new-legislation>

¹⁶⁰ For more information see: MF data <https://www.minfin.gr/web/guest/ekdoseis-anaphores>

¹⁶¹ For more information see: http://emporiko.law.uoa.gr/ptoxeftikos_kodikas.pdf;
http://www.sev.org.gr/Uploads/Documents/50636/MELETH%20SEV_PTOXEYTIKOS.pdf;
<http://www.in.gr/2018/02/15/economy/ptwxeytikos-kwdikas-oi-basikes-allages-sti-diadikasia/>

debtor ignores the notice, the borrower has the right to issue a *command* for repayment. If the debtor fails again to comply, then the lender has the right to initiate foreclosure procedures. The bank has the capacity to move forward with the liquidation of assets online. The current legal framework allows the borrower to expropriate the first property of a debtor. There is no such thing as a senior lien though. A cadastre (κτηματολόγιο) is available in areas where land registration has been completed. “Local mortgage registries (υποθηκοφυλακεία) are also operating provisionally as land registries (κτηματολογικά γραφεία). Under Law 2664/1998 on the Hellenic Cadastre, land register data may be stored and updated only electronically in areas where the Cadastre has been operating since 2003, replacing the previous system of property transfers and mortgages. The land register database is stored centrally for the whole country by the company Ktimatologio (Κτηματολόγιο Α.Ε.) and is updated by the local land registries based on their transactions.”¹⁶²

The Council of Europe (CoE) rapporteurs underline that they highly appreciate the efforts recently made by Greece, in modifying the administrative supervision system, even though there is still a lot to be improved. That is because in the course of 2013, several measures aimed at increasing tax revenue have been adopted, including imposition of the new Unified Property Tax. Moreover, an *ex-ante and ex-post* control over local budgets has been put in place.¹⁶³

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The ENFIA was imposed in 2011 as a temporary measure to increase state revenues. As a result, taxes related to property are not fully institutionalised yet. Following the introduction of a number of new provisions and rate-hikes since the implementation of the regime of austerity, property-related taxes have become extremely unpopular. The modification of ENFIA is a hot topic in the country, especially during the time of elections. A number of parties have promised to reform (reduce the rate/limit the scope of) ENFIA; however, no reform has taken place.

Country summary and take-aways:

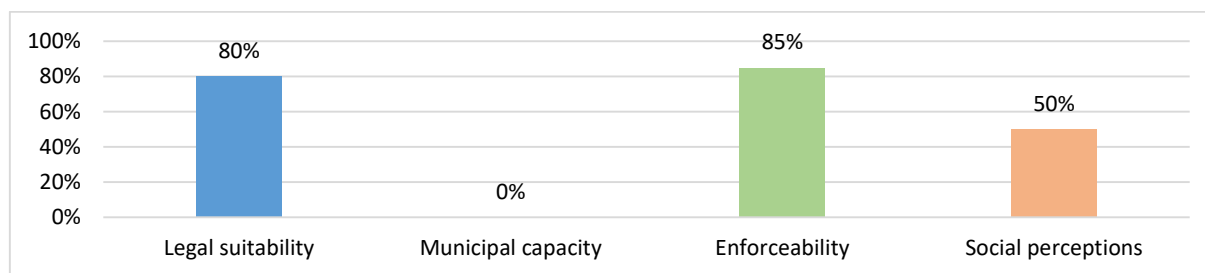
- With a EuroPACE readiness of 46.43%, Greece is a less adequate country for EuroPACE development.
- The ENFIA was introduced in 2011, thus cannot really be considered a stable mechanism.
- Changes in the tax scheme are common and unpredictable.
- Effective foreclosure procedures exist. Procedures are clear and transparent.
- There is no such thing as a senior lien.

¹⁶² For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-el-maximizeMS-en.do?member=1

¹⁶³ For more information see: https://rm.coe.int/168071980e#_Toc413846793

Hungary

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 71.43%



SWOT Analysis

Strengths	Weaknesses
Local budgets are constrained by only very broad centrally defined limits. Restrictions existing in other countries are absent what could ease the financial management part of EuroPACE.	Social perception of municipal taxes rather negative.
Opportunities	Threats
There are 3 different types of municipal taxes in Hungary to which EuroPACE could be linked.	Municipalities do not have experience in cooperation with private sector which is considered invaluable in EuroPACE scheme.

1. Suitability of the legal framework for on-tax financing

No tangible example of a project supported by an on-tax financing mechanism has been identified in the country. Municipal taxes are regulated by the Act C. of 1990. This legislation regulates four types of municipal taxes, but only three are connected to property: building tax (*épitményadó*) – after every apartment, non-residential building, or lean owned by the taxpayer; land tax/lot tax (*telekadó*) – after land or lot owned by the taxpayer as of 1 January; communal tax (*kommunális adó*) – the private person owning a structure or land or holding the right of lease of a flat that is not in the ownership of a private person on the first day of the year.¹⁶⁴ Building tax, which may be levied by the municipalities, is paid by the owner of a building. The tax can be based on the net floor space of the building expressed in square metres or on the adjusted market value of the building. The tax liability may be up to HUF 1,100 per square metre (which may be adjusted annually by the municipalities based on the consumer price index, as published by the Hungarian Central Statistical Office), or 3.6% of the adjusted market value. Land tax, which also is levied by the municipalities, is paid by the owner of land. The tax can be based on the area of the land in square metres or on the adjusted market value of the land. The tax rate is set by the local government, but it should not exceed HUF 200 per square metre (which may be adjusted annually by the municipalities based on the consumer price index, as published by the Hungarian Central Statistical Office), or 3% of the adjusted market value.¹⁶⁵ There are some additional bills which are linked to the properties: water; electricity; natural gas; and internet, television, and phone. Bills for garbage can be contained by the communal tax. Some municipalities finance garbage collecting from the incomes of communal tax. In some other municipalities, garbage collection is handled by a private firm, so the bills must be paid to them.¹⁶⁶

¹⁶⁴ Defined in 30. § of Act C. of 1990

¹⁶⁵ For more information see: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-hungaryguide-2017.pdf>

¹⁶⁶ Defined in 1. § of Act C. of 1990 (since taxes are the income of the municipality, they can finance their development and social functions with it).

Local authorities are fully responsible for tax collection from their respective areas. The collection method of taxes is the same in urban areas and in the cities.¹⁶⁷ The local tax authorities are called NAV (*Nemzeti Adó és Vámhivatal*). Local municipalities can also impose new taxes, or they can freely adjust the tax rate, since only the maximum rates of taxes are defined in the law.¹⁶⁸ This means that, in practice, Hungarian municipalities have the right to levy property tax and land tax at their own discretion until the relevant caps are reached.

There can be some difference between the tax rates in cities and rural areas. There are even differences in the tax rates between the districts of Budapest. In general, the tax rates are slightly higher in the cities.¹⁶⁹ No significant differences are observed at the individual property level.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

In general, municipal capacities concerning on-tax mechanisms are moderately developed. First, PPPs are not specifically regulated at the local level in Hungary. Review and coordination procedures, compliance with national development goals, and restrictions on non-debt liabilities only apply to projects proposed by the central government. The State Audit Office (SAO) has confirmed that even they are not in a position to present municipal-level PPP projects, unless the municipality was involved in an audit, or there were central funds provided in this particular local scheme.¹⁷⁰

Second, local sustainable strategies have not been fully implemented yet. Only 40 municipalities¹⁷¹ take part in any of the Covenant of Mayors activities, out of which five are Budapest districts. Some other issues related to energy are in fact still outstanding. According to the International Energy Agency (IEA), it is high time for the “government to develop a comprehensive and self-explanatory programme for the implementation of full retail market liberalisation, including the elimination of administratively determined end-user prices and the adoption of more ambitious targets for EE to support the wider energy policy goals of energy security, affordability, and sustainability”.¹⁷² The assessment of these policies on a local level stipulates that even more should be done as municipal administration is not effective in its tasks.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

In cases of non-payment, penalties and interest rates are in place. When an owner defaults on his/her taxes, the National Tax and Customs Administration of Hungary (NTCA) or the local government may apply a fine. If the payment is still missing, the NTCA can issue enforcement proceedings on incomes and properties. If the debtor owns property, the executor seizes the property. After this step, the executor writes to the Land Registry Office to record the enforcement right on the property. Additionally, the enforcement of the pledge have been broadened, new legal institutions have recently been introduced, and municipalities gained rights which overall can be assessed as an authority to impose senior liens.¹⁷³

The Hungarian Land Register is managed by the Ministry of Rural Development (*Vidékfejlesztési Minisztérium*) and the Land Offices (*Földhivatal*). The official website of the Land Offices of Hungary provides information on the countrywide network of Hungarian land offices and gives access to the entire network of land administration institutions. This division makes the title search difficult. According to the real estate agents the Hungarian registers are in a poor shape and its reconstruction

¹⁶⁷ Enacted in Act LXXIV. of 2014 140. §

¹⁶⁸ Defined in 6. § and 7. § of Act C. of 1990.

¹⁶⁹ For more information see: <http://taxsummaries.pwc.com/ID/JDCN-89HSKT>

¹⁷⁰ http://www.lgidev.com/tl_files/lgid/Gabor%20publications/21_Peteri-PPP.pdf

¹⁷¹ Hungary is subdivided administratively into 19 counties (*megyék*) and the capital city (*főváros*) Budapest. The counties are further subdivided into 174 districts (*jársók*, singular: *járás*). The capital Budapest is subdivided into 23 districts (*kerületek*, singular: *kerület*).

¹⁷² For more information see:

<https://www.iea.org/publications/freepublications/publication/EnergyPoliciesofEACountriesHungary2017Review.pdf>

¹⁷³ For more information see: <https://ggiforum.com/law/debt-collection-insolvency/415-changes-to-lien-regulation-in-hungary.html>

would be time-consuming. They claim that even property ownership is not always clear in Hungary. “A few years ago it was an everyday affair for unscrupulous owners to sell their houses twice because the land office was so sluggish that property titles were not transferred for months if not years.”¹⁷⁴

When it comes to local budgets, their autonomy is significant.¹⁷⁵ The local tax incomes are the income of the municipality and the funds can thus be used for financial settlements or for financing social obligations. Municipalities can determine how they want to use their funds. At the same time, SAO reports the activity of the local governments on a regular basis.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The first laws concerning local taxation came about following Hungary’s political transition in 1990. This legislation included general rules about property-related taxes. The most important modification was in 2015, and since then, municipalities are able to introduce taxes on every property which is not taxed by another law (i.e. in Óbuda, ships can be taxed). This gives municipalities strong negotiating power and makes tax a stable tool. Across society, property-related taxes are considered moderate to high, even for “old EU” standards. Moreover, as some municipalities decided to make the most of their authority and introduce a high tax on agricultural land from the very beginning (although there was a transition period), which is still quite controversial,¹⁷⁶ such moves were criticised by the majority of the population.

Country summary and take-aways:

- With a EuroPACE readiness of 71.43%, Hungary is a moderately adequate candidate for EuroPACE development.
- There are four types of municipal taxes, with three being linked to property, which could enhance the application of EuroPACE.
- Enforceability is satisfactory with foreclosure procedures that can be seen as effective.
- Recently, the establishment of the lien has been simplified and the enforcement of the pledge have been broadened what gave municipalities new rights which overall can be assessed as an authority to impose senior liens (though these are not always mentioned in land registries).
- However, property ownership is not always clear as registries are not fully updated.

¹⁷⁴ For more information see: <http://hungarianspectrum.org/2009/05/14/the-latest-outrage-in-hungary-introduction-of-property-taxes/>

¹⁷⁵ For more information see: <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN013818.pdf>

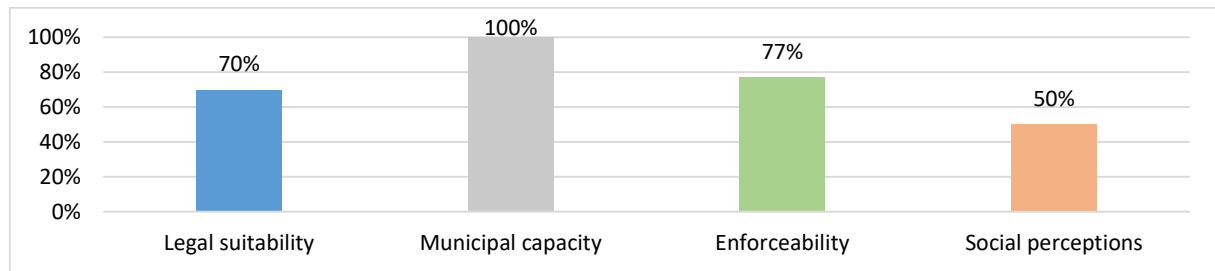
¹⁷⁶ During the forming of the reform, there were already some concerns, just for example:

http://hvg.hu/gazdasag/20141121_Megtiltanak_a_termofold_tulajdonlasanak_m

According to a database downloadable from the Hungarian State Treasury (<https://hakka.allamkincstar.gov.hu/>), 30 municipalities decided to tax agricultural land. Overall, the database contains 157 special local taxes.

Ireland

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 75%



SWOT Analysis

Strengths Well-structured and transparent property taxation system with a very good collection rate.	Weaknesses The imposition of senior liens can be an expensive process undertaken only by Revenue Commissioners, not the municipality.
Opportunities Irish cities develop their own ambitious strategies on EE. For example, the “Cork City Development Plan” ¹⁷⁷ provides an exhaustive list of actions the city plans to introduce to meet ambitious sustainable development goals. Therefore, the EuroPACE mechanism might be a good complementary tool for their strategies.	Threats Mortgage lenders in Ireland may not like to be subordinated to EuroPACE. The financial industry is very strong in Ireland and has a say in legislative processes.

1. Suitability of the legal framework for on-tax financing

No single on-tax financing scheme has been tested in the country yet. An annual Local Property Tax (LPT) charged on all residential properties came into effect in 2013. Residential property is any building or structure (or part of a building) which is used as, or is suitable for use as, a dwelling and includes grounds of up to one acre. The LPT does not apply to development sites or farmland.¹⁷⁸ Under the Waste Management Act 1996, all local authorities must arrange for the collection of the household waste in their area. They must also provide or arrange for the provision of facilities for the disposal and recovery of household waste. Waste charges and methods of payment vary considerably depending on the municipality.

Since 1 July 2013, the LPT has been collected by Revenue Commissioners, which is the Irish Government agency responsible for customs, excise, taxation, and related matters.¹⁷⁹ Local authorities retain only 80% of the LPT raised in their area while the remaining 20% is paid into an Equalisation Fund which is distributed to local authorities that cannot raise adequate amounts of revenue locally via the LPT. The equalisation mechanism is complex—while the principle of equalisation is well established as a necessary means to take account of differences in the needs and resources of different areas, according to some experts, the mechanism has damaged the link between the tax and the provision of local services, which may be an important factor in gaining public support for the tax and, thus, local authorities should retain all the tax raised in their areas.

¹⁷⁷ For more information see:

http://www.corkcity.ie/services/environmentrecreation/corkcityenergyagency/relevantpolicyandregulation/citydevelopmentplan/DPCorkCity_chapter07.pdf

¹⁷⁸ For more information see:

http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

¹⁷⁹ For more information see: <https://www.revenue.ie/en/property/index.aspx>

Only the central government can decide about establishment of new local fees and taxes.¹⁸⁰ Nevertheless, since 2015, local authorities can vary the basic LPT rate on residential properties in their administrative area. The basic rates of LPT are 0.18% and 0.25% of the market value of all residential properties. These rates can be increased or decreased by up to 15% (both rates must be adjusted by the same amount). This is referred to as the local adjustment factor.¹⁸¹ The latest list of local authority LPT adjustments is always available on the revenue.ie website.¹⁸²

As the LPT for all years up to 2019 is based on the self-assessed market value of residential properties at 1 November 2013 prices, which back then were different between cities (particularly Dublin) and rural areas, and today are believed to be even more; it is a general rule that citizens living in urban areas pay more. Additionally, as the statistics show, city councils tend to use their power of increasing the tax rate up to 15%.¹⁸³ Some exemptions at the individual property level are possible, but given the strict criteria, a marginal percentage of citizens are eligible to defer the tax.¹⁸⁴

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

Municipalities are more and more experienced in PPP projects. According to the data provided by the Central PPP Policy Unit at the Department of Public Expenditure and Reform,¹⁸⁵ tendering periods are longer for projects that do not involve private finance, with the majority of such projects procured precisely by local authorities, which confirms the efficiency of this form of cooperation. Although the topics of common projects vary significantly, municipalities are particularly interested in infrastructure and energy and climate initiatives, with the Dublin Waste to Energy Facility project being a recent successful example.¹⁸⁶

The Republic of Ireland, which is divided into 26 County Councils, 3 City Councils, and 2 City and County Councils,¹⁸⁷ has a good track record of local actions towards EE. Apart from 12 SEAPs signed, the cities have developed their own ambitious strategies in this respect. For example, the “Cork City Development Plan”¹⁸⁸ prepared by the Cork City Council, provides an exhaustive list of actions the city plans to introduce in order to meet the ambitious goals related to sustainable development. Although some great examples of projects or bodies facilitating the execution of national initiatives at the local level exist, with Codema – Dublin’s Energy Agency¹⁸⁹ being an unquestionable frontrunner, to our best knowledge, a similar efficiency in administering projects in municipalities is rather rare given limited resources. However, initiatives such as the Home Renovation Incentive (HRI)—relief from income tax for homeowners, landlords, and local authority tenants—compensate for local administrations’ limitations. The HRI Tax Credit for repairs, renovations, and improvements to homes or rental properties can be claimed easily, which results in ever increasing interest in the scheme.¹⁹⁰

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

¹⁸⁰ For more information see:

http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

¹⁸¹ For more information see:

http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

¹⁸² The website with the latest list of LPT adjustments: <https://www.revenue.ie/en/property/local-property-tax/valuing-your-property/has-your-local-authority-rate-changed.aspx>

¹⁸³ See more on local and regional differences: <https://www.revenue.ie/en/property/local-property-tax/index.aspx>

¹⁸⁴ For more information see: <https://www.revenue.ie/en/property/local-property-tax/deferral-of-payment/index.aspx>

¹⁸⁵ The most up-to date data is available at the Central PPP Policy Unit website: <https://ppp.gov.ie/ppp-projects/>

¹⁸⁶ For more information see: <https://www.dublinwastetoenergy.ie/>

¹⁸⁷ The structure provided by the Department of the Environment, Community, and Local Government: <https://www.housing.gov.ie/local-government/administration/local-government-administration>

¹⁸⁸ Document available online:

http://www.corkcity.ie/services/environmentrecreation/corkcityenergyagency/relevantpolicyandregulation/citydevelopmentplan/DPCork_City_chapter07.pdf

¹⁸⁹ The list of projects with Codema’s involvement is available online: <http://www.codema.ie/projects/local-projects>

¹⁹⁰ For more information see: <https://www.revenue.ie/en/property/home-renovation-incentive/hri-for-homeowners-and-landlords/index.aspx>

Since its introduction in 2013, the LPT is paid annually and the average compliance rate of payment stands at 97%, resulting in tax revenue of EUR 463 million (data for 2017).¹⁹¹ Each return sent out by Revenue Commissioners includes a notice of the Revenue Estimate of the tax due. If a liable person does not submit a return, the Revenue Estimate will become payable by default and Revenue will collect the amount due. Revenue can use a range of collection options, including among others mandatory deduction from salary, wages, or occupational pension. In most cases, interest charges of 8% per annum and additional penalties may also apply.¹⁹²

Foreclosures related to tax delinquencies exist. The Revenue Commissioners will be entitled to sell the property without the consent of the debtor, in much the same way as a bank or building society may foreclose on a mortgage where the borrower is in arrears.¹⁹³ Liens can only be imposed by the Revenue Commissioners.

The Residential Property Price Register includes the date of sale, price, and address of all residential properties purchased in Ireland since 1 January 2010, as declared to the Revenue Commissioners, for stamp duty purposes. This is why property-related tax information is also covered. Additionally, the Central Statistics Office publishes its Census Reports¹⁹⁴ on a regular basis (usually every five years) and the latest edition from 2016 provides some valuable insights on all residential buildings across the country. Particularly, the “Housing and Households” is of great importance.¹⁹⁵

The Local Government Act provides the legislative basis for the local authority budget process. The budget is developed in a phased process involving input from the Chief Executive, the Municipal District members, and the Corporate Policy Group. It is a matter for each local authority to determine its own spending priorities in the context of the annual budgetary process, having regard to both locally identified needs and available resources.¹⁹⁶ Apart from the general budget, some targeted accounts might be opened if needed.¹⁹⁷ Each local authority is required to prepare an Annual Financial Statement (AFS) by the end of March following the year end and to publish it by the end of June. These financial statements undergo an independent audit by the Local Government Audit Service of the Department. When all audits are complete, the Department publishes a consolidated Annual Financial Statement publication compiled from the Audited Financial Statements published by each local authority.¹⁹⁸

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The LPT came into effect in 2013 and major changes are still being discussed; thus, it is difficult to classify it as stable and institutionalised.¹⁹⁹ When it was first introduced, there were mass protests against the new tax, particularly due to the timing, as Ireland was right in the middle of a recession. Although the structure of the tax is still criticised (though the tax rates are frozen until the 2019/2020 fiscal year), the government is trying to find a solution and satisfy the citizens by organising public consultations on the future of the LPT. Such endeavours are appreciated by all the interested stakeholders.²⁰⁰

Country summary and take-aways:

- With a EuroPACE readiness of 75%, Ireland is a moderately adequate candidate for EuroPACE development.
- There is an annual Local Property Tax (LPT) charged on all residential properties.

¹⁹¹ For more information see: <https://www.revenue.ie/en/corporate/press-office/press-releases/2018/pr-050118-2017-lpt-statistics.aspx>

¹⁹² For more information see:

http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

¹⁹³ For more information see: <https://taxinstitute.ie/Portals/0/Tax%20Policy/45 - 54 ITR Sept 2008 web-2.pdf>

¹⁹⁴ For more information see: <https://www.cso.ie/en/census/>

¹⁹⁵ For more information see: <https://www.cso.ie/en/statistics/housingandhouseholds/>

¹⁹⁶ For more information see: <https://www.housing.gov.ie/local-government/administration/finance/local-government-finance>

¹⁹⁷ For more information see: <http://www.publicpolicy.ie/finances-local-government-ireland/>

¹⁹⁸ For more information see: <https://www.housing.gov.ie/local-government/administration/finance/local-government-finance>

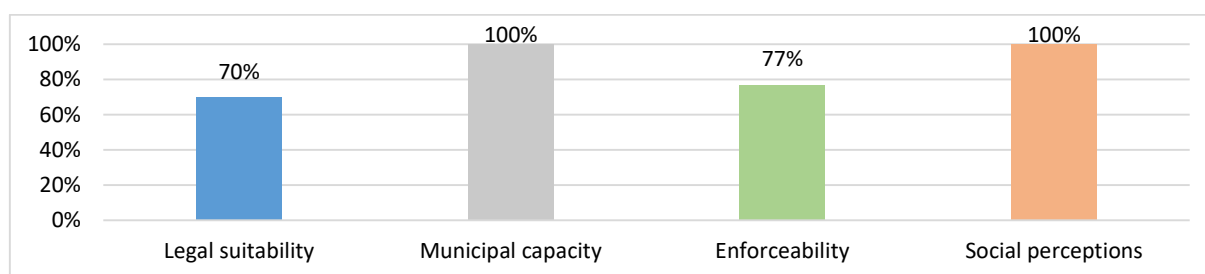
¹⁹⁹ For more information see: <https://www.finance.gov.ie/updates/minister-donohoe-announces-review-of-the-local-property-tax/>

²⁰⁰ For more information see: <https://www.finance.gov.ie/updates/public-consultation-on-review-of-local-property-tax-lpt/>

- The LPT only came into effect in 2013 and is still unstable given planned changes in the scheme.
- Effective foreclosure procedures exist. However, as confirmed by in-country experts, mortgage lenders in Ireland may not like to be subordinated to EuroPACE – the financial industry is very strong in Ireland and has a say in legislative processes.
- Liens on a property exist but can only be imposed by the Revenue Commissioners, not the municipality.

Italy

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 78.57%



SWOT Analysis

Strengths	Weaknesses
At the local level, the regions have a direct role in the implementation of the NREAP. The local equivalent of the Covenant of Mayors represents more than 90% of Italian municipalities.	The legal framework, although standardised, might be problematic given: the frequency of changes in the property tax structure; significant exemptions at the individual property level; the limited ability to implement foreclosure procedures; and the time-consuming procedure for senior lien imposition.
Opportunities	Threats
Italian municipalities are active players in diverse initiatives: PPPs and EE programmes or actions. They are also independent in the implementation of the National Energy Strategy and have full control over their budgets and expenses. This provides a good opportunity for EuroPACE advocates to introduce and encourage its implementation.	Although the Italian legal framework is well structured, the fact that it has numerous exceptions may create risks for potential investors concerning EuroPACE implementation and limit the client base. The capacity to collect property tax is relatively low and differentiated across the country, with an average tax gap of 25%. Higher levels of compliance are observed in the north (with a tax gap of less than 20%) and centre with respect to the south (with a tax gap up to 40%).

1. Suitability of the legal framework for on-tax financing

To our best knowledge, the system of on-tax financing has not been tested in the country yet. Since 2018, there is one property tax (*IUC - Imposta unica comunale*) which is made of three components.²⁰¹ *Tassa sui rifiuti (TARI)* is one part of the tax and a waste management fee, which is administered locally by each municipality (comma 639 Legge 147/2013). Each municipality can decide the tax rate. Usually, the amount of the fee depends on the size of the property and the number of family members. As of 2018, an increasing number of municipalities have been introducing different ways of charging for waste management, mainly related to the quantity and type of waste produced. Water supply intended for human consumption (drinking water), the collection and disposal of waste water and meteoritic water, and sewage are carried out by public companies on the basis of authorities granted by local communities. Each municipality can decide the modality of the service and the tax rate. Additional bills related to property, such as electricity and gas bills, are regulated through the Italian Regulatory Authority for Energy, Networks, and Environment (ARERA).²⁰²

Each municipality is responsible for the collection mechanism of the different types of property-related taxes as described above (i.e. IMU, TASI, TARI), although a share of the revenue of some taxes has to

²⁰¹ For more information see:

http://www1.finanze.gov.it/finanze2/dipartimentopolitichefiscali/fiscalitalocale/IUC_newDF/sceltaregione.htm

²⁰² For more information see: <https://www.arera.it/it/inglese/index.htm>

be transferred to the central government. As mentioned above, the IMU tax rate is 0.76% of the value and can be modified by each municipality by + or - 0.3% (comma 676-678 Legge 147/2013). The TASI tax rate is 0.1% of the value and can be modified or deleted by each municipality (comma 688-690 Legge 147/2013). In any case, the sum of tax rates for the IMU and TASI cannot exceed 1.6%. Overall, the degree of freedom of each municipality is limited by the respect of the balanced budget objective, which is now imposed by the central and local government (comma 707-729 Legge 147/2013; Legge 243/2012).

Each municipality can, in principle, establish exemptions related to the IMU and TASI in order to take into account specific characteristics of the territory. However, the freedom of local municipalities is always constrained by the balanced budget objective. Analyses related to 2012 show that two-thirds of municipalities did not modify the tax rate on the main residence, 6.4% of municipalities reduced the standard tax rate, 17.8% of municipalities increased up to 1% the standard tax rate, while 7.5% of municipalities increased up to 2% the standard tax rate. Overall, higher tax rates are found in large cities.²⁰³

The situation with individual exemptions is more controversial. The exemption of (most) main residences from payment of property tax is the main exemption which affects most owners, making the property tax a residual one. Starting from 2016, the first two components of the “property tax” – the *IMU* and *TASI* – are no longer due for the main residence (with the exception of luxury flats, villas, castles, and palaces of historic or artistic importance), which is the house where individuals usually live and have their residence. This exemption has been established by the central government and applies to all municipalities: of the almost 56.4 million properties, about 33.4 million are main residences, which corresponds to almost 60% of the stock of properties of individuals, about 5.3 million (or 9.4% of the total) are rented properties, and almost 1.3 million (2.3% of the total) are properties granted for free to other family members.²⁰⁴

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

PPPs have increased substantially, from 331 in 2002 to 3,187 actions related to more than EUR 13 billion in 2016. Roughly 81% of actions were promoted by municipalities, while the remaining 19% were promoted by other subjects, such as other local institutions and providers of public utilities and services. Between 2012 and 2016, 50% of Italian municipalities were active in at least one PPP.²⁰⁵

Within the NREAP, 2020 renewable energy targets are ambitious. At the local level, the regions have a direct role in the implementation of the National Energy Strategy defined in the NREAP. Furthermore, the national equivalent of the Covenant of Mayors – ANCI, represents more than 90% of Italian municipalities. At the end of 2017, ANCI commented on the National Energy Strategy, focusing on the importance of actions aimed at implementing at the local level: innovation of public lighting, the use of ICT to monitor and check uses of energy, soft policy measures, and the financing of the efficiency improvement of public buildings to show best practices.²⁰⁶ Since 2014 (D.Lgs. 102/2014), the National Fund for Energy Efficiency sustains the actions needed to achieve the national targets, involving private and public financing actors. The Fund sustains the actions implemented by firms and public bodies on buildings and productive processes. For local public administrations, the grants obtained through the Fund can cover up to 100% of the costs.²⁰⁷

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

²⁰³ For more information see: MEF, 2013 http://www.mef.gov.it/primo-piano/documenti/Bozza_documento_IMU_rev.pdf

²⁰⁴ Gli Immobili in Italia 2017

https://www.agenziaentrate.gov.it/wps/file/Nsilib/Nsi/Agenzia/Agenzia+comunica/Prodotti+editoriali/Pubblicazioni+cartografia_catasto_mercato_immobiliare/Immobili+in+Italia/Gli+immobili+in+Italia+2017/capitolo+1/Capitolo1.pdf

²⁰⁵ For more information see: Osservatorio Nazionale del Partenariato Pubblico Privato

²⁰⁶ <http://www.sviluppoeconomico.gov.it/index.php/it/198-notizie-stampa/2037347-strategia-energetica-nazionale-oggi-la-presentazione>

²⁰⁷ <http://www.sviluppoeconomico.gov.it/index.php/it/energia/efficienza-energetica/fondo-nazionale-efficienza-energetica>

The capacity to collect property tax is clearly differentiated across the country with an average tax gap of 25%. Higher levels of compliance are observed in the north (with a tax gap of less than 20%) and centre with respect to the south (with a tax gap up to 40%).²⁰⁸ This is because the additional interest rates and penalties that can be used in cases of deliberate non-payments are imposed more by some municipalities than the others. If the tax payer declares his willingness to pay a previously omitted tax, the additional interests range between 0.1-5% depending on the delay in the payment.²⁰⁹ If the tax payer evades the tax, the sanction can be between 100-200% of the original amount.

The municipalities are responsible for checks and inspections related to the payment of the property tax. They must notify the relevant authorities by 31 December of the fifth year after the period in which the tax was due (comma 161, Legge 296/2006). In light of this procedure, standardised foreclosure procedures related to properties apply in cases of evaded taxes but have some limits and constraints, particularly when it comes to its length. Moreover, the main residence cannot be subject to a foreclosure proceeding if the single debt is less than EUR 20,000 and the total debt of the tax payer is less than EUR 120,000. It is also not possible to start the foreclosure proceeding if the tax payer does not own any other residence. Before the foreclosure proceeding, a senior lien on the property must be imposed for a period of six months. The establishment of the senior lien is not direct but through the court (Civil Law, Article 2808 and following). The Revenue Agency must inform the taxpayer sending him a payment note and wait for 60 days to check whether the tax payer is willing to pay the due tax. After six months from the senior lien on property, it is possible to proceed with a foreclosure procedure (DI 2/3/2012, n. 16; DI 21/6/2013, n. 69, art. 52).²¹⁰

When a lien becomes a fact, it is included in the relevant property titles. All properties in the national territory are registered in the Catasto which is managed by the Italian Revenue Agency, an Agency of the Ministry of Economy and Finance. SISTER is a web portal dedicated to private individuals and professionals and provides advanced cadastral services, such as cadastral data queries, digital map abstract and online cadastral map requests, and information on existing property liens.²¹¹

On the budgetary side, the municipalities are fully in charge of the structure of their expenses; however, most of the resources are transferred from the central government. Earmarked budgets, although mentioned in the law (art. 6 del D.Lgs. 23/2011), are still limited in terms of overall revenue, but are of growing interest for the municipalities. Between 2007-2014, only 25 municipalities (520,000 inhabitants) introduced an earmarked tax. A more flexible example of an earmarked tax is the tourism tax (art. 4 D.Lgs. 23/2011) which has been introduced in many municipalities and the revenue of which can be used to improve public services.²¹² Furthermore, municipalities cannot be indebted over certain limits as defined in the Internal Stability and Growth Pact to guarantee respect for the balanced budget objective, which is now imposed by the central and local government (Legge 243/2012). Municipal budgets are monitored and controlled annually ex-post by the Corte dei Conti (*Testo unico delle leggi sull'ordinamento degli enti locali*).

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Over the last ten years, the property tax has been modified several times. First, in 2008, the previous tax (ICI) was abolished for main residences. Then, starting from the beginning of the 2012 fiscal year, the property tax was redesigned to the IMU (for main residences as well). In 2013, the property tax on main residences was suspended. In 2014, the TASI was introduced for both main and other residence. Finally, in 2016, the TASI on main residences was abolished. As expected, property tax is one of the most salient taxes and is always a matter for debate during elections, with different political parties attempting to reduce or abolish it at various times. For example, in 2008, the right-wing government

²⁰⁸ For more information see: <https://www.truenumbers.it/evazione-imu-regioni/>

²⁰⁹ The interest rates are defined centrally with a Decree of the Minister of Economic and Finance (e.g. Decreto del Ministero dell'Economia e delle Finanze 13 Dicembre 2017).

²¹⁰ <https://www.agenziaentrateriscossione.gov.it/Per-saperne-di-piu/le-procedure/procedurecautelariieesecutive/>

²¹¹ For more information see: <https://www.agenziaentrate.gov.it/wps/content/Nsilib/NSE/Services/Cadastral-services/>

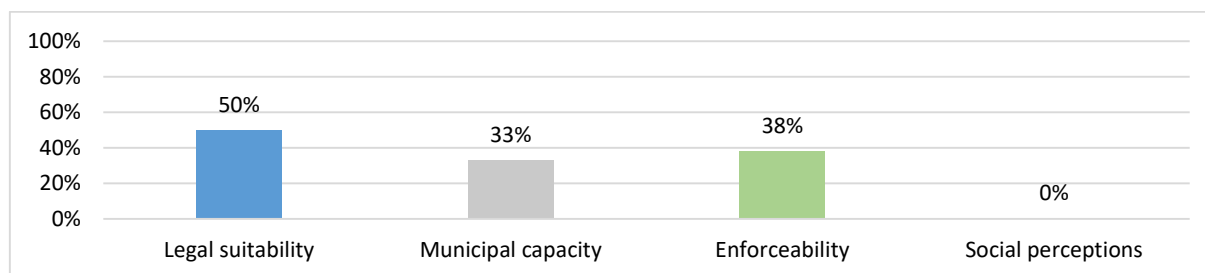
²¹² IFEL, Le imposte di scopo e il finanziamento dello sviluppo locale, 2016

abolished the ICI on main residences, while in 2016, the left-wing government abolished the TASI on main residences.

Country summary and take-aways:

- With a EuroPACE readiness of 78.57%, Italy is a moderately adequate candidate for EuroPACE development.
- As of 2018, there is one property tax (*IUC - Imposta unica comunale*), which is made of three components.
- However, the property tax is not a stable scheme – it is one of Italy’s most salient taxes and is always a matter for debate during elections.
- Standardised foreclosure procedures related to properties apply in cases of evaded taxes but have various limitations.
- Municipalities can impose senior liens on properties, but this is an extremely rare case given its numerous constraints.

Less adequate country for EuroPACE implementation – overall grading for suitability: 39.29%



SWOT Analysis

Strengths	Weaknesses
Despite the lack of an effective foreclosure process in cases of property-related tax delinquencies and its negative social perceptions, the real estate tax is collected regularly and effectively. Moreover, citizens are accustomed to relatively high rates of tax, as opposed to the other CEE countries, except Slovenia.	Various differences in the tax rate at the regional and individual property level have been identified.
Opportunities	Threats
Municipal interest in SEAPs and other EE-oriented strategies is growing. There is still great market potential for EE-schemes.	Latvia has the highest rates of property-related tax among the Baltic states and there is a strong negative perception towards it.

1. Suitability of the legal framework for on-tax financing

No single on-tax financing scheme has been tested in the country yet. However, tax for residential houses (either divided into apartment properties or not) and space used for living or similar activities (garages, basements, or storage rooms) exists. It is collected by the local authority. There are 110 municipalities and nine town districts. Each of them has their own administration and council which collects the taxes.

From January 2010, local authorities can set a progressive rate of real estate tax on their jurisdiction within a range of 0.20-0.6%.²¹³ However, only the central government can determine new local taxes. Differences in tax rates both at the regional and individual property level are significant. In fact, in 2016, Latvia collected property tax in the amount of EUR 220 million, and more than half of it was collected in Riga. Differences at the individual property level are equally common. For example, families with three or more children may, under certain conditions, receive reductions in the amount of property-related tax due by 50%, but not by more than EUR 427. For individuals, immovable property tax paid is deductible for income tax purposes if the immovable property is used commercially.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

Given the size of the country, in general, municipal capacities for the implementation of the on-tax financing mechanism are relatively limited, with no single PPP project where the municipality took part identified. For a change, lack of ambitious strategies for EE cannot be assessed so negatively as 21 municipalities (out of 110) participate in Covenant of Mayors initiatives. Given how tiny the country and its municipalities are, this is a relatively satisfactory rate. Additionally, a EUR 4 million loan has

²¹³ For more information see: www.vid.gov.lv

been provided by the European Bank for Reconstruction and Development (EBRD) to the Latvian Baltic Energy Efficiency Facility (LABEEF), a company founded by EE specialists and considered a great scheme by many.²¹⁴ However, even with ambitious strategies in place, Latvian municipalities are usually too small to handle administration-heavy projects on their own; at least no success story in this respect has been identified.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Latvia lacks effective foreclosure processes and other enforceability procedures such as senior liens for cases of property-related tax delinquencies; however, this tax is collected regularly and effectively. According to the Latvian Law on Taxes and Duties, interest is charged on late payments of tax or duty at the rate of 0.05% for every day of delay, but only up to two-fifths of the missed payment amount. There will be no charge of interest if the tax due is received within 5 business days after the failure. There are two efficient registers in Latvia which include all relevant information, including imposed liens: the cadastral information system (*kadastrs*) – used for registering the individual components of property and for consolidating these components for the purpose of recording the property in the land register; and the land register (*zemesgrāmata*) – used for recording property rights following registration of the property in the Latvian cadastral information system.

A local government shall independently develop and implement the local government budget. Binding regulations regarding the approval of local government budgets and amendments to the budget shall come into force the next day after the signing of such if another time of coming into force is not specified therein. Furthermore, they shall be freely accessible in the city or municipality council building and rural territory or city administration and they shall be published on the Internet home page of the local government.²¹⁵ The municipal work is supervised by the Ministry of Regional Development and Local Governments. State administration institutions and officials control the legality of the municipalities' activities as stated by the law, including financial activities.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The tax was established in 2010. Before this, it was imposed only on the owners of land and commercial space. Furthermore, given the numerous exceptions across the country, it is difficult to classify it as a stable scheme. Across all Baltic states, Latvia has the highest tax rates and taxes the broadest number of objects. Consequently, this results in a negative perception of property-related taxes among the citizens. A study conducted by DBO Latvia company, revealed that the share of property tax among all tax revenues is not large, at 2.28%; however, the calculation of cadastral values in Latvia is deemed by many as flawed. "The cadastral value is calculated based on the property transactions in the neighbourhood. If there is a hut next to a palace, and the palace has been sold three times for a higher and higher price, the hut's cadastral value will grow along, even though its actual value has not improved."²¹⁶

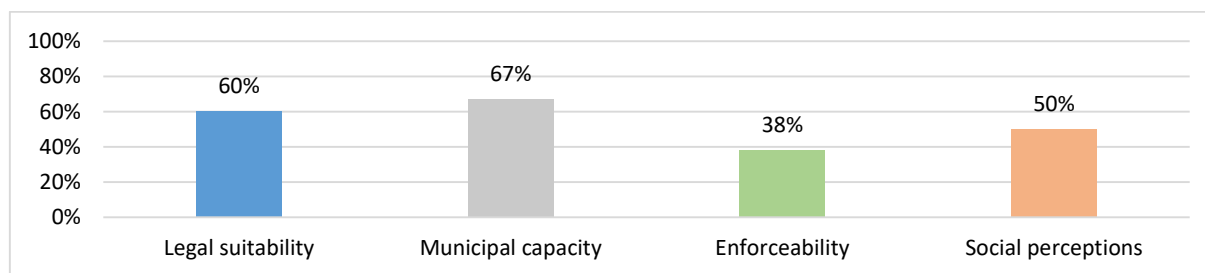
Country summary and take-aways:

- With a EuroPACE readiness of 39.29%, Latvia is a less adequate candidate for EuroPACE development.
- A tax for residential houses exists but cannot be considered a fully stable scheme.
- Municipalities lack the capacities needed for technical project administration.
- Enforceability of the tax is poor.

²¹⁴ For more information see: <https://www.ebrd.com/news/2017/ebd-supports-innovative-energy-efficiency-in-latvia.html>

²¹⁵ For more information see: On Local Governments vvc.gov.lv

²¹⁶ For more information see: https://www.baltictimes.com/latvia_s_property_tax_is_unfriendliest_in_the_baltics/

Less adequate country for EuroPACE implementation – overall grading for suitability: 50%**SWOT Analysis**

Strengths	Weaknesses
The Task Force on Municipality Audit (EUROSAL TFMA) was established to exchange best practices and experiences to reach audit results that have a substantial impact on improving public financial management. EuroPACE (or any private capital) would most likely be welcomed by this influential body.	The majority of Lithuanian residents are not paying property tax for their housing, as the tax is applied only on properties with a market value exceeding EUR 220,000.
Opportunities	Threats
The Association of Local Authorities (ALAL) has been implementing a broad set of projects in the field of EE, such as the renovation of public buildings or the modernisation of street light networks, which could provide a good foundation for EuroPACE application.	Lack of effective foreclosure procedures in cases of non-payment.

1. Suitability of the legal framework for on-tax financing

No single on-tax financing scheme has been tested in the country yet. However, real estate (property) tax (*Nekilnojamojo turto mokestis*) is levied on the value of immovable property. The tax rate ranges from 0.3-3%, depending on the local municipalities. Additionally, there are 10 regional waste management systems in the country and each of them has its own rules approved at the local level. Although the rules vary, fees are quite similar across the country.²¹⁷ All these taxes are collected by the state tax inspectorates who then transfer to municipal budgets all tax revenue attributed to them.²¹⁸

Furthermore, according to Chapter X Article 121 of the Lithuanian constitution, “municipal councils shall have the right, within the limits and according to the procedure provided for by law, to establish local dues, and to provide for the leverage of taxes and duties at the expense of their own budget. Municipal councils may provide for tax and levy concessions at the expense of their own budgets”.²¹⁹ At the same time, only central government is eligible to establish new local taxes.

As the tax is applied only on properties valued at over EUR 220,000, which, statistically, are more common in cities than in rural areas, it is possible to assume that the difference in the amount of tax collected across the regions is significant. Furthermore, as this tax is applied only on properties with a high market value, the majority of Lithuanian residents are not paying property tax for their housing.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

²¹⁷ For more information see: <https://www.sciencedirect.com/science/article/pii/S0360544217319862>

²¹⁸ For more information see: https://aijcrnet.com/journals/Vol_3_No_8_August_2013/5.pdf

²¹⁹ For more information see: <http://www3.lrs.lt/home/Konstitucija/Constitution.htm>

Lithuania participates in 43 projects (in the framework of PPP) concerning energy, management of waste, and culture, among others. Furthermore, 21 out of 60 Lithuanian municipalities are involved in these projects.

Second, some major EE strategies at the local level can be identified. Apart from the SEAPs (15), ALAL, an influential body with representation in Vilnius and Brussels, “has taken note of the increasing interest expressed by Lithuanian municipalities, which are already implementing a broad set of projects in the fields of EE, such as the renovation of public buildings and the modernisation of street light networks, and renewable energy (solar collectors and biomass)”.²²⁰ There are also several national programmes to support municipalities in the implementation of EE solutions. The biggest one is probably the Energy Efficiency Fund (ENEF) – the first EU fund from the 2014-2020 perspective spent on public buildings retrofits and the modernisation of street lighting. However, no significant engagement from municipalities within this framework has been identified.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

The enforceability of local taxes is effective, but only to a certain extent. In 2017, EUR 127,638 was transferred (EUR 21,777 or 20.6% more than planned initially) as a result of a successful and regular property tax collection scheme.²²¹ The 20.6% difference is related to the fact that less exemptions have been given. According to Article 50, Application of Sanctions of the Lithuanian Law on Tax Administration: “In cases where the violations of tax laws indicated in Article 49, have been perpetrated penalties shall be imposed to economic entities namely, enterprises, institutions and organisations for violations as follows: a penalty of 10%, calculated on the income (receipts) of the past 12 months or a tenfold penalty on income.” Additionally, foreclosures are not possible.

Article 127 of the Lithuanian Constitution clearly states that the “budgetary system of the Republic of Lithuania shall consist of the independent State Budget of the Republic of Lithuania and independent municipal budgets.” No single example of an earmarked budget has been identified, though, as the country is considered small and most of the initiatives are administered by the central government, at least to some extent. Municipal finances are controlled by the Task Force on Municipality Audit (EUROSAI TFMA) created in Luxembourg in June 2016. The TFMA is chaired by the National Audit Office of Lithuania with the Secretariat located in Vilnius. The TFMA Strategic Goals for the period 2017-2019 are: “exchanging the best practice and experience to reach audit results that have a substantial impact on improving public financial management as well as making the external municipal auditing system more efficient”.²²²

Immovable property – including land, buildings, and separate premises – is registered in the register relevant (*Lietuvos nekilnojamojo turto registras*). Both factual and legal data are available. Factual data on property consists of the following types of information: area, height, volume, year of construction, and owner name. Legal data on property includes: agreements of joint ownership, court rulings, easements, and mortgages. The register is maintained by the state enterprise centre of registers (*Registru centras*) and is supervised by the Ministry of Justice.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

After a numerous debates on whether Lithuania needs a local property tax, a law introducing the tax was passed in 2011. While revenues of the commercial property tax go to municipality budgets, revenues of the new residential property tax go into the coffers of the state budget,²²³ which significantly limits the stabilisation of the scheme. Moreover, this tax is highly politicised.²²⁴ However, given this tax is applied only on properties with a high market value, there was not much protest against it, as Lithuanians generally agree with the notion of taxing the wealthiest part of the society.

²²⁰ For more information see: <http://eumayorsarabic.eu/Lithuanian-association-of-local.html>

²²¹ For more information see: https://ec.europa.eu/energy/sites/ener/files/documents/1_vaida_lauruseviciene_seif_prague_27-04-17.pdf

²²² For more information see: <https://www.vkontrola.lt/tf/page.aspx?id=6>

²²³ For more information see: <https://en.irefeurope.org/multi-pages/914/Lithuania>

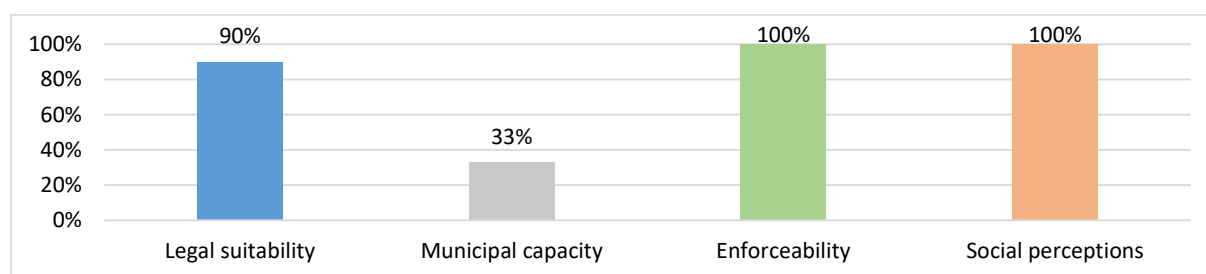
²²⁴ For more information see: <https://www.forbes.pl/wiadomosci/pierwszy-w-historii-litwy-podatek-od-nieruchomosci/pyl3kkw>

Country summary and take-aways:

- With a EuroPACE readiness of 50%, Lithuania is a less adequate candidate for EuroPACE development.
- A tax of approximately 1% is applied on total family-owned property valued above EUR 220,000.
- Municipalities are willing to cooperate with the private sector, particularly on EE-related projects, which could facilitate the potential application of EuroPACE.
- Enforceability is lacking: no examples of foreclosures related to tax delinquencies have been identified.
- Furthermore, municipal interests cannot be fully secured as local authorities cannot impose senior liens on indebted properties.
- EuroPACE could be more effective when the property-related tax system is more far-reaching.

Luxembourg

Very adequate country for EuroPACE implementation – overall grading for suitability: 89.29%



SWOT Analysis

Strengths	Weaknesses
Municipalities are responsible for the collection of taxes attached to the property. They manage their own budgets and have the right to establish new local levies without the necessity of changing national legislation. It is a simple system with no tax exemptions at the individual or regional level.	Imposing liens on properties might be complicated, as several types of liens and mortgages are possible and there is no clear distinction between the two. Additionally, the imposition of a senior lien is not possible. The fact that Luxembourg is a small country may also be a weakness for EuroPACE implementation.
Opportunities	Threats
A well-functioning legal and administrative framework and the relative independence of municipalities may assure smooth collaboration at the local level.	Investors might not be interested in EuroPACE implementation due to complexities concerning liens.

1. Suitability of the legal framework for on-tax financing

No single on-tax financing scheme has been tested in the country yet. However, there are two types of stable property tax in the country: the *impôt foncier*, which is paid yearly by the owner of the property and is fixed according to several criteria (characteristics of the owner and use of the property, among others), and the *taxes communales*, which encompasses the local charges.²²⁵ They are a fixed amount payable by all inhabitants of a municipality, yearly, or by semester, regardless of their income or type of property.²²⁶ All of these taxes are collected by the municipality.

Article 107 of the Constitution of Luxembourg states that municipalities manage their own budgets; therefore, they have the authority to change tax rates.²²⁷ Moreover, municipalities have the right to establish new local taxes under reserve of approbation from the Grand Duke of Luxembourg (Article 1073 of the Constitution)²²⁸ and without the need of changing national legislation. However, the system is unified with no real differences observed at the regional or individual property level.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

PPPs have been implemented in Luxembourg since 2009.²²⁹ However, even though policy makers support this kind of partnership, a strong mistrust from business representatives, as well as law

²²⁵ For more information see: <https://guichet.public.lu/fr/citoyens/impots-taxes/bien-immobilier/terrain-bien-immobilier/payer-impot-foncier.html>

²²⁶ For more information see: <https://guichet.public.lu/fr/citoyens/impots-taxes/bien-immobilier/terrain-bien-immobilier/payer-taxes-communales.html>

²²⁷ There are 102 municipalities, or communes, in Luxembourg.

²²⁸ For more information see: <http://data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf>

²²⁹ For more information see: https://gouvernement.lu/en/publications/gouv_cooperation%2Ben%2Bpublications%2Bdepliant%2Bminist-affaires-etrangees-europeennes%2Bdir-cooperation-action-humanitaire%2Bemmergency_lu%2Bfiche2-partenariat-public-priv.html

professionals, has been reported.²³⁰ In 2010, the Luxembourg Microfinance and Development Fund (LMDF), a PPP, was created.²³¹ However, to our best knowledge, there are no existing PPPs at the local level.

Out of 102 municipalities in Luxembourg, only two are active in Covenant of Mayors activities. Still, there are possible national solutions for EE financing to be managed at the municipality level, notably in terms of grants, subsidies, and tax reductions, which are intended for small and medium-sized enterprises and individual companies. They can benefit from subsidies in investments aimed at EE, sustainable development, and environmental impact studies. Private initiatives also exist with the aim of supporting the financing of EE. For instance, Enovos is a local-focused energy consulting company proposing personalised advice and financial support for the renovation, construction and everyday management of individual's or companies' buildings. It proposes assistance in planification, audit, and EE, as well as in finding subsidies through "enoprimes", which links individuals and service providers, and in financing through the "fonds nova naturstrom", which provides grants for the best EE projects.²³²

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Property taxes are collected well on an annual or bi-annual basis.²³³ In cases of tax delinquencies and defaults, an effective foreclosure mechanism exists. The first step of the procedure is the tax office sending the ratepayer a warning, imposing the payment of the property tax in five days. If no response to the notice is received, another warning is sent with the same conditions. If again there is no response, the tax office starts the procedure of forced recovery, beginning with a commandment to pay and pursuing the foreclosure of the ratepayer's bank accounts and belongings.²³⁴ However, other measures are used first. In cases of the belated or non-payment of taxes, there are additional interest rates of up to 10% of the expected tax amount and fines.²³⁵ These administrative processes are standardised and transparent.²³⁶

Secured property title search tools are available (*certificat de propriété ou de non-propriété*).²³⁷ There is also the possibility to consult the land register of Luxembourg, which was created in 1820. Existing only in a paper form, its consultation requires the payment of a fee. The register provides access to a cadastral map and a database containing information on land parcels, owners, land use, area, and possible liens imposed by the municipality. Information is available in Luxembourgish, French, and German.²³⁸

Article 107 of the Constitution of Luxembourg states that municipalities possess an autonomous budget and are in charge of the structure of their expenses.²³⁹ Project-related funds at the municipality level are earmarked and the municipality has the right to create separate budget lines. All finances are placed under the control of the Grand Duke and the Ministry of the Interior. The control of their finances is pursued by the *Cour des Comptes*, an independent judicial institution (Constitution, Article 105).²⁴⁰

4. Political, institutional, and social perceptions and acceptance of EuroPACE

²³⁰ For more information see: http://www.droit.lu/wp-content/uploads/PPP_JTL.pdf

²³¹ For more information see: <http://paperjam.lu/news/un-fonds-public-privé-au-luxembourg>

²³² For more information see: <https://www.enovos.lu/fr/Particuliers/f/fonds-nova-naturstrom>

²³³ For more information see: <https://guichet.public.lu/fr/citoyens/impots-taxes/bien-immobilier/terrain-bien-immobilier/payer-taxes-communales.html>

²³⁴ For more information see: [https://guichet.public.lu/fr/citoyens/impots-taxes/exercice-activite-independant/paiement-impot-du/recouvrement-force-impot-du.html](https://guichet.public.lu/fr/citoyens/impots-taxes/exercice-activite-independant/paiement-impot-du-recouvrement-force-impot-du.html)

²³⁵ For more information see: <https://impotsdirects.public.lu/fr/az/p/prelev.html#astreinte>

²³⁶ For more information see: <https://impotsdirects.public.lu/fr/az/d/delais.html>

²³⁷ For more information see: <https://impotsdirects.public.lu/fr/az/c/certificats.html#pro>

²³⁸ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-lu-en.do?member=1

²³⁹ For more information see: <http://data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf>

²⁴⁰ For more information see: <http://data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf>

Property taxes are a long-standing concept (created in 1936), thus can be considered as continuous and stable.²⁴¹ There is a general positive perception towards property taxes, but some call for its reform. Indeed, its critics note its lack of transparency as far as its calculation is concerned. It is also said to be quite low, as property taxes account for only 1.5% of the municipal budget. Proposed reforms include fixing the unit value, enabling a more stable calculation of the tax, as well as setting it according to elements related to sustainable development, such as the environmental impact of the building, its aim, and its respect of biodiversity.²⁴²

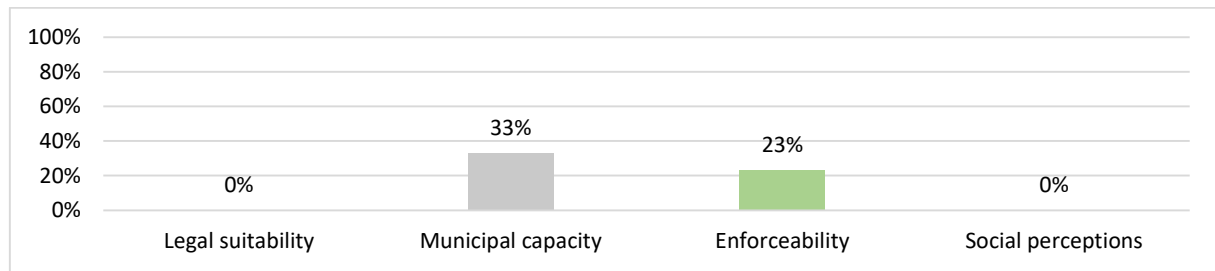
Country summary and take-aways:

- With a EuroPACE readiness of 89.29%, Luxembourg is a very adequate candidate for EuroPACE development.
- There are two types of property tax in Luxembourg: the *impôt foncier* and the *taxes communales*, which strengthens the potential for a EuroPACE assessment from the investor's perspective.
- However, given the size of the country, the above-mentioned investor's perspective might have its limitations.
- Some reforms are planned in the near future, which increases uncertainty.
- Foreclosures related to tax delinquencies and defaults exist and are effective.
- A lien on a property is possible. Municipalities have no authority to act as a tax authority and impose a senior lien on a property.

²⁴¹ For more information see: http://www.winseler.lu/files/Impot_foncier.pdf

²⁴² For more information see: https://www.forum.lu/pdf/artikel/7090_304_Estgen.pdf

No-go option for EuroPACE implementation – overall grading for suitability: 14.29%



SWOT Analysis

Strengths	Weaknesses
Municipalities are engaged in numerous local EE initiatives: 24 (out of 68) participate in Covenant of Mayors initiatives, which reflects their interest in clean energy.	There are no land taxes, municipal taxes, council taxes, or other property-related taxes.
Opportunities	Threats
While observing recent trends in the introduction of property taxes across the EU, it may be assumed that a property-related tax will also be introduced in Malta. It could be useful to contact the respective authorities and present the concept on on-tax financing, so that they can consider it while drafting relevant legislation.	Small, centralised market.

1. Suitability of the legal framework for on-tax financing

In Malta, there are no land taxes, municipal taxes, council taxes, or property-related taxes. Only capital gains tax must be paid on the transfer of real property.²⁴³ Furthermore, local councils manage waste removal without any additional bills or charges related to this.²⁴⁴

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

Malta is territorially and administratively divided into 68 localities and the functions and powers of local councils are limited.²⁴⁵ Under the provisions of the Local Councils Act (LCA), local councils do not have the power to enter into any form of commercial partnership or delegate any functions in a manner other than that established by or under the LCA or even borrow or lend any money except with the written authority of the Minister responsible for Local Government in writing. As CoE rightly notices: “local council may enter into PPPs both with the private sector or with non-governmental organisations, only following approval by the Department for Local Government which shall grant such approval only if it is satisfied that such partnership would benefit the residents of the locality, and after having obtained the approval of the Minister of Finance and the Minister responsible for Local Government.”²⁴⁶

According to Article 33(1) of the LCA, “protecting the natural and urban environment of the locality and taking all necessary measures to ensure the more efficient use of energy, good waste management

²⁴³ For more information see: Commissioner for Revenue <https://cfr.gov.mt/en/Pages/Home.aspx>

²⁴⁴ For more information see: WasteServ Malta <https://www.wasteservmalta.com/home>

²⁴⁵ Article 33(2) of the LCA provides that a number of functions are excluded from the competence of local councils. Specifically, arterial and distributor roads determined by the Structure Plan, national monuments, national parks or gardens, industrial estates, ports, airports and other national territories, establishments, buildings, and the items specified in the Fourth Schedule of the LCA are the responsibility of the central government and they are totally excluded from the competence of the local councils.

²⁴⁶ For more information see: <https://rm.coe.int/16806fdb0>

and climate change initiatives” is one of the statutory obligations of municipalities. This setup is reflected in the relatively high number (24 out of 68 in total) of municipalities taking part in Covenant of Mayors initiatives, even though they are considered to be much more autonomous. Still, the LCA does not foresee competences for the administration of special projects for localities; every initiative is administered in a top-down manner.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

There is, as of yet, no tax revenue raised at the local level and all money comes from central bodies; thus, it is difficult to classify this setup as autonomous. Municipalities are not authorised to borrow or loan money for any activity not mentioned in the regular functions and responsibilities of local councils. However, it does not mean that they cannot open separate budget lines for special projects: each year, the parliamentary secretary responsible for local government issues grant schemes for ad hoc projects. The regional committees are implementing the regional action plans that are identified in the regional plans mainly due to covering sustainable development goals (SDGs) measures.²⁴⁷ The LCA provides for various kinds of financial oversight, namely through the appointment of local government auditors, ministerial performance measurement, the ministerial power to request books and accounts from the executive secretary, and the preparation of a business and financial plan.

Concerning secured property title search tools, the land registry’s primary task is to compile a “property log book”.²⁴⁸ “The certificate of title includes all information available in the electronic register about a particular property: the description of the property, the owner/s, share, the basis of the application (e.g. contract, succession, among others), the type of ownership (e.g. freehold, temporary or perpetual emphyteusis, among others), any debts, and the plan of the property. It also includes the property number, an eight-digit number which is unique to each particular property, and a reference to the land registry applications submitted.”²⁴⁹

4. Political, institutional, and social perceptions and acceptance for EuroPACE

As the Times of Malta, the oldest daily newspaper in Malta with the widest circulation, notices, “any proposal or recommendation that property taxes in some form or other be introduced and added to the Finance Minister’s armoury, will, raise fire and brimstone reactions from at least two sources, both of whom presently have vested interests in the present status quo remaining eternally unchanged. These are the political class (for which read being utterly terrified of loss of votes), whilst the other group embraces many in the building and construction lobby, the multiple property owners, and fellow travellers.” In his op-ed, John Consiglio, economics professor at the University of Malta, adds that “some form of property tax must soon come to Malta, for various reasons. For a start, the EU is undoubtedly looking with a big magnifying glass at the fiscal elbow room that all finance ministers in Malta – as in all other EU member-states – have to operate in. Secondly, property in Malta, especially that which is owned by foreigners, is possibly one of the contexts within which most tax evasion is occurring, undoubtedly after the collection of VAT. And, thirdly, property taxes are the most effective (even if unpopular) way of reducing the rampant levels of inequality within Maltese society.”²⁵⁰

Country summary and take-aways:

- With a EuroPACE readiness of 14.29%, Malta is a no-go option for EuroPACE development.
- As no single property-related tax exists, EuroPACE assessment, at least in the near future, would not be possible.

²⁴⁷ For more information see: http://www.clgf.org.uk/default/assets/File/Country_profiles/Malta.pdf

²⁴⁸ For more information see: <https://mgoz.gov.mt/en/Pages/Departments/DG%20Operations/Land-Registry.aspx>

²⁴⁹ For more information see:

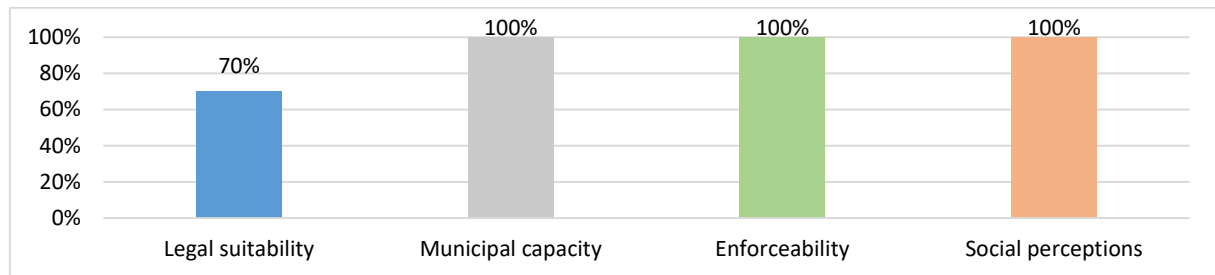
<https://mgoz.gov.mt/en/Pages/Departments/DG%20Operations/Land%20Registry/Certification%20of%20Title.aspx>

²⁵⁰ Op-ed available online: <https://www.timesofmalta.com/articles/view/20141228/business-news/Property-taxes-in-Malta-let-s-start-a-debate-Part-1-.549842>

- Properties on the island are attractive for foreigners, so sooner or later the authorities might consider taxing them as property taxes are them.
- It could be useful to contact the respective Maltese authorities and present the concept of on-tax financing, so that they can consider it while drafting any type of legislation related to property taxation.

Netherlands

Very adequate country for EuroPACE implementation – overall grading for suitability: 89.29%



SWOT Analysis

Strengths	Weaknesses
The law on <i>Bedrijven Investeringszones</i> (BIZ), which is the local equivalent of BIDs, came into effect on 1 January 2015. Ever since, BIDs are gaining on popularity. This suggests there could be a strong potential for EuroPACE implementation, which is based on a similar foundation.	Municipalities have no right to create local taxes, unless it is stipulated in the acts of the parliament. Local administration has the legal authority to change the tax rate of property-related taxes, but only within the range established by national legislation.
Opportunities	Threats
Dutch initiatives related to EE programmes and activities very often advocate for downstream projects in the cities energy ecosystems. Given the positive attitude towards innovative solutions supporting EE investments at the local level, the EuroPACE initiative might be welcome.	Since 2011, regional differences in property tax rates are becoming more significant. Given the fact that there are regions where property taxes regularly increase, there is some risk that the inhabitants of these regions might not be interested in further increasing the taxes by imposing on-tax financing.

1. Suitability of the legal framework for on-tax financing

A permanent law regulating BIDs (locally known as BIZ) came into effect on 1 January 2015. Ever since, BIZ are gaining popularity.²⁵¹ The BIZ is a cooperation between entrepreneurs in the same district, such as business park or shopping area, who jointly invest in order to make their business environment safer and more attractive. They decide to do so by paying an additional levy to the municipal budget. In return, the local authorities help the commercial partners in their endeavours by making the proceeds available.²⁵²

The main municipal (local) tax is the property tax (called *onroerendezaakbelasting* – OZB), which is levied on property on a municipal basis.²⁵³ The tax is based on the value of the property, according to the Real Estate Valuation Act (in Dutch, WOZ). Each year, on 1 January, the municipal council decides on the property tax percentage for that year. The deemed rental income (*eigenwoningforfait*) is an extra tax on homeowners and is based on the property's official local authority valuation (WOZ). In 2016, homeowners paid 0.75% of the WOZ value of their homes in extra tax, as long as the WOZ value is not more than EUR 1,050,000. For properties worth over EUR 1,050,000, it gets a bit more complicated. The tax was introduced in the mid-1970s as an income equaliser, because back then homeowners were always considered to be better off than the tenants who paid rent.

“Owners of house boats or house arks and tenants of house boats used as office or commercial space are subject to a tax equivalent to the real estate tax: tax for their moveable real estate (*roerende*

²⁵¹ For more information see: <https://bedrijveninvesteringszone.biz/>

²⁵² For more information see: <https://business.gov.nl/regulation/business-improvement-district/>

²⁵³ For more information see: <https://www.ondernemersplein.nl/regel/onroerendezaakbelasting-ozb/>

ruimtebelastingen). In addition, owner-occupiers and tenants of house boats need to pay recario tax, also known as *liggeld*, because they occupy waterways owned by the municipality.²⁵⁴

Besides the property taxes as such, three other taxes/levies are attached to property. The waste collection levy (*afvalstoffenheffing* – AFV) is used for the collection, processing, and disposal of household rubbish and the amount depends on the number of occupiers per household. The method of payment for this tax varies by municipality. Owners of residential or business property must also pay a sewage levy (*rioolheffing*) for their connection to the sewage network.

Every year an owner is typically taxed for two water taxes (depending on the property). The water board tax (*waterschapsbelasting*) contributes to the management of the regional water system, such as maintenance of dykes and control of water levels. In addition, there is a pollution levy (*verontreinigingsheffing*) for properties not connected to the sewage network and a water purification levy (*zuiveringsheffing*) contributing to purification processes used for waste water for all properties connected to the sewage network. The method of payment varies by municipality.²⁵⁵

Internal units within local city councils (*gemeenten*) are fully responsible for the collection of property, waste, while regional water boards (*waterschappen*) are responsible for flood protection and clean water bills.²⁵⁶

Although municipalities cannot levy new taxes, they can, to a large extent decide, on the rates of the respective levies.²⁵⁷ There is a ceiling, though: “in 2013, the macro norm set by the central government on local governments allowed for an extra EUR 90 million. That is because, in 2012, all municipalities together were allowed to raise their income from property tax by 3.75% to a maximum of EUR 3,178 million. Total revenues budgeted in 2012 amounted to EUR 3,237 million, EUR 59 million more than agreed. Because the macro norm was exceeded, the central government lowered it from 3% to 2.76% for 2013. This means municipalities can collect nearly EUR 90 million more in property tax in 2013 than in 2012.”²⁵⁸ As the official listed value (WOZ value) of the immovable property of which the person is owner and/or user is one of the two elements impacting the final rate, differences on the individual property level exist.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

PPS support – the central government’s unit responsible for sharing the knowledge and experience of PPPs with local and regional authorities was created in 2012. Although today it is mainly operational via the Ministry of Foreign Affairs, this central government’s initiative is available to local and regional authorities and semi-public institutions, has been operational only for a couple of years, municipalities are more and more active in PPP projects as confirmed by various independent databases.²⁵⁹

Even though only 24 municipalities take part in Covenant of Mayors actions, there are plenty of Dutch initiatives, such as Cities Northern Netherlands,²⁶⁰ which advocates for downstream projects, and realistic projects in energy, circular economy, hydrogen, and mobility, that matter for the ecosystems of the cities. Provinces are situated hierarchically between the central government and the municipalities. They fulfil tasks which the central government finds hard to fulfil because it is too big, and municipalities find hard to fulfil because they are too small. In the Netherlands, provinces have many competencies regarding environmental planning.

²⁵⁴ For more information see: <https://www.iamsterdam.com/en/living/everyday-essentials/finance/taxes>

²⁵⁵ Please note that water taxes do not account for the use of drinking water; this is monitored and charged separately by the local water supplier.

²⁵⁶ For more information see: <https://www.iamexpat.nl/expat-info/organisations/dutch-gemeente-municipalities-netherlands>

²⁵⁷ Section 132 of the Constitution of the Netherlands in conjunction with Section 219 of the Netherlands Municipalities Act (*Gemeentewet*). These are the General Act of State Taxes (*Algemene wet inzake Rijksbelastingen*; AWR), the General Act on Administrative Law (*algemene wet bestuursrecht*; Awb), and the Tax Recovery Act (*Invorderingswet*).

²⁵⁸ For more information see: <https://www.cbs.nl/en-gb/news/2012/42/property-tax-up-by-more-than-5-percent-in-half-of-all-dutch-municipalities>

²⁵⁹ For more information see: <http://www.infrappworld.com/pipeline-html/projects-in-netherlands>

²⁶⁰ For more information see: <http://citiesnorthernnetherlands.eu/>

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Taxes are collected well and on a regular basis, given strong enforceability. If a payment is delayed, extra costs will be added (including a payment reminder costing at least EUR 7). If a taxpayer still does not pay after receiving a reminder, he will receive a liability order (*dwangbevel*) costing at least EUR 40.²⁶¹ Tax penalties can amount to no less than EUR 4,920, depending on the gravity of the mistake and kind of tax. Cases related to administrative penalties imposed and interest charged in respect, are serious and heard by the district courts in the first instance. Appeals in these cases are heard by the appellate courts with the possibility of appeal to the Supreme Court.²⁶² As a last resort, the local taxes department may be forced to take the amount owed out of the wages or seize and sell off the property. Foreclosures in this case are effective and fully transparent. However, the municipality must impose a lien, which is senior to all other pledges. Afterwards, it can directly seize unpaid taxes from someone's bank account.²⁶³

Information related to such pledges is mentioned in the Dutch Land Register, maintained by the Kadaster (Cadastre, Land Registry and Mapping Agency), a public authority responsible for registering rights and interests affecting any real estate.²⁶⁴ "It collects, registers, and publishes administrative and spatial data on property and all the rights involved. The agency is also in charge of national mapping and the maintenance of the national reference coordinate system. Moreover, the Kadaster serves as an advisory body for land-use issues and national spatial data infrastructures. The information, including information on the energy labels of houses and underground cables and pipelines, is available mainly online, as all the resources have been digitalised."²⁶⁵

Concerning municipal budgets, these can be considered fully autonomous. Moreover, the central government oftentimes earmarks part of the money transferred to the local authorities. These accounts have to be predestined for a specific objective. This means that special projects or initiatives can have separate accounts within the municipal budget.²⁶⁶ "In 2002, a major reform of the Municipal Act (*Gemeentewet*) was agreed upon in the national parliament (*General Staten*). Each province and municipality in the Netherlands is now legally bound to set up either a public audit committee (in which members of the council may participate) or an independent local audit office (excluding members of the council) before 2005 at the provinces, and before 2006 at the municipalities. The composition, scope and type of control of an audit committee have to be taken care for by local regulation. As a consequence, it can be adjusted every time a majority in the local council feels necessary. The composition, scope and type of control of a local audit office, however, are determined by several articles in the national Municipal Act."²⁶⁷

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Ever since the introduction of the Special Act for Real Estate Assessment, which governs valuations, there has been a decrease in the number of objections and appeals, from 8% for residential properties in 1997 down to 1% in 2016. In the same period of time, the yearly total costs for valuations have declined from EUR 190 million down to EUR 150 million. Starting in 1997, with a revaluation every four years, the law now states that valuations have to be done annually with a valuation date one year prior to the year the assessed value is used for taxation. Compared with earlier years, the assessed market value is more accurate because of the annual valuation, and this has led to the use of the assessed

²⁶¹ For more information see: <https://www.amsterdam.nl/en/taxes/difficulty-paying/>

²⁶² For more information see: <https://gettingthedealthrough.com/area/59/jurisdiction/17/tax-controversy-netherlands/>

²⁶³ For more information see: <https://www.denhaag.nl/en/taxes/tax-penalties/tax-lien.htm>

²⁶⁴ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-nl-en.do?member=1

²⁶⁵ For more information see: <https://www.kadaster.com/about-kadaster>

²⁶⁶ For more information see: <https://english.oim.dk/media/14258/hessel-boerboom-and-peter-huigsloot.pdf>

²⁶⁷ For more information see:

[http://www.eurorai.org/eurorai/eurorai_eng.nsf/documento/country_reports/\\$file/Country%20report%20Netherlands-update%202010.pdf](http://www.eurorai.org/eurorai/eurorai_eng.nsf/documento/country_reports/$file/Country%20report%20Netherlands-update%202010.pdf)

value for other non-tax related purposes.²⁶⁸ Revenues from municipal taxes rose considerably following the introduction of property tax in the mid-1970s. Accounting for a total EUR 3 billion in 2010, property tax is now the main source of income for municipalities and should be considered a stable scheme.²⁶⁹ Some residents complain about the high rate of their municipal taxes; others believe that local taxes are part of the reason the Netherlands is such a good country to live in.

Country summary and take-aways:

- With a EuroPACE readiness of 89.29%, the Netherlands is a very good candidate for EuroPACE development.
- Municipalities are capable of working with the private sector and advocate for downstream projects on EE.
- Property tax (called *onroerendezaakbelasting* – OZB), which is levied on property, exists. The tax is based on the value of the property, according to the Real Estate Valuation Act (in Dutch WOZ). Another property-related tax – *eigenwoningforfait* (deemed rental income) is an extra tax on homeowners and is based on the property's official local authority valuation (WOZ).
- The foreclosure mechanism is effective and supported by standardised and transparent administrative processes.
- A senior lien on a property exists and is well documented in the land registries.

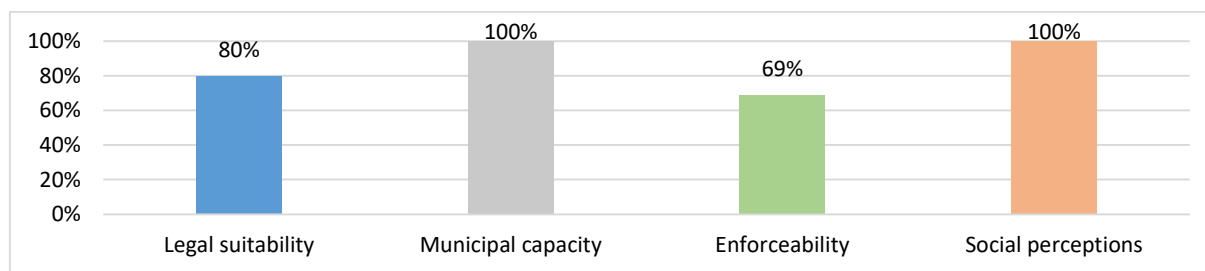
²⁶⁸ For more information see:

https://www.conftool.com/landandpoverty2017/index.php?page=browseSessions&print=head&abstracts=show&form_session=562&presentations=show

²⁶⁹ See Statistics Netherlands (CBS) website for more information: <https://www.cbs.nl/en-gb/news/2012/51/tax-revenues-increasingly-important-for-municipalities>

Poland

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 78.57%



SWOT Analysis

Strengths	Weaknesses
Property tax is paid regularly, either annually (when the tax is less than PLN 100 per year (roughly EUR 22), or every three months when the bill is higher than PLN 100. There is a very high collection rate (not less than 95%).	Local administration has the legal authority to change the tax rate of property-related taxes only within a range established by national legislation.
Opportunities	Threats
The “Clean Air” programme for Poland started in September 2018 with a planned budget of PLN 103 billion (roughly EUR 24 billion) to be spent on home retrofits. This could possibly be blended with other instruments, as the demand is significant, which adds an argument of great timing to launch.	The average property tax rate (roughly EUR 22) is extremely low compared to many EU countries (apart from CEE); thus, adding a significantly bigger assessment might be problematic.

1. Suitability of the legal framework for on-tax financing

Although on-tax financing has not yet been used in Poland in any kind of project, property tax exists. During 2011-2015, its share in municipal income was as much as 83%; thus, it is seen as the most effective type of local tax in Poland and will be analysed further as a potential EuroPACE base.²⁷⁰ According to the Act of 13 September 1996 on maintaining cleanliness and order in municipalities, the municipal council determines, by way of resolution, the upper rates of the additional property-related fees paid by property owners for services such as waste management. It is the local government administration (*gmina*) which is fully responsible for the collection and administration of property tax. In the case of individual tax payers, it is an obligation of the administration to serve a taxation notice with the amount due (i.e. a homeowner who has not received this information from the town hall does not need to pay). Most municipalities offer electronic or SMS property tax bills to avoid postal costs. According to the law on local governments, municipalities may express their local tax policies by setting local tax rates, within the limits (ceiling) decided in the central legislation. The scope of regional differences in tax collection and tax exemptions for rural areas has been a subject of reflection only recently, particularly in the Lubelskie voivodship,²⁷¹ where the differences in collections and exemptions are the most prevalent. Still, they constitute a very small percentage and do not change the overall picture of the tax ecosystem. Nevertheless, urban authorities are indeed much more involved when it comes to property tax collection. In practice, the local mayor can grant individual tax releases or reductions to individual tax payers; however, such releases are extremely rare and usually take place only in the already-mentioned rural areas (rather collective actions). Moreover, since November 2015, the Revitalization Act has been in force (i.e. Journal of Laws of 2017,

²⁷⁰ Other local taxes include: tax on agriculture; tax on vehicles; forest tax; tax on dog owners; tax on civil law activities; tax on legacies and donations; and tax on small businesses.

²⁷¹ For more information see: Lukomska J. and Swianiewicz P., *Polityka podatkowa władz lokalnych w Polsce*, Warszawa 2015.

item 1023, as amended). It defines, among others, the way of designating degraded areas, the principles of social consultations, the scope and procedure for adopting the communal revitalisation programme (GPR), and, finally, the introduction of tools to support local governments, such as a special revitalisation zones, which are eligible for higher property taxes.²⁷²

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

Polish municipalities already have extensive experience cooperating with private partners. In fact, the main ordering party applying the PPP formula in the country are local government units (including entities supervised and created by them) – most of all of the municipal level, as more than 95% of initiated proceedings were announced by these units (until late 2016).²⁷³ The currently proposed solutions should enable the even more effective preparation and implementation of infrastructure projects in the PPP formula at a local level and eliminate ambiguities in the regulations. A dedicated PPP platform has been further developed and it currently consists of useful guidelines and lessons learned.²⁷⁴ The platform could be a good base for the EuroPACE database.

When it comes to sustainable municipal strategies, the vast majority of Polish cities over 50,000 inhabitants have already implemented plans to move towards a low-emission economy. At the same time, only a few local centres (less than 50,000 residents) have developed such plans. It is estimated that about 25-30% of them have appropriate strategy documents. However, this is slowly starting to change, as without such local strategies, local governments cannot benefit from EU funding for low-emission activities and improving EE.²⁷⁵ Nevertheless, municipalities from various regions across the country already have experience in leading EE programmes in different forms. The Małopolska region has its LIFE Integrated Project "Implementation of Air Quality Plan for Małopolska Region – Małopolska in a healthy atmosphere"²⁷⁶ and, in 2016, Szczecin became the first city in Poland to take the initiative to introduce tax relief (from property tax) for the design of green buildings, which must achieve a minimum level of LEED Gold or Very Good for BREEAM. The city council passed a resolution that offers businesses investing in new office or conference facilities a three-year property tax exemption. Pursuant to the resolution, the following facilities will be exempted from a property tax: (1) newly constructed buildings or their parts; (2) high-standard office and conference facilities in newly constructed facilities; (3) land purchased after the effective date of the resolution, where investments have been commenced. The amount of modern useful space as required by the resolution to qualify for the exemption is 90%.²⁷⁷ Other cities are slowly starting to follow, proving that local tax exemptions on green certificates can play an even more important role in the planning of investments in the coming years.²⁷⁸

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Property tax is paid either annually (when the tax is less than PLN 100 per year – roughly EUR 22), or every three months when the bill is greater than PLN 100. The enforcement of local taxes is, on average, 95% and above. For example, last year, Bydgoszcz was able to collect nearly 97% of its receivables. The situation was similar in Białystok. The remaining few percent are arrears that are not always paid on time and 1% is not paid at all. Again, the situation varies across the country. It is

²⁷² By the end of 2017, 977 revitalisation programmes were adopted (39% of municipalities).

²⁷³ For more information see: <https://www.interreg-central.eu/Content.Node/RESTAURA/D.T1.2.1-Country-report-Poland-V1.pdf>

²⁷⁴ For more information see: <https://www.ppp.gov.pl/Strony/home.aspx>

²⁷⁵ More information available in the report on the condition of Polish cities 2017: low-emission and energy efficient economy:

http://obserwatorium.miasta.pl/wp-content/uploads/2017/08/Raport_Niskoemisyjność_i_efektywność_energetyczna_obserwatorium_OPM_IRM_Bartocha_Rackiewicz.pdf

²⁷⁶ For more information see: <https://powietrze.malopolska.pl/en/>

²⁷⁷ For more information see: http://szczecinbiznes.pl/en/news/Szczecin-supports-proecological-investments_4230

²⁷⁸ For more information see: Colliers International, *Green buildings in Poland - Certification in numbers 2016*, Warsaw 2016.

estimated in the city of Lodz that about 5% of tax receivables are not paid and are transferred to administrative execution.²⁷⁹

In special cases, for example, the persistent failure to pay the tax, the municipality may ask the tax office to punish the taxpayer with fines for fiscal offenses. According to Article 56 couples 4 of the Tax Penal Code (i.e. Journal of Laws of 2007 No. 111, item 765, as amended), the fine is subject to a taxpayer who, despite revealing the object of taxation, does not submit a declaration or statement to the tax authority within a time limit.²⁸⁰ The penalty may amount to several thousand zlotys, although in practice these amounts are much lower. According to the Supreme Audit Office (NIK): “Polish municipalities have had problems with the enforcement of local taxes, the use of tax breaks and the implementation of income from property” in the last few years.²⁸¹ Although the majority of municipalities complied with the formal requirements – for example, they adopted acts determining the level of tax rates in time – according to the NIK, some of their activities were incorrect, and some of these activities were conducted in a manner that could undermine citizens’ trust in tax authorities given the lengthiness of the administrative processes. Out of 28 municipalities audited in 2015, irregularities were found in 21 when it comes to determining the rate of taxation, in 26 in terms of the efficiency and accuracy of tax arrears, in 13 when granting tax reliefs, and in 21 in terms of the regularity and efficiency of property income.

The foreclosure mechanism can be considered effective and transparent; although given the low rate of the property tax, it is rarely used (interest rates and penalties are far more common). When several mortgages (the equivalent of liens as liens can be imposed only on movables) are established on the property, the mortgage for the benefit of the tax office takes precedence. Secured liabilities and tax arrears will thus be satisfied against other receivables. As for the lien, all that is available is a mortgage that is registered in the land and mortgage register that is maintained by a relevant court. Again, note that there is no institution of a lien on real estate in Poland. The creditor who has a mortgage over the real estate cannot take possession of the encumbered property but can enforce a debt from the sale of proceeds of the real estate. Municipalities are obliged to keep good records of all buildings present in their territories.²⁸² The registers include all the valuable information, including those on liens imposed.

Polish municipal governments have their own fully autonomous budgets. Additionally, task-oriented budgets exist. These cannot be a replacement, but only a complementary form of the local budget. At the same time, exceeding the expenditure assigned to the task is not an act violating the discipline of public finances (more in the Scripture of the Regional Accounting Chamber in Krakow of 26 October 2006 regarding the development and implementation of the “task budgets”).²⁸³ The Regional Chambers of Accounts (RIOs) – a state, external, and independent control and supervision body of local government units and other entities specified in the Act – in the scope of financial management (budget) and public procurement, are active players in controlling the level of municipalities’ debt. The chambers also carry out information and training activities in the area of budget matters.²⁸⁴

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The need for a property tax change has been on the agenda since 2015, when the current government, which is particularly interested in reducing the tax gaps, won the general elections. However, no draft has been officially presented since then. Due to the nature of the property tax in Poland, it is necessary to remember that on one hand, a significant part of local governments, particularly rural, will not be able to adopt far-reaching reforms in this area – namely, in case some of cadastral tax will be enforced.

²⁷⁹ The local government portal estimates: <http://www.portalsamorzadowy.pl/prawo-i-finanse/ile-wynosi-podatek-od-nieruchomosci-stawki-rosna-wplywy-tez,92034.html>

²⁸⁰ Announcement of the Speaker of the Sejm of the Republic of Poland of 4 June 2007 regarding the publication of a uniform text of the Act - Penal Fiscal Code: <http://prawo.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20071110765>

²⁸¹ For more information see: <https://www.nik.gov.pl/aktualnosci/nik-o-sciaganiu-podatkow-lokalnych.html>

²⁸² For more information see: <http://prawo.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20010380454>

²⁸³ More information on task-oriented budgets: http://budzet-zadaniowy.com/budzet_zadaniowy_w_samorzadach/wyswietl_pod/17/przyklady_budzetow_zadaniowych_.html

²⁸⁴ For more information see: <https://www.rio.gov.pl/>

As is clear from numerous field studies, it is wrong to imagine local governments are waiting *en bloc* for radical changes and demanding greater financial autonomy. On the other hand, one should remember that both the central executive and legislative authorities are not interested in this direction of changes in local government finances. This would simply limit their own budgets. Changes that, for example, would increase local government revenues collected directly from residents, are quite a political challenge. The political cost of such a reform would have to be borne by the government and the parliament, while the beneficiary would not be the central government, but the local governments and their respective budgets.²⁸⁵

Real estate tax is the most criticised of all fiscal burdens, as it is considered to be unadjusted to market economy standards. Attention is drawn to its injustice – the owner of a property in a rural commune is potentially burdened with the same tax as the owner of a similar property in the centre of Warsaw. As a result, the property tax-related debate is ongoing and tax experts (i.e. Brzeziński, Kopyściańska) call for the introduction of cadastral tax. At the same time, the low rate of the tax, leads to an outstanding rate of the collection (approximately 98% depending on the municipality).

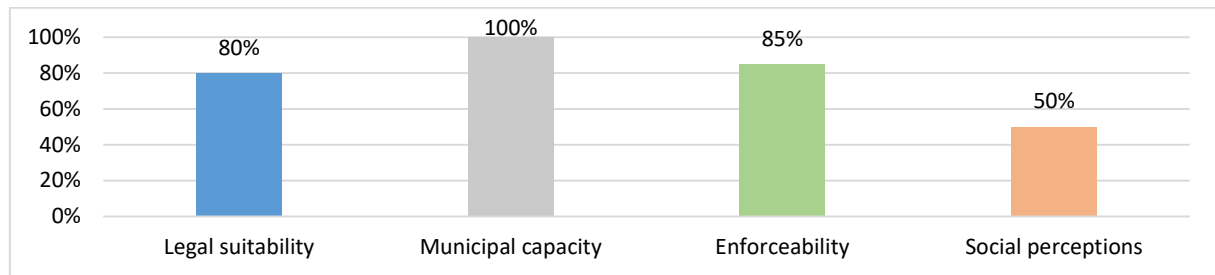
Country summary and take-aways:

- With a EuroPACE readiness of 78.57%, Poland is a moderately good candidate for EuroPACE development.
- The Polish property tax is a stable and well-functioning property tax imposed on residential buildings.
- The Revitalization Act, where higher local taxes for the purposes including retrofits are eligible, provides a solid base for EuroPACE application. Moreover, this law confirms that on-tax financing introduction could be validated by a regular bill and would not require dramatic changes in the national law.
- Effective foreclosure procedures exist. Procedures are clear and all information is available in the property title search.
- A lien (in the form of a mortgage) on property exists and is well documented in the land registries.

²⁸⁵ For more information see: Lukomska J. and Swianiewicz P., *Polityka podatkowa władz lokalnych w Polsce*, Warszawa 2015.

Portugal

Very adequate country for EuroPACE implementation – overall grading for suitability: 82.14%



SWOT Analysis

Strengths	Weaknesses
Growing stability of municipal finances. Even though some of the revenue comes from the central administration (<i>Orçamento de Estado</i>), municipalities have their own autonomous budgets. In this respect, they can create separate budget lines for their activities, including those related to climate and environment.	The collection rate of property tax for 2016 was around 88%, according to “ <i>Anuário Financeiro dos Municípios Portugueses</i> ”. Data for 2017 shows that collection that year was lower by 2.1%, which means that the collection rate is below levels we could assume satisfactory.
Opportunities	Threats
According to 2016 data from the EC, Portugal has one of the highest ratios of PPP, at 4%. Municipalities often work with the private sector. In fact, most contracts and activities developed are in partnership with the private sector.	When a building is empty for one year, the state benefits, as it charges triple the property-related tax, even if no one wants to live in it and the landlord is unable to rent the property. There are reports of owners purposely weakening the structure of buildings and houses by partially destroying the roof and breaking windows. The idea is to expose the building to the elements, degrading the property in such a way that, with the passage of time, it can become a danger to public health and safety. This then leads to the demolition of the building, and the land can then be sold, or a new building erected on the site. This trend is not fully controlled by the state and given the pace of changes, relevant registries might be outdated.

1. Suitability of the legal framework for on-tax financing

To our best knowledge, the system of on-tax financing has not been tested in the country yet. The Portuguese municipal property tax, *Imposto Municipal sobre Imóveis* (IMI) is an annually paid local tax. It replaced the “municipal contribution” on 1 December 2003. This tax is assessed on the value of the property, as determined for tax purposes. The tax rates are 0.8% for rural property and range from 0.3-0.45% for urban property. Condominium charges might also apply. If a property is in a gated complex, generally there is a yearly condominium charge for the upkeep of green areas, the pool, and repairs, among others. Other taxes, charges, and bills attached to the property, other than the property tax, exist. For example, rehabilitation is subject to a municipal tax.

The Central Tax Administration (*Autoridade Tributária e Aduaneira*) is responsible for the collection of IMI across the country. The revenue they collect is then given to the municipalities. However, municipalities have the right to change the rate of the local tax within a range established by the

national law without the need to change the national legislation. Local administrations can also establish new local taxes and fees without changing the national legislation.

Portugal is divided into 18 districts (*distritos*) and 2 autonomous regions (*regiões autónomas*), the Azores and Madeira. The districts and autonomous regions are further subdivided into 308 municipalities (*municípios or concelhos*) and each one determines their rates. Some differences in tax rates can be observed on an individual level concerning, for example, “properties that are part of touristic complexes; properties that are integrated in property investment funds from public subscription, in pension funds and retirement savings funds; properties exclusively allocated to the production of energy from renewable sources; or simply those that are energy efficient,”²⁸⁶ but these are still rare. Temporary exemptions (up to three years) and, exceptionally, lifetime exemptions are only given to those with the lowest income.²⁸⁷

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

According to 2016 data from the EC, Portugal has one of the highest ratios of PPPs (out of a full projects spectrum) at 4%.²⁸⁸ In fact, most municipal ideas that turn into contracts and activities are in a partnership with entities from the private sector.²⁸⁹

Decree Law No 206/2008 36 of 23 October 2008 establishes the relevant legal steps towards the promotion of biofuel production. This piece of legislation introduced the possibility for local authorities, and associated institutions to obtain the status of small dedicated producers, which strengthened their role in sustainable and climate-friendly planning.²⁹⁰ Furthermore, 119 Portuguese municipalities are active in Covenant of Mayors initiatives.

There are also some tax benefits regarding EE programmes administered by local authorities. For instance, property taxes can be reduced by half if a building is exclusively used to produce energy through renewable sources, according to Article 44A of the *Estatuto dos Benefícios Fiscais*. Municipalities handle these kinds of tasks very well.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

This tax is collected one, two, or three times per year, depending on the amount levied. The collection rate for 2016 was around 88%, according to *Anuário Financeiro dos Municípios Portugueses*. Data for 2017 shows that collection that year was lower by 2.1%, which means that the collection rate is below the level deemed satisfactory by the criteria set in this report.

Nevertheless, administrative enforcement process can be considered transparent and standardised given the existence of courts specialising in dealing with tax disputes. Except for Lisbon, where there is a first-instance court dealing with tax disputes only, the rest of the courts around the country also have jurisdiction over administrative matters. Created in 2011, tax arbitration courts, are also responsible for settling tax disputes. Penalties and interest rates apply in cases of delinquencies and seized assets, including immovable property, are sold by the tax authorities in a public auction to settle the tax debt if needed.²⁹¹ During the tax execution process, tax authorities are not entitled to make people leave their home. However, in case the debtor does not pay his debts until the end of the tax execution process, his house may be sold in a public auction and, therefore, the debtor is forced to leave. Moreover, in exceptional circumstances, municipalities can act as a tax authority and impose a

²⁸⁶ For more information see: https://www.rffadvogados.com/xms/files/KNOW_HOW/Guias/Patrimonio_Imobiliario/Portugal_-_Real_Estate_Tax_Guide.pdf

²⁸⁷ For more information see: <https://www.pwc.pt/en/pwcinforfisco/tax-guide/2017/imi.html>

²⁸⁸ For more information see: http://ec.europa.eu/economy_finance/events/2016/20160302-pfn/documents/03_tomasi_presentation_on_en.pdf

²⁸⁹ For more information see: http://www.utap.pt/Publicacoes_interna/Portugal_PPP_Unit_and_Related_Institutional_Framework.pdf

²⁹⁰ For more information see: http://ec.europa.eu/environment/waste/framework/pdf/facsheets%20and%20roadmaps/Factsheet_Portugal.pdf

²⁹¹ For more information see: <https://gettingthedealthrough.com/area/59/jurisdiction/20/tax-controversy-portugal/>

senior lien on the indebted property. This condition is fully met. In fact, public liens are not affected by private ones, as the state has a special privilege in this matter.

The land registry (complemented by the tax registry) has a general description of the property, ownership entitlements, and liens, if any. The tax registry reflects the tax value of the property. It also assesses if a property is free of debts and liens via a certificate (*certidão de registro*) from the local land registry.

Concerning municipal finances, even though some revenue comes from the central administration (*Orçamento de Estado*), municipalities have their own autonomous budget and finances (according to Number 1 of Article 6 of *Lei das Finanças Locais*). In this respect, they can also create separate budget lines for their activities. These are controlled by the *Tribunal de Contas*, an independent body responsible for overseeing public administration finances.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

In Portugal, property taxes have been in force since 2003. Although the rates have changed in recent years, the changes occurred within a small range, which makes the levies a stable fiscal mechanism. The IMI has been a reality for the past 15 years, and people tend to view it as part of the price they pay for having or buying a house. The IMI has also had a lot of media coverage, as it is one of the least popular taxes in the tax system. For this reason, social reactions to these reforms and possible political consequences are usually analysed, especially when it concerns tax exemptions or reductions. Moreover, Portugal has the second highest amount of vacant homes in Europe. Although no updated data on the number of vacant or unoccupied houses in Portugal currently exists, the 2011 census showed that there were 735,128 empty houses in the country, 184,909 of which were in Lisbon. When a building is empty for one year, the state benefits, as it charges triple the IMI, which makes some owners purposely destroy the property, so that the land can be sold or a new building erected on the site without a proper state's control.²⁹²

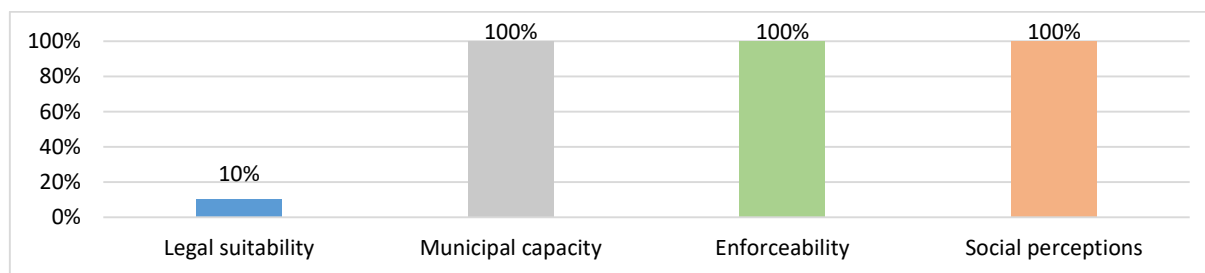
Country summary and take-aways:

- With a EuroPACE readiness of 82.14%, Portugal is a very adequate candidate for EuroPACE development.
- Municipalities have vast experience in cooperating with private actors, also on EE-oriented projects.
- IMI is a local property tax collected across the country, although only with an average success rate of ca. 90%.
- Within enforcement procedures, the tax authorities may seize the debtor's assets, including immovable assets. If necessary, seized assets are sold by the tax authorities in a public auction and the earnings used to settle the tax debt.
- In exceptional circumstances, municipalities can act as a tax authority and impose a senior lien on the indebted property. Public liens are not affected by private ones, as the state has a special privilege in this matter.

²⁹² For more information see: <https://www.auraree.com/portugal/residential/portugal-second-highest-amount-vacant-homes-europe/>

Romania

Very adequate country for EuroPACE implementation – overall grading for suitability: 89.29%



SWOT Analysis

Strengths	Weakness
The legal system is clear, and the tax is collected with an impressive rate. Municipalities are autonomous, active in PPP infrastructure projects, and willing to take part in climate initiatives. Additionally, there are a high number of building owners willing to invest in their own properties.	Given the structure of the building tax, differences in tax rates on the regional level are quite significant (with urban rates much higher).
Opportunities	Threats
The ambitious National Program of Building Retrofits has been launched, but due to the lack of funds, the programme has limited applicability. New financial instruments are currently very much needed.	People are accustomed to grants. In 2010, new financing rules for the thermal rehabilitation of buildings built up to the year 2000 have been set up to eliminate grants and introduce state-guaranteed loans. However, local authorities still can fund various measures of thermal rehabilitation, responding in this way at the owners' associations request.

1. Suitability of the legal framework for on-tax financing

To our best knowledge, the system of on-tax financing has not been tested in the country yet. Romanian tax on buildings²⁹³ is applied for physical persons (individuals) and legal entities/owners of buildings located in Romania. This is collected by the local authority²⁹⁴ through a special department called the City Hall Taxation Service, directly coordinated and supervised by the local administration. This Taxation Service functions as a public service of local interest according to the Public Administration Law no. 215/2001 and Public Finance Law 273/2006. Moreover, the waste management fee is paid to the local authority directly or paid to private companies responsible for collecting waste.²⁹⁵

Local councils, the General Council of the Bucharest Municipality, or County Councils, as the case may be, may impose taxes for the temporary use of public places; for visiting museums, memorial houses, historical monuments, architectural, archaeological, and other objects; as well as for the possession of machines that use local public infrastructure. Taxes can also be set for activities with an impact on the environment.²⁹⁶ Moreover, municipalities have the legal authority to change the tax rate of property-related taxes within a range established by the national law.

²⁹³ For more information see: Romanian Fiscal Code, 2018, Article 455; Law no 227/2015 regarding the Fiscal Code, Title IX, Chapter 2; Government Decision no. 1/2016 for approval of Methodological Norms for the Fiscal Code.

²⁹⁴ For more information see: Romanian Fiscal Code, 2018, Article 494

²⁹⁵ For more information see: Law no. 101/2006 concerning local waste disposal service

²⁹⁶ For more information see: Fiscal Code, 2018, Article 486

According to the Romanian Fiscal Code, there are different tax rates applied between regions. The taxable value of the building shall be adjusted according to the rank of the locality and the area in which the building is located by multiplying the value determined by the corresponding correction factor, which makes the differences in final rates significant. Moreover, local councils may decide to exempt or reduce the building tax not only for EE buildings, but also for people whose monthly income is lower than the country's gross minimum wage or consists solely of unemployment or social allowances, making deductions and exemptions popular across society.²⁹⁷

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

Municipalities are oftentimes cooperating with the private sector. This can be confirmed, for example, by the project introducing modern and efficient public lighting management in Suceava municipality, which aims to install more than 3,800 lighting units with LED technology, coordinated through a specialised tele-management system. In fact, in May 2016, a project agreement on a "Sustainable Energy Action Fund" was signed to further enhance sustainable energy management at the municipal level in Romania, by improving municipal infrastructure and raising awareness about EE and renewable energy, in order to increase living standards, promote economic development, and provide a response to climate change. This also includes an international level, as 85 Romanian municipalities are already present in the Covenant of Mayors.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

According to the Annual Report on Budget Execution for 2017 published by Public Finance Minister of Romania, the tax collection rate is 98.7%. This type of tax is due annually and can be paid in two equal instalments until 31 March and 30 September.

The high rate of tax collection is due to there being strong enforcement procedures in place. For the non-payment of local taxes at the due date, local authorities apply penalties of 1% of the amount of the principal non-paid fiscal obligations, calculated for each month or fraction of the month, starting with the day immediately following the maturity date and until the date of payment, in accordance with Article 183 Paragraph 2 of the Fiscal Procedure Code. Concerning the procedure applied to the recovery of tax debts, local tax authorities publish on their sites a list of tax debtors (in accordance with the Fiscal Procedure Code, Article 162) as well as a list of those with senior liens imposed on their property or bank accounts and a list of those with auctions for selling properties.²⁹⁸ Thus, tax debtors are forced to pay the tax debt and the local authority assures transparency concerning the tax enforcement procedure, if needed, by imposing a lien.

The evidence of properties is done by the National Agency of Cadastre and Real Estate Publicity (at the national level) and their subordinates Offices of Cadastre at the local level. At the local level, to levy local taxes, each local authority has its own data base with all the properties and owners who are due to pay property taxes. This data base is updated continuously because any new proprietor is forced by law to declare the new property. The National Agency of Cadastre and Real Estate Publicity provide access online to their data base.²⁹⁹ It includes information on the surface of the building and its description, the ownership, and any existing tasks on the building.

Municipalities are also financially autonomous and can freely decide about separate budget lines, but of course rules apply. The external body responsible for the audit and control of a local municipality is the Romanian Court of Accounts (*Curtea de Conturi*).³⁰⁰ The administrative-territorial units are forbidden to guarantee any kind of loan, if the total annual debt representing the maturity of the contracted and/or guaranteed loans, the interest, and commissions thereof, including the loan to be contracted and/guaranteed in that year, exceeds the limit of 30% of the total income (own income,

²⁹⁷ For more information see: Law no. 158/2011, Article 27

²⁹⁸ For more information see: <https://www.primariadeva.ro/publicatii-de-vanzare/publicatii-de-vanzare-2017>

²⁹⁹ For more information see: <http://epay.ancpi.ro/epay/SelectProd.action?prodId=1420>

³⁰⁰ For more information see: <http://www.curteadeconturi.ro/DefaultEN.aspx>

consisting of: taxes, fees, contributions, other payments, other income, and quotas deducted from the income tax).³⁰¹

4. Political, institutional, and social perceptions and acceptance of EuroPACE

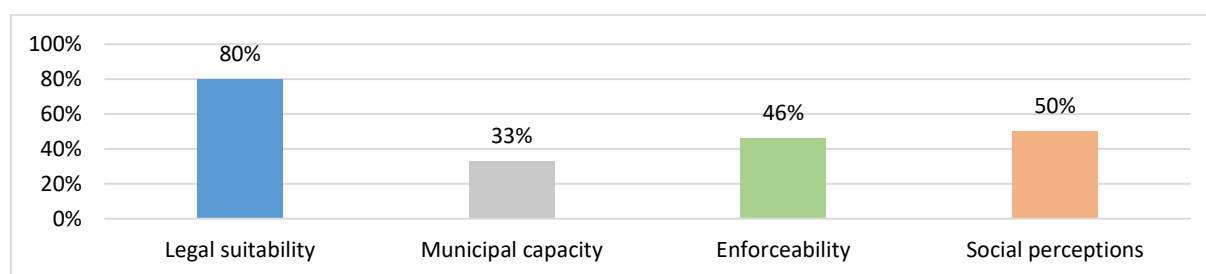
Tax on buildings is not a new concept – it was introduced in Romania in 1994 through the law concerning local taxes no. 27/1994. Even if legislation concerning taxation in Romania is not very stable, in the case of property taxes, there is more stability. The most important changes refer to tax rates, which were increased (but not significantly, because of the fear of losing votes in local elections), and to some exemptions or deductions. Public consultations related to the topic are currently (September 2018) appreciated by the public – see for example the public debate concerning the draft of the establishment of local taxes for 2019 in the municipality of Campina.³⁰²

Country summary and take-aways:

- With a EuroPACE readiness of 89.29%, Romania is a very adequate candidate for EuroPACE development.
- There are a high number of owners of buildings willing to invest in their own properties. According to Eurostat data for 2016, 96% of Romanians are owners of their respective households.
- The Romanian tax on buildings is a stable and well-functioning property tax imposed on residential buildings.
- Effective foreclosure procedures exist. Procedures are clear, and all information is available in the property title search.
- A lien on a property exists and is well documented in the land registries.

³⁰¹ For more information see: Local Public Finance Law, no. 273/2006, Article 63 (4)

³⁰² For more information see: <http://www.primariacampina.ro/anunturi/item/1526-dezbatere-publica-proiect-impozite-si-taxe-locale-2018>



SWOT Analysis

Strengths	Weaknesses
Property-related tax is well-structured and collected at the local level on an annual basis.	Cooperation between the private and public sector, particularly at the municipal level, is still in its infancy, as a significant percentage of municipalities can be categorised as very small. They are also rarely interested in EE initiatives.
Opportunities	Threats
Small municipalities have found a way to actively take part in national initiatives by acting together in larger groups. One such example is CITENERGO Association, created following an initiative of the Union of Towns and Cities of Slovakia (the UTCS) and Energy Centre Bratislava in the framework of the pan-European Better Integration through Specific Exchanges for Sustainable Energy Process. This association could support small municipalities in EuroPACE application.	Weak tax enforceability, both when it comes to foreclosures and senior municipal liens.

1. Suitability of the legal framework for on-tax financing

To our best knowledge, the system of on-tax financing has not been tested in the country yet. There are three kinds of real estate tax (*dani z nehnuteľnosti*): (1) land tax, (2) building tax, and (3) apartment tax. Land tax is generally levied at 0.25% of the land value, as assessed by the municipality. Rates vary depending on the type of land and its location. The general tax rate on buildings is EUR 0.033 for every square metre occupied by the finished building. The general tax rate on apartments is EUR 0.033 for every square metre of the flat's floor area. The amount of tax is determined by each municipality individually, and in the case of Kosice and Bratislava, by the respective city districts.³⁰³ All property-related taxes are collected by the municipalities in which the property is located. Even though differences in tax rates at the regional level are marginal, there are significant individual exemptions. In 2017, discounts for elderly people and the hard-to-be disabled have been extended – citizens are entitled to a 60% discount from the age of 60 (previously 50% discount for people over 70), which is a significant difference.³⁰⁴

Article 39 (6) of Act 223 (2001) on localities points out that municipalities are allowed to introduce a charge for the collection, transport, and disposal of municipal waste, and that this fee “shall be exclusively used to cover the costs related to handling of municipal waste and minor construction waste, in particular the collection, recovery and disposal.” Moreover, there is a Local Development Fee

³⁰³ For more information see: <https://www.slovensko.sk/sk/zivotne-situacie/zivotna-situacia/dan-z-nehnutelnosti-1>

³⁰⁴ <https://www.bratislava.sk/sk/dan-z-nehnutelnosti>

(“Development Fee”) which is a “one-time fee applied to new developments. The Development Fee can be introduced by a municipality in its territory, an individual part thereof or an individual cadastral area, by a generally binding regulation. The Development Fee rate ranks from EUR 3 to EUR 35 per each m², or a part thereof, of the floor area of the -ground part of the building. The Development Fee is an income of the municipality budget.”³⁰⁵

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

PPPs are not fully functioning yet, although some positive steps in flexible adoption of law changes have been identified.³⁰⁶

The situation related to EE strategies is equally weak. There are 2,751 municipalities (*obec*), 140 cities (*mesto*), and 39 city districts (*mestská časť*) in Slovakia.³⁰⁷ Only 13 municipalities take part in Covenant of Mayors activities, which is one of the worst participation rates across the EU. This the low rate of participation can be explained by insufficient capacities within the municipalities, which, most of the time, are small entities consisting of one to two people who are responsible for the whole administration. Even though, given its size, a majority of municipalities do not have capacities to administer projects involving specific knowledge (like EE audits), municipalities have found a way to actively take part in national initiatives by acting together in larger groups. One of the most promising examples of this type of cooperation, CITENERGO Association, was created following an initiative of the Union of Towns and Cities of Slovakia (the UTCS) and the Energy Centre Bratislava in the framework of pan European BISE Process (Better Integration through Specific Exchanges / for Sustainable Energy). Thus far, the cooperation can be assessed as successful.³⁰⁸ Another initiative of a similar importance worth mentioning is: A Municipal Instrument to Finance Sustainable Energy Investments in the Slovak Republic, which is more of a technical assistance initiative.³⁰⁹

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

All property-related taxes are collected on an annual basis throughout the country, and in some municipalities (for example, in Pezinok), the entire process is digitalised.³¹⁰ This is because municipalities do their best to make the whole process as convenient as possible. As some researchers point out: “the property tax remains an important source of revenue for local governments in large part because it has always played that role. The historical dominance of the tax was attributable to the fact that there were no alternatives to financing local government. 2004 fiscal decentralisation brought further opportunities for municipalities to collect own sources and thus to increase own independence from state government.”³¹¹

Convenience for customers is perhaps the biggest trigger for an effective collection mechanism as enforceability in cases of non-payment is rather weak. Foreclosures for property tax-related delinquencies are non-existent. The mechanism for a lien on property for municipalities is included under Article 81 of No. 563/2009 Act. However, it does not have to be senior to commercial mortgages as the order of imposition is decisive for the settlement of liens.

The land register portal (*Slovenský katastrálny portál*) was launched in 2004 and, since 2007, information provided by the portal is free of charge and available in Slovak and English. It provides “various information relevant to the building, including all rights of lien (the designation of the lien

³⁰⁵ For more information see: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Legal/dttl-legal-deloitte-legal-handbook-for-real-estate-transactions.pdf>

³⁰⁶ For more information see: <https://www.interreg-central.eu/Content.Node/T1.1.4-.pdf>

³⁰⁷ For more information see: <http://www.ccre.org/pays/view/6>

³⁰⁸ For more information see: http://www.unia-miest.sk/EN/vismo/dokumenty2.asp?id_org=600188&id=1047

³⁰⁹ For more information see: <http://www.munseff.eu/en/>

³¹⁰ The municipality’s e-portal is available here: <https://eslužby.pezinok.sk/informovanie-dani-z-nehnutelnosti-2.html>

³¹¹ For more information see: https://www.researchgate.net/publication/276459154_Significance_of_Local_Taxes_in_Income_Structure_of_Slovak_Municipalities

creditor) and first option, if these are to have the effects of real rights (identification of beneficiaries of first option rights).³¹²

Chapter four of the Constitution (Articles 64-71) stipulates the financial autonomy of municipalities. "A municipality and superior territorial unit finance their needs primarily from their own revenues, as well as from state subsidies." Moreover, "the law stipulates which taxes and fees constitute the revenues of municipalities and which taxes and fees constitute the revenues of the superior territorial unit."³¹³ "In performing delegated responsibilities, local governments are bounded by specific guidelines centrally imposed and, even if the actual financial disbursement is done through the local budgets, they are financed through earmarked resources transferred to the local government by the relevant central government ministry."³¹⁴ Municipal finances are also controlled on a regular basis by a chief inspector. This officer, elected by the council, deals with the management of properties owned by the municipality and takes care of the budget. Finally, municipalities can be audited by an independent representative of the Slovak Board of Auditors.³¹⁵

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Although social perceptions of property-related taxes (due to its low rates) are positive, the government is considering changing its structure to better align it with the market value of each property. Many believe that a change like this would face strong opposition.³¹⁶ While these changes could be enforced at any moment, for the time being, the tax usually amounts to less than EUR 25 per year and rarely exceeds EUR 100. It is widely known that this tax is one of the lowest across the EU. As a result, citizens do not consider it as burdensome and pay their respective rates without hesitation.

Country summary and take-aways:

- With a EuroPACE readiness of 57.14%, Slovakia is a less adequate candidate for EuroPACE development.
- There are three kinds of real estate tax: (1) land tax, (2) building tax, and (3) apartment tax; the government is currently considering changing the structure of this tax.
- Small municipalities have found a way to actively take part in national initiatives by acting together in larger groups. One such example is the CITENERGO Association, created in the framework of the pan-European BISE Process (Better Integration through Specific Exchanges / for Sustainable Energy).
- Although a foreclosure mechanism can be considered in cases of mortgage defaults, it is never used by municipalities in cases real estate tax delinquencies. Other enforceability measures like penalties and interest rates are used instead.
- The municipal lien exists but does not necessarily have to be senior to commercial mortgages, as the order of imposition is decisive for the settlement of liens.

³¹² For more information on the portal see: <https://www.katasterportal.sk/kapor/informacie.do> or https://e-justice.europa.eu/content_land_registers_in_member_states-109-sk-en.do?member=1

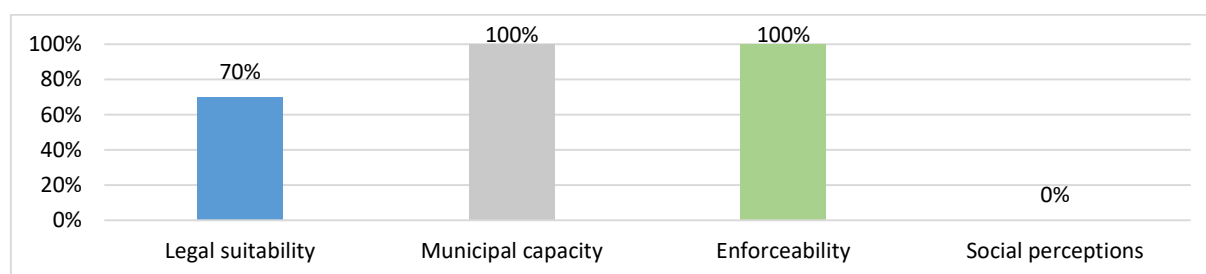
³¹³ For more information see: <https://portal.cor.europa.eu/divisionpowers/countries/MembersNLP/Slovakia/Pages/default.aspx>

³¹⁴ For more information see: <https://portal.cor.europa.eu/divisionpowers/countries/MembersNLP/Slovakia/Pages/Slovakia-Fiscal-Powers.aspx>

³¹⁵ For more information see: <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN013811.pdf>

³¹⁶ For more information see: <https://spectator.sme.sk/c/20473110/real-estate-taxes-going-up-in-much-of-slovakia.html>

Very adequate country for EuroPACE implementation – overall grading for suitability: 82.14%



SWOT Analysis

Strengths	Weaknesses
Municipalities are actively participating in EE-related debates. Almost all have some experience in PPPs. Local communities adopt the Local Energy Concept (LEK) as an energy management programme. It incorporates the ways in which local communities can tailor solutions for efficient, economical, and environmentally friendly energy services in all buildings.	Various exceptions at the individual property level: temporary exemption for 10 years to taxpayers who own a newly constructed building or renovated buildings, if the value of these buildings has increased as a result of renovation by more than 50%. For a taxpayer with more than three family members who live in the owner's house, the tax decreases by 10% for the fourth and every additional family member.
Opportunities	Threats
The existence of various local energy agencies that could be consulted or responsible for technical assistance, administration, audits, and more for EuroPACE development. In 2007, a consortium of local energy agencies of Slovenia (LEAS Consortium) was established to strengthen cooperation between local energy agencies and implementation of common goals in the local environment).	Real property tax enforced as of 1 January 2014 replaced the existing real estate tax by abolishing all previous legislation. However, the Real Estate Act was annulled by the Slovene Constitutional Court in March 2014 for not being in accordance with the Constitution and, as a result, legislative arrangement of the taxation of real estate is enforced the previous legislation is still in use. As of 1 January 2018, the Slovenian property tax system consists of two types of duties on the possession of real property. Changes in the tax are, therefore, foreseen again; thus, it is difficult to classify this as a stable scheme.

1. Suitability of the legal framework for on-tax financing

To our best knowledge, the system of on-tax financing has not been tested in the country yet. As of 1 January 2018, the Slovenian property tax system consists of two types of duties on the possession of real property: property tax levied on premises such as buildings, apartments, garages, and secondary homes. The tax rate for premises depends of the type of property and its value. The tax rate for dwellings varies from 0.10-1% of the value. The tax rates on premises used for rest and recreation are in the range of 0.20-1.50%.³¹⁷ All taxes and custom duties are collected by the Financial Administration of the Republic of Slovenia.³¹⁸ The public service of waste disposal is carried out by companies on the

³¹⁷ For more information see:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

³¹⁸ For more information see:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

basis of authorisations granted by local communities.³¹⁹ A sewage fee is also charged on the basis of the water supplied.³²⁰

Municipalities regulate, in their legal framework, the independent rates of compensation for the use of building land, municipal fees, self-contributions, fines for violations of municipal regulations, concession fees, and the price of services of compulsory local public utility services.³²¹ However, no real differences at the regional level can be found. The situation is more complicated with regards to exemptions at the individual property level. There is a temporary exemption for 10 years to taxpayers who own a newly constructed building or repaired or renovated buildings, if the value of these buildings has increased as a result of renovation by more than 50%. For a taxpayer with more than three family members who live in the owner's house, the tax decreases by 10% for the fourth and every additional family member.³²²

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

Cooperation between local authorities and the private sector is well established. Some impressive information could be found in 2009 report in this regard, which confirms that PPPs are already mature. To date, 55 municipalities (or 26.1%) have concluded PPP agreements. On average, the Slovenian municipality has 2.18 concluded contracts, but if we exclude from analysis municipalities that do not have such forms of cooperation, average would be 2.95.³²³

The Energy Advisory Network for Households (ENSVET) is part of a series of measures that were introduced as part of the National Energy Efficiency Action Plan 2014-2020. The main goal is to increase interest and private investment in RES and the rational use of energy (RUE) through a network of regional advisory offices, where municipalities are active actors, as they also are in the Covenant of Mayors activities. Local communities adopt the Local Energy Concept (LEK) as an energy management programme, with the prior consent of the minister responsible for energy to work on solutions for efficient, economical, and environmentally friendly energy services in homes, businesses, and public institutions.³²⁴

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Both property-related taxes are collected regularly, and enforceability can be considered satisfactory, as penalties and interest rates are imposed in cases of non-payment.³²⁵ According to the mortgage bonds and municipal bond act, mortgage bonds and municipal bonds are bonds issued under the terms and conditions of this Act and backed by covered assets. The holders of such bonds enjoy a senior position on repayment from such assets. A mortgage loan agreement is to be concluded in writing, and any claims will be secured by a lien on a single or several pieces of real property. When a building is erected on the property, insurance will be taken out for the building with an insurance company for the duration of the agreement, and will cover the usual risks arising in respect of the site and the type of the building which is the subject of insurance for a sum insured that equals at least the replacement value of this building; the insurance policy shall be pledged to the lender. If a mortgage loan is secured by land charge, the issuer will be a lawful holder of a certificate of land charge. The Slovenian Land Register contains the legal facts relating to properties, such as owners, mortgages, and easements. A Land Cadastre is also available, which focuses on the factual circumstances of properties.³²⁶

³¹⁹ For more information see: <http://www.arso.gov.si/varstvo%20okolja/odpadki/>

³²⁰ For more information see: <https://www.investslovenia.org/business-environment/infrastructure-utilities/utilities/>

³²¹ Ministry of Public Administration:

http://www.miu.gov.si/si/lokalna_samouprava/o_lokalni_samoupravi/financiranje_obcin/nacela_financiranja_lokalne_samouprave/

³²² For more information see:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

³²³ For more information see: http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/javno_zas_partnerstvo/20110314_1.pdf

³²⁴ For more information see: <http://www.energetika-portal.si/podrocja/energetika/lokalni-energetski-koncept/>

³²⁵ For more information see: <https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina?urlid=20133676>

³²⁶ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-si-en.do?member=1

Local authorities are in possession of autonomous budgets. The supervisory committee of the local authority and the Court of Audit are responsible for its control. The state focuses mostly on controlling spendings from the funds allocated from the central budget.³²⁷

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Real Property Tax enforced with 1 January 2014 replaced all existing taxation of real estate in Slovenia. However, the Real Estate Act was annulled by Slovene Constitutional Court in March 2014 for not being in accordance with the constitution; and as a result, the proper legislative arrangement of the taxation of real estate is enforced the previous legislation is still in use (although being abolished by the annulled Real Property Tax Act).

As of 1 January 2018, the Slovenian property tax system consists of two types of duties on the possession of real property, what can make it complicated to follow for citizens. Changes in the tax are again foreseen; thus, it is difficult to classify it as a stable scheme.

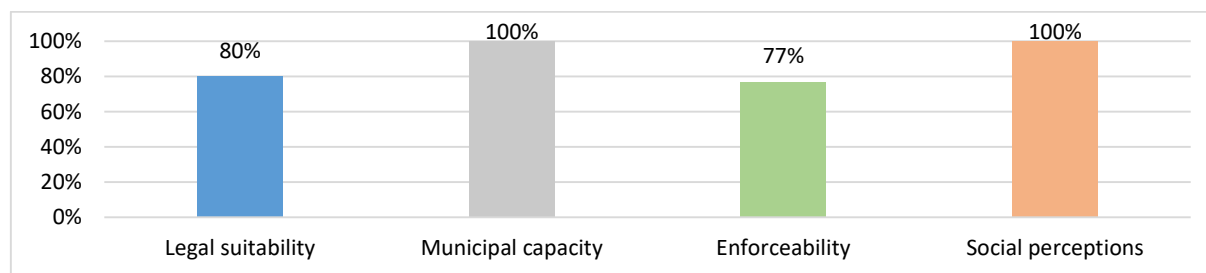
Country summary and take-aways:

- With a EuroPACE readiness of 82.14%, Slovenia is a very adequate candidate for EuroPACE development.
- As of 1 January 2018, the Slovenian property tax system consists of two types of duties on possession of real property: property tax levied on premises such as buildings and parts of buildings, including apartments, garages and secondary homes, and charges for the use of building land levied on vacant and constructed building land possessed by legal persons and individuals.
- Local communities adopt the Local Energy Concept (LEK) as an energy management programme. It provides the ways in which local communities can tailor solutions for efficient, economical, and environmentally friendly energy services in homes, businesses, and public institutions, which could also be of use for EuroPACE.
- According to the mortgage bonds and municipal bond act, mortgage bonds and municipal bonds are bonds issued under the terms and conditions of this Act and backed by covered assets. The holders of such bonds enjoy a senior position on repayment from such assets.

³²⁷ For more information see: <https://rm.coe.int/1680747fb1>

Spain

Very adequate country for EuroPACE implementation – overall grading for suitability: 82.14%



SWOT Analysis

Strengths	Weaknesses
Tax collection is extremely high with a very low payment default thanks to enforcement procedures. Ongoing pilot project to launch a first residential on-tax financing scheme in the city of Olot.	Complicated senior lien imposition. Significant differences in tax rates at the individual property level.
Opportunities	Threats
1,817 municipalities are part of the Covenant of Mayors initiative and have issued local action plans to foster EE, which proves their involvement in climate actions.	Various differences at the individual property level exist across the country.

1. Suitability of the legal framework for on-tax financing

Currently, there is an effort to launch a first residential on-tax financing pilot project in the city of Olot, Catalonia. It is expected to go live in early 2019.

There are several property-related taxes, such as the property tax (IBI - *Impuesto sobre Bienes Inmuebles*) that would be, from a technical and administrative point of view, suitable to carry on-tax financing. The IBI is regulated by the Royal Decree 1/2004³²⁸ on housing stock (*Ley del Catastro Inmobiliario*). However, from a legal standpoint, there should be a bill amendment specifically addressing the possibility to use one of these property-related taxes as a carrier of a financing that will be handled by a third party (i.e. an investor) and not used for public budget purposes, which is the very purpose and spirit of any tax. Local authorities are responsible for collection of the tax and they can, at their discretion, either collect directly or through a subcontracted third party. For those small villages or towns that cannot afford to have a tax office, they rely on bigger municipalities or on a regional authority. Additionally, all private buildings in Spain have to pay local charges/bills such as sewage, garbage collection, or water treatment, among others. There is a national legislation (*Ley Reguladora*) *de las Haciendas Locales*³²⁹ that regulates how local tax authorities can apply charges/bills.

Local authorities can also implement new taxes, but not at their full discretion. While local administrations have the authority to change the rate of a tax, it has to be within the boundaries of the corresponding Law (regional or national).

Difference in rates across regions do not really exist. The only difference is the body doing the collection. For small villages, which have very limited resources and cannot afford a fully operational tax collection system, the collection might be done by either a bigger municipality in the same area or by the regional government (*Diputación*), the activity of which is regulated by the *Ley 7/85 Reguladora de las Bases de Régimen Local* (LRBRL).³³⁰ Nevertheless, differences at the individual property level are

³²⁸ For more information see: <https://www.boe.es/buscar/doc.php?id=BOE-A-2004-4163>

³²⁹ For more information see: <https://www.boe.es/buscar/act.php?id=BOE-A-2004-4214>

³³⁰ For more information see: <https://www.boe.es/buscar/doc.php?id=BOE-A-1985-5392>

common. Sometimes, even though the law establishes criteria and procedures to establish the value of the asset and how to calculate the tax, there are conflictive/incoherent situations that make it difficult for the local authorities to have a specific criterion.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

There are a number of successful experiences on cooperation between public and private actors. To name a few, ESCo projects and other PPPs in this respect have been implemented across the country for a variety of projects. 1,817 municipalities are part of the Covenant of Mayors initiative and have issued local action plans to foster EE based on the national plan for EE promoted by idea,³³¹ the National Agency for Energy Savings. A number of municipalities have successfully launched EE programmes in the form of grants, subsidies, tax deductions, and technical assistance. There has also been a positive experience in deploying ELENA projects for EE programmes. Furthermore, most of the regions have regional energy agencies promoting EE programmes and channelling grants, subsidies, and financing.

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

Tax collection is regular, high, and with a very low payment default thanks to enforcement procedures. The law of local tax authorities (*Haciendas Locales*) regulates the penalties and charges to be applied as well as the procedures to undergo. There are publicly available information and documents as well as public records on transactions and incidences as per the Law 19/2013,³³² of 9 December, on Transparency, Access to Public Information, and Good Governance. Foreclosure procedures are also available. Both specific law and administrative procedures are defined in the recently updated Law 5/2018³³³ from 11 June 2018 to enforce foreclosure. The situation with lien seniority is a bit more complicated, even though in theory these are available. Local authorities can impose a senior lien on a property through the Property Register, but it is a truly complex process. Even though the administrative process is available and regulated by the law for mortgages (*Ley Hipotecaria*),³³⁴ it proves not to be smooth and there are legal contests on its application.

Moreover, the National Property Register³³⁵ is a very well established and reliable institution that compiles a broad array of information concerning all the buildings in the country with all the records public.

When it comes to municipal finances, these are fully autonomous but constrained by a national bill regulating how local authorities can manage their municipal budget, setting strict compliance rules. Also, earmarked budgets are available. Budgeting is an extremely important process and it is reviewed on a yearly basis. Budget allocation and funds are specifically earmarked and assigned to specific projects and cannot be used for other actions once the budget has been approved by the corresponding procedures. There is a national and independent entity called the National Court of Auditors (*Tribunal de Cuentas*).³³⁶ The Spanish Constitution of 1978 conferred on the Court of Auditors the audit of the public sector and the prosecution of accounting liability.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

The tax is the main revenue source of municipalities and, therefore, there is a strong institutional will to maintain and protect the property-related taxes system. Over the recent years, there has been a political debate and legislation attempts to use property taxes as an incentive to avoid empty

³³¹ For more information see: <http://www.idae.es/tecnologias/eficiencia-energetica/plan-nacional-de-accion-de-eficiencia-energetica-2017-2020>

³³² For more information see: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2013-12887

³³³ For more information see: <https://www.boe.es/boe/dias/2018/06/12/pdfs/BOE-A-2018-7833.pdf>

³³⁴ For more information see: <https://www.boe.es/buscar/doc.php?id=BOE-A-1946-2453>

³³⁵ For more information see: <http://www.mjusticia.gob.es/cs/Satellite/Portal/es/areas-tematicas/registros/registro-propiedad>

³³⁶ For more information see: <https://www.tcu.es/tribunal-de-cuentas/en/>

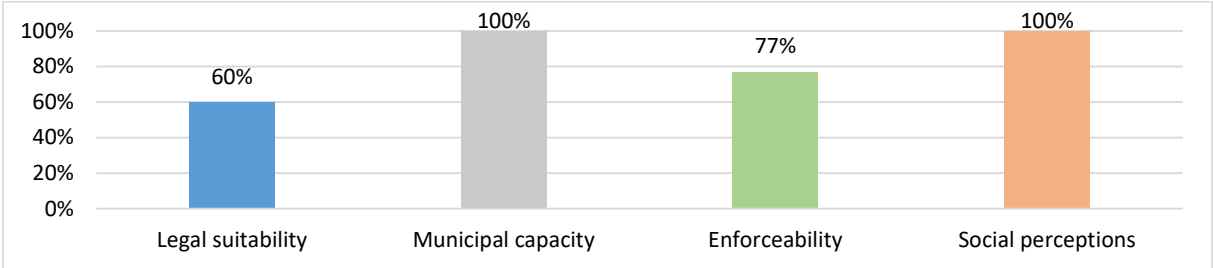
households and therefore give families in need access to them. Likewise, there is a political debate on how to use property taxes to cope with the challenge posed by the “Gentrification” phenomenon happening mainly in touristic cities.

Country summary and take-aways:

- With a EuroPACE readiness of 82.14%, Spain is a very adequate candidate for EuroPACE development and that is one of the reasons the pilot project is taking place there (Olot, Catalonia).
- There are several property-related taxes such as the property tax (IBI - *Impuesto sobre Bienes Inmuebles*) that would be, from a technical and administrative point of view, suitable to carry on-tax financing.
- Municipalities are well-prepared for cooperation on technical projects with private partners, as well as those fostering EE locally.
- Enforcement procedures are transparent and foreclosures in cases of tax delinquencies can be considered effective.
- Lien seniority is questionable as it exists only in theory.

Sweden

Moderately adequate country for EuroPACE implementation – overall grading for suitability: 75%



SWOT Analysis

Strengths Several BID-inspired long-term development partnerships are in place, like the development process taking place in Gamlestaden and Gothenburg, driven by an association of 45 local property owners, which has been in operation since 2001.	Weakness Centralisation of local taxes (collection mechanism, imposing new local charges, and decisions on tax rates).
Opportunities Municipalities are active in EE-related fields and have experience in managing technical initiatives in this respect.	Threats Municipalities are responsible for the provision of the majority of public services, such as education, healthcare, public transport, infrastructure, sport and culture facilities, and services, among others. As a result, not all of them may be willing to extend the list of duties (if EuroPACE is introduced).

1. Suitability of the legal framework for on-tax financing

There are several BID-inspired long-term development partnerships in place, for example in: Gamlestaden, Gothenburg Centrala Hisingen in Gothenburg, Järva in Stockholm, Sofielund in Malmö, in the town of Landskrona, as well as in city centres and rural areas in various places across the

country.³³⁷ These partnerships are always driven by an associations of the local property owners with the municipality and the local businesses.³³⁸

Concerning real estate with homes that have been completed, the owner must pay municipal property fee (*kommunal fastighetsavgift*).³³⁹ The municipal property fee is equal to 0.75% (houses) or 0.3% (apartments) of the value of the property. Tax amount ceilings apply. Every property is categorised and given a code specifying the type of property. Property taxes, including the municipal property fee, are collected by the centralised tax office (*Skatteverket*). The municipal property fee is paid once a year, when the taxpayer submits the PIT declaration.³⁴⁰ Households are additionally charged for the waste collection.³⁴¹ Water supply and sewage disposal are the responsibility of municipal authorities, and these services are subsidised by the state.³⁴²

The local or regional administration has no right to establish new local taxes and fees. Local taxes, including the rates, are specified in the national law, which can only be introduced or amended by the parliament. Hence, the system is uniform throughout the entire country.

2. Municipal capacity to develop an on-tax financing mechanism – municipalities’ experience and policy objectives concerning EE and/or climate mitigation

There are a number of examples of cooperation between the public and private sector in Sweden. A notable example on the national level is the Arlanda Airport Rail Link.³⁴³ Most projects on the municipality level are related to the construction of sport and cultural facilities.

Concerning EE-oriented actions, a National Renewable Energy Action Plan (NREAP) exists. The NREAP also focuses also on municipal targets. Moreover, we can identify energy efficiency advisors in most municipalities and a significant number (56/290) of municipalities participate in Covenant of Mayors initiatives. During 2006-2010, Sweden had a programme of grants for residential heating conversion. Owners of residential properties and related premises could receive a grant covering up to 30% of the cost of materials and labour up to a maximum per household for conversion from direct electric heating to systems using district heating, biofuels, or a geothermal/ground/lake heat pump. It has been successfully administered by the municipalities.³⁴⁴

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

The tax is a stable scheme as administrative sanctions for delinquencies include tax surcharges and delay fines. Tax surcharges are also imposed if the taxpayer has supplied incorrect information or failed to file a tax return.³⁴⁵ Real estate taxes are automatically added by the tax office to the yearly income tax statement and mailed to the taxpayer via traditional post or the dedicated official state-run electronic mailing system. If the payment of the tax is delayed, reminders are sent and delay fines are imposed.³⁴⁶ While foreclosures can be considered effective, no such thing as a senior lien exists. This is because taxes and fees have no special standing – there is no administrative lien which would be senior to a mortgage.³⁴⁷

Land register is part of the Real Property Register – “a multi-purpose national register providing information on: real property and joint property units; administrative divisions; location addresses; geometric area of the property/cadastral maps, ownership, mortgages and mortgage deeds, easements and usufructs, plans and land use regulations, ancient monuments, and parcelling

³³⁷ For more information on BIDs in Sweden see: <http://www.bidsinsweden.se/bid/#.W5flEvZx2Uk>

³³⁸ For more information see:

http://www.lantm.lth.se/fileadmin/fastighetsvetenskap/utbildning/Examensarbete/13_5268_Jens_Edholm.pdf

³³⁹ <https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt.4.69ef368911e1304a625800013531.html>

³⁴⁰ This information was obtained via phone conversation with an employee of the Swedish Tax Office.

³⁴¹ For more information see: <http://www.expatsfocus.com/expatriate-sweden-utilities>

³⁴² For more information see: <http://www.expatsfocus.com/expatriate-sweden-utilities>

³⁴³ For more information see: <http://www.cati.org.pl/download/PPP/SWIAT/WPROWADZONE/PPP%20ARLANDA.pdf>

³⁴⁴ For more information see: <https://www.sciencedirect.com/science/article/pii/S0360544217304140>

³⁴⁵ This information was obtained via phone conversation with an employee of the Swedish Tax Office.

³⁴⁶ This information was obtained via phone conversation with an employee of the Swedish Tax Office.

³⁴⁷ For more information see Enforcement Code (SFS 1981:774) and the Rights of Priority Act (SFS 1970:979)

measures or the like, site leasehold rights, history; buildings; property taxation information which is managed by the Swedish mapping, cadastral and land registration authority (*Lantmäteriet*)”.³⁴⁸ Recently, Sweden’s land registry authority and a group of participating banks, businesses, and start-ups have confirmed on of the final phases of an ongoing blockchain pilot which might significantly expand current functionalities.³⁴⁹

Municipalities in Sweden are responsible for the provision of the majority of public services, such as education, healthcare, public transport, infrastructure, sport and culture facilities, and services among others. These services are financed mainly from taxes and, to a lesser extent, from state grants. Local authorities receive revenue not only from property taxes but also from income taxes, which are the primary source of revenue. Importantly, local governments can set local PIT rates, which is probably the reason why they do not need to do it in cases of municipal property fee. The municipality decides how to spend its income, and only afterwards shares the budget with the auditing bodies. The auditing bodies are: the Council for Municipal Accounting (*Rådet för Kommunal Redovisning - RKR*)³⁵⁰ and the Council for the Promotion of Municipal Analysis (*Rådet för främjande av kommunala analyser – RKA*).³⁵¹

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Property taxes have been in their current form, with some minor changes, since at least 2008. In a document published by the Swedish MF in February 2008,³⁵² in which two alternative taxation schemes were proposed, the MF states that the 2008 reform of property taxes is the answer to the criticism of property taxation prior to the reform.

The law on *kommunal fastighetsavgift* was later slightly amended in 2009.³⁵³ Furthermore, in 2012 the Swedish government investigated methods of simplifying the collection.³⁵⁴ The government proposed to replace the tax based on the value of the property with a tax based on the tax per square metre of living space and empty space. However, this proposal was heavily criticised, and in the end not introduced.³⁵⁵

Country summary and take-aways:

- With a EuroPACE readiness of 75%, Sweden is a moderately adequate candidate for EuroPACE development.
- The biggest concern is related to the centralisation of the property tax administration and collection.
- A municipal property fee (*kommunal fastighetsavgift*) exists and is collected by the central tax office (*Skatteverket*).
- In line with the Enforcement Code (SFS 1981:774), a foreclosure mechanism for tax delinquencies exists and can be assessed as transparent.
- According to the Enforcement Code (SFS 1981:774) and the Rights of Priority Act (SFS 1970:979), taxes and fees have no special standing in the order of pledges – there is no “administrative lien” which would be senior to a commercial mortgage.

³⁴⁸ For more information see https://e-justice.europa.eu/content_land_registers_in_member_states-109-se-en.do?member=1

³⁴⁹ For more information see: <https://www.coindesk.com/sweden-demos-live-land-registry-transaction-on-a-blockchain/>

³⁵⁰ For more information see: <http://www.rkr.se/>

³⁵¹ For more information see: <http://www.rka.nu/>

³⁵² For more information see: <https://www.regeringskansliet.se/contentassets/45427775b984fb880e6e121ea36edf2/en-begransad-fastighetsavgift-for-pensionarer-m.m>

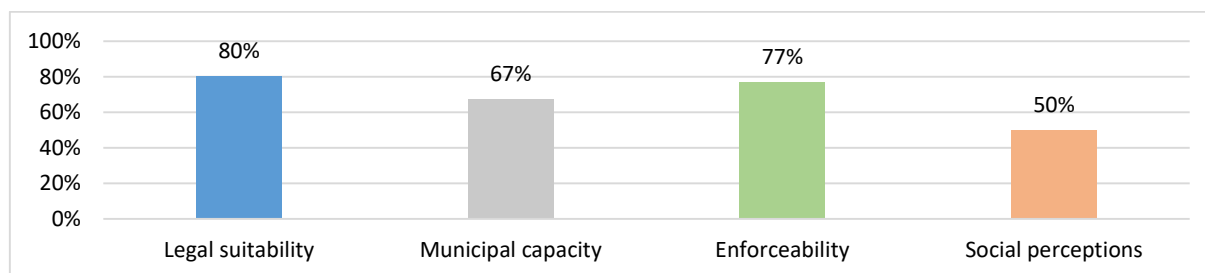
³⁵³ For more information see: <https://www.lagboken.se/views/pages/getfile.ashx?portalId=56&docId=215614&propId=5&download=1>

³⁵⁴ For more information see: <https://www.regeringen.se/rattsliga-dokument/statens-offentliga-utredningar/2012/08/sou-201252/>

³⁵⁵ For more information see: <https://www.dn.se/debatt/taxeringsutredningen-vill-infora-en-ny-fastighetsskatt/>

United Kingdom

Moderately adequate country for EuroPACE implementation - overall grading for suitability: 75%



SWOT Analysis

Strengths	Weaknesses
Council tax is difficult to avoid or evade and therefore has one of the highest collection rates of any tax, with in-year collection rates of over 97% in 2014-15. At this time, the tax raised enough money to cover 24.3% of council expenditures.	Although PPPs have delivered GBP 56 billion of private sector capital investment in over 700 UK infrastructure projects, most projects are administered at the national level. Many municipalities have no experience in cooperating with private actors, which is a key element for EuroPACE.
Opportunities	Threats
BIDs are popular across the country, although still relatively new when compared to the US and Canada. And while these are not typical residential on-tax financing schemes, they are a good starting point for EuroPACE development.	Although the council tax scheme can be considered stable, it is considered unfair by a number of experts (i.e. the Resolution Foundation). Introduced in 1992, its aim was to replace the highly unpopular community charge; however, it did not eliminate the shortcomings of its predecessor. Finally, no revaluation of properties has taken place since 1991; thus, a tax amendment may occur at any point in the future.

1. Suitability of the legal framework for on-tax financing

BIDs are popular across the country, although still relatively new when compared to the US and Canada. They were introduced as part of the Local Government Act in 2003 and came into force in 2004. The first BID in the UK was in Kingston in Surrey, and today (August 2018), the number of BIDs across the UK stands at 290, with the majority of BIDs located in towns or cities. Thirty BIDs can be found in London, whereas Bristol has 7.³⁵⁶

The council tax, a main form of local property charge, is levied on households. It is collected annually by the local authorities which keep a "Valuation List" of all the domestic property in its area with a corresponding charge.³⁵⁷ As a result, significant differences in the collection rates across the regions exist, but individual exemptions are not peculiar to the UK alone and should not be considered significant. Local governments spend around 18% of council tax revenue on dealing with rubbish, but that masks a lot of variation between regions and councils. Additionally, water supplies and sewerage are charged separately on every households.³⁵⁸

2. Municipal capacity to develop an on-tax financing mechanism – municipalities' experience and policy objectives concerning EE and/or climate mitigation

³⁵⁶ For more information see: <http://researchbriefings.files.parliament.uk/documents/SN04591/SN04591.pdf>

³⁵⁷ For more information see: <https://www.gov.uk/browse/housing-local-services/council-tax>

³⁵⁸ For more information see: <https://www.water.org.uk/consumers/find-your-supplier>

PPPs have delivered GBP 56 billion of private sector capital investment in over 700 UK infrastructure projects. These include new schools, hospitals, roads, housing, prisons, and military equipment and accommodation.³⁵⁹ The projects are administrated on the national level.

The situation is less remarkable when it comes to EE-oriented actions. Only 36 signatories from the UK can be found in the Covenant of Mayors database. However, the Clean Growth Strategy (CGS), the Government's long-term plan for meeting carbon budgets contains a number of new policy commitments to improve homes. The programme is administered by local governments and can be considered successful.³⁶⁰

3. Enforceability of local taxes and/or property taxes and assessment of charges, defaults, and delinquencies

According to the MF, council tax is difficult to avoid or evade and therefore has one of the highest collection rates of any tax, with in-year collection rates of 97% in 2014-15. Her Majesty's Revenue and Customs (HM Revenue and Customs or HMRC) – the UK's tax, payments, and customs authority – can start magistrates' court proceedings for small claims, which are defined as debts of less than GBP 2,000 owed for no longer than a year. For larger claims, proceedings are brought in the County Court. If the taxpayer has a judgement ordered against him, this will appear on a Register of Judgements, Orders, and Fines, which is a matter of public record. This will affect the debtor's credit rating. The HMRC can then take steps to enforce the judgement and recover the money from the debtor. An action in distress gives the HMRC the right to seize a debtor's personal possessions and sell them to pay the outstanding debt and costs. If they are sold for less than the debt, the taxpayer remains liable for the difference. If the tax remains unpaid, the HMRC can take serious remedial action. This includes petitioning for bankruptcy against any individual. This would force the individual's assets sold to pay the debt.

As a HMRC representative has confirmed in a phone call, federal tax lien is a lien imposed by law to secure the payment of taxes. It attaches to a person's property, but it may be imposed for both unpaid property taxes and in connection with any kind of personal federal tax, including income tax, gift tax, or estate tax. If property is sold while a lien is in effect, the will be paid out of the sales proceeds before the taxpayer receives the sales price.

HM Land Registry holds records about most properties built and sold in England or Wales since 1993, including the title register, title plan, and flood risk indicator.³⁶¹ The index map contains information on all land and property that's registered or being registered with HM Land Registry, including eventual pledges.

4. Political, institutional, and social perceptions and acceptance of EuroPACE

Changes in the council tax are widely discussed these days. The current scheme is considered irrational and unfair by various experts (e.g. the Resolution Foundation) as no revaluation of properties has taken place since 1991 thus this local tax amendment might take place anytime soon.

Country summary and take-aways:

- With a EuroPACE readiness of 75%, the UK is a moderately adequate candidate for EuroPACE development, even if in a post-Brexit reality.
- As no revaluation of properties has taken place since 1991, a tax amendment may occur soon, which can increase the system's uncertainty.
- Introduced in 1992, the council tax can be considered a stable fiscal mechanism.
- Effective foreclosure procedures exist. Procedures are clear and transparent.
- A federal tax lien is a lien imposed by law to secure the payment of taxes.

³⁵⁹ For more information see:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/205112/pf2_infrastructure_new_approach_to_public_private_partnerships_051212.pdf

³⁶⁰ For more information see:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf

³⁶¹ For more information see: <https://www.gov.uk/get-information-about-property-and-land/search-the-register>

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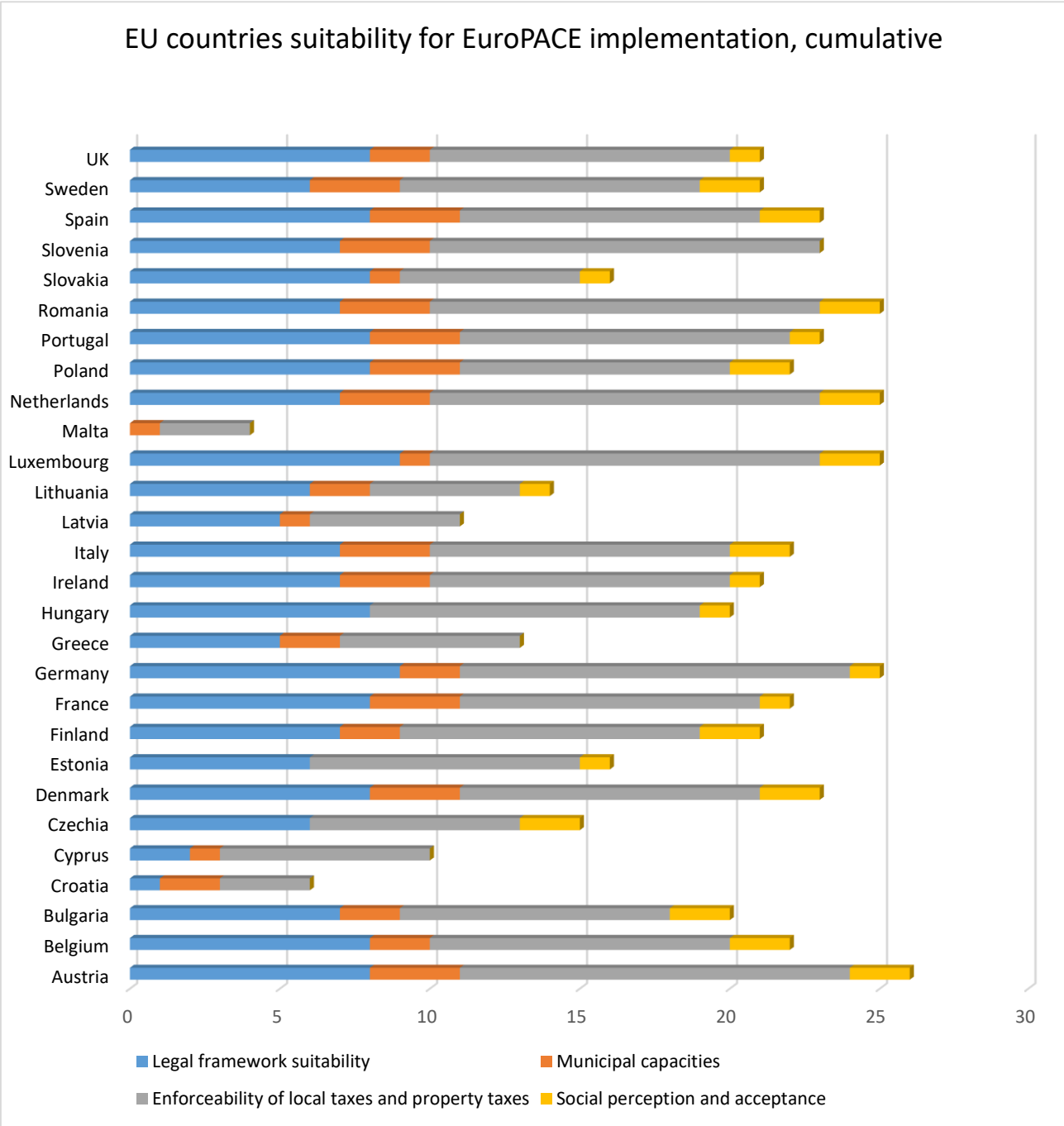
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Annexes

1. EU countries suitability for EuroPACE implementation, cumulative



2. Country case studies.

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Detailed description of country case studies

Austria

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	Although BID-measures (Business Improvement Districts) have been heavily discussed, particularly in the city of Linz, Presidium of the City confirmed via e-mail (response received in September 2017) that the project was not realized due to lack of legal basis. ¹	0
1.2	Property-related tax existence			4/4
		Property taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	According to Par. 1 of Article 1 of the Austrian Property Tax Act (APTA, Grundsteuergesetz), Domestic real estate is subject to property tax. The real estate is: <ol style="list-style-type: none"> 1. agricultural and forestry assets, 2. the real property, 3. business assets, insofar as they exist in business property² 	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Act of 20 March 1963 on the levying of fees for the use of municipal drinking water supply and sewage systems (Benützungsgebührengesetz/Usage Fees Act) - Salzburg § 11 3) The municipality may also combine the collection of these fees with the collection of other charges or fees for services provided by the	1

¹ For more information see: Storr 2011, Business-Improvement-Districts: Sanierung durch Private im öffentlichen Raum. Ein Konzept für Österreich?, ZÖR (2011) 66: 167-189, p. 170 and http://oevp-linz.at/index.php?id=2826&tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Baction%5D=detail&tx_news_pi1%5Bnews%5D=71090&tx_news_pi1%5Bday%5D=28&tx_news_pi1%5Bmonth%5D=11&tx_news_pi1%5Byear%5D=2016&cHash=f73cbaadfc05cdf8746427462019c49c

² For more information see: <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10003845>

			municipality and, in such a case, prescribe the payment of the fees via the person obliged to pay the other charges or fees on the due dates. ³	
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ⁴ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	The property tax is levied and collected by the municipalities under federal law (APTA), which are also fully entitled to the tax revenue.	1
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	In accordance with Par. 1 of Art. 27 APTA, the collection rate shall be determined by the municipality (up to 500%). ⁵ The authority of changing the rate within a range is also confirmed by the §25 Fiscal Equalisation Law (Finanzausgleichsgesetz). ⁶	1
		Local/regional administration has a right to establish new local taxes and fees	According to Par. 5 of Article 7 and 8 of the Finanz-Verfassungsgesetz, state legislation may authorise municipalities to regulate and levy certain levies on the basis of a resolution of the municipal council. Such state laws must determine the essential characteristics of these levies, in particular also their maximum permissible extent. What is more, according to Par. 3 of Article 17 of the Finanzausgleichsgesetz, municipalities are authorized, by resolution of the municipal council, to regulate certain levies subject to further authorization by state legislation. Last but not least, according to Par. 2 of Article 116 B-VG, the municipality has the right to manage its budget independently and to issue tax regulations within the limits of the general federal and state laws as well as within the framework of the financial constitution.	1
1.5	Tax collection exceptions			1/2

³ For more information see: <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=LrSbg&Gesetzesnummer=10000111> and <https://www.wko.at/service/umwelt-energie/Wasserversorgung.html>

^{4*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁵ For more information see: <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10003845> and <https://www.help.gv.at/Portal.Node/hlpd/public/content/229/Seite.2290000.html>

⁶ For more information see: <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20009764&FassungVom=2021-12-31>

		<p>Differences in tax collection at regional or local levels (urban vs. rural)</p>	<p>There are different collection rates among municipalities (see 1.4). Additionally, the basic federal rate depends on the property:</p> <p>Agricultural area and forestry:</p> <ul style="list-style-type: none"> • 0.16% for the first EUR 3,650 of the assessed standard value. • 0.2% for the amount of the assessed standard value exceeding EUR 3,650. <p>Buildings and property are taxed at 0.2% of the assessed standard value. This rate is reduced for:</p> <p>Single family houses:</p> <ul style="list-style-type: none"> • to 0.05% for the first EUR 3,650 of the assessed standard value and • to 0.1% for the next EUR 7,300. • Leasehold and shared property: • to 0.1% for the first EUR 3,650 of the assessed standard value and • to 0.15% for the next EUR 3,650. <p>+ All other property: to 0.1% for the first EUR 3,650 of the assessed standard value⁷</p> <p>Permanent exemptions from property tax</p> <p>The respective local tax office decides on the existence of permanent exemptions from real estate tax. Exemptions within the meaning of §§ 2 to 8 of the APTA are provided, for example, for public transport routes, flowing waters and for land belonging to local authorities serving the public service or use.</p> <p>Temporary exemptions from property tax</p> <p>In some federal states, limited exemptions from real estate tax can be granted by the municipalities on the basis of state laws, in particular for newly created (subsidised) residential properties.⁸</p> <p>Examples</p> <p>Salzburg: New residential buildings can be exempt from tax for up to 12 years.⁹ Kärnten: Exemption period is 20 years.</p>	<p>1</p>
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⁷ For more information see: PWC, Worldwide Tax Summaries, Corporate Taxes 2017/18, pp. 146-147

⁸ For more information see: <https://www.bmf.gv.at/steuern/immobilien-grundstuecke/grundsteuer.html>

⁹ For more information see: <https://www.salzburg.gv.at/verwaltung/Seiten/zeitliche-grundsteuerbefreiung.aspx>

§ 3 Grundsteuerbefreiungsgesetz - K-GSBG <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=LrK&Gesetzesnummer=10000059>

		Differences are observed at the individual property level based on the property size /property value, etc.	Real estate tax as a property tax focuses on the subject matter of the tax and not on the personal circumstances of the tax debtor. ¹⁰ However, the tax rate depends on the tax base (see 1.5) what results in huge differences on the individual property level. Last but not least, the municipalities may grant some aforementioned temporary exemptions from property tax.	0
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	<p>PPPs do not play an important role in Austria. Rare PPP cases can be found, for example, in the waste and sewage sector as well as in the renovation of school and cultural buildings.¹¹</p> <p>1. Municipalities are responsible for water services. They can either provide them as part of their administration or found public (private) companies to do so (76%), found water associations (8%) or create PPPs (4%, founded mostly recently).</p> <p>2. Municipalities are responsible for waste water services. They can either provide them as part of their administration or found public (private) companies to do so (74%), found waste water associations (19%) or create PPPs (2%).¹²</p> <p>The WIFO survey (2008) shows that over half of the participating cities (53%) reported that they had project intentions or had already implemented PPP projects. However, this result shall be treated with caution. Only 41 (from the 257 considered cities) reported a general attitude to PPP and 17 cities assessed their 25 PPP projects.¹³</p>	1

¹⁰ For more information see: <https://www.wko.at/service/steuern/Grundsteuer.html>

¹¹ (Reichard/Grossi in Kuhlmann/Schwab 2017, Starke Kommunen – wirksame Verwaltung: Fortschritte und Fallstricke der internationalen Verwaltungs- und Kommunalforschung, Springer, p. 107)

¹² (CEEP 2010, Public Services in the European Union and in the 27 Member States, p. 89.)

¹³ For more information see:

https://www.wifo.ac.at/jart/prj3/wifo/resources/person_dokument/person_dokument.jart?publikationsid=40720&mime_type=application/pdf

		In Austria, after a long debate and a few smaller trials, the involvement of private investors for the development of the infrastructure was enhanced by means of a large-scale project. The construction, operation and maintenance of 52 km of the motorway and highway network in the eastern region (A5, S1, S2) were transferred to a private concessionaire in December 2006. Due to the problems on the capital markets, interest in PPP projects has waned again in recent years. ¹⁴	
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	<p>Austrian municipalities are active players in sustainable energy actions. Good-Practice-Database covers:</p> <ul style="list-style-type: none"> - 26 posts (projects) on “Energy Efficiency” - 45 posts (projects) on “Renewable Energy”¹⁵ <p>More than 950 Climate Alliance municipalities (“Klimabündnis-Gemeinden”) (of 2098 municipalities in total).¹⁶</p> <p>2018: 91 climate and energy model regions (“Klima- und Energie-Modellregionen”, KEM) in 772 municipalities are implementing climate protection projects.¹⁷</p>	1

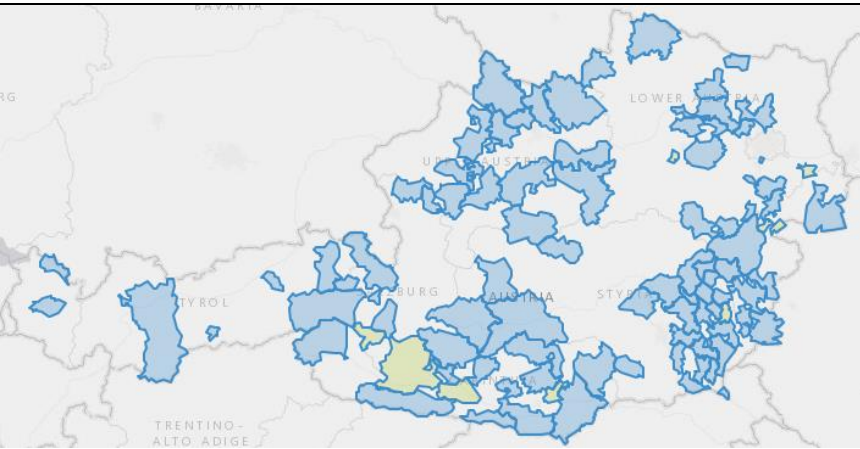
¹⁴ For more information see:

(https://www.wifo.ac.at/jart/prj3/wifo/resources/person_dokument/person_dokument.jart?publikationsid=40787&mime_type=application/pdf)

¹⁵ For more information see: https://www.klimabuendnis.at/start.asp?list=yes&b=355&sw=558&sort=erstelltam_desc&sw=571&sw=&suchstr=

¹⁶ For more information: <https://www.klimabuendnis.at/gemeinden/klimabuendnis-gemeinden>

¹⁷ For more information see: <https://www.klimaundenergiemodellregionen.at/>

		 <p data-bbox="1010 703 1864 764">Last but not least, 206 municipalities and towns active as energy-efficient municipalities.¹⁸</p>	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance at the local level	<p data-bbox="1010 776 1864 837">European Investment Bank loan for energy projects heavily used since 2007.¹⁹</p> <p data-bbox="1010 846 1864 946">OeMAG <i>Abwicklungsstelle für Ökostrom AG</i> supports renewable energy projects.²⁰ Number of OeMAG subsidized photovoltaic plants per 1000 inhabitants by municipality</p>	1

¹⁸ For more information see: <http://www.e5-gemeinden.at/index.php?id=19>

¹⁹ For more information see: <https://www.e-control.at/presse/aktuelle-meldungen/eib-darlehen-fuer-oesterreichische-energieprojekte>

²⁰ For more information see: <https://www.oem-ag.at/de/home/>

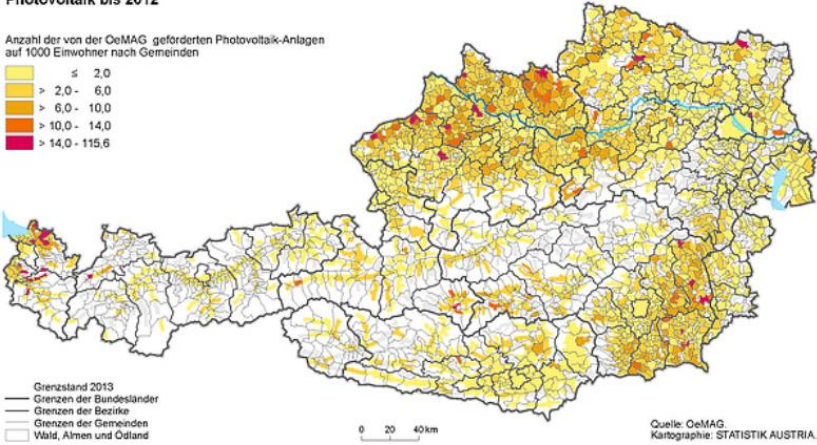
		<p>Photovoltaik bis 2012</p> <p>Anzahl der von der OeMAG geförderten Photovoltaik-Anlagen auf 1000 Einwohner nach Gemeinden</p> <ul style="list-style-type: none"> ≤ 2,0 > 2,0 - 6,0 > 6,0 - 10,0 > 10,0 - 14,0 > 14,0 - 115,6  <p>Quelle: OeMAG Kartographie: STATISTIK AUSTRIA.</p> <p>Source: https://www.oem-ag.at/de/oekostromneu/foerderlandkarten/</p> <p>The KOMMUNALKREDIT PUBLIC CONSULTING GMBH grants environmental subsidies to municipalities.²¹ The current results prove that local authorities are efficient in their management. 900 cities, municipalities and regions are participating in the "klimaaktiv mobil" programme.²² Furthermore, there are numerous financing and funding opportunities at EU, federal and state level which municipalities are administering on their own and thus far are successful on this management.²³</p>	
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4

²¹ For more information see: <https://www.umweltfoerderung.at/gemeinden.html>

²² For more information see: Annual report 2016 (klimaaktiv mobil Jahresbericht 2016)

https://www.umweltfoerderung.at/fileadmin/user_upload/media/publicconsulting/kamobil_Leistungsbericht2017.pdf

²³ For more information see: <https://www.help.gv.at/Portal.Node/hlpd/public/content/100/Seite.1000400.html>

		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	<p>The tax is collected annually and regarded as a stable one. The Austrian VAT gap is approximately 10% and the property tax provides significantly less scope for tax evasion.</p> <p>Tax revenue is stable (source: Eurostat):</p> <p>Main national accounts tax aggregates [gov_10a_taxag]</p> <table border="1"> <tr> <td>Last update</td> <td>17.08.18</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Extracted on</td> <td>22.08.18</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Source of data</td> <td>Eurostat</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>UNIT</td> <td>Million euro</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>SECTOR</td> <td>Local government</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NA_ITEM</td> <td>Taxes on land, buildings and other structures</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>GEO/TIME</td> <td>2008</td> <td>2009</td> <td>2010</td> <td>2011</td> <td>2012</td> <td>2013</td> <td>2014</td> <td>2015</td> <td>2016</td> <td></td> </tr> <tr> <td>Germany (until 1990)</td> <td>9,548.0</td> <td>9,636.0</td> <td>9,985.0</td> <td>10,349.0</td> <td>10,675.0</td> <td>11,020.0</td> <td>11,315.0</td> <td>11,825.0</td> <td>12,210.0</td> <td></td> </tr> <tr> <td>Austria</td> <td>578.7</td> <td>594.4</td> <td>609.2</td> <td>620.9</td> <td>632.9</td> <td>651.3</td> <td>658.8</td> <td>674.8</td> <td>684.4</td> <td></td> </tr> </table> <table border="1"> <tr> <td>UNIT</td> <td>Percentage of gross domestic product (GDP)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>SECTOR</td> <td>Local government</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NA_ITEM</td> <td>Taxes on land, buildings and other structures</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>GEO/TIME</td> <td>2008</td> <td>2009</td> <td>2010</td> <td>2011</td> <td>2012</td> <td>2013</td> <td>2014</td> <td>2015</td> <td>2016</td> <td></td> </tr> <tr> <td>Germany (until 1990)</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> <td>0.4</td> </tr> <tr> <td>Austria</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> </tr> </table>	Last update	17.08.18										Extracted on	22.08.18										Source of data	Eurostat										UNIT	Million euro										SECTOR	Local government										NA_ITEM	Taxes on land, buildings and other structures										GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016		Germany (until 1990)	9,548.0	9,636.0	9,985.0	10,349.0	10,675.0	11,020.0	11,315.0	11,825.0	12,210.0		Austria	578.7	594.4	609.2	620.9	632.9	651.3	658.8	674.8	684.4		UNIT	Percentage of gross domestic product (GDP)										SECTOR	Local government										NA_ITEM	Taxes on land, buildings and other structures										GEO/TIME	2008	2009	2010	2011	2012	2013	2014	2015	2016		Germany (until 1990)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	Austria	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1
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		Foreclosures related to tax delinquencies and defaults	According to § 226 BAO, tax liabilities which are not paid at the latest on the due date are enforceable to the extent determined by the tax authority. For more information, please refer to Annex 2 ²⁴ .	3																																																																																																																																																																					
3.2	Local authorities finances characteristics			3/3																																																																																																																																																																					
		Local authorities possess a fully autonomous budget	According to the Par. 2 of Article 116 B-VG: the municipality is an independent economic entity. It has the right, within the limits of the general federal and state laws, to own, acquire and dispose of assets of all kinds, to operate economic enterprises and, within the framework of the financial constitution, to manage its budget independently.	1																																																																																																																																																																					

²⁴ For more information see: <https://www.help.gv.at/Portal.Node/hlpd/public/content/101/Seite.1010641.html>

		Earmarked budgets/projects related funds exist at local authority level	The municipalities themselves determine how they use their financial resources. They are free to use the money to build roads, build a kindergarten or renovate the elementary schools. ²⁵	1
		Local authorities finances are controlled by independent bodies	The Court of Auditors (Rechnungshof) has auditing competence for municipalities with a population of 10,000 or more. ²⁶ Control offices, magistrate, municipal accounting office or internal audit control smaller municipalities. ²⁷ In addition, everyone has online access to the information on the budget of an Austrian municipality. ²⁸ According to Par 2 of Article 119a of the B-VG, the country has the right to examine the conduct of the municipality for its economy, efficiency and expediency. The mayor must inform the supervisory authority within three months of the measures taken on the basis of the inspection report. With the Austrian Stability Pact, the debt limits set by the state as a whole are distributed among the federal government, each individual federal state and the municipalities. The commitments to be met by the contracting parties are referred to as "stability contributions" and are calculated in relation to GDP and population. ²⁹	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	According to § 217 of the BAO, default surcharges must be paid if a levy is not paid in due time. Failure to pay may result in additional fines or imprisonment. ³⁰	1
		Existence of standardised and transparent administrative processes	Enforceability is regulated in BAO (§ 226 and following regulations). It presents a transparent and standardised process.	1
3.4	Mortgage and property ownership characteristics			2/2

²⁵ For more information see: <http://www.refreshpolitics.at/politik-die-basics/oesterreich/wie-funktioniert-die-verwaltung/selbstverwaltungskoerper/> and <https://www.wien.gv.at/verwaltung/organisation/oesterreich/gemeinden.html>

²⁶ http://www.rechnungshof.gv.at/fileadmin/downloads/2010/berichte/teilberichte/kaernten/kaernten_2010_08/Kaernten_2010_08_3.pdf

²⁷ <http://www.kontrolle.gv.at/kontrollaemter.html>

²⁸ <http://www.gemeindefinanzen.at/>

²⁹ Rehm H., Tholen M. (2008): Kommunalverschuldung – Befund, Probleme, Perspektiven BWV Verlag S.75

³⁰ <https://www.bmf.gv.at/steuern/fristen-verfahren/fsv-strafoehe.html>

	Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The land register is a public register maintained by the district courts, in which land plots are registered. ³¹ 'Cadastral and land register together form the Austrian system of real estate protection. Both registers fall under the authority of the federal government and are accessible to the general public. The cadastral is administered by Cadastral Offices and documents the current and objective situation of property as it relates to boundaries, location, size and use. The land register is a public register of all real estate properties and is maintained by the district courts. The register records ownership as well as rights pertaining to, or charges upon real estate property.' ³²	1
	Municipality has an authority to impose senior lien on the property	§ 11 of the APTA (GrStG) provides for a statutory lien on the land plot for property tax claims. Accordingly, as a creditor of property tax, the municipality has a right of separation for the property tax debts.	3
SCORING			13/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	The property tax law dates from 1955. ³³ It is being collected regularly and definitely considered a stable one.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes	A discussion took place in particular before the change in 2016 (updating and therefore increasing the standard values/tax base for the property tax), attracted high media attention and was part of the political debate. As the public consultations of any kind took place across the country, the public perception of the amendments were positive. ³⁴	1

³¹ <https://www.justiz.gv.at/web2013/home/e-justice/grundbuch~8ab4a8a422985de30122a90f642f6204.de.html>

³² For more information see:

http://www.bev.gv.at/pls/portal/docs/PAGE/BEV_PORTAL_CONTENT_ALLGEMEIN/0550_SUPPORT/0500_DOWNLOADS/PRODUKTFOLDER/KATASTER-FOLDER_ENGLISCH.PDF and https://www.justiz.gv.at/web2013/service_navigation/home~60.de.html

³³ <https://www.help.gv.at/Portal.Node/hlpd/public/content/229/Seite.2290000.html>

³⁴ https://diepresse.com/home/politik/innenpolitik/732930/Grundsteuer_Einheitswerte-werden-2016-angehoben-
<https://www.nachrichten.at/nachrichten/wirtschaft/Neue-Einheitswerte-nach-30-Jahren-Bauern-muessen-hoehere-Beitraege-zahlen;art15,2853806>
<https://noe.lko.at/auswirkungen-von-einheitswert%C3%A4nderungen-was-passiert-mit-den-abgaben+2500+2440385>
<https://www.krone.at/417388>
<https://www.gruene.at/themen/land-forstwirtschaft/neue-einheitswerte-sind-tickende-zeitbombe>

	has been a subject of political debate		
SCORING			2/2

Total scoring: 24/28

Belgium

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, there is no on-tax financing scheme in Belgium, even in form of a pilot study.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	There is a property tax in Belgium, called the <i>précompte immobilier/onroerende voorheffing</i> .	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Waste management fees have to be added to the property tax. ³⁵ The tax amount varies among municipalities. For example, in Tournai, they are fixed for individuals at 65 Euros per year for one-person households and at 110 Euros per year for households of more than one person ³⁶ . In Rochefort, 110 Euros for one-person households and 130 for households of more than one person ³⁷ .	1
1.3	Collection of property-related taxes by local authorities			1/1

³⁵ RTL Info (16/08/2016), "Comment les communes déterminent-elles les taxes liées à la gestion des déchets?", accessible at:

<https://www.rtl.be/info/belgique/societe/comment-les-communes-determinent-elles-les-taxes-liees-a-la-gestion-des-dechets--843612.aspx>

³⁶ Website of the municipality of Tournai, "Taxe : enlèvement et traitement des immondices", accessible at: <https://www.tournai.be/services-aux-citoyens/taxes-et-redevances-communales/taxe-enlevement-et-traitement-des-immondices.html>

³⁷ Website of the municipality of Rochefort, "Taxe sur la gestion des déchets ménagers et assimilés", accessible at:

<https://www.rochefort.be/commune/services/finances/reglements-fiscaux/releve-des-taxes-et-redevances/taxe-sur-la-gestion-des-dechets-menagers-et-assimiles>

		Local authorities* ³⁸ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Municipalities, and namely the “ <i>Receveur Communal</i> ” (communal agent in charge of tax perception) are responsible for collection mechanism of taxes and charges attached to the property. ³⁹	1
1.4	Local authorities rights towards local taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Articles 41, 162 and 170.4 of the Belgian Constitution state the financial autonomy of the municipalities, notably for property taxes. Municipalities have the right to decide of the rate, exemptions, and means of payment. ⁴⁰	1
		Local/regional administration has a right to establish new local taxes and fees	Municipalities have the right to establish new local taxes and fees without the need to change national legislation (art. 170 of the Belgian Constitution). ⁴¹	1
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	There are no tax exemptions among regions. All municipalities require the payment of property tax ⁴² . There are however differences in the amount of the property tax among municipalities (see 1.2). Nevertheless, the main difference among regions is noticed as far as the additional municipal taxes (<i>taxe additionnelle à l'impôt des personnes physiques</i>) are concerned. This tax is calculated on the basis of property tax and taking into account the income tax. Its amount may vary considerably between municipalities. ⁴³	1

^{38*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

³⁹ Expatica (2017), “Belgian tax guide: Understanding taxes in Belgium for foreigners”, accessible at: https://www.expatica.com/be/finance/Taxes-in-Belgium_100073.html

⁴⁰ De Toffol, S. (2016), “Fiscalité communale : analyse comparative de la fiscalité des communes de l'arrondissement de Liège aux profils socio-économiques et démographiques différents”, HEC-Ecole de gestion de l'ULg, accessible at: <https://matheo.uliege.be/bitstream/2268.2/1300/4/M%C3%A9moire-Samuel%20De%20Toffol.pdf>

⁴¹ “La Constitution Belge”, accessible at: http://www.senate.be/doc/const_fr.html

⁴² Portal Service Public Federal Finances, “Reduction”, accessible at: https://finances.belgium.be/fr/particuliers/habitation/precompte_immobilier/reduction

⁴³ Portal “Le Vif” (21/06/2012), “Communes: qui taxe le plus et qui taxe le moins ?”, accessible at: <http://www.levif.be/actualite/belgique/communes-qui-taxe-le-plus-et-qui-taxe-le-moins/article-normal-165557.html>

		Differences are observed at the individual property level based on the property size/property value, etc.	There are tax exemptions and reductions of the property tax at individual level. In Wallonia, persons who are disabled, with low income, or veterans have the right for a reduction, while people whose property (unfurnished) has been unoccupied during more than 180 days in a year have the right for an exemption ⁴⁴ . In Flanders, the rights for a tax reduction is under the same conditions as in Wallonia. Tax exemptions are similar as in Wallonia but are also extended to other types of property ⁴⁵ . In the region of Brussels, the rules for reduction and exemption are similar to the ones in Flanders ⁴⁶	0
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	In Belgium, PPPs are not very popular, and some criticize this mechanism ⁴⁷ . However, there are partnerships between the Belgian regions (Wallonia, Brussels and Flanders) in projects regarding sustainability and energy efficiency. ⁴⁸	0

⁴⁴ Portal Service Public Federal Finances, "Habitations situées en Région wallonne", accessible at:

https://finances.belgium.be/fr/particuliers/habitation/precompte_immobilier/reduction/region-wallonne#q5

⁴⁵ Vlaamse Belastingdienst, "Onroerende voorheffing", accessible at: <https://belastingen.vlaanderen.be/onroerende-voorheffing>

⁴⁶ Portal Bruxelles Fiscalité (2018), "Le précompte immobilier", accessible at: <https://fiscalite.brussels/fr/le-precompte-immobilier>

⁴⁷ La Libre (15/01/2018), "Partenariat public-privé, une bonne affaire ou une bombe à retardement?", accessible at:

<http://www.lalibre.be/debats/opinions/partenariat-public-privé-une-bonne-affaire-ou-une-bombe-a-retardement-opinion-5a5b974bcd70b09cefa5a7b5>

⁴⁸ Portal Service Public Federal Economie (20/03/2018), "Efficacité énergétique", accessible at: <https://economie.fgov.be/fr/themes/energie/prix-de-lenergie/efficacite-energetique>

2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	In Belgium, 75% of buildings are not energy efficient ⁴⁹ . Municipalities implement SEAPs, notably “Smart Cities” projects ⁵⁰ , as well as other localised projects ⁵¹ . There are also national action plans ⁵² and policies, ⁵³ which indirectly impact on local EE projects.	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Innovative solutions aiming at financing energy efficiency have been proposed ⁵⁴ , but the access to financing of energy efficiency projects is difficult, especially at local level. Indeed, EE financing is concentrated at regional level, i.e. Wallonia benefits from an Energy Fund ⁵⁵ and other solutions. ⁵⁶ Tax incentives are becoming popular. For example, in Wallonia, there is a possibility for property owner to benefit from a 0% interest rate loan for renovations projects aiming at energy efficiency. ⁵⁷	1
SCORING			2/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

⁴⁹ Belfius (2017), “L’efficacité énergétique des bâtiments publics locaux: une nécessité et une opportunité”, accessible at:

https://www.belfius.be/common/FR/multimedia/MMDownloadableFile/PublicSocial/Themes/energy_efficiency/thema_analyse_Short.pdf

⁵⁰ “Fiscalité immobilière: Focus sur le précompte immobilier”, Mouvement Communal no. 919, Juin/Juillet 2017, accessible at: <http://www.issep.be/wp-content/uploads/UVCW-juin-2017.pdf>

⁵¹ Espace Environnement (2015), “Les communes, une belle énergie”, accessible at: https://www.espace-environnement.be/wp-content/uploads/2015/08/brochure_energie.pdf

⁵² “Belgian Energy Efficiency Action Plan According to the Directives 2006/32/EC and 2012/27/EU article 24.2 Annex XIV part 2” (2014), accessible at: <https://ec.europa.eu/energy/sites/ener/files/documents/Belgium%20NEEAP.pdf>

⁵³ Texte cadre Stratégie nationale de Développement durable (2016), accessible at: https://www.sdgs.be/sites/default/files/content/20161019_texte_cadre_strategie_national_developpement_durable.pdf

⁵⁴ Lopez, J. (2012), “Comment financer l’efficacité énergétique?”, accessible at: <http://www.global-chance.org/IMG/pdf/GC32p26-34.pdf>

⁵⁵ Energy Efficiency Watch (2014), Les politiques d’efficacité énergétique en Europe: Analyse des politiques et plans nationaux d’action en matière d’efficacité énergétique dans les Etats Membres 2014 – Rapport par pays, Belgique”, accessible at: http://www.energy-efficiency-watch.org/fileadmin/eew_documents/EEW3/Country_Reports_EEW3/Belgium/Country_Report_Belgium_translated_final_FR.pdf

⁵⁶ Wallonie énergie, “Easy’Green, le financement de la transition énergétique”, accessible at: <https://energie.wallonie.be/fr/financement-d-entreprises-innovantes.html?IDC=7625>

⁵⁷ Energy Efficiency Watch (2014), Les politiques d’efficacité énergétique en Europe: Analyse des politiques et plans nationaux d’action en matière d’efficacité énergétique dans les Etats Membres 2014 – Rapport par pays, Belgique”, accessible at: http://www.energy-efficiency-watch.org/fileadmin/eew_documents/EEW3/Country_Reports_EEW3/Belgium/Country_Report_Belgium_translated_final_FR.pdf

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Property taxes are collected yearly. Tax delinquency is regularly observed, notably with reimbursement of the property tax ⁵⁸ with millions of Euros of loss due to fraud. There are no available statistics about the level/percentage of property tax collection.	1
		Foreclosures related to tax delinquencies and defaults	Sanctions for tax delinquencies are strict in Belgium. The non-payment or belated payment of the property tax are liable to penalties. Foreclosures ⁵⁹ related to tax delinquencies exist. ⁶⁰ For more information please refer to Annex 2.	3
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	Municipalities possess an autonomous budget in the limits of the law and are in charge of the structure of their expenses. ⁶¹	1
		Earmarked budgets/projects related funds exist at local authorities level	At municipality level, projects-related funds are earmarked. For example, Belgian municipalities grant over 50% of their budget to general administration, security and social & health. ⁶²	1
		Local authorities finances are controlled by independent bodies	In Belgium, the Court of Auditors (<i>Cour des Comptes</i>) ensures the financial control of the budgets at the level of the region, communities and provinces but not the one of the municipalities, which is executed by the regions. ⁶³	1
3.3	Measures aimed at enforcing local taxes collection			2/2

⁵⁸ Laruelle, J. (08/12/2015), "Importante fraude sur le précompte mobilier indûment remboursé", accessible at:

<http://www.lalibre.be/actu/belgique/importante-fraude-sur-le-precompte-mobilier-indument-rembourse-56672c9e357004acd0ff741d>

⁵⁹ Portal Bruxelles Fiscalité, "Recouvrement forcé", accessible at: <https://fiscalite.brussels/recouvrement-force>

⁶⁰ Portal Wallonie.be, "La procédure relative au recouvrement d'un impôt ou d'une taxe (contrainte fiscale)", accessible at:

<http://socialsante.wallonie.be/surendettement/citoyen/?q=saisie-sur-salaire-procedure-recouvrement-impot-taxe>

⁶¹ Jurion, B. (2013), "Le financement des communes wallonnes. L'évolution de leur autonomie et de leur pouvoir fiscal", Federale Overheidsdienst Financiën – België, Documentatieblad, 73e jaargang, nr. 4, 4e kwartaal 2013, accessible at:

https://finances.belgium.be/sites/default/files/downloads/Book_2013_Q4f_Jurion.pdf

⁶² Van Overmeire, K. (11/2016), "Les finances communales: structures et évolutions récentes", *Union des Villes et Communes de Wallonie*, accessible at:

<http://www.uvcw.be/articles/4,23,3,0,2175.htm>

⁶³ Chouvel, R. (19/12/2016), "Le contrôle financier externe des collectivités territoriales", La Gazette, accessible at:

http://moniteurjuris.fr/collectivites/sites/default/files/fichier/20-33889854/FICHIER_20161219_33889854.pdf

		Existence of additional interest rates and penalties in case of deliberate non-payments	There are additional interest rates and penalties in case of non-payment of the property tax. The penalties correspond to 4% of interest rates of the due tax per month of delay. ⁶⁴	1
		Existence of standardised and transparent administrative processes	The Ministry of Finances states the transparency and standardisation of the administrative processes supporting tax collection enforcement as being a crucial principle of its functioning. ⁶⁵	1
3.4	Mortgage and property ownership characteristics			1/2
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	Property Title Search and evidence of legal ownership of the property exists and is accessible at the notary who signed the property title ⁶⁶ . It is also accessible through the land register, divided into three units: the land register (kadaster/cadastre), the registration offices (registratiekantoren/bureaux de l'enregistrement) and the mortgage depositories (hypotheekbewaringen/conservations d'hypothèques). These three sources of information are regrouped in the Federal Ministry of Finance's national property documentation centre. The consultation of these documents requires the payment of a fee, based on the type of required document and nature of information. ⁶⁷	1
		Municipality has an authority to impose senior lien on the property	To our best knowledge, the municipality cannot impose senior lien on the property in case of a mortgage.	0
SCORING				10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
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⁶⁴ Portal "Droits Quotidiens" (23/01/2018), "Que se passe-t-il si je paie en retard ou ne paie pas le précompte immobilier ?", accessible at: <https://www.droitsquotidiens.be/fr/question/que-se-passe-t-il-si-je-paie-en-retard-ou-ne-paie-pas-le-precompte-immobilier>

⁶⁵ Portal Service Public Federal Finances, "Perception et recouvrement", accessible at: https://finances.belgium.be/fr/sur_le_spf/structure_et_services/administrations_generales/perception_et_recouvrement

⁶⁶ Website "cadastre.be", "Acte de propriété", accessible at: https://www.cadastre.be/Le_Guide/Acte_de_propri%C3%A9t%C3%A9

⁶⁷ European Portal "e-justice", "Land registers in member states: Belgium", accessible at: https://e-justice.europa.eu/content_land_registers_in_member_states-109-be-en.do?member=1

4.1	Institutional continuity and stability of property-related taxes	The property tax in Belgium is an ancient concept, implemented in 1876 in Belgium. Its contemporary form of <i>precompte immobilier</i> has been implemented in 1962. It is therefore a stable mechanism. ⁶⁸	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	There is, to a certain extent, acceptance from the public of property taxes, at least in Wallonia. However, some authors question their calculation. They call for a better assessment of the objectives of the property tax, and a deeper reflexion of the short- and long-term stability of local finances. ⁶⁹	1
SCORING			2/2

Total scoring: 22/28

Bulgaria

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			4/4

⁶⁸ Coenen, M-T. (2006), "Petite histoire de la fiscalité - Analyse critique sous l'angle de l'égalité", accessible at: https://www.carhop.be/images/Fiscalit%C3%A9_M.T.COENEN_2006.pdf

⁶⁹ Dubois, O. (2013), "Quelques réflexions sur l'avenir de l'impôt foncier en Wallonie", Les Cahiers nouveaux N°85 53, Juin 2013, accessible at: ftp://docum1.wallonie.be/DOCUMENTS/CAHIERS/CN85/C3A6_Dubois.pdf

		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	According to the legislation ⁷⁰ there is one real estate tax. It is defined as a “local tax” and it is collected by the local governments. The local governments (LGs) in Bulgaria are 265 municipalities. ⁷¹ There is only one tier of local self-governance. ⁷²	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	There is a garbage fee that is collected on a yearly basis, on the same bill with the real estate tax. ⁷³ There are no voluntary taxes or charges.	1
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ⁷⁴ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	The property tax are defined as “local tax” is collected by the local governments. ⁷⁵ The local governments (LGs) in Bulgaria are 265 municipalities. LGs benefit from the income of these taxes. Local taxes are important own-source revenues in the autonomous local budgets.	1
1.4	Municipality rights towards local taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	In 2007 local governments were assigned the right to set and change local tax rates within legal limits (within a range). ⁷⁶ The range for every local tax is determined by the Law on Local Taxes and Fees. At the same time local governments do not have the power to define or change local	1

⁷⁰ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art. 1 (1)

⁷¹ National Statistical Institute. National Register of the Settlements. <http://www.nsi.bg/nrnm/>

⁷² Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991. In force since 13.07.1991, article 136 (1); Law on Local Self-Government and Local Administration (1991). Official Gazette No 77/1991. In force since 17.09.1991, article 2 (1)

⁷³ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art.6 (1)

^{74*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁷⁵ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art. 1 (1) and art.2.

⁷⁶ Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991. In force since 13.07.1991, art.141 (3), published in Official Gazette No 12/2007.

			tax base, nor to provide additional (or remove the existing) legal alleviations for certain taxpayers.	
		Local/regional administration has a right to establish new local taxes and fees	<p>LGs do not have the right to establish any other taxes in addition to these established by the laws, adopted by the National Assembly (the Parliament).⁷⁷</p> <p>All the local fees (garbage fee, fees for administrative services, fees for technical services, fees for kindergartens, fees for grave plots, fee for owning a dog, etc.) are explicitly listed in the Law on Local Taxes and Fees.⁷⁸</p>	0
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	<p>The Law on Local Taxes and Fees provides clear and transparent methodology for assessment of so-called “tax value” of the immovable property, which is applicable for the entire country.⁷⁹ Tax valuation process is based on a unified scheme and depends on so-called basic tax value, determined in Bulgarian currency (BGN)⁸⁰ per square meter of the usable surface of the property, according to its usage (residential or non-residential) and construction (massive, panel, frame house, etc.).</p> <p>In addition there are so-called “location coefficients”. All the settlements are grouped in 8 (eight) functional types, according to the National Classification of the Settlements in the Republic of Bulgaria (1999). However, Sofia (the capital city) and each one of the biggest cities such as Plovdiv, Varna, Burgas, and Stara Zagora is placed in a single group. The first functional type includes the next economically most developed and attractive settlements with strong fiscal capacity. As the functional type number increases, the attractiveness of the included settlements decreases, and logically, the location coefficient decreases as well, thus decreasing the tax valuation.</p>	0

⁷⁷ Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991. In force since 13.07.1991, art.60 and art. 62 (1).

⁷⁸ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art.6 (1).

⁷⁹ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, Appendix 2.

⁸⁰ According to the Currency Board provisions 1 EURO = 1.95583 BGN.

			Because of this mechanism, in small and rural municipalities with settlements in the categories between III to VIII, more than 80% of the properties are below the taxable minimum so the tax collection is much lower than the urban areas and cities, where properties are expensive. ⁸¹	
		Differences are observed at the individual property level based on the property size /property value, etc.	The property taxes collection mechanism is reliable and uniform. Only real estates with a tax valuation of up to BGN 1680 inclusive (ca. EUR 860) is exempt from the real estate tax. ⁸² Such estates are extremely rare.	1
SCORING				7/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	In November 2017 the National Assembly of the Republic of Bulgaria adopted an entirely new Law on Concessions, ⁸³ which transposes into the national legislation Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts. The new Law on Concessions revoked the old Law on Concessions (from 2006) and the Law on Public-Private Partnership (from 2013). The Law on Concessions governs public-private partnership where an economic operator executes works or provides services awarded by a public authority by way of a works concession or a services concession.	1

⁸¹Ministry of Finance of the Republic of Bulgaria website. Category: Municipal finances/Financial indicators of municipalities (in Bulgarian), <http://www.minfin.bg/bg/810>

⁸² Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art.10.

⁸³ Law on Concessions (2017). Official Gazette No 96/2017. In force since 02.01.2018

		<p>The purpose of this Law is to ensure:⁸⁴</p> <ul style="list-style-type: none"> - the development of a high-quality and affordable infrastructure and services of general interest through partnership between public authorities and economic operators; - responding to societal needs through the involvement of private investment in works and in the provision and the management of services at the best price-quality ratio; - effective and efficient spending of public resources and of resources from the European Structural and Investment Funds and programmes; - economic efficiency in the management of public property safeguarding the interest of citizens and society. <p>Bulgarian municipalities have experience in working with the private sector to implement investment projects. Concessions on public municipal property (mineral waters, Black Sea beaches, quarries, etc.) are traditionally assigned to private firms. There is a National Register of Concessions that provides public information on assigned concessions (state and municipal).⁸⁵</p>	
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	<p>The 28 provinces of Bulgaria are divided into 265 municipalities (община, obshtina). Municipalities typically comprise multiple towns, villages and settlements and are governed by a mayor who is elected by popular majority vote for a four-year term, and a municipal council which is elected using proportional representation for a four-year term.</p> <p>A fundamental document of the national energy policy is the Energy Strategy of the Republic of Bulgaria till 2020 for Reliable, Efficient and</p>	0

⁸⁴ Ministry of Finance of the Republic of Bulgaria website. Category: Public Expenditures/State Aid and Real Sector/Public-Private Partnership (in English), <http://www.minfin.bg/en/523>

⁸⁵ National Register of Concessions (in Bulgarian). <https://nkr.government.bg/>

		<p>Cleaner Energy.⁸⁶ It is approved by the Council of Ministers and adopted by the National Assembly of the Republic of Bulgaria. The Energy Strategy states that “the district governors and mayors of municipalities have extensive powers for organization and coordination of activities related to implementation of the national programs for energy efficiency and rational use of indigenous renewable sources. Inclusion of the settlements in the plans for development of the utilization of indigenous RES contribute to achievement of the targets for local sustainable development. Decentralized generation of energy from RES or the use of solar, wind, geothermal energy and biomass depending on the local potential and needs is a sector with great perspectives in the country”.⁸⁷</p> <p>In accordance with the provisions of Directive 2012/27/EU on energy efficiency, in 2014 the Republic of Bulgaria developed and presented to the European Commission a National Energy Efficiency Action Plan 2014-2020, which was updated in 2017.⁸⁸</p> <p>Only few Bulgarian municipalities develop strategies and plans for sustainable energy development. As examples can be pointed out the Strategy for Sustainable Energy Development 2011 – 2020 of the Municipality of Burgas (in English),⁸⁹ the Plan for Sustainable Energy Development 2010 – 2020 of the Municipality of Varna (in Bulgarian)⁹⁰</p>	
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⁸⁶ Ministry of Energy (2011). Energy Strategy of the Republic of Bulgaria till 2020 for Reliable, Efficient and Cleaner Energy.

www.strategy.bg/FileHandler.ashx?fileId=9411

⁸⁷ Ministry of Energy (2011). Energy Strategy of the Republic of Bulgaria till 2020 for Reliable, Efficient and Cleaner Energy, p.6,

www.strategy.bg/FileHandler.ashx?fileId=9411

⁸⁸ Ministry of Energy (2014). National Energy Efficiency Action Plan (updated 2017).

<http://www.seea.government.bg/documents/TRA%20BG%20NEEAP%202017%20EN.pdf>

⁸⁹ Municipality of Burgas (2011). Burgas Municipality Strategy for Sustainable Energy Development 2011 – 2020 and Action Plan 2011-2013,

<https://www.burgas.bg/uploads/aa9ecc8f220b5b3ac3a6c18c243dbd4b.pdf>

⁹⁰ Municipality of Varna (2010). Plan for Sustainable Energy Development 2010 – 2020. http://mycovenant.eumayors.eu/docs/seap/13_38_1303972143.pdf

		and the Action Plan for Sustainable Energy Development 2012 – 2020 of the Sofia Municipality (in Bulgarian). ⁹¹ Moreover, only 25 municipalities (out of 265) take part in Covenant of Mayors activities. ⁹²	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	According to the Law on Energy Efficiency, the state policy in the field of energy efficiency is implemented by all state and local authorities. The municipalities are obligated to adopt programmes for energy efficiency. ⁹³ The programmes are developed taking into account the strategic objectives and priorities of the respective regional development plans. Funds for the implementation of the programmes for energy efficiency are provided within the municipal budgets. Each year local governments present reports on the implementation of the programmes for energy efficiency improvement to the Agency for Sustainable Energy Development. The reports contain a description of the energy efficiency activities and measures, and indicate the energy savings achieved. In 2016 a total of 968 energy efficiency improvement measures were implemented by the municipal and regional administrations. ⁹⁴	1
SCORING			2/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
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⁹¹ Sofia Municipality (2012). Action Plan for Sustainable Energy Development 2012-2020.

https://www.sofia.bg/documents/20182/454984/PLAN_za_dejstvie_za_ustojchivo_energijno_razvitie_na_Stolichna_obshtina_2012_-_2020+%281%29.pdf/d2f940a3-67ea-4221-b152-b3bd406ffb8e

⁹² For more information see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

⁹³ Law on Energy Efficiency (2015). Official Gazette, No 35/2015. In force since 15.05.2015, art.12

⁹⁴ Ministry of Energy (2014). National Energy Efficiency Action Plan (updated 2017), p. 52-53, <http://www.seea.government.bg/documents/TRA%20BG%20NEEAP%202017%20EN.pdf>

3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Traditionally, Bulgarians are used to possess property and to pay property taxes. In the last 5 years, the amounts collected through the property taxes vary between 101% and 110% of the annual estimates. ⁹⁵	1
		Foreclosures related to tax delinquencies and defaults	In the Republic of Bulgaria, the collection of real estate tax is regulated by the Local Taxes and Fees Act. This tax is paid voluntarily within the time limits specified in the Local Taxes and Fees Act or is levied coercively. Coercive collection shall be levied by public enforcement agents according to the procedure established by the Tax and Social Insurance Procedure Code or by private enforcement agents according to the procedure established by the Code of Civil Procedure (Article 4, Paragraph 2 of the Local Taxes and Fees Act). According to the procedure in the Tax and Social Insurance Procedure Code, only public claims for taxes, fees and other claims explicitly listed in Art. 162 shall be collected coercively. Coercive enforcement and collection of public state and municipal claims under the Code is regulated in the chapters 25-27. According to the Code of Civil Procedure, irrespective of the fact that the property may have a mortgage and/or a lien imposed by a municipal body for property obligations, there is no difference in the enforcement procedures, including foreclosure, which is to be followed to satisfy the creditors.	3
3.2	Local authorities finances characteristics			2/3
		Local authorities possess a fully autonomous budget	Local autonomy in Bulgaria is legally protected by the Constitution, which describes the Republic of Bulgaria as “a unitary state with local self-government”. ⁹⁶	1

⁹⁵ Ministry of Finance of the Republic of Bulgaria. Annual Reports on the consolidated state budget execution (in Bulgarian), <http://www.minfin.bg/bg/4>

⁹⁶ Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991. In force since 13.07.1991, art. 2 (1).

			<p>The Constitution gives the municipality the status of a legal entity with respective property rights and the right to independently dispose of its autonomous budget.⁹⁷ This statement is further confirmed by the Law on Local Self-Government and Local Administration.⁹⁸</p> <p>Municipal budgets are autonomous in the framework of the consolidated state budget. Mayors organize and manage drafting, submission to the municipal council (for adoption) and implementation of municipal budgets.⁹⁹</p>	
		Earmarked budgets/projects related funds exist at local authorities level	<p>There are no earmarked taxes. All the local taxes are part of a general budget that is allocated in accordance with the local priorities.</p> <p>There are local fees and prices of services that are assigned for a specific public service. For example, the revenues from the garbage fee are assigned for waste collection, transportation and disposal.</p>	0
		Local authorities finances are controlled by independent bodies	<p>The Ministry of Finance monitors the ongoing implementation of the consolidated fiscal program¹⁰⁰, which includes municipal budgets.</p> <p>The Mayor of the municipality oversees the implementation of the municipal budget and the municipal accounts for funds from the European Union and presents to the Ministry of Finance monthly and quarterly reports.¹⁰¹</p> <p>The National Audit Office audits annually the financial statements of municipalities which budgets exceed 10 million BGN.¹⁰² The municipalities with budgets below 10 million BGN are audited at a</p>	1

⁹⁷ Constitution of the Republic of Bulgaria (1991). Official Gazette No 56/1991. In force since 13.07.1991, art. 136(3), art.140 and art.141 (1).

⁹⁸ Law on Local Self-Government and Local Administration (1991). Official Gazette No 77/1991. In force since 17.09.1991, art. 14.

⁹⁹ Law on Public Finances (2013), Official Gazette No 15/2013. In force since 01.01.2014, art.7 (5)

¹⁰⁰ Law on Public Finances (2013), Official Gazette No 15/2013. In force since 01.01.2014, art.131

¹⁰¹ Law on Public Finances (2013), Official Gazette No 15/2013. In force since 01.01.2014, art.11 (3), art. 133 and art.137

¹⁰² Law on National Audit Office (2015), Official Gazette No 12/2015, art.54 (1)

			frequency specified by the National Audit Office or on the basis of a risk assessment. ¹⁰³	
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	In case of deliberate non-payments of local taxes there is a penalty based on a fixed annual and daily rate, so the taxpayer's liability is relative to the length of time the tax remained unpaid. The penalty rate is so-called "legal interest", determined by the legislation ¹⁰⁴ as the basic annual interest rate announced by the Bulgarian National Bank plus 10%. The daily rate is calculated as 1/360 of the legal interest. Legislation in our country permits the seizure and sale of goods and chattels belonging to the taxpayers. In addition the immovable property can be seized and sold at public auction, although, this action is normally one of last resort. The most usual mechanism to recoup the unpaid taxes involves the attachment of wages or property rents payable to the defaulter.	1
		Existence of standardised and transparent administrative processes	There is standardised and transparent administrative process. Local taxes are levied, administered and collected on the base of the legislation. Local taxes can be paid in cash at the municipal administration's pay desks or by bank transfers in the respective municipal account. ¹⁰⁵	1
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The Bulgarian property register ¹⁰⁶ is owned and managed by the Registry Agency, within the framework of what is called the 'personal entry system'. Information is based on the personal files of the transacting parties, namely individuals and legal persons. Only transactions and legal	1

¹⁰³ Law on National Audit Office (2015), Official Gazette No 12/2015, art.54 (2)

¹⁰⁴ Law on Interest on Taxes, Fees and Other State Receivables (1958). Official Gazette No 91/1957. In force since 01.01.1958

¹⁰⁵ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art.2.

¹⁰⁶ The Bulgarian Property Register website: <https://www.icadastre.bg/index.aspx>

			documents are entered in the register. ¹⁰⁷ Access to the Bulgarian property register is free and open to all. However, only registered users can obtain information from the website what guarantees the security of procedures.	
		Municipality has an authority to impose senior lien on the property	In case of overdue public receivables like property-related taxes, some of the municipal officers (appointed by the Mayor) have the rights and obligations of the public executors. ¹⁰⁸ The public executors can apply precautionary measures and impose a lien of immovable property. However, as the official confirmation from the Ministry of Finance states (email received in November 2018), these liens have no seniority over previous claims with priority from other creditors.	0
SCORING				9/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	In Bulgaria the property taxation is not a new phenomenon, on the contrary, it has a long tradition. After the Liberation from the Turkish slavery (1878), Bulgaria as a young sovereign state inherited the tax system from the Turkish Empire, where the property taxes were the main sources of budget revenues. The Land Tax Act (1894) abrogated the tithe on the agricultural production and imposed the land tax on the agricultural land, based on a unit of area. The property tax was only levied on the house properties, but the local government administrative buildings and churches were exempted. In the first years of the Communist period (1945 – 1950) there was no evidence of property taxation. In 1951 the Law on Local Taxes and Fees was adopted,	1

¹⁰⁷ European e-Justice Portal website: https://e-justice.europa.eu/content_land_registers_in_member_states-109-bg-en.do?member=1

¹⁰⁸ Law on Local Taxes and Fees (1997). Official Gazette No 117/1997. In force since 01.01.1998, art.4.

		<p>continuing the tradition to tax the house properties. This law has been amended several times until 1997, when the new Law on Local Taxes and Fees replaced the old one. It was intended to base the taxation on the market prices of the taxable properties and to include the non-residential properties (garages, workshops, warehouses, shops, industrial premises, etc.) in the tax base. Actually, the regulation of property taxation in Bulgaria during the period (1951-2018) was not very dynamic. Although several insignificant amendments, the current legal framework is to a large extent similar to the previous one regarding the basic principles in determining tax objects, taxpayers, tax rate, exemptions, tax collection, and incentives of tax administration.</p>	
4.2	<p>General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate</p>	<p>The property taxes yield is comparatively low, representing 1% of the GDP, 3% of the total consolidated tax revenues, and 15% of the total local revenues.¹⁰⁹</p> <p>This is due to several reasons:</p> <ol style="list-style-type: none"> 1) Bulgarian tax system is extremely based on consumption taxes (VAT, excise and custom duties), which form the prevalent part of the consolidated tax revenues. 2) The underestimated tax base for the real estate tax, which remained comparatively stable in an inflationary environment. The so-called “tax assessment”, which is the base for the real estate tax, represents no more than 30% of property’s real market value. 3) The extremely large tax relief, as far as for all the properties, used as basic residences of their owners, they pay only 50% of the real estate tax. Having in mind that 82.9% of Bulgarian population live in own homes¹¹⁰, 	1

¹⁰⁹ Ministry of Finance of the Republic of Bulgaria (2017). Category: Statistics/Consolidated Fiscal Programme/Yearly Data on the Consolidated Fiscal Programme, <http://www.minfin.bg/bg/statistics/13>

¹¹⁰ Eurostat. Distribution of population by tenure status, type of household and income group (2017), http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_lvho02&lang=en

		<p>it is clear that a large group of taxpayers bears reduced tax burden. If the taxpayer is a disabled person, the tax is due with 75% reduction, which is a socially acceptable exemption.</p> <p>However, the social acceptance of taxes related to property is high. Traditionally, Bulgarians are used to possess property and to pay property taxes.</p>	
SCORING			2/2

Total scoring: 20/28

Croatia

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			1/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	There is no real estate tax as such. Few types of property related taxes are collected with property tax for holiday homes ¹¹¹ being the most common.	0

		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p>1.) Communal fee¹¹² According to the articles 22-29 of the Law on Communal Economy, communal fee is paid by the owners or users of the residential area, the business space, the garage space, the building land that serves for the purpose of carrying out business, and unbuilt construction land. The local self-government unit decides on a communal fee. The amount of the fee is determined by multiplying: the value of the unit of account - point, determined in kuna per m2, zone coefficient and coefficient of use.</p> <p>2.) Communal contribution¹¹³ Communal contributions are public grants payable for the construction and use of facilities and utilities infrastructure. According to the article 31 of the Law on Communal Economy, the local self-government unit decides on the communal contribution.</p> <p>3.) Water regulation¹¹⁴ Water management in the Republic of Croatia functions within a basic legal framework comprised of the Constitution of The Republic of Croatia, the Water Act and Water Management Financing Act. Water management revenues, with water charges as their most significant part, are determined by the Water Management Financing Act. The responsibility for managing water and public water estate as well as protective and hydro-ameliorative water structures in the Republic of Croatia is delegated to Hrvatske vode. Hrvatske vode is a non-budgetary fund which redistributes and allocates as a part of the GDP (water charges and a part of budgetary funds) to water regulation, protection from adverse effects of water as well as to municipality users through water supply, sewerage and wastewater treatment projects.</p>	1
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¹¹² Law on communal economy, https://narodne-novine.nn.hr/clanci/sluzbeni/2003_02_26_379.html; Ministry of Construction and Physical Planning <http://www.mgipu.hr/default.aspx?id=14118>

¹¹³ Ministry of Construction and Physical Planning: <http://www.mgipu.hr/default.aspx?id=27827>

¹¹⁴ Water regulation: https://narodne-novine.nn.hr/clanci/sluzbeni/2010_07_82_2336.html; https://narodne-novine.nn.hr/clanci/sluzbeni/2010_07_83_2379.html; <http://www.voda.hr/hr/vodne-naknade>

			Water fees are consisted of: water contribution, compensation for water regulation, fee for the use of water, and water protection fees.	
1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ¹¹⁵ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	NA	0
1.4	Local authorities rights towards property-related taxes			0/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	NA	0
		Local/regional administration has a right to establish new local taxes and fees	NA	0
1.5	Tax collection exceptions			0/2
		Differences in tax collection at regional or local levels (urban vs. rural)	NA	0
		Differences are observed at the individual property level based on the property size /property value, etc.	NA	0

^{115*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

SCORING		1/10
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Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	<p>The successful examples on a large scale PPP projects are difficult to be found at this very moment. However, some progress in this respect might be happening soon. ¹¹⁶Government of the Republic of Croatia established Center for Monitoring Business Activities in the Energy Sector and Investments (CEI), with the objective of finding solutions for improving the financial effectiveness of companies in the energy sector in which the state has shares or holds stock, and appropriate and targeted directing of funds in a manner ensuring biggest and most long-term economic return, stable growth and centralized and systematic monitoring of all investments in the Republic of Croatia.</p> <p>Croatia is open to all potential investors having an interest in investing in the projects in Croatia, whether they are private or public.</p> <p>¹¹⁷According to the law of the Center for monitoring business activities in the energy sector and investments, the Center is responsible for preparing the project proposals, selecting the private partner, signing the contract and/or for implementing public-private partnership projects and the execution of other tasks at the request of the Government of the Republic of Croatia.</p>	0
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	As of August 2018, the 21 counties of Croatia are subdivided into 128 towns and 428 municipalities. 70 of them are extremely active in Covenant of Mayors initiatives. ¹¹⁸ Moreover, in accordance with the EU	1

¹¹⁶ <http://cei.hr/en/public-private-partnership/>

¹¹⁷ <http://cei.hr/javno-privatno-partnerstvo/>

¹¹⁸ For more information see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

		<p>regulations (EED 2012/27 / EU), Croatia has adopted a plan of reducing energy consumption that is to be achieved by 2020. The target is expressed in the National Action Plan for Energy Efficiency, and is being revised if needed. ¹¹⁹</p> <p>The National Coordinating Body for Energy Efficiency (NAP) is the body responsible for planning, coordinating and implementing the energy efficiency policy.</p> <p>The national energy efficiency target, expressed as the absolute amount of direct energy consumption in 2020, is 293.04 PJ (7.00 Mtoe). The expected reduction of final energy consumption in 2020 it is 22.76 PJ.</p> <p>Three National Energy Efficiency Plans have already been adopted. The fourth one is currently being reviewed.</p> <p>Sustainable Energy Action Plans are developed for following cities:</p> <ul style="list-style-type: none"> - Sustainable Energy Action Plan for the City of Ivanic-Grad - Sustainable Energy Action Plan for the City of Rijeka - Sustainable Energy Action Plan for the City of Klanjec - Sustainable Energy Action Plan for the City of Zapresic - Sustainable Energy Action Plan for the City of Samobor¹²⁰ - Sustainable Energy Action Plan - Akcijski plan energetske održivog razvoja Grada Pule-Pola¹²¹ 	
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¹¹⁹ For more information see: <https://www.enu.hr/ee-u-hrvatskoj/tko-je-eko-ee-rh/>; <https://www.enu.hr/ee-u-hrvatskoj/20-20-20-i-dalje/nacionalni-akcijski-plan-energetske-ucinkovitosti-napenu/> and <https://esavjetovanja.gov.hr/ECon/MainScreen?entityId=5390>

¹²⁰ [http://www.regea.org/en/key-projects/domestic-projects/sustainable-energy-action-plan-\(seap\)-for-croatian-cities.html](http://www.regea.org/en/key-projects/domestic-projects/sustainable-energy-action-plan-(seap)-for-croatian-cities.html)

¹²¹ <http://www.pula.hr/hr/novosti/obavijesti/detail/17836/revizija-seap-sustainable-energy-action-plan-akcijski-plan-energetske-odrzivog-razvoja-grada-pule-pola/>

		<ul style="list-style-type: none"> - Sustainable Energy Action Plan for the City of Labin¹²² - Sustainable Energy Action Plan for the Cavle Municipality¹²³ - Sustainable Energy Action Plan for the City of Zadar¹²⁴ - Sustainable Energy Action Plan for the City of Koprivnica¹²⁵ - Sustainable Energy Action Plan for the City of Ogulin¹²⁶ - Etc. 	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	<p>The Environmental Protection and Energy Efficiency Fund is implementing energy retrofit programmes that were adopted by the Government of the Republic of Croatia, and it is co-financing energy efficiency measures in buildings, with a view to reducing the consumption of energy at national level and reducing CO2 emissions. Financial incentives provided by the Fund may be in form of grant or interest free loan. Grants are the main form of incentives provided in Croatia for energy efficiency. Intensity rate of grants is usually up to 40% of eligible cost, however it may be even higher, up to 80%, if projects are being implemented in heavily underdeveloped areas of Croatia (e.g. areas of special state care, mountain areas, and islands).</p> <p>Building retrofit (renovation) programmes were adopted for different types of buildings, and they are implemented accordingly:</p> <ul style="list-style-type: none"> - Programme of energy renovation of family houses - Programme of energy renovation of multi-residential buildings - Programme of energy renovation of non-residential commercial buildings 	1

¹²² <http://www.labin.hr/Files/201605/Akcijski%20plan%20energetski%20odr%C5%BEivog%20razvoja%20Grada%20Labina-Albona.pdf>

¹²³ https://www.cavle.hr/home/wp-content/uploads/2014/10/SEAP-%C4%8CAVLE_gotovo.pdf

¹²⁴ <http://www.grad-zadar.hr/repos/doc/SEAP%20Grada%20Zadra%20-%20Akcijski%20plan%20energetski%20odrzivog%20razvitka.pdf>

¹²⁵ https://www.koprivnica.hr/user_content/documents/akcijski_plan_odrzivog_energetskog_razvitka_seap.pdf

¹²⁶ <http://www.eko.zagreb.hr/UserDocslImages/dokumenti/seap-i%20hr%20gradova/SEAP%20OGULIN.pdf>

		<p>- Programmes of energy renovation of public buildings</p> <p>The Environmental Protection and Energy Efficiency Fund co-financed the purchase of RES (Renewable energy sources) systems to the citizens, companies, units of local and regional self-government, and other institutions. The co-financing scheme was intended solely for own-use systems through energy retrofit programmes, implemented through a public call for co-financing the projects for using RES in the tourism sector and a public contest for co-financing RES intended for companies, tradesmen and legal persons in the public sector that wish to invest in RES projects.</p> <p>From 2012 to 2014 the IRRRI - Irrigation Project was implemented with the aim of increasing agricultural production in Croatia and Bosnia and Herzegovina and supporting the production of agricultural producers by introducing irrigation systems in agriculture and improving the knowledge of farmers and expertise Technicians. The purpose was also to increase co-operation and public awareness on irrigation by promoting the use of irrigation systems, more rational use and introduction of the system to adapt to water needs. It is considered to be one of the most successful local project implemented in Croatia. Project was proposed by the Agency for Development of Vukovar-Srijem County Hrast d.o.o. Total value of the project was 240.535,47 EUR (RH: 127.191,97 EUR, BiH: 113.343,50 EUR). EU financed 85% of the project, while the rest was financed by the municipality.¹²⁷</p> <p>Another example is the project SEA-R (Sustainable Energy in the Adriatic Regions). Solar Power Plant SEA-R Labin is the first example of a hybrid island system realized in the Republic of Croatia. In this system other than the photovoltaic module, energy is also produced through the generator. Project was proposed by the IDA- Istrian Development Agency d.o.o. Total value of the project: 1.751.674, 17 EUR.¹²⁸</p>	
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¹²⁷ <http://arhiva.strukturnifondovi.hr/UserDocImages/Publikacije/Najuspje%C5%A1niji%20lokalni%20EU%20projekti%20u%20Hrvatskoj%202012.-2014..pdf>

¹²⁸ <http://arhiva.strukturnifondovi.hr/UserDocImages/Publikacije/Najuspje%C5%A1niji%20lokalni%20EU%20projekti%20u%20Hrvatskoj%202012.-2014..pdf>

		<p>Regional energy agency Kvarner Project, proposed by the Regional Development Department of the Primorsko-goranska was implemented from 2009 to 2012. During the three years 286 households were co-funded in setting up the heating and hot water supply system for renewable energy sources, 7 photovoltaic plants were built on roofs of public buildings, cooperation was established for the purpose of creating the Energy Sustainable Development Plan (SEAP) of the City of Rijeka, energy actions plan were developed, etc.¹²⁹</p> <p>Another examples of local projects are: Project STOPCO2 -implemented with the aim of creating a system for energy efficient and ecological management of public lightening; Development of a strategy for attracting foreign direct investments in the cross-border area of INVESTrategy; Natura 2000 Management and Monitoring- NATURA MANMON, etc.¹³⁰</p> <p>With the aim of improving energy efficiency he Government of the Republic of Croatia in March 2014 adopted a program of energy reconstruction of family houses, implemented by the Fund for Environmental Protection and Energy Efficiency. Through the program approved HRK 300 million was given for co-financing the energy efficiency measure and the use of renewable energy sources in family houses. For example Osječko-baranjska County received HRK 47.349.396,99, Vukovarsko-srijemska County HRK 40.877.538,58, Sisačko-moslavačka County HRK 29.747.583,73, etc.¹³¹</p> <p>Croatia also takes part in the "SUPPORT" project which is supported by the European Union through the INTERREG EUROPE program. The project aims to assist local and regional self-government units in the process of planning and implementing energy efficiency projects. Also, it participates in the Energy Saving, Measurement and Verification System (SMIV), developed within the MFA SEE project in co-operation with the German Association for International Cooperation (GIZ) which</p>	
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¹²⁹ <http://arhiva.strukturnifondovi.hr/UserDocImages/Publikacije/Najuspje%C5%A1niji%20lokalni%20EU%20projekti%20u%20Hrvatskoj%202012.-2014..pdf>

¹³⁰ <http://arhiva.strukturnifondovi.hr/UserDocImages/Publikacije/Najuspje%C5%A1niji%20lokalni%20EU%20projekti%20u%20Hrvatskoj%202012.-2014..pdf>

¹³¹ http://www.mzoip.hr/doc/primjeri_dobre_prakse_projekata_energetske_ucinkovitosti.pdf

		<p>implements projects in the countries of the South East Europe region. Another examples are:</p> <ul style="list-style-type: none"> - “Supporting PUBLIC authorities for implementing ENergy Efficiency policies (PUBLENEF) project - Program CA EED - “Energy Saving Policies and Energy Efficiency Obligation Schemes (ENSPOL)” Project - BUILD UPON Project - MultEE (Facilitating Multi-level governance for energy efficiency) Project - European Bank for Reconstruction and Development (EBRD) Technical Assistance Program - Energy Advisors for Energy Efficient Households Project - EnPC-INTRANS Project - REENOVA+ project - SIMPLA Project - FosterREG Project <p>Etc.¹³²</p>	
SCORING			2/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			0/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	NA	0

¹³² For more information see: <https://www.enu.hr/projekti/>

		Foreclosures related to tax delinquencies and defaults	NA	0
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	¹³³ According to the Article 68. of the Law on local and regional self-government, local and regional self-government manages its revenues independently. Income received has to be proportionate with tasks that are to be performed in accordance with the law.	1
		Earmarked budgets/projects related funds exist at local authorities level	For 2018 264 contracts totalling HRK 57 million to co-finance project-technical documentation for local EU development projects are signed. The contracts were signed under the Program for the preparation of local development projects eligible for funding from the ESI Funds, which was initiated in support of local and regional self-government units in order to create high-quality projects and strengthen regional and local absorption capacities for the use of EU funds. ¹³⁴	1
		Local authorities finances are controlled by independent bodies	¹³⁵ Supervision of the legality of the work of the representative body is performed by the central body of the state administration (Article 78.a). According to the Article 79, Supervision of the legality of the general acts brought by the representative bodies of municipalities, cities and counties, are performed by the offices of the state administration in the counties and the competent central state administration bodies, each within its scope.	1
3.3	Measures aimed at enforcing local taxes collection			0/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	NA	0

¹³³Law on local and regional self-government [https://www.zakon.hr/z/132/Zakon-o-lokalnoj-i-podru%C4%8Dnoj-\(regionalnoj\)-samoupravi](https://www.zakon.hr/z/132/Zakon-o-lokalnoj-i-podru%C4%8Dnoj-(regionalnoj)-samoupravi)

¹³⁴ <https://strukturnifondovi.hr/57-milijuna-kuna-za-pripremu-lokalnih-eu-projekata/>

¹³⁵ Law on local and regional self-government [https://www.zakon.hr/z/132/Zakon-o-lokalnoj-i-podru%C4%8Dnoj-\(regionalnoj\)-samoupravi](https://www.zakon.hr/z/132/Zakon-o-lokalnoj-i-podru%C4%8Dnoj-(regionalnoj)-samoupravi)

		Existence of standardised and transparent administrative processes	NA	0
3.4	Mortgage and property ownership characteristics			0/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The system of registering the real property and appertaining titles in the Republic of Croatia is based on two registers: cadastre and land registers. The cadastre is responsible for describing real properties while the land registry is responsible for titles over previously described real properties. Due to historical reasons, these two registers in the Republic of Croatia have not been kept concordantly so there are numerous situations where the actual title holders are registered in only one of the registers. For information on the cadastre, please contact the State Geodetic Administration ¹³⁶ , and for information on the land registers, please contact the Ministry of Justice. ¹³⁷	0
		Municipality has an authority to impose senior lien on the property	To our best knowledge, the municipality cannot impose senior lien on a property. ¹³⁸	0
SCORING				3/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	NA	0

¹³⁶ For more information see: <https://dgu.gov.hr>

¹³⁷ For more information see: www.pravosudje.hr

¹³⁸ For more information see: https://www.researchgate.net/publication/298282772_Real_Property_Transactions_in_the_Republic_of_Croatia_-_Procedures_of_Property_Transfer_Change_of_Real_Property_Rights_and_Property_Formation

4.2	General perception towards property taxes-related - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	<p>The Local Taxes Act as a part of the 2016 Croatian Tax Reform, entered into force on January 1, 2017. According to the Law, real estate transfer tax is to be paid at a rate of 4%, which represents a reduction of 1 percentage point.</p> <p>Additionally, the exemption from the property transaction tax for first time buyers was abolished.</p> <p><u>The law predicted the introduction of the new Real Estate Tax</u> (not to be confused with the Real Estate Transfer Tax) that should have entered into force on January 1, 2018. The tax announcement has provoked criticism and negative reaction of citizens and the government postponed the application of the tax until the further notice.</p>	0
SCORING			0/2

Total scoring: 6/28

Cyprus

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	No tangible example of a project supported by on-tax financing mechanism has been identified.	
1.2	Property-related tax existence			1/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	Since January 2017 Cyprus has no tax on immovable property, thus a property-related tax that could be linked to the EuroPACE surcharge	0

			simply does not exist. ¹³⁹ Individuals that have acquired an apartment in Cyprus are required to contribute to the communal budget by incurring “communal fees”. ¹⁴⁰ Such fees normally cover management, insurance, maintenance and repair of the shared building. Each building has a committee that is responsible for the management of the paid sum.	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Municipalities collect annual <i>town fees</i> for the provision of public goods, such as rubbish collection, public road repair, street lightning. ¹⁴¹ In particular, local authorities may demand an annual fee in the range of EUR 85 and EUR 256 for waste collection, street lightning, sewerage and other community services. The amount of the fee varies on property size and type (e.g. existence of luxury amenities such as swimming pools). The fee is payable to the local municipality authority. Municipalities also impose on the registered owner of the property a municipality tax equaling between 1‰ and 2‰ of the property value as at 1 st of January 1980. The third fee that municipalities impose on registered property owners is a sewage tax. This equals between 3‰ and 7‰ of the property value as at 1 st of January 1980.	1
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ¹⁴² are responsible for collection mechanism (even if	Municipal and community bills are paid directly to the municipality. The only difference in collection across cities is that not all offices are	1

¹³⁹ <https://www.pwc.com.cy/en/publications/assets/tax-facts-figures/tax-facts-figures-2018-greek.pdf>

¹⁴⁰ http://www.cylaw.org/nomoi/enop/ind/0_224/appendix-apa746862e-2e1c-2923-db92-c5638289c4a5.html

¹⁴¹ Please see “Πληροφορίες σχετικά με το Φόρο Ακίνητης Ιδιοκτησίας, Δημοτικό Τέλος Ακίνητης Ιδιοκτησίας (TownRate), Κοινοτικό Τέλος, Φόρος Αστικής Ακίνητης Ιδιοκτησίας (Town Tax) - Σχολικά, Φόρος Κληρονομιάς, Φόρος Κεφαλαιουχικών Κερδών, Τέλος Αποχέτευσης” for information relating to town tax and town rate.

<http://www.cyprus.gov.cy/portal/portal.nsf/gwp.getGroup?OpenForm&access=0&SectionId=citizen&CategoryId=%CE%93%CE%B7%20%CE%BA%CE%B1%CE%B9%20%CE%9A%CE%B1%CF%84%CE%BF%CE%B9%CE%BA%CE%AF%CE%B1&SelectionId=%CE%A6%CF%8C%CF%81%CE%BF%CE%B9%20%CF%83%CF%87%CE%B5%CF%84%CE%B9%CE%BA%CE%AC%20%CE%BC%CE%B5%20%CF%84%CE%B7%CE%BD%20%CE%B1%CE%BA%CE%AF%CE%BD%CE%B7%CF%84%CE%B7%20%CF%80%CE%B5%CF%81%CE%B9%CE%BF%CF%85%CF%83%CE%AF%CE%B1&print=0&lang=eI>.

^{142*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

		subcontracted to third parties) of taxes and charges attached to the property	connected to the online JCCsmart payment portal. Thus, payment in some instances can only be effectuated by cash, cheque or bank transfer.	
1.4	Local authorities rights towards local taxes			0/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Cyprus has an effective zero tax-rate on property tax, thus this question does not apply to the case of Cyprus.	0
		Local/regional administration has a right to establish new local taxes and fees	The only legislative authority with the power to amend existing local taxes or create new local tax relating to property is the acting parliament of the Republic of Cyprus.	0
1.5	Tax collection exceptions			0/2
		Differences in tax collection at regional or local levels (urban vs. rural)	Cyprus has an effective zero tax-rate on property tax, thus this question does not apply to the case of Cyprus.	0
		Differences are observed at the individual property level based on the property size /property value, etc.	Cyprus has an effective zero tax-rate on property tax, thus this question does not apply to the case of Cyprus.	0
SCORING				2/8

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement	According to the Cypriot Directorate General for European Programmes, Coordination and Development 'the policy that will govern the	0

	investment programs related to infrastructure, buildings, public lighting, etc.	implementation of PPPs in Cyprus as well as the appointment of the roles and responsibilities of the various Services, are under preparation. No final decisions have been made as to which public bodies will be responsible for providing services to the relevant Ministries responsible for planning, negotiating and concluding PPPs, nor which bodies will review the progress of the contracts. At this stage, the procedures for designing, negotiating and contracting PPPs are done through ad hoc arrangements by the relevant departments, with the appointment of committees and the use of external consultants.’ ¹⁴³	
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Some municipalities indeed focus on becoming ‘zero-emission’. I.e. ‘Aradippou Municipality has the vision to become a net zero energy Smart City – the project “Aradippou Smart Industrial City” (ASIC) is expected to mobilize approximately EUR 43 million in energy efficiency (EE) and renewable energy (RES) actions in the municipality, supported by a smart grid to be developed by the Electricity Authority of Cyprus (EAC).’ ¹⁴⁴ Other municipalities do not lag behind; in fact 24 of them take part in some Covenant of Mayors initiatives. ¹⁴⁵	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Currently there are no active fiscal deductions related to mortgages or to home renovation instruments. However, renovation and repair costs of old private residencies (at least three years have passed since the date of first use) are subject to reduced VAT, 5%. This does not include materials which value exceeds by 50% or more the value of the associated service. Similarly applies for houses that constitute place of residence and are located in remote areas. To sum up, there are no fiscal incentives that relate to Energy efficiency improvements in homes and buildings.	0

¹⁴³ For more information please see the Cypriot Directorate General for European Programmes, Coordination and Development website: http://www.dgepcd.gov.cy/dgepcd/dgepcd.nsf/page54_en/page54_en?OpenDocument

¹⁴⁴ For more information please visit the project website: <http://www.financingbuildingrenovation.eu/cases/aradippou-cyprus/>

¹⁴⁵ For more information please see the Covenant of Mayors website: <https://www.eumayors.eu/about/covenant-community/signatories.html>

SCORING		1/3
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Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			3/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Cyprus has an effective zero tax-rate on property tax, thus this question does not apply to the case of Cyprus.	0
		Foreclosures related to tax delinquencies and defaults	When the owner fails to pay the annual town fee, he/she is put on notice by the creditor. ¹⁴⁶ Following consequent failure of repayment, the government issues a memo on that property and prohibits its transfer. This initiates the foreclosure process, during which debtor and creditors try to reach a consensus for the repayment of the debt, following the submission of a detailed account of all assets in the possession of the debtor. In Cyprus a private individual may apply for default status following a creditor's (or debtor's) request for repayment of arrears that exceed EUR 15000. The role of the local government in this process is to issue <i>clearance</i> once the taxes have been paid.	3
3.2	Local authorities finances characteristics			0/3
		Local authorities possess a fully autonomous budget	Municipal taxes are part of a general budget that is allocated in accordance with priorities.	0
		Earmarked budgets/projects related funds exist at local authority level	Public improvements are not passed to citizens in a form of a specific taxation, where spending is itemised in a bill. Most often big projects are either funded through EU subsidies or with money that the central	0

¹⁴⁶ For further information on the default proceedings in Cyprus, please see. http://www.cylaw.org/nomoi/enop/non-ind/0_5/full.html

			government allocates to the local/regional government. The closest that exists to this form of direct funding is the above described. Annual municipal tax fee revenues are mainly used to fund rubbish collection, and repairs of public roads, street lightning and sewerage systems. ¹⁴⁷ However, the funds collected for particular purposes do not go to separate accounts.	
		Local authority finances are controlled by independent bodies	In its Stability Programme for 2017-2020, the Cypriot Ministry of Finance admitted there is a gap in local government financial reporting which has to be solved by establishing a common accounting and reporting framework. ¹⁴⁸	0
3.3	Measures aimed at enforcing local taxes collection			0/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	Cyprus has an effective zero tax-rate on property tax, thus this question does not apply to the case of Cyprus.	0
		Existence of standardised and transparent administrative processes	Cyprus has an effective zero tax-rate on property tax, thus this question does not apply to the case of Cyprus.	0
3.4	Mortgage and property ownership characteristics			4/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<i>'The Cyprus Land Register contains information on the identity of every registered plot of land or unit of immovable property. More importantly, it contains the survey reference of the plot or unit, the location, a description, the surface area, the fiscal value and any charges in rem,</i>	1

¹⁴⁷ To obtain a more detailed picture of the fund channels in Cyprus, please see: http://www.ekk.org.cy/docs/metarythmisi_topikis_aytodioikisis.pdf ; [http://www.moa.gov.cy/moa/da/da.nsf/All/ABA746DCD7CE6DC8C2257F3700295517/\\$file/%CE%A0%CF%81%CF%8C%CE%B3%CF%81%CE%B1%CE%BC%CE%B%CE%B1%20%CE%91%CE%B3%CF%81%CE%BF%CF%84%CE%B9%CE%BA%CE%AE%CF%82%20%CE%91%CE%BD%CE%AC%CF%80%CF%84%CF%85%CE%BE%CE%B7%CF%82%202014_2020.pdf](http://www.moa.gov.cy/moa/da/da.nsf/All/ABA746DCD7CE6DC8C2257F3700295517/$file/%CE%A0%CF%81%CF%8C%CE%B3%CF%81%CE%B1%CE%BC%CE%B%CE%B1%20%CE%91%CE%B3%CF%81%CE%BF%CF%84%CE%B9%CE%BA%CE%AE%CF%82%20%CE%91%CE%BD%CE%AC%CF%80%CF%84%CF%85%CE%BE%CE%B7%CF%82%202014_2020.pdf)

¹⁴⁸ The Ministry of Finance Stability Programme is available online: <https://ec.europa.eu/info/sites/info/files/2017-european-semester-stability-programme-cyprus-en.pdf>

			<i>encumbrances, deeds of sale, easements, tenancies, restrictive covenants or other related information. It also contains details of the owner or owners, each owner's share and how and when the property was acquired'.¹⁴⁹</i>	
		Municipality has an authority to impose senior lien on the property	Liens and liabilities burdening the property can be imposed by both the individuals and authorities. The general name for these is "encumbrance" and they have the same effect as a mortgage in as much as they prevent you from owning the property until the claim has been removed by the person or company that lodged it.	3
SCORING				7/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Given the lack of property tax, the current set up cannot really be classified stable.	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	The current no-property-tax-regime appears to be widely embraced by the public.	0
SCORING			0/2

Total scoring: 10/28

¹⁴⁹ For more information on Cypriot Land Register, please see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-cy-en.do?member=1 or <http://portal.dls.moi.gov.cy/en-us/Pages/The-Department-of-Lands-and-Surveys-Web-Portal.aspx>

Czechia

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	No tangible example of a project supported by on-tax financing mechanism has been identified.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	Generally, buildings and flats situated in the Czech Republic are subject to property (building) tax. Recently the property tax exemption on new buildings (for living purposes) or new flats was abolished. The tax base for buildings is the ground area in square meters and for flats or non-residential space the area in square meters multiplied by a coefficient of 1.2. The tax rates depend on the use of the building and therefore vary from CZK 1 (ca. EUR 0,04) per square meter (residential buildings) to CZK 10 (ca. EUR 0,4) per square meter (business premises). An additional charge of 0.75 CZK per square meter is levied for each floor above ground level. Certain rates are multiplied by a coefficient ranging from 1 to 5, depending on the location of the property (for example 5 for Prague). A further coefficient of 2 to 5 may apply based on the decision of the local municipality (not applicable for Prague). Tax for a typical 100-square meter flat in Prague would amount to CZK 600 (ca. EUR 23,6).	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Municipal waste bill is attached both to the person and to the property: if one owns two flats and is registered in one of them while no one is registered in the other, the person pays once on the grounds of your stay in one of the flats and once on the grounds of the ownership of the flat with no one registered for the stay in the other flat. The decision is in accordance with Act no. 174/2012, which came into effect on 1.1.2013.	1

			Municipal waste bills are to be paid, usually by the end of May each year. I.e. in Brno, basic fee equals CZK 670 per property for the calendar year 2018 and reduced fee (per child who does not reach the age of 4 in 2018, and senior who reaches the age of or over 70 in 2017) equals CZK 500. An increase in the fee that may be up to three times the fee or part thereof not paid in time; the increase is added to the fee. Shortly thereafter in the case of non-payment there would follow tax execution, the costs of which are paid by the debtor (to some extent, it is the equivalent of a newly imposed lien on the building). ¹⁵⁰	
1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ¹⁵¹ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	The property tax is collected by the Financial Office of the State, and only after sent to the municipality in which the property is based. At the same time, 'if the central government compensates the municipality for the property tax funds it has failed to collect, the compensating revenues will not be encumbered with dangerous political transparencies for local officials.' ¹⁵² That is because the country is exceptionally fragmented: according to the 2015 Statistical Yearbook (Statistical Yearbook of the Czech Republic 2015); with its 10.5 millions of inhabitants and 6253 municipalities, the Czech Republic is still considered to be one of the most fragmented territorial self-governments within the EU. Moreover, as Jüptner indicates, one fourth of all municipalities is populated by fewer than 200 inhabitants, and more than one half of the overall number of these units is populated by fewer than 500 residents (Jüptner 2008: pp.24). Inhabited by only 17 residents in 2015, the municipality of Vysoka Lhota constitutes the most extreme example of this	0

¹⁵⁰ See more on the city of Brno website: <https://www.brno.cz/en/city-administration/brno-city-municipality/city-development-section/environmental-department/oddeleni-spravy-poplatku-za-komunalni-odpad/waste-collection/>

^{151*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

¹⁵² See more in Bryson analysis: <http://unpan1.un.org/intradoc/groups/public/documents/nispacee/unpan009016.pdf>

			phenomenon. ¹⁵³ As a result, the municipality would not be able to proceed with another time and human-consuming obligation.	
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	In the Czech Republic this situation is solved using the so-called local coefficient, by which the calculated tax is multiplied and the tax income of the local budget can be increased up to 5 times of the original amount of the calculated tax. ¹⁵⁴ Still, such property tax autonomy of the Czech municipalities is quite narrow and to great extent unused. According to Sedmihradská (2015) ¹⁵⁵ ‘perceived political costs of its usage are high and only 8% of municipalities utilized the possibility to increase the tax rates through so called local coefficient’ until the report publication.	1
		Local/regional administration has a right to establish new local taxes and fees	Even biggest municipalities (with delegated authority and municipalities with extended activity Act # 314/2002 Coll) do not have a right to establish new taxes without prior legislative preparations at the central level.	0
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	According to the Ministry of Finance data, coefficients in bigger cities, particularly in Prague, are much higher than in rural areas what results in significant disproportions in property tax rates between urban and rural levels. ¹⁵⁶	0

¹⁵³ See more: http://www.fos-unm.si/media/pdf/ruo/2016-5-1/ruo_047_clanek_krm_paper_final_prejeto2016_02_24_popravki_po_recenziji_koncen_za_objavo_1.pdf

¹⁵⁴ See more: https://acta.mendelu.cz/media/pdf/actaun_2014062061213.pdf

¹⁵⁵ See ‘Municipal Tax Autonomy and Tax Mimicking in Czech Municipalities’, available online: <http://pub.lex-localis.info/index.php/LexLocalis/article/view/14.1.75-92%282016%29>

¹⁵⁶ See more on the Ministry website: <https://www.mfcr.cz/cs/legislativa/financni-zpravodaj>

	Differences are observed at the individual property level based on the property size /property value, etc.	The municipality can issue the generally binding public notice which is able to change the category only under the conditions provided by law which clearly specifies only the regional exceptions (coefficients). ¹⁵⁷	1
SCORING			6/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	The cooperation with private partners is extremely rare given the small size of most of the Czech municipalities. PPP projects as such are only starting (only 1 launched project thus far), and still – this happens on the central level only (Ministry of Transport in this case.) ¹⁵⁸	0
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	As above, given the differences in municipalities sizes, only 11 biggest municipalities (out of 6250+) take part in the Covenant of Mayors initiatives. ¹⁵⁹ These are the frontrunners when it comes to EE-oriented action on the lowest political level.	0
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Besides the Constitution, various laws set out the distribution of powers between the different levels of governance: The Act No. 128/2000 on Municipalities, The Act No. 131/2000 on Capital City Prague, and The Act No. 129/2000 on Regions. The first of the documents indeed specifies a list of competences on each and every level. However, the smallest municipalities simply do not have	0

¹⁵⁷ Holmes, A. Právní moc obcí stanovit výši koeficientu pro výpočet daně z nemovitostí. Daňový expert. 2008, 3: 15–17.

¹⁵⁸ For more information, see the Ministry website: <https://www.mdcr.cz/Media/Media-a-tiskove-zpravy/MD-uzavrelo-smlouvu-se-sdruzenim,-ktere-pripravi-P?lang=en-GB>

¹⁵⁹ Covenant of Mayors database available online: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

		resources to meet these expectations, and, what is more energy/eco-friendly policies are not listed in their 'subcategory'. As a result, in case of the smallest municipalities, oftentimes, there is only one person (usually a mayor or equivalent), who is in charge of the municipality management. As such, this person is not really able to provide technical assistance or help in EE-oriented grant seeking.	
SCORING			0/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	The tax is collected on a regular, annual basis. Every year the Financial Office sends the assessment with the tax duty to every taxpayer. Since 2017, this is also available in digital version only. If the annual real estate tax does not exceed CZK 5 000 (ca. EUR 196), it shall be payable in one payment no later than 31 May of the current taxable period. If the tax exceeds 5 000 CZK, it shall be payable in two equal instalments no later than 31 May and 30 November. Official information on default rate is not available but according to Czech press agencies real estate tax is certainly not a budget`s destroyer as its amount usually oscillates in hundreds of Czech korunas (CZK), what results in very high collection rate.	1
		Foreclosures related to tax delinquencies and defaults	Foreclosure procedure can be related to property tax delinquencies since 2014. ¹⁶⁰ Interestingly, several financially-supported NGOs provide advice on how to avoid the procedure in case of indebtedness. ¹⁶¹	3

¹⁶⁰ For more information see: <https://www.bnt.eu/pl/novosti2/pravovye-novosti3/1622-real-estate-transfer-tax-after-1-january-2014>

¹⁶¹ See the EC's Working Paper on National measures and practices to avoid foreclosure procedures for residential mortgage loans, available online: http://ec.europa.eu/internal_market/finservices-retail/docs/credit/mortgage/sec_2011_357_en.pdf

3.2	Local authorities finances characteristics			1/3
		Local authorities possess a fully autonomous budget	It is estimated that more than 90% of all municipalities belong to the first type of municipalities (this category represents the smallest units holding none or just basic transferred responsibilities and able to execute them only within their own territorial administration), around 5% to the second one, while only 3% constitutes the third category what is reflected in their limited financial autonomy. As around one half of the municipal revenue is drawn from taxes, both collected at the municipal level and shared with the state, small municipalities are often in trouble (Illner 2012: pp.514; Jüptner et al. 2014: pp.75; see also Kruntorádová 2012; Illner 2012: pp.522).	0
		Earmarked budgets/projects related funds exist at local authorities level	Even though municipalities have a range of responsibilities according to the different laws mentioned above, Smith, Bryson and Cornia (2011) analysed intergovernmental fiscal relations in Czechia focusing on the level of fiscal decentralization and chose the country as the subject for their research as it is 'engaged in an extended public sector transition from the central planning era' (Smith, Bryson and Cornia, 2011: 99). Their research proved that the projects undertaken are usually suggested by the central government, thus it difficult to secure separate funds for some extra initiatives.	0
		Local authorities finances are controlled by independent bodies	According to the IMF ¹⁶² , new fiscal responsibility framework was adopted in January 2017. The law establishes a 60% debt-revenue limit for local governments which will be carefully monitored throughout the year by higher instances. Current penalties include the retention of part of shared tax revenues of non-complying local government units in accordance with the mandated adjustment not performed.	1

¹⁶² For more information see IMF Country report (2017), available online:

<https://webcache.googleusercontent.com/search?q=cache:B2ewwDDI4MwJ:https://www.imf.org/~media/Files/Publications/CR/2017/cr17168.ashx+&cd=5&hl=pl&ct=clnk&gl=pl&client=firefox-b-ab>

3.3	Measures aimed at enforcing local taxes collection			1/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	According to the Ministry of Finance, if the taxpayer fails to submit the tax return in due time, i.e. more than 5 working days after the set deadline, he is obliged to pay a fine for the late tax claim. This fine is set at 0.05% of the tax set for each subsequent day of delay, up to a maximum of 5% of the tax set. However, if the fine is lower than 200 CZK, the taxpayer is not obliged to pay it.	1
		Existence of standardised and transparent administrative processes	Finance Ministry officials in the Czech Republic often assert that LRAs are not interested in the property tax administration, since centralisation insulates them from political opposition. However, one should remember that in the Czech Republic, the central Ministry of Finance receives the property tax returns, enters the data in an electronic inventory system and remits to local governments the property tax revenue based on the situs of the property owner. No efforts are made to find under-reported values or non-reported parcels and thus, even though the standardised procedures for property-tax non-payment exist, they are much more rare compared to situations in which other taxes are not paid in a timely manner etc.	0
3.4	Mortgage and property ownership characteristics			1/2
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	'The Czech cadastre register contains both factual and legal information on property. On the register you can find cadastral maps and information on property owners.' ¹⁶³ 'The tools for data provision enable publishing and providing required updated data from the Cadastre of Real Estate (KN) immediately in the cadastral offices or in a couple of minutes via the application Remote Access (DP). All data can be provided from the whole territory of the state. DP provides data and services via Internet based on the registration and depending on the type of the customer either for	1

¹⁶³ More information available: https://e-justice.europa.eu/content_land_registers_in_member_states-109-cz-en.do?member=1 and <https://nahliznidokn.cuzk.cz/>

			fee or free of charge (for public administration). The excerpts from the KN and the pictures of cadastral maps are marked by electronic stamp and so they are the public electronic documents. These excerpts can be converted by the authorized persons (notaries, Czech Post and particularly CzechPoint workplaces) from the electronic into the paper form of public documents. At present more than one third of excerpts from the KN are provided in this way. KN data are provided to public in the form of datasets with defined content as well, in the form of so called exchange format. ¹⁶⁴	
		Municipality has an authority to impose senior lien on the property	The administrative lien exists but as confirmed by the General Financial Directorate via e-mail, thus far it is not possible to overtake previously registered liens or mortgages of other creditors, including a bank, which provided mortgage loan or credit and it wrote its right as the first in order.	0
SCORING				7/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	'Legislative changes which significantly reflected in the increased tax collections were carried out between 2009 and 2010. These were changes in the field of tax exemption, increase in basic rates, but also the introduction of so called local coefficient, which provides to municipal units the possibility to influence the final amount of the tax liability of its taxpayers.' ¹⁶⁵ Czech Republic with the value of the percentage share on the total tax collection of 1.15% belongs to the countries where the	1

¹⁶⁴ For more information see: <https://www.cuzk.cz/English/Cadastre-of-Real-Estate/About-Cadastre-of-Real-Estate/Cadastre-information-system.aspx>

¹⁶⁵ See more: https://acta.mendelu.cz/media/pdf/actaun_2014062061213.pdf

		recurrent tax on immovable property does not acquire considerable significance, however it still remains in the tax system, which may be caused by the fact that it is a municipal tax whose collection, under the Act No. 243/2000 Coll., on the budgetary allocation of taxes, as amended, flows into the budgets of municipal units. ¹⁶⁶ However, it is still the central government to collect it first.	
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	‘Statistical indicators evaluate the Czech tax on immovable property as a tax, which causes considerable administrative costs, for more details see Andrlík (2010), and whose collection is negligible. Percentage share of the analyzed tax on the total tax collection in the Czech Republic was only 1.15% in 2011, the average value of that share was then 0.96% in the reporting period (1995–2011). ¹⁶⁷ Paradoxically, this low rate is welcomed by the citizens who are aware that the rate of the property tax they have to pay, is one of the lowest in the EU. Recommendation “Going for Growth” published by OECD for 2013 lists explicitly the states that should follow the path of increasing the tax as its existence is well-received by the society and thus has a potential to have an even bigger share in the central budget (apart from Czechia, the OECD points Austria, Belgium, Denmark, Estonia, Finland, France, Hungary, the Netherlands, Germany, Poland and Sweden). ¹⁶⁸	1
SCORING			2/2

Total scoring: 15/28

Denmark

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

¹⁶⁶ Ibid.

¹⁶⁷ See more: https://acta.mendelu.cz/media/pdf/actaun_2014062061213.pdf

¹⁶⁸ The OECD Report is available online: <http://www.oecd.org/eco/growth/going-for-growth-2013.htm>

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	No information found on any on-tax financing scheme piloted/tested in the country (currently or in the past).	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	<p>In Denmark there are <u>two distinct property-related taxes</u>^{169,170}:</p> <p>1) Municipal Real Estate Tax – “Grundskyld”, which is collected by the municipalities and is levied on the value of land.</p> <p>2) National Property Tax – paid to the state and levied on the value of property.</p> <p>Taxes are calculated on the basis of the public property assessments made by the National Board of Assessment.^{171,172}</p> <p>An owner of property must pay both of them. Details are described below.</p> <p><u>Municipal Real Estate Tax (Land Value Tax) – Grundskyld</u></p> <p>The municipal real estate tax rate is levied on the land value (the value of a piece of land <u>without buildings on it</u>). The tax rate is determined individually by each municipality and cannot be lower than 1.6% or higher than 3.4% of the value of the property.¹⁷³ In 2018 the lowest rate was 1.6% (in Gentofte) and 3.4% (in several municipalities, including Copenhagen) (see the attached MS Excel file).</p>	3

¹⁶⁹ <http://www.skm.dk/aktuelt/temaer/boligskat-og-de-offentlige-ejendomsvurderinger/ejendomsvaerdiskat-og-ejendomsskat-grundskyld>

¹⁷⁰ Source: "Tax in Denmark - An introduction to the Danish tax system for non-Danish speakers". SKAT (The Tax Office), 3. Edition, March 2016.

<https://skat.dk/getfile.aspx?id=130346>

¹⁷¹ <http://www.skm.dk/aktuelt/temaer/boligskat-og-de-offentlige-ejendomsvurderinger/de-offentlige-ejendomsvurderinger>

¹⁷² <https://www.vurdst.dk/>

¹⁷³ <https://www.retsinformation.dk/forms/r0710.aspx?id=158270>, §2.

			<p>National Property Tax If you own a property, you must pay tax <u>to the state</u> (not a municipality!) on the value of your property – property value tax. Property value tax also applies to foreign property owned by individuals living in Denmark and to property in Denmark owned by individuals living abroad. The property value tax is included in your overall tax payable during the year. Generally, SKAT automatically receives the information required. However, you need to inform SKAT, if you own property abroad.¹⁷⁴</p> <p>A national property tax is levied on the value of properties in Denmark. The taxable value is the lowest of:</p> <ul style="list-style-type: none"> • The assessed value as of 01 January of the current tax year; • 105% of the assessed value as of 01 January 2001; • The assessed value as of 01 January 2002. <p>The tax rate is 1% of the taxable value up to DKK 3,040,000 (€408,602) and 3% on the value in excess of the limit.¹⁷⁵</p> <p>If the property was acquired before 01 July 1988, the applicable rates are generally reduced by 0.5% and 2.8% respectively.¹⁷⁶</p>	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p>Household utility bills include electricity, gas (if used) and water supply. Electricity and gas bills are usually based on estimated consumption, which is adjusted on an annual basis. Water is metered in most properties. Water drainage and sewerage are paid for via the property tax or directly to the water company. Household refuse is collected weekly, and the charges for this are included in property taxes.¹⁷⁷</p> <p>Information from the City of Copenhagen webpage:</p>	1

¹⁷⁴ Source: "Tax in Denmark - An introduction to the Danish tax system for non-Danish speakers". SKAT (The Tax Office), 3. Edition, March 2016.

<https://skat.dk//getfile.aspx?id=130346>

¹⁷⁵ <https://www.globalpropertyguide.com/Europe/Denmark/Taxes-and-Costs>

¹⁷⁶ <https://www.globalpropertyguide.com/Europe/Denmark/Taxes-and-Costs>

¹⁷⁷ <https://www.expatsfocus.com/expatriate-denmark-utilities>

			<p>“Property owners will be charged for the waste handling service via the property tax bill. Included in this fee is access to all recycling stations and collection points, where recyclable waste also can be disposed of. If you are a tenant, the property owner may charge you via the rent.”¹⁷⁸</p> <p>“You are automatically supplied with electricity and/or gas, which is paid in advance and checked against actual consumption once a year.”¹⁷⁹</p> <p>“Water and heating is normally connected in your home when you move in. Often you pay a set amount that is included in your rent to cover the cost of heating and water supply.”¹⁸⁰</p>	
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ¹⁸¹ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Land Value Tax (Grundskyld) is collected by the individual municipalities. National Property Tax is collected by the Tax Office (SKAT). ¹⁸²	1
1.4	Local authorities rights towards property-related axes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Local/regional administration has the legal authority to change the rate of Land Value Tax (Grundskyld) within a range 1.6–3.4%. National Property Tax rate is set on the national level and municipalities have no authority to change it.	1

¹⁷⁸ <https://international.kk.dk/artikel/how-handle-your-household-waste>

¹⁷⁹ <https://international.kk.dk/artikel/how-do-i-pay-electricity-and-gas>

¹⁸⁰ <https://international.kk.dk/artikel/how-do-i-get-water-and-heating-supply>

¹⁸¹* In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

¹⁸² Source: "Tax in Denmark - An introduction to the Danish tax system for non-Danish speakers". SKAT (The Tax Office), 3. Edition, March 2016.

<https://skat.dk//getfile.aspx?id=130346>

		Local/regional administration has a right to establish new local taxes and fees	To our best knowledge, municipality does not have a right to establish new local taxes in Denmark.	0
1.5	Tax collection exceptions			2/2
		Differences in tax collection at regional or local levels (urban vs. rural)	Property taxes are uniform throughout the entire country. Individual municipalities set the Land Value Tax (Grundskyld) rate within a range (see point 1.4). No exceptions to this rule were found on regional or local level.	1
		Differences are observed at the individual property level based on the property size /property value, etc.	Individual municipalities set the Land Value Tax (Grundskyld) rate within a range (see point 1.4). No exemptions were found at the individual property level based on the property size /property value, etc.	1
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	<p>Public-Private Partnership</p> <p>The Danish Building and Property Agency has commissioned the first seven PPP projects, namely the Land Registration Court in Hobro, the Danish National Archives, a new regional tax centre in Haderslev and the courts in Herning, Holstebro, Holbæk and Kolding.</p> <p>They have also entered into PPP agreements for the High Court of Western Denmark in Viborg, the local police station in Hobro and the court in Roskilde.</p> <p>In addition, the Danish Building and Property Agency has completed a new round of tenders for the Provincial Archives of Northern Jutland in Viborg as a PPP project and has initiated an invitation to tender for the</p>	1

		<p>PPP contract concerning the Court in Svendborg, the main police station in Holstebro and a new government office hub on Kalvebod Brygge. The latter will be the largest PPP project for offices in Denmark up to now.¹⁸³</p> <p>ESCO stands for Energy Service Companies and is a public-private partnership (PPP) for achieving energy savings in buildings. Reduction of energy pays for renovation / optimisation of the property's energy-consuming installations and climate envelope.¹⁸⁴</p>	
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	<p>Denmark has a National Renewable Energy Action Plan (NREAP) in force.¹⁸⁵</p> <p>Denmark renewable energy 2020 targets:</p> <ul style="list-style-type: none"> • Overall target: 30% of share of energy generated from renewable sources in gross final energy consumption; • Heating and Cooling: 40% of demand met by renewable energy sources; • Electricity: 52% of electricity demand met by electricity generated from renewable energy sources; • Transport: 10% of energy demand met by renewable energy sources; <p>Measures to support sustainable development of renewable energies:</p> <ul style="list-style-type: none"> • Governmental investment in research, development and demonstration projects; • Efforts for increase of energy efficiency in buildings; • Energy savings efforts on national and local levels; • Price subsidies for energy generation from RES; • Financial support for mini and micro installations; • Biofuel blending obligations; • Tax reliefs; 	1

¹⁸³ [https://www.bygst.dk/\(X\(1\)S\(zwxohjq5dgh1gaedtg4ykpkw\)\)/english/knowledge/forms-of-cooperation-and-organisation/public-private-partnership/?AspxAutoDetectCookieSupport=1](https://www.bygst.dk/(X(1)S(zwxohjq5dgh1gaedtg4ykpkw))/english/knowledge/forms-of-cooperation-and-organisation/public-private-partnership/?AspxAutoDetectCookieSupport=1)

¹⁸⁴ <https://www.bygst.dk/english/knowledge/forms-of-cooperation-and-organisation/esco/>

¹⁸⁵ <https://www.iea.org/policiesandmeasures/pams/denmark/name-39469-en.php>

		<p>The ultimate goal of Denmark is to become independent of fossil fuels. Shortly after creation of NREAP Denmark drafted and adopted “Energy Strategy 2050” which outlines plan how Denmark will achieve its energy independence.</p> <p>All these targets have to be achieved by municipalities first of all.</p> <p>Denmark’s National Energy Efficiency Action Plan (NEEAP).¹⁸⁶</p> <p>Last but not least, 37 municipalities are actively taking part in Covenant of Mayors initiatives.¹⁸⁷</p>	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Households can get grants for improving energy efficiency of their homes. Grants are distributed through energy companies that report energy improvements to the Danish Energy Agency together with municipalities. In order to obtain a grant, a household needs to enter into the agreement with the energy company. Grants can be given for works such as: replacement of windows, insulation of outer walls and roof, and replacement of old heating equipment with more eco-friendly alternatives. ¹⁸⁸ Municipalities are of help in the process of getting the money.	1
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4

¹⁸⁶ https://ec.europa.eu/energy/sites/ener/files/documents/2014_neeap_en_denmark.pdf

¹⁸⁷ CoM website: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

¹⁸⁸ <https://sparenergi.dk/forbruger/boligen/tilskud-og-fradrag#tilskud>

		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	We found quite a positive indications of high compliance, but the information needs to be double-checked. We sent e-mail to the Danish Ministry of Taxation on 25.07.2018 in which we asked for this information and we are waiting for the response from them.	1
		Foreclosures related to tax delinquencies and defaults	If a person fails to pay a land value tax for a prolonged period of time, the case will be sent to the municipality's lawyer with a request for forced sale of the property. ¹⁸⁹	3
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	Yes. Municipalities in Denmark are responsible for provision of many public services such as education, healthcare, sport and culture services and others. These services are financed mainly from local taxes. Local authorities receive revenue not only from property taxes but also from income taxes. Importantly, local governments can set local PIT rate. An example of the municipality budget: Link to the 2018 Budget of Municipality of Copenhagen in the footnote ¹⁹⁰ .	1
		Earmarked budgets/projects related funds exist at local authorities level	Funds are allocated to particular investment projects – see, for example, the 2018 Copenhagen Budget, pages 148-230: section "Investment overview – municipal construction projects" ¹⁹¹ or Investment Review of Municipality of Aarhus ¹⁹² .	1
		Local authorities finances are controlled by independent bodies	Yes: <ul style="list-style-type: none"> The National Institute of Municipalities and Regions Analysis and Research¹⁹³, 	1

¹⁸⁹ Information from the webpage of one municipality: <http://www.ltk.dk/ofte-stillede-spoergsmaal-om-ejendomsskat#Hvad%20sker%20der,%20hvis%20ejendomsskatterne%20ikke%20betales%20til%20tiden> (Look here: "Hvad sker der, hvis ejendomsskatterne ikke betales til tiden?")

¹⁹⁰ https://www.kk.dk/sites/default/files/uploaded-files/vedtaget_budget_2018_-_koebenhavns_kommune.pdf

¹⁹¹ https://www.kk.dk/sites/default/files/uploaded-files/vedtaget_budget_2018_-_koebenhavns_kommune.pdf

¹⁹² <https://aarhus.dk/media/2590/investeringsoversigt-budget-2018.pdf>

¹⁹³ <https://modst.dk/media/17680/3-rapport-kommunernes-oekonomistyring-2016.pdf>

			<ul style="list-style-type: none"> Municipalities' work on procurement is controlled by the Competition and Consumer Authority¹⁹⁴. 	
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	<p>In case of delay in payment of Grundskyld, additional interest may be imposed by the municipality. Example – Information from the municipality of Copenhagen webpage: In case of payment after the last due date, interest is calculated. The interest rate is calculated by 0.4% for each commencement month, calculated from the due date.¹⁹⁵</p> <p>State taxes: Additional interest charge of 1.7% (Jan-Jun) / 3.7% (July-onwards)¹⁹⁶.</p>	1
		Existence of standardised and transparent administrative processes	All the information available confirms that the procedure is transparent and standardised.	1
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<p>Reports on properties can be obtained from registries such as: https://boligejer.dk/*Start/0/2 https://ois.dk/</p> <p>‘The Danish cadastre is the basis for all land registration in Denmark. Consisting of a country-wide cadastral map, an official register and a cadastral archive, this resource plays a central role in the public management and administration of land ownership. Updates to Denmark’s cadastre are carried out with the use of two digital tools- MIA and miniMAKS. Chartered surveyors have traditionally carried out the field work related to land registration and, through MIA, have submitted</p>	1

¹⁹⁴ https://www.kfst.dk/media/48991/kortlaegning_af_kommunernes_arbejde_med_udbud.pdf

¹⁹⁵ <https://www.kk.dk/artikel/ejendomsskatter-og-afgifter>

¹⁹⁶ <https://skat.dk/skat.aspx?oid=2246445>

			cases to the Danish Geodata Agency. The miniMAKS system presents the data prepared by the chartered surveyors and enables the employees of the Danish Geodata Agency to verify that the relevant approvals are obtained before accepting the proposed changes to the cadastre. ¹⁹⁷ At the same time, the Land Registration Court was established on 1 January 2007. The Land Registration Court handles registration of titles to land, mortgages and other charges, marriage settlements etc. The Land Registration Court's jurisdiction extends to all of Denmark. ¹⁹⁸	
		Municipality has an authority to impose senior lien on the property	To our best knowledge, the municipality cannot impose senior lien on a property.	0
SCORING				10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Housing tax in Denmark has been based on assessments of property values for over the last 100 years ¹⁹⁹ . Local taxes in their current form were introduced in 2007 and no evidence was found showing that there is any political will to abolish them.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes	Housing tax in Denmark has been based on assessments of property values for over the last 100 years ²⁰⁰ . Local taxes in their current form were introduced in 2007 and no evidence was found showing that there is any political will to abolish them.	1

¹⁹⁷ For more information see: <https://eng.gst.dk/danish-cadastre-office/>

¹⁹⁸ For more information see: <http://www.domstol.dk/om/otherlanguages/english/thedanishjudicialsystem/landregistrationcourt/Pages/default.aspx>

¹⁹⁹ <http://www.skm.dk/aktuelt/temaer/boligskat-og-de-offentlige-ejendomsvurderinger>

²⁰⁰ <http://www.skm.dk/aktuelt/temaer/boligskat-og-de-offentlige-ejendomsvurderinger>

	has been a subject of political debate	<p>There is a debate regarding the change of method of property valuation. Until 2002, public property assessments were made by local assessment boards. Then the assignment was taken over by the Tax Office (SKAT). In August 2013, the National Audit Office criticized the Ministry of Taxation and Tax Administration's handling of public property assessments, which, in the opinion of the Audit Office, was not of sufficient quality. Based on this criticism, the government presented a proposal for restoration of public property assessments in October 2013²⁰¹. An independent expert committee was set up to improve the quality of valuations²⁰².</p> <p>Currently property taxes are calculated on the basis of the public property assessments made by the newly established National Assessment Board based in Roskilde. The Board is expected to ensure new and more accurate assessments of properties and land in Denmark²⁰³. The Board produces assessments of all the country's approx. 1.7 million owner-occupied homes and approx. 0.5 million other properties, including approx. 400,000 commercial properties and approx. 100,000 agricultural and forestry properties.²⁰⁴</p>	
SCORING			2/2

Total scoring: 23/28

Estonia

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
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²⁰¹ <http://www.skm.dk/aktuelt/presse/pressemeddelelser/2013/oktober/danskerne-skal-have-et-nyt-og-bedre-ejendomsvurderingssystem>

²⁰² <http://www.skm.dk/aktuelt/presse/pressemeddelelser/2013/oktober/tidligere-nykredit-direktoer-bliver-formand-for-ekspertudvalg-om-ejendomsvurderinger>

²⁰³ <https://www.vurdst.dk/>

²⁰⁴ <https://www.vurdst.dk/om-styrelsen/>

1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	No information found on any on-tax financing scheme piloted/tested in the country (currently or in the past).	0
1.2	Property-related tax existence			3/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	The land tax is the only annual property-related tax in Estonia. It is based on capital values of land. It can differ between municipalities and varies from 0.1 to 2.5% of the assessed value of the land (not on buildings or other improvements) depending on the use of the land. Residential land is at present charged at 1% land tax (June 2008). ²⁰⁵	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	There are no other annual taxes on property. Municipalities have the right to issue regulations to impose local taxes: <ul style="list-style-type: none"> • advertisement tax, • road and street closure tax, • motor vehicle tax, • animal tax, • entertainment tax, • parking charge²⁰⁶. In reality these taxes are rarely used. The landfill tax was applied to all type of waste (incl. industrial, thus with differentiated tax levels. As absolute majority of the landfilled waste was related to the oils-shale industry, then was tax level for Household was 'very low' ²⁰⁷	0
1.3	Collection of property-related taxes by local authorities			1/1

²⁰⁵ For more information see: <https://www.emta.ee/eng/business-client/excise-duties-assets-gambling/land-tax#5>

²⁰⁶ Taxation Act, §3 (3)

²⁰⁷ Financing landfilling and waste management Landfill Tax in Estonia

		Local authorities* ²⁰⁸ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	The land tax is collected by the state (central government) authority Tax and Customs Board (Maksu- ja Tolliamet) ²⁰⁹ . It is mainly because of efficiency as municipalities are relatively small in Estonia. Only municipalities benefit from this tax. ²¹⁰	1
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	The tax rates shall be established by local government councils in their administrative territories not later than by 31 January of the taxation year. ²¹¹ The local government council may establish the rates of tax as a differentiated rate according to the value zones within the range specified by law. The amended tax rates shall apply as of the beginning of the year. ²¹²	1
		Local/regional administration has a right to establish new local taxes and fees	All the taxes are based on Law and in this context only Parliament (Riigikogu) can issue new (local) taxes and make amendments in existing taxes. ²¹³ Local taxes are limited to the list presented in existing Law, advertisement tax, road and street closure tax, motor vehicle tax, animal tax, entertainment tax, parking charge. The land tax itself is not a local tax in this sense. It means that municipalities cannot decide whether to implement or not to implement this tax. ²¹⁴ According to the law (and in reality) the land exists in all municipalities.	0
1.5	Tax collection exceptions			1/2

^{208*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

²⁰⁹ Taxation Act, §5 (1)

²¹⁰ Land Tax Act, §6

²¹¹ <https://www.eesti.ee/en/money-and-property/taxation-and-currency/land-tax/>

²¹² For more information see: <https://www.emta.ee/eng/business-client/excise-duties-assets-gambling/land-tax#5>

²¹³ Taxation Act

²¹⁴ Land Tax Act, §2

		Differences in tax collection at regional or local levels (urban vs. rural)	The residential land or the profit-yielding land in the part of the land use type of yard land only shall be exempt from land tax to the extent of 0.15 hectares in a densely populated area (i.e. in cities, in cities without municipal status, towns, small towns and areas designated densely populated areas by a comprehensive plan by a local government of a county plan by a county governor) and to the extent of 2.0 hectares elsewhere. ²¹⁵ This provision does not apply to apartment ownership, i.e. tax exemption in an apartment association is calculated on each apartment ownership. ²¹⁶	0
		Differences are observed at the individual property level based on the property size /property value, etc.	The Land Tax Act mentions some exemptions, but these are not really related to individual properties.	1
SCORING				6/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	In Estonia little progress has been made towards employing PPPs so that, currently, only the experiences of PPP projects recorded from other countries can be drawn on to provide insight into the impacts which the adoption of PPP approaches might have on procurement performance in Estonia ²¹⁷ .	0

²¹⁵ <https://www.emta.ee/eng/private-client/land-vehicle-forest-gambling/land-tax>

²¹⁶ Ibidem

²¹⁷ <http://www.irbnet.de/daten/iconda/CIB16519.pdf>

2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	<p>Smart and efficient city program in Tartu is financed from Horizon 2020 to revitalize blocks from Khrushchev era respecting energy efficiency²¹⁸. Tallinn's present Action Plan for Energy Efficiency, which has been developed for the period 2010 to 2020, analyses energy-saving opportunities in Tallinn and sets out guidelines for the development of Tallinn's energy economy by the year 2020.</p> <p>The main objective of the Action Plan is to reduce energy consumption and greenhouse gas emissions, and to increase the renewable energy share. In February 2009, Tallinn joined the Covenant of Mayors, the international co-operation of communities. Accordingly, the city has undertaken the duty to reduce its CO2 emissions by 20% by 2020 as a result of a 20% improvement in energy efficiency and a 20% share of renewable energy sources in the energy mix.²¹⁹ However, apart from Tallinn, only 4²²⁰ (out of 79) other municipalities take part in Covenant of Mayors initiatives what leads to a conclusion that municipal EE strategies are still to be implemented.</p>	0
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Estonia is too small for the efficient solutions on the local levels without the aid of the state (even after the administrative reform was completed in October 2017, there are total of 79 municipalities, 14 of which are urban and 65 rural. After the reform small municipalities with under 5,000 inhabitants have been reduced from a number of 169 to 15).	0
SCORING			0/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4

²¹⁸ <https://www.tartu.ee/en/node/2055>

²¹⁹ file:///C:/Users/jakub/Downloads/tallinn_seap_2011-2020_en.pdf

²²⁰ For more information see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Taxes are paid in three equal instalments (May 15, August 15, and November 15). Taxpayers make their tax payments to commercial banks. It is estimated that 95% of the taxable properties are recorded in the official tax list. The collection ratio has been growing steadily, from 84% in 1995 to 98% in 1998. Tax billing is fully computerized and is administered by National Tax Board staff in each county office ²²¹ .	1
		Foreclosures related to tax delinquencies and defaults	In case of land tax delinquency or default the tax authorities can turn to a bailiff and the bailiff has a right to seize and sell the property of the taxpayer. The enforcement actions by tax authority can be found in the Taxation Act § 130. ²²² The Code of Enforcement Procedure § 52 states the manners of making claims for payment of property. ²²³	3
3.2	Local authorities finances characteristics			2/3
		Local authorities possess a fully autonomous budget	Estonian constitution Chapter XIV Local Government § 157. A local government shall have an independent budget for which the bases and procedure for drafting shall be provided by law. A local government has the right, on the basis of law, to levy and collect taxes, and to impose duties.	1
		Earmarked budgets/projects related funds exist at local authority level	Earmarked funds coming from the budgets of the ministries in order to cover the costs of implementing the local and regional functions are also paid directly and do not appear in the separate project accounts ²²⁴ .	0
		Local authorities finances are controlled by independent bodies	State Supervision: the purpose of the state supervision is to ensure the lawfulness and feasibility of municipal administrative procedures. External control is implemented by ministries, in some matters also by agencies and inspections and by Legal Chancellor (Ombudsman) and the State Audit Office ²²⁵ .	1

²²¹ <http://citeseerx.ist.psu.edu/viewdoc/download;jsessionid=38F3941A6C434DEF2765E2B24935A13F?doi=10.1.1.198.4856&rep=rep1&type=pdf>

²²² <https://www.riigiteataja.ee/en/eli/506082018004/consolide>

²²³ <https://www.riigiteataja.ee/en/eli/509072018006/consolide>

²²⁴ <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN013816.pdf>

²²⁵ <https://www.rahendusministeerium.ee/en/local-governments-and-administrative-territorial-reform>

3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	<p>If a taxable person fails to meet the schedule for payment of the tax arrears, does not pay the taxes that become due on time, does not file tax returns on time or in the event of a decrease in the value of security, does not submit replacement security accepted by the tax authority, the tax authority has the right to revoke the decision on the payment of tax liabilities in instalments and revoke the reduction of interest rate.</p> <p>After revocation of the decision on the payment of tax liabilities in instalments the tax authority has the right to initiate a compulsory execution of the claims arising from tax arrears pursuant to the procedure provided for in Chapter 13 of the TA²²⁶.</p> <p>Interest in the amount of 0,06% per day or 21,9% per year will be added to the principal amount of debt up to the date of its final payment, which is by far more expensive than payment of interest on a bank loan. No additional interest is calculated from the interest amount²²⁷.</p>	1
		Existence of standardised and transparent administrative processes	<p>Pre-trial proceedings are the first step in Estonian debt collection. These consist in verification of the debt, gathering information on the debtor's financial situation with the trade register and tracking his address and phone number. After these proceedings the debtor will receive notifications about his debt. Notifications are made from demand letters, e-mails and phone calls. In case the debtor will not answer any of the notifications a letter to the trade register will be sent and the debtor will be taken to court in order to recover the debt²²⁸.</p> <p>In respect of access to information, Estonian's competent authority – the Tax and Customs Board is vested in the broad power to gather a relevant information for civil and crime purposes²²⁹.</p>	1

²²⁶ <https://www.emta.ee/eng/business-client/taxation-payment-taxes/payment-tax-liabilities-instalments>

²²⁷ Ibid.

²²⁸ <http://www.lawyersestonia.com/debt-collection-in-estonia>

²²⁹ <https://books.google.pl/books?id=BFeHlyHJ5o0C&pg=PA8&lpg=PA8&dq=Existence+of+standardised+and+transparent+administrative+processes+towards+land+tax+collection+estonia&source=bl&ots=vuGEjhzUSV&sig=Zc7 Waqeum7IUuBHP4OfkM4FScU&hl=pl&sa=X&ved=2ahUKewi3xabM58bcAhWrlJoKHba8AvAQ>

3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<p>The Estonian Land Register is a record of proprietary interests and restricted rights, providing third parties with information about registered immovable property.²³⁰ 'The land register focuses on both legal and factual circumstances. All property is entered into the land register, unless otherwise provided for by law. Each individual property has an independent entry and is given a unique number (registered property number). The register has four parts.</p> <p>Part 1 contains the following information on each registered property: land-register reference; specific purpose; location; restricted rights established for the registered property; area (size); mergers and divisions; amalgamation with another registered property, or severance of part of the property.</p> <p>Part 2 contains the following information on each registered property: the owner; if the property is in joint ownership, details of such; whether the property is in joint ownership or common ownership; the owners' names; notional size of the co-owners' shares (common ownership).</p> <p>Part 3 contains the following information on each registered property: restricted rights encumbering the property (except mortgages); restrictions on ownership; notes concerning such restrictions; restrictions on the owner's right of disposal; other notes concerning ownership (including restrictions on the disposal rights of the persons concerned), and any amendments to or deletions of the abovementioned entries.</p> <p>Part 4 contains the following information on each registered property: the mortgage holder; monetary value of the mortgage (outstanding</p>	1

[6AEwA3oECAEQAQ#v=onpage&q=Existence%20of%20standardised%20and%20transparent%20administrative%20processes%20towards%20land%20tax%20collection%20estonia&f=false](https://www.rik.ee/en/e-land-register)

²³⁰ For more information see: <http://www.rik.ee/en/e-land-register>

			sum); notes concerning the mortgage; amendments to entries; deletion of entries. The various parts of the land register are publicly available and can be accessed by anyone. Where there is a legitimate interest, the file for a given registered property can be consulted. Property owners, notaries, bailiffs, the courts and supervisory authorities do not need to prove the existence of a legitimate interest. ²³¹	
		Municipality has an authority to impose senior lien on the property	According to the information received from the Helena Kullamaa (Senior Expert at the Tax Policy Department of the Ministry of Finance of Estonia) electronically, municipalities cannot impose senior liens on indebted properties.	0
SCORING				9/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	The land tax was somehow complicated to understand when it was first introduced in 1993. However, no real problems have been identified afterwards mainly because the tax burden is very low and this is probably the main reason why it has been in rather neutral position. There are some disputes about land tax exempt or increase its rate rather than tax itself.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes	There have been still quite complicated discussions prior to elections and/or at the time of revaluation (the first valuation was done in 1993 and revaluations 1996 and 2001). Politicians willing to win the next elections have making exemptions to nearly all home-owners (and introducing some new taxes or increasing the tax rates of some other	0

²³¹ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-ee-maximizeMS-en.do?member=1

	has been a subject of political debate	taxes), particularly at the beginning. Estonian tax system is somehow skewed as the tax burden based on wealth is close to zero. There have been several aspirations to carry out revaluation to make the tax more fairly but no success: most of civil servants understand well what the issue is but politicians do not accept it.	
SCORING			1/2

Total scoring: 16/22

Finland

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	On-tax financing has not been piloted/tested in Finland so far. The constitution stipulates that a clear basis for all taxes has to be given in the tax laws, which implies that piloting/testing is not very easy because it would require a law change.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	Finland has a local property tax. Property tax revenue in 2017 was 1.8 billion euros or 0.8 percent of GDP. Different property tax rates are applied to different types of properties. Municipalities can freely choose the tax rates within bounds set by the central government. Below are the statutory limits for tax rates for different types of properties: <ul style="list-style-type: none"> - The general property tax which is applied to all zoned land and commercial/industrial buildings (limits: 0.93% – 1.8%) - Property tax on residential buildings (limits: 0.41% - 0.9%) - Property tax on non-permanent residential buildings (holiday homes) (limits: 0.93% – 1.8%) - Vacant residential land (2% - 6%) - Properties owned by non-profit organizations (limits: 0% – 1.8%) - Power plants (limits: 0.93% – 3%) 	3

			<p>The two main components of the Finnish property tax system in terms of tax revenue are the general property tax and the property tax on residential buildings. The general property tax is applied to both residential and commercial/industrial land and commercial/industrial buildings. The residential property tax is applied to residential buildings. A typical property owner is a family owning a single family house and the lot on which the house is built. The tax authority calculates the amount of the property tax separately for the land and for the building but sums those together in the property tax bill sent to the tax payer.</p> <p>There are no other recurrent taxes on real property than the local property tax, but there is a transfer tax on real estate transactions (paid by the buyer of the property). In addition, rental income and capital gains from selling property are taxed similarly as other capital income.²³²</p>	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p>Yes, local charges attached to the property do exist. The municipalities can collect waste management fees. The fee is payable by the owner of the property (or the renter). Many municipalities offer incentives for recycling by setting lower fees for assorted waste than mixed waste. Typically waste management is organized through a company owned by the municipality (or many municipalities). In some municipalities waste management is outsourced to private companies.²³³</p>	1
1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ²³⁴ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	<p>The central Tax Authority is responsible for collecting local property-related taxes. The Tax Authority combines property taxes for all properties owned by the tax payer into one annual bill, which is paid in one or two instalments (depending on whether the amount is below or above 150 EUR).</p>	0

²³² For more information see: Ministry of Finance: Draft for a reform of the valuation of the real property (includes a detailed description of the current system) https://api.hankeikkuna.fi/asiakirjat/66d20861-7d42-48af-918a-94d89204ee72/b5cb26e9-acc0-414b-b969-c2fe98d1ff47/LAUSUNTOPYYNTO_20180817050000.PDF and Lyytikäinen, Teemu. "Tax competition among local governments: Evidence from a property tax reform in Finland." *Journal of Public Economics* 96, no. 7-8 (2012): 584-595 and Harjunen, Oskari – Lyytikäinen, Teemu – Saarimaa, Tuukka "Effects of Property Taxes on House Prices and Time on the Market" Paper presented at the IIPF conference, Tampere, Aug 2018.

²³³ For more information see: Ministry of Environment http://www.ymparisto.fi/fi-FI/Kulutus_ja_tuotanto/Jatteen_ja_jatehuolto/Jatemaksu_ja_verot

^{234*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

			The waste management charge is collected by the municipality or the waste management company. ²³⁵	
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Municipalities are free to choose the tax rates for different types of properties within bounds set by the central government. ²³⁶	1
		Local/regional administration has a right to establish new local taxes and fees	According to the Constitution of Finland (article 121), municipalities are not allowed to establish new taxes. According to the constitution, taxes are determined by the law, and therefore new taxes have to be approved by the national parliament. ²³⁷	0
1.5	Tax collection exceptions			2/2
		Differences in tax collection at regional or local levels (urban vs. rural)	The same rules for tax collection are used in all areas. The statutory limits for the property tax rates are the same in all regions, with one minor exception. The government forces municipalities in the Helsinki region to tax undeveloped residential land at a higher rate than developed land. Elsewhere, the municipalities are free to choose whether to tax undeveloped and developed land at different rates. ²³⁸	1
		Differences are observed at the individual property level based on the property size /property value, etc.	Exemptions based on age or household type do not exist. Municipalities can choose to exempt non-profit organizations from paying the property tax. ²³⁹	1
SCORING				7/10

²³⁵ For more information see: Finnish Tax Authority https://www.vero.fi/en/individuals/housing/real_estate_tax/paying_real_estate_tax/ and Ministry of Environment: http://www.ymparisto.fi/fi-FI/Kulutus_ja_tuotanto/Jatteet_ja_jatehuolto/Jatemaksu_ja_verot

²³⁶ For more information see: Ministry of Finance: Draft for a reform of the valuation of the real property (includes a detailed description of the current system) https://api.hankeikkuna.fi/asiakirjat/66d20861-7d42-48af-918a-94d89204ee72/b5cb26e9-acc0-414b-b969-c2fe98d1ff47/LAUSUNTOPYYNTO_20180817050000.PDF

²³⁷ For more information see: <http://www.finlex.fi/fi/laki/ajantasa/1999/19990731#L11P121>

²³⁸ For more information see: Lyytikäinen, Teemu, 2009. "Three-rate property taxation and housing construction," Journal of Urban Economics, Elsevier, vol. 65(3), pages 305-313, May and Association of Finnish local and regional Authorities: <https://www.kuntaliitto.fi/asiantuntijapalvelut/talous/verotus>

²³⁹ Lyytikäinen, Teemu. "Tax competition among local governments: Evidence from a property tax reform in Finland." Journal of Public Economics 96, no. 7-8 (2012): 584-595.

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	PPP has gradually become more popular in municipal public service provision in the 2000's. However, the use of PPP in major infrastructure or building projects is still rare. There has been altogether only 45 PPP municipal public building projects in 15 municipalities (about 5 percent of municipalities). In 2018, the legislation changed so that the use of PPP in municipal infrastructure and building projects became more favourable. ²⁴⁰	0
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	In 2016, 64 municipalities and 13 federations of municipalities had committed to an energy efficiency pact (intended for larger municipalities) and further 53 municipalities and 2 federations of municipalities were implementing an energy program (intended for smaller municipalities). Thus, altogether some 30% of municipalities have some kind of EE strategy. These municipalities are predominantly large. Over 70% of the building stock is located in municipalities with EE strategy. ²⁴¹	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Those 30% of municipalities that are committed to the EE pact or program are eligible for government subsidies for energy efficiency inspections and investments. In 2008-2016 there were some 250 subsidised EE investment projects in Finnish municipalities and about 1700 buildings were inspected. ²⁴²	1
SCORING			2/3

²⁴⁰ For more information see: National Institute for Health and Welfare <https://thl.fi/documents/2616650/2646346/Tilaaaja-tuottajamallin+k%C3%A4yt%C3%B6st%C3%A4+Suomessa+ja+er%C3%A4iss%C3%A4+Euroopan+maissa.pdf/1567c6ee-399a-4aac-b3a2-bc91bb2881d5>

²⁴¹ For more information see: Annual report of the energy efficiency pact and energy program for municipalities in 2016 https://www.motiva.fi/ajankohtaista/julkaisut/energiatehokkuussopimukset_2008-2016/kunnat/kuntien_energiatehokkuussopimuksen_ja_energiaohjelman_vuosiraportti_2016.2887.shtml

²⁴² For more information see: Annual report of the energy efficiency pact and energy program for municipalities in 2016 https://www.motiva.fi/ajankohtaista/julkaisut/energiatehokkuussopimukset_2008-2016/kunnat/kuntien_energiatehokkuussopimuksen_ja_energiaohjelman_vuosiraportti_2016.2887.shtml

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Property tax is collected annually. The collection rate is high, although minor delays are common (people often forget to pay, but pay after the reminder from the tax authority). In 2014 property tax revenue was EUR 1500 million and the amount of unpaid property tax liabilities was only EUR 25 million. Thus the collection rate is above 98%. Avoiding property taxes is very difficult because there is a national register of the building stock and the tax authority has a good enforcement procedure. ²⁴³	1
		Foreclosures related to tax delinquencies and defaults	Not paying the property tax in time leads first to a reminder letter and 7% penalty interest and eventually to standard foreclosure procedure. Unpaid taxes are classified among liabilities for which no special court decision is required for initiating the foreclosure procedure. Thus initiating foreclosure is relatively easy for the tax authority. ²⁴⁴	3
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	Municipalities are in charge of their own finances, but they are also responsible for several important public services (primary education, health etc.), and there is highly specific legislation and regulation that requires these services to be provided up to a standard. As long as these standards are met, municipalities are free to spend the remaining revenue as they like. ²⁴⁵	1

²⁴³ Finnish Tax Authority: https://www.vero.fi/download/Loppuraportti_Verovajeen_arviointimenetelmien_kehittaminen/%7B7880270F-569B-44AF-9DEA-5D9FAF393172%7D/9492

Finnish Tax Authority: http://www.vero.fi/download/Verotuksen_taskutilasto_2015/%7BC6FE0D8C-91E6-4218-A4DB-172110CF5BDF%7D/10693

Online article on property tax enforcement by the National Broadcasting Company YLE: <https://yle.fi/uutiset/3-8276193>

²⁴⁴ Tax law: <http://www.finlex.fi/fi/laki/alkup/1992/19920654#Pidp446425440>

Law on foreclosure: <https://www.finlex.fi/fi/laki/alkup/2007/20070706>

Online article on property tax enforcement by the National Broadcasting Company YLE: <https://yle.fi/uutiset/3-8276193>

Online article on foreclosure: <https://oikeus.fi/ulosotto/fi/index/velkojanaulosotossa/ulosotonhakeminen.html>

²⁴⁵ Moisio, Antti, 2002. "Essays on Finnish Municipal Finance and Intergovernmental Grants," Research Reports 93, VATT Institute for Economic Research.

	Earmarked budgets/projects related funds exist at local authorities level	Yes, separate budgeting lines are allowed and exist. ²⁴⁶	1
	Local authorities finances are controlled by independent bodies	Municipal finances are monitored and controlled by the Ministry of Finance. There is no official debt limit, but municipalities running substantial deficits are required to close the deficit within four years. Failing to do so may trigger a “crisis municipality” procedure in which the Ministry of Finance takes partial control of the municipalities finances. ²⁴⁷	1
3.3	Measures aimed at enforcing local taxes collection		2/2
	Existence of additional interest rates and penalties in case of deliberate non-payments	The tax authority charges additional interest rates (currently 7%) from those failing to pay the property tax on time. ²⁴⁸	1
	Existence of standardised and transparent administrative processes	Finland is generally regarded as a country with high level of transparency and good governance. Transparency international ranks Finland 3 rd out of 180 countries in terms of transparency. The Tax Authority publishes information on the enforcement procedure online. If the payment of the tax is delayed, the Tax Authority will send a new bill with added penalty interest and a new dead line for the payment. If the tax payer has low income and is not able to pay the tax by the new dead line, he/she can apply for a program in which the tax is paid in several small payments over an extended period. If the tax is still unpaid, the tax authority can start foreclosure procedure in which the property of the debtor may be sold to pay the tax. ²⁴⁹	1
3.4	Mortgage and property ownership characteristics		1/4

²⁴⁶ Association of Finnish Local and Regional Authorities (guide for municipal budgeting):

http://www.google.fi/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=2ahUKewjV4_yascvcAhWliaYKHfD2BR8QFjAAegQIABAC&url=http%3A%2F%2Fshop.kunnat.net%2Fdownload.php%3Ffilename%3Duploads%2Ftalousarviojasuunnitelmaa4.pdf&usg=AOvVaw0IOo-5spe_kuv9kWdkl6lf

²⁴⁷ Economic Policy Council: https://www.talouspolitiikanarviointineuvosto.fi/wordpress/wp-content/uploads/2016/05/2_2015_vatt_kuntatalouden_vakauttaminen_ja_makro-ohjaus.pdf

²⁴⁸ Tax law: <https://www.finlex.fi/fi/laki/ajantasa/1995/19951556> and <http://www.finlex.fi/fi/laki/alkup/1992/19920654#Pidp446425440>

Online article by the National Broadcasting Company YLE: <https://yle.fi/uutiset/3-8276193>

²⁴⁹ Transparency international: <https://www.transparency.org/country/FIN>

Finnish Tax Authority: <https://www.vero.fi/yrikykset-ja-yhteisot/ilmoittaminen-ja-maksaminen/maksaminen-yrikykset-ja-yhteisot/maksuvaikeudet/> and <https://www.vero.fi/yrikykset-ja-yhteisot/ilmoittaminen-ja-maksaminen/maksaminen-yrikykset-ja-yhteisot/korot-ja-veronlisäys--kun-maksu-myöhästy/>

	Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	A national register of real estate holdings exists and is maintained by the National Land Survey of Finland, which offers a property title search service and evidence of legal ownership of the property. The register includes information on the owner of the property, property lien and many characteristics of the property (e.g. , the location of the property, coordinates of boundary markers of land belonging to the property, road or street access etc.). Owners of properties have online access to the information on their own property for free. Others can order the information online (as pdf) with the cost of 14-18 euros per search depending on the type of information required. The National Land Survey also has a register of real estate transaction prices. ²⁵⁰	1
	Municipality has an authority to impose senior lien on the property	No the municipality cannot act as a tax authority and impose senior lien – and neither can the national tax authority. Unpaid property tax payments have no special priority as confirmed by a senior specialist representing Tax Department of the Ministry of Finance via e-mail.	0
SCORING			10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Property taxes were introduced in Finland in 1993 and the system has remained quite similar ever since. The statutory bounds for the tax rates have changed but the structure of the system has remained stable. The ministry of finance is preparing a reform of the method for determining the taxable value. This reform is due to take effect in 2020. The purpose of the reform is to strengthen the link between market	1

²⁵⁰ National Land Survey of Finland: <https://www.maanmittauslaitos.fi/kiinteistot/asiantuntevalle-kayttajalle/kiinteistotiedot-ja-niiden-hankinta>; <https://www.maanmittauslaitos.fi/kiinteistot/asiantuntevalle-kayttajalle/kiinteistotiedot-ja-niiden-hankinta/kiinteistojen>

		prices and taxable land values, and to improve the transparency of the valuation method. ²⁵¹	
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	In general, Finns view paying their taxes positively. According to a survey by the Tax Administration in 2017, 79 percent do not mind paying their taxes. There are no statistics on perceptions towards property taxes. Based on public debate on tax policy, I would say that most citizens view property taxes more negatively than most other taxes. Municipal income tax is the main source of tax revenue for municipalities. Property tax revenue is much smaller. Despite of this, even small increases in the property tax rate are debated more extensively than large increases in the local income tax. On the other hand, property taxation has become a more important source of revenue over the years. The government has adjusted the statutory limits to property tax rates upwards and many municipalities have increased their tax rates within these bounds. These developments could be interpreted as evidence of more favourable perceptions towards property taxes. ²⁵²	1
SCORING			2/2

Total scoring: 21/28

France

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
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²⁵¹ For more information see: Lyytikäinen, Teemu. "Tax competition among local governments: Evidence from a property tax reform in Finland." Journal of Public Economics 96, no. 7-8 (2012): 584-595 Ministry of Finance website on the planned reform of taxable property values:

<https://vm.fi/kiinteistoverouudistus>

²⁵² Newspaper article (Helsingin Sanomat): <https://www.hs.fi/politiikka/art-2000005412065.html>; Newspaper article (Kauppalehti):

<https://www.kauppalehti.fi/uutiset/tutkimus-asenteet-veroja-kohtaan-aiempaa-suopeat-tili-moni-kokee-olevansa-vihainen-veroista/GywxJssP> and Lyytikäinen, T. (2012): "Kiinteistövero – taloustieteilijöiden lemmikki ja kansalaisten inhokki", Talous ja yhteiskunta 3/2012, 54-59.

1.1	Examples of existing on-tax financing schemes nationally or locally			1/1
		On-tax financing scheme has already been piloted/tested in the country	The Ile-de-France region established Energies POSIT'IF, an innovative company made up of private and public capital. Energies POSIT'IF is the first company that uses third party funding for the energy renovation of blocks of flats. It consists of financing energy renovation work using the energy savings. In practice, the third party financing company supports the homeowners' association on the technical and financial plan. It designs the project, calculates the energy savings, consults companies, develops a finance plan identifying the grants that can be awarded and the outstanding remaining amount, applies for financial grants and monitors the renovation work. The third party funding company can provide a financial solution in which the homeowners' association pays regular contributions on an amount that is offset, at least in part, by the energy savings achieved. ²⁵³ Although it is not a typical on-tax financing mechanism, it is already a good starting point for the EuroPACE development.	1
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	There are two different property taxes (or <i>impôts locaux</i>) in France, the <i>taxe foncière</i> (or land value tax), which is paid by property owner, and the <i>taxe d'habitation</i> (or rates), which is paid by the person occupying the property. The <i>taxe d'habitation</i> is to be revoked by the Macron Law from 2018.	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	The <i>impôts locaux</i> also encompasses waste management fees and sweep fees. It is a part of the <i>taxe foncière</i> and is due at a pro rata rate when the property is unoccupied. It is not calculated according to the amount	1

²⁵³ For more information see: http://www.energiespositif.fr/?page_id=2300

			of waste generated per household, but on the cadastral rental value. This tax is collected by the State and not at local level. ²⁵⁴	
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ²⁵⁵ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	The collection of property taxes is pursued by local authorities. ²⁵⁶	1
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Local authorities have the legal authority to change the tax rate of direct property-related taxes (<i>taxe d'habitation, taxe foncière, contribution économique territoriale</i>) within the framework of the law. ²⁵⁷	1
		Local/regional administration has a right to establish new local taxes and fees	Local authorities have no right to establish new local taxes and fees ²⁵⁸ . New taxes are fixed by national legislation.	0
1.5	Tax collection exceptions			1/2

²⁵⁴ Website "PaP" (2018), "La taxe d'enlèvement des ordures ménagères (TEOM)", accessible at: <https://www.pap.fr/patrimoine/impots-taxes/la-taxe-denlevement-des-ordures-menageres-teom/a2514>

^{255*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

²⁵⁶ LCL, "Impôts locaux: taxe d'habitation et taxe foncière", guides pratiques LCL, accessible at: <https://www.lcl.com/guides-pratiques/zooms-economiques/impots-locaux.jsp>

²⁵⁷ Office of the Prime Minister, Direction de l'information légale et administrative, portal "vie-publique.fr" (2017), "Qui décide des impôts?", accessible at: <http://www.vie-publique.fr/decouverte-institutions/finances-publiques/ressources-depenses-etat/ressources/qui-decide-impots.html>

²⁵⁸ Governmental portal "vie-publique.fr" (31/10/2017), "Quels principes régissent la fiscalité locale?", accessible at: <http://www.vie-publique.fr/decouverte-institutions/finances-publiques/collectivites-territoriales/ressources/quels-principes-regissent-fiscalite-locale.html>

	Differences in tax collection at regional or local levels (urban vs. rural)	There are no between-regional exemptions in the collection of property taxes although there are differences between cities and regions as far as the amount is concerned. It is indeed to be noticed that the wealthier the municipality, the lower the property tax ²⁵⁹ .	1
	Differences are observed at the individual property level based on the property size /property value, etc.	Tax exemptions at individual level exist, notably for the <i>taxe d'habitation</i> , according to age, to a certain threshold of income, and for sole persons. Moreover, the new Macron law aims at progressively reduce the <i>taxe d'habitation</i> until complete elimination by 2020 ²⁶⁰ . For the <i>taxe foncière</i> , there are exemptions for a certain threshold of income, some types of property, as well as for disabled people or people over 75 years old. ²⁶¹	0
SCORING			8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	PPPs are in France quite successful with huge projects implemented thanks to this mechanism. Some local authorities also initiated PPP in the	1

²⁵⁹ La Tribune (17/10/2016), "Taxe foncière : plus votre ville est riche, moins vous payez", accessible at: <https://www.latribune.fr/vos-finances/impots/taxe-foncieres-plus-votre-ville-est-riche-moins-vous-payez-607620.html>

²⁶⁰ Portal "Droit-Finances" (2018), "Exonération de taxe d'habitation 2018 : plafonds de revenus", accessible at: <https://droit-finances.commentcamarche.com/faq/7057-exoneration-de-taxe-d-habitation-2018-plafonds-de-revenus>

²⁶¹ Portal "Droit-Finances" (2018), "Taxe foncière 2018 : exonération et réduction", accessible at: <https://droit-finances.commentcamarche.com/contents/967-taxe-foncieres-2018-exoneration-et-reduction>

		context of sustainability and energy efficiency (in Annemasse ²⁶² and French Polynesia ²⁶³) as well as innovation. ²⁶⁴	
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Some municipalities (among which Seyssinet Pariset ²⁶⁵ , Troyes ²⁶⁶ , and L’Hay-Les-Roses ²⁶⁷) have implemented sustainability or energy efficiency policies, or an SEAP, but this strategy is still a minority at municipal level. SEAPs and EE strategies are mainly implemented at national or regional/departmental level.	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	The State and State agencies such as the ADEME ²⁶⁸ (Agency for Environment and Mastering of Energy) grant a budget to municipalities allowing them to benefit from diverse modes of financing addressed to sustainable development and energy efficiency ²⁶⁹ . Some external actors propose innovative financing solutions for sustainable development and energy efficiency ²⁷⁰ . Moreover, all property owners have the opportunity to benefit from a tax reduction (<i>crédit d’impôt pour la transition</i>	1

²⁶² Dupessey, C., (2015), “Les partenariats public-privé pour l’environnement”, Les Echos, 30/09/2015, accessible at:

https://www.lesechos.fr/30/09/2015/LesEchos/22034-355-ECH_les-partenariats-public-privé-pour-l-environnement.htm

²⁶³ Jurgensen, P., (1995), “Un exemple de partenariat public-privé dans le domaine de l’hydro-électricité: Colloque du GIFS : Développement économique et dimension territoriale”, Revue d’économie financière, 1995, H-S 5, pp. 2015-2017, accessible at: https://www.persee.fr/doc/ecofi_0987-3368_1995_hos_5_1_2578

²⁶⁴ OECD (2004), “les partenariats publics-privé pour la recherche et l’innovation: une évaluation de l’expérience française”, accessible at:

<http://www.oecd.org/fr/france/25718043.pdf>

²⁶⁵ “84 Actions pour une ville durable”, (2014), website of the town Seyssinet-Pariset, accessible at: <http://www.ville-seyssinet-pariset.fr/actualites/84-actions-pour-une-ville-durable>

²⁶⁶ Portal “Demarches territoriales de developpement durable”, “Troyes (France)” (2014), accessible at:

<http://demarchesterritorialesdedevloppementdurable.org/troyes-france/>

²⁶⁷ “Developpement durable”, website of the town L’Hay-Les-Roses” (2018), accessible at: <http://www.lhaylesroses.fr/cadre-de-vie/developpement-durable>

²⁶⁸ “Les financements de la transition énergétique sur les territoires”, Energies Communes, La Poste, Le Monde (2018), accessible at:

https://www.lemonde.fr/energies-communes/article/2018/02/15/les-financements-de-la-transition-energetique-sur-les-territoires_5257274_5216000.html

²⁶⁹ “Où en est le financement de la transition énergétique en France?”, La Gazette des Communes, 11/12/2017, accessible at:

<http://www.lagazettedescommunes.com/539900/ou-en-est-le-financement-de-la-transition-energetique-en-france/>

²⁷⁰ Reinmann, I. et al. (2013), “Les financements innovants de l’efficacite energetique”, accessible at:

http://www.planbatimentdurable.fr/IMG/pdf/Rapport_FIEE_contributions_fev_2013.pdf

		<i>énergétique</i>) when conducting home renovations implying sustainability and energy efficiency. ²⁷¹	
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	The property tax is collected yearly. In 2015, 510 million Euros have been recovered for <i>impôts locaux</i> by the French government in the framework of the fight against tax fraud ²⁷² . This is the lowest amount recovered among the other taxes (income tax, VAT, etc.). To our best knowledge, there are no existing statistics about the percentage/level of tax collection in the country. In 2017, the average amount payable by each household was around EUR 2,000. ²⁷³	1
		Foreclosures related to tax delinquencies and defaults	The main sanction for tax delinquency is the payment of a fine (EUR 500 000) or imprisonment. ²⁷⁴ In the case of non-payment of the fine, foreclosures are pursued. ²⁷⁵	3
3.2	Local authorities finances characteristics			3/3

²⁷¹ Governmental portal “service-public.fr” (2018), “Crédit d’impôt pour la transition énergétique (Cite)”, accessible at: <https://www.service-public.fr/particuliers/vosdroits/F1224>

²⁷² Decarre, O. (03/03/2016), “Fraude fiscale: un record de redressements en 2015”, portal “Boursier.com”, accessible at: <https://argent.boursier.com/impots/actualites/fraude-fiscale-un-record-de-redressements-en-2015-3119.html>

²⁷³ For more information see: <https://www.french-property.com/news/tax-france/local-taxes-rates-2017/>

²⁷⁴ Governmental portal “service-public.fr” (2018), “Quelles sanctions en cas de fraude fiscale ?”, accessible at: <https://www.service-public.fr/particuliers/vosdroits/F31451>

²⁷⁵ Portal “Droit-Finances” (2018), “Recouvrement de l’impôt et saisies”, accessible at: <https://droit-finances.commentcamarche.com/contents/844-recouvrement-de-l-impot-et-saisies>

		Local authorities possess a fully autonomous budget	The French Constitution states that “local authorities benefit from resources which they can freely administrate ²⁷⁶ .” This means that the municipalities possess an autonomous budget and are in charge of their expenses.	1
		Earmarked budgets/projects related funds exist at local authorities level	French local authorities and municipalities have a yearly allocated budget. They get to decide the budget allotment for their different activities and budgets. ²⁷⁷	1
		Local authorities finances are controlled by independent bodies	Municipal finances are controlled by the State’s representative for departments or regions, and together with the Chambre Regionale des Comptes (regional financial administrative jurisdiction).	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	There is an additional interest rate of 10% in case of belated payment of the property tax, and a fine in case of non-payment of taxes. ²⁷⁸ Non-payment of a tax can lead to imprisonment.	1
		Existence of standardised and transparent administrative processes	At first, administrative processes were being kept secret despite transparency being a constitutional principle. In 1978, the law enabled free access to administrative documents and created a special administrative agency enabling the enforcement of this access. In 2005, the law simplified the processes of access to administrative information. In 2011, this access has been made possible through an online platform. ²⁷⁹	1

²⁷⁶ Governmental portal “vie-publique.fr” (31/10/2017), “Que désigne-t-on par "autonomie financière" des collectivités?”, accessible at: <http://www.vie-publique.fr/decouverte-institutions/finances-publiques/collectivites-territoriales/ressources/que-designe-t-on-par-autonomie-financiere-collectivites.html>

²⁷⁷ Governmental portal “vie-publique.fr” (31/10/2017), “Quels principes guident l’élaboration des budgets locaux?”, accessible at: <http://www.vie-publique.fr/decouverte-institutions/finances-publiques/collectivites-territoriales/budget-local/quels-principes-guident-elaboration-budgets-locaux.html>

²⁷⁸ Portal “Droit-Finances” (2018), “Sanctions pour impôts en retard ou non-paiement”, accessible at: <https://droit-finances.commentcamarche.com/contents/841-sanctions-pour-impots-en-retard-ou-non-paiement>

²⁷⁹ Governmental portal “vie-publique.fr” (07/07/2018), “Comment améliorer la transparence de l’administration?” <http://www.vie-publique.fr/decouverte-institutions/institutions/administration/modernisation/attentes-usagers/comment-ameliorer-transparence-administration.html>

3.4	Mortgage and property ownership characteristics			1/2
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	Property Title Search and evidence of legal ownership exist. They are accessible at the notary who signed the deed ²⁸⁰ . Property title search is also accessible through a land register. There are 354 independent land registers in France but no online portal enabling their access. There are no mortgage registers in the Eastern region of Alsace-Moselle, where the land registration service is achieved through the property book. ²⁸¹	1
		Municipality has an authority to impose senior lien on the property	To our best knowledge, the municipality cannot impose senior lien on a property.	0
SCORING				10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	The property tax in France is a stable and continuous mechanism.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	In 2014, a survey showed that the French see taxes as extortion and only 56% of them see the payment of taxes as a citizen's duty ²⁸² . Therefore, there is no general positive perception towards property taxes. The new Macron law aims at eliminating a part of the property tax, so the topic is present in political debate.	0

²⁸⁰ Portal "Journal du Net" (19/07/2018), "Titre de propriété : comment l'obtenir?", accessible at: <https://www.journaldunet.fr/patrimoine/guide-de-l-immobilier/1202139-titre-de-propriete-comment-l-obtenir/>

²⁸¹ European portal e-justice (2017), "Land registers in member states: France", accessible at: https://e-justice.europa.eu/content_land_registers_in_member_states-109-fr-en.do?member=1

²⁸² Le Point (01/12/2014), "Plus d'un tiers des Français voient les impôts comme une extorsion de fonds", accessible at: http://www.lepoint.fr/economie/plus-d-un-tiers-des-francais-voient-les-impots-comme-une-extorsion-de-fonds-01-12-2014-1885918_28.php

SCORING		1/2
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Total scoring: 22/28

Germany

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			1/1
		On-tax financing scheme has already been piloted/tested in the country	There are some BID-measures (Business Improvement Districts) in Hamburg, Hessen, Bremen, etc. ²⁸³ Compared with other places, BIDs in Germany remain relatively weak in terms of financial power. Nonetheless, the case of Hamburg shows how they are made suitable for discourses and practices of a neoliberalized “European City.” ²⁸⁴	1
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	In Germany, property tax (land tax; Grundsteuer) is levied (Grundsteuergesetz is the relevant Tax Act) across the country.	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	The federal states (Bundesländer) grant the municipalities the right to charge certain fees (Local Levies Acts, Kommunalabgabengesetze). Waste water, waste disposal fees and street cleaning fees exist. The legal basis (for the amount of the fee, the person of the fee debtor, etc.) is provided by municipal fee regulations. ²⁸⁵	1
1.3	Collection of property-related taxes by local authorities			1/1

²⁸³ For more information see: Storr 2011, Business-Improvement-Districts: Sanierung durch Private im öffentlichen Raum. Ein Konzept für Österreich?, ZÖR (2011) 66: 167-189, p. 170.

²⁸⁴ For more information see:

https://www.researchgate.net/publication/264539892_Reclaiming_the_European_City_and_Lobbying_for_Privilege_Business_Improvement_Districts_in_Germany

²⁸⁵ As an example, see the regulation of the city of Potsdam:

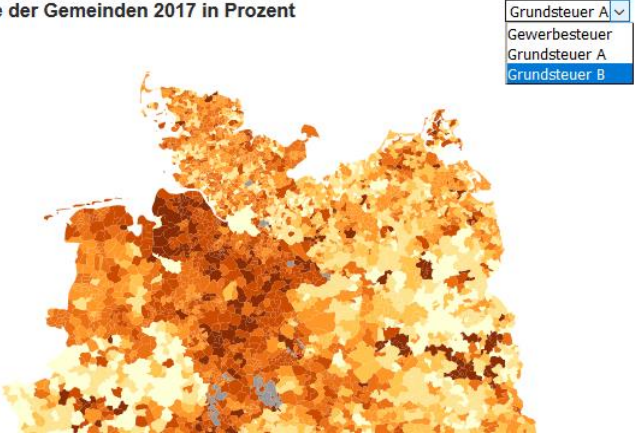
https://www.potsdam.de/sites/default/files/documents/2017_09_01_abfallgebuehrensatzung_2018.pdf

		Local authorities* ²⁸⁶ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	In accordance with Paragraph 1 of Article 1 of the German Property Tax Act (GPTA; Grundsteuergesetz), the municipalities determine whether property tax is to be levied on the real estate in its area. According to Article 46 of the GPTA, municipalities are responsible for the assessment and collection of the tax. However, Par. 2 of Article 108 of the German Basic Law (GBL; Grundgesetz) stipulates that the tax authorities of the federal states administer the property tax. Par. 4 of this regulation gives the federal states the power to transfer the administration of the property tax to the municipalities, which has usually taken place (Kube 2018, BeckOK 108 Grundgesetz, Epping/Hillgruber, 37. Edition, 15.02.2018, No. 22).	1
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	The municipalities are entitled to the property tax. The municipalities shall be granted the right to fix the rates of this tax within the framework of the law (Par. 6 of Article 106 of the GBL). The municipalities determine the percentage rate at which the property tax is to be levied (collection rate*). The rate of assessment shall be uniform in each case: 1. for agricultural and forestry enterprises located in a municipality; 2. for land plots located in a municipality. (Par. 1 and 4 of Article 25 of the GPTA). *Tax amount = Tax Base x Basic Federal Rate x Collection Rate	1
		Local/regional administration has a right to establish new local taxes and fees	Municipal Levy Law (Kommunalabgabengesetz) illustrated by the example of Bavaria (see 1.2) Art. 1: The municipalities, counties and districts are entitled to levy taxes in accordance with this Act, unless federal or state law provides otherwise. ²⁸⁷ “This means that the municipalities must also be given competence to decide on their own taxes. In contrast, there is no general tax invention law of the municipalities.” ²⁸⁸	1

^{286*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

²⁸⁷ For more information see: <http://www.gesetze-bayern.de/Content/Document/BayKAG-1>

²⁸⁸ For more information see: Maunz/Dürig 2018, Grundgesetz-Kommentar, Art. 28, Rn. 77, 82. EL.

1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	<p>There are different collection rates among municipalities (see 1.4). Additionally, the basic federal rate depends on the property:</p> <ul style="list-style-type: none"> - 0.006 for agricultural and forestry enterprises - 0.0035 for real property²⁸⁹ <p>Hebesätze der Gemeinden 2017 in Prozent</p> 	0
		Differences are observed at the individual property level based on the property size /property value, etc.	<p>There are tax exemptions for public sector, religious communities and charitable purposes (Articles 3 and 4 of the GPTA). In principle, the personal and financial circumstances of the owner are not relevant for the taxation. However, for certain single-family houses, the aforementioned federal tax rate (of 0.0035) is reduced to 0.0026 for the first 38,346.89 euros of the tax base. For certain two-family houses, this tax rate is 0.0031 (Par. 2 of Article 15 of the GPTA). Furthermore, upon request, the tax can be reduced for cultural assets and green spaces if costs exceed revenues and in the case of a significant reduction in earnings (Articles 32-34 of the GPTA).</p>	1

²⁸⁹ For the differences in collection rates see:

<https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/OeffentlicheFinanzenSteuern/Steuern/Steuerhaushalt/Karte/Hebesaetze.html>

and choose Grundsteuer A for rates on agricultural and forestry enterprises and Grundsteuer B for rates on real property

SCORING	9/10
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Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	<p>DifU Survey 2005 on PPP</p> <p>Almost a quarter (23%) of the 1203 reporting municipalities (survey's response rate of about 70%) had current PPP projects (starting in 2000) or specific intentions.²⁹⁰</p> <p>More than 200 current PPP projects in the narrower sense, i.e. projects that cover several phases of the "life cycle" (planning, construction, operation, financing, exploitation), are described in project profiles - around 80 percent of these at municipal level. 143 projects as defined in the contract have already been fixed by 2005; a further 57 projects are in various stages of preparation. Projections suggest that at least 300 current PPP projects are currently being implemented or planned. Planned projects as PPP in the broader sense (PPP according to the assessment of those surveyed) are at least twice as many, i.e. around 600 in municipalities, the federal government and the federal states.</p> <p>So-called institutional PPPs, i.e. companies with public and private shareholders with permanent tasks, such as municipal utilities, and PPP projects in the field of supply and disposal, were deliberately not included a significantly higher number can therefore be assumed.²⁹¹</p> <p>DifU Survey 2008/2009 on PPP</p> <p>Approximately one quarter of the municipalities and federal states that were surveyed by the German Institute of Urban Affairs at the end of 2008/beginning of 2009 about their experiences and plans with PPP infrastructure projects want to initiate and implement one or more PPP projects over the next five years. This means that a total volume of around 8.4 billion euros is conceivable for the municipalities in this period. In addition, there are the measures of the federal and state</p>	0

²⁹⁰ For more information see: <https://difu.de/publikationen/difu-berichte-32005/wachsende-zahl-von-ppp-projekten-in-kommunen-was-ist.html>

²⁹¹ For more information see: <http://www.irbnet.de/daten/rswb/05129011770.pdf>

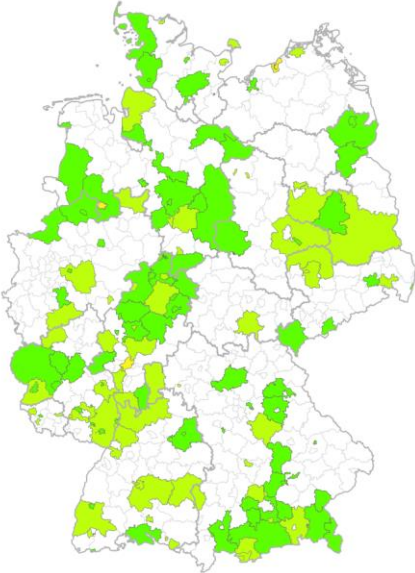
		<p>governments, with a PPP potential of around 5.8 billion euros over the next five years. Despite these impressive figures, a certain cooling off of the PPP market is obvious.</p> <p>According to the PPP database, there are 239 PPP-projects in building construction and civil engineering in Germany.²⁹²</p> <p>Private co-owners own 40 % of the municipal companies, i.e. they are mixed-economy companies.</p> <p>PPP contracts play only a limited role at municipal level in Germany (about 5% of all municipal plant investments). Last but not least, according to Winkelmann²⁹³, there were 233 PPP projects with a volume of 9.77 billion euros.</p> <table border="1" data-bbox="1010 586 1877 727"> <thead> <tr> <th>Gebietskörperschaft</th> <th>Vergebene Projekte</th> <th>Geschätztes Investitionsvolumen (in Euro)</th> </tr> </thead> <tbody> <tr> <td>Bund</td> <td>11</td> <td>2,62 Mrd.</td> </tr> <tr> <td>Länder</td> <td>46</td> <td>1,88 Mrd.</td> </tr> <tr> <td>Kommune</td> <td>176</td> <td>5,27 Mrd.</td> </tr> <tr> <td>Insgesamt</td> <td>233</td> <td>9,77 Mrd.</td> </tr> </tbody> </table> <p>Compulsory and social housing are regional competences executed by the municipalities; complementary social protection is a voluntary competence of municipalities; it is mainly provided by PPP between private companies and charity organisations.</p> <p>Recent assessments indicate about 5% of PPP projects in the total local investment (school, transport, culture, urban development).²⁹⁴</p>	Gebietskörperschaft	Vergebene Projekte	Geschätztes Investitionsvolumen (in Euro)	Bund	11	2,62 Mrd.	Länder	46	1,88 Mrd.	Kommune	176	5,27 Mrd.	Insgesamt	233	9,77 Mrd.	
Gebietskörperschaft	Vergebene Projekte	Geschätztes Investitionsvolumen (in Euro)																
Bund	11	2,62 Mrd.																
Länder	46	1,88 Mrd.																
Kommune	176	5,27 Mrd.																
Insgesamt	233	9,77 Mrd.																
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	<p>October 2017</p> <p>154 regions already obtain 100% of their energy from renewable energy sources or have set themselves this goal and can demonstrate substantial measures to achieve it).</p> <p>The 154 regions comprise around 25 million inhabitants and cover a total area of approx. 127,000 km².²⁹⁵</p>	1															

²⁹² For more information see: <https://www.ppp-projekt-datenbank.de/index.php?id=9>

²⁹³ 2013, Erfolgsfaktoren von vertraglichen PPP-Projekten auf kommunaler Ebene. Der moderne Staat 6 (2): 371-392, p. 373.

²⁹⁴ CEEP 2010, Public Services in the European Union and in the 27 Member States, p. 153)

²⁹⁵ http://www.100-ee.de/fileadmin/redaktion/100ee/Downloads/broschuere/100ee-Karte_Liste_Oktober_2017.pdf

		 <p>Over 100 municipalities that creatively and innovatively exploit the possible actions for the expansion of renewable energies.²⁹⁶ Brandenburg reports to be the first federal state with area-wide regional energy concepts.²⁹⁷ The results show that regional energy concepts already exist for a large part of Germany's territory.²⁹⁸</p>	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	<p>There are different financing and incentive models:</p> <p>Renewable Energy Sources Act (EEG) The Renewable Energy Sources Act (EEG) is the most important funding instrument for electricity generation from wind and solar energy, hydropower, geothermal energy and biomass.</p> <p>Market Incentive Schemes</p>	1

²⁹⁶ <http://www.kommunal-erneuerbar.de/energie-kommunen/kommunalatlas.html>

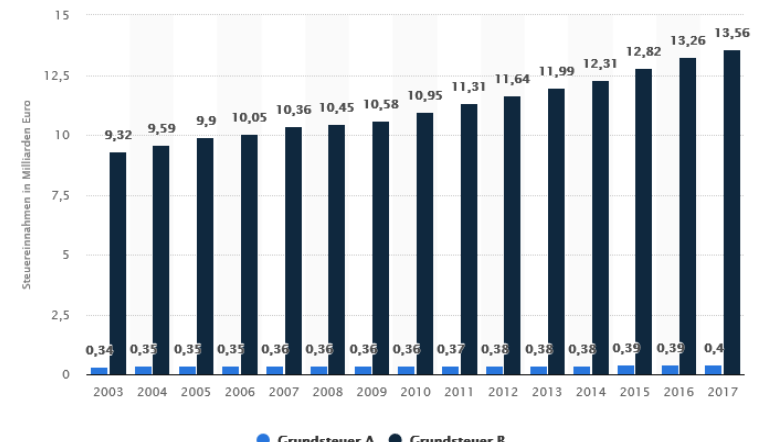
²⁹⁷ <http://gl.berlin-brandenburg.de/landesplanung/themen/energie/regionale-energiekonzepte-398077.php>

²⁹⁸ https://www.bbsr.bund.de/BBSR/DE/Veroeffentlichungen/BMVI/MOROForschung/2015/DL_MORO_Forschung_1_15.pdf?blob=publicationFile&v=4

		<p>Federal subsidies from the market incentive programme are at the forefront of the financing of heat generation plants. The programme supports heat generation from biomass, solar energy and efficient heat pumps (geothermal energy). In addition, the market incentive programme promotes the construction or expansion of heating networks, provided that they are fed with renewable energy or fall under the Combined Heat and Power Act (KWKG). Eligible companies include companies in which municipalities hold a majority stake and which at the same time belong to the group of small and medium-sized enterprises (SMEs) as defined by the EU, as well as municipalities, local authorities and municipal special purpose associations. The BAFA advises and processes the applications.</p> <p>Programmes of KfW Biomass plants, large thermal solar plants and the development of deep geothermal energy are supported in the form of low-interest loans and repayment subsidies. Advice and applications are handled by KfW-Förderbank as part of the "Renewable Energies" promotional programme. In addition to private individuals, small and medium-sized enterprises and those in which municipalities hold a majority stake are also eligible to apply. Municipalities and other legal entities under public law as well as non-profit investors may also submit applications. The ERP Environmental and Energy Saving Programme promotes investments in renewable energies and energy efficiency by means of inexpensive loans and can be partly combined with the KfW Environmental Protection Programme. Target groups are companies, freelancers and public-private partnerships. The development bank grants low-interest loans for investments in energy-saving measures and the use of renewable energies in residential buildings. Supporters of corresponding investment measures are eligible for funding. This also includes housing companies, municipalities, districts or municipal associations. KfW also provides municipal loans for investments in infrastructure measures.</p>	
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		This expressly includes investments in energy saving and environmentally friendly energy sources. ²⁹⁹	
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	<p>Rather yes. The German VAT gap is approximately 10% and the property tax provides significantly less scope for tax evasion.</p> <p>Tax revenue is stable:</p>  <p>The objection rate for property tax assessments (< 1%) is extremely low compared to other tax assessments.³⁰⁰</p>	1
		Foreclosures related to tax delinquencies and defaults	<p>According to § 12 GPTA in conjunction with § 77 AO (German Tax Code). Example: VG Würzburg, Judgement of 06.11.2017 - W 8 K 16.457</p>	3

²⁹⁹ <http://www.kommunal-erneuerbar.de/kommunalratgeber/kommunalratgeber/foerderung.html> see also p.21 on:

https://www.bbsr.bund.de/BBSR/DE/Veroeffentlichungen/BMVI/MOROForschung/2015/DL_MORO_Forschung_1_15.pdf?blob=publicationFile&v=4

³⁰⁰ For more information see Landsberg 2018, Grundsteuer: Säule der kommunalen Selbstverwaltung, Wirtschaftsdienst 2018/3, p. 166.

			Foreclosure is effective and takes place by public auction (Zwangsvorsteigerung) or judicial receivership (Zwangsvorwaltung). Alternatively, an insolvency administrator can sell the property free from encumbrances, if the charge holder will release the charge, and if the proceeds will be shared as to be agreed; which frequently happens.	
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	According to Par. 2 of Article 28 of the German Basic Law, financial sovereignty belongs to the right to self-government. It guarantees the municipalities the authority to manage their own income and expenditure within the framework of a legally regulated budget system. BVerfG, 07.03.2007 - 2 BvR 447/07 (German Federal Constitutional Court)	1
		Earmarked budgets/projects related funds exist at local authority level	Rather yes. However, there are some limitations. Example (§ 120 NKomVG): “Under the condition of § 111 para. 6, loans may only be taken out for investments, investment promotion measures and for rescheduling”	1
		Local authorities finances are controlled by independent bodies	Local finances are controlled by the internal local audit (örtliche Rechnungsprüfung). ³⁰¹ Example (§ 157 NKomVG) The Audit Office is independent in its objective assessment of the audit procedures and is not bound by any instructions or independent internal bodies. The central requirement of municipal budget law is that the budget must be balanced in planning and calculation every year. Current deficits are generally not permitted. The task of municipal financial supervision is to enforce this rule and to prevent violations of budget law. ³⁰²	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	§ 233a AO Interest on additional claims and tax refunds (this rule does not apply for property tax) § 235 AO interest on evaded taxes	1

³⁰¹ For more information see: <https://www.kgst.de/aufgaben-und-stellung-der-oertlichen-rechnungspruefung>

³⁰² For more information see: Die kommunale Finanzaufsicht 2017, https://www.bertelsmann-stiftung.de/fileadmin/files/Projekte/79_Nachhaltige_Finanzen/AK_Finanzaufsicht_1_2017.pdf

			§ 240 AO late payment fines	
		Existence of standardised and transparent administrative processes	Standardized processes are available, up to foreclosure, see §§ 218 - 248 AO	1
3.4	Mortgage and property ownership characteristics			4/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	§ 1 GBO The land registers are kept by the local courts (land registries). They are responsible for the properties in their district. It list contains following information: - Owner - reason for registration - encumbrances and restrictions on the land plot - mortgages	1
		Municipality has an authority to impose senior lien on the property	It exists and is called land charge. According to § 12 of the GPTA (GrStG), the real property tax rests on the tax object as a public burden. The public encumbrances resting on real estate as such are excluded from registration in the land register, unless their registration is specially permitted or ordered by law. A land charge holder has a claim against the property owner for foreclosure (Zwangsvollstreckung). ³⁰³	3
SCORING				13/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	The current land tax law was already passed on August 7, 1973. However, due to the judgment of the Federal Constitutional Court, a substantial reform is planned anytime soon. ³⁰⁴	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations	Land tax enjoys a high degree of acceptance among citizens compared to other types of tax due to the low individual tax burden and the visibility	1

³⁰³ [https://uk.practicallaw.thomsonreuters.com/2-501-6976?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&comp=pluk&bhcp=1](https://uk.practicallaw.thomsonreuters.com/2-501-6976?transitionType=Default&contextData=(sc.Default)&firstPage=true&comp=pluk&bhcp=1)

³⁰⁴ Judgment of 10 April 2018: 1 BvL 11/14, 1 BvR 889/12, 1 BvR 639/11, 1 BvL 1/15, 1 BvL 12/14
https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/EN/2018/bvg18-021.html;jsessionid=7565D02AD9DAE847101591DA04F3034F.2_cid392

	where the topic of property taxes has been a subject of political debate	of local expenditure (Landsberg 2018, <i>Grundsteuer: Säule der kommunalen Selbstverwaltung, Wirtschaftsdienst</i> 2018/3, p. 166). The scientific advisory board at the Federal Ministry of Finance has already warned of the erosion of the acceptance of property tax in 2010 and recommended a reform that has not yet taken place. The judgment (see 4.1) in 2018 has triggered the current discussion about the possible reform of the property tax. (Reform der Grundsteuer). ³⁰⁵	
SCORING			1/2

Total scoring: 25/28

Greece

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	No tangible example of a project supported by on-tax financing mechanism has been identified.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	Uniform Tax on the Ownership of Real Estate (ENFIA/ENΦΙΑ). ³⁰⁶ ENFIA involves two charges: a principal tax that the government levies on each real estate property; a supplementary progressive tax that the government levies on the total value of the property rights that the individual possesses. These taxes apply to any form of asset that an	3

³⁰⁵

https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Ministerium/Geschaeftsbereich/Wissenschaftlicher_Beirat/Gutachten_und_Stellungnahmen/Ausgewaehlte_Texte/2011-01-11-reform-der-grundsteuer-anl.pdf?__blob=publicationFile&v=3

³⁰⁶ For further information on the legal framework of ENFIA, please see. https://www.lawspot.gr/sites/default/files/annex_files/other/parartima-pol.1008.2018.pdf

			individual may acquire as a result of inheritance, donation, parental grant or direct purchase.	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p>The Hellenic tax code includes three further duties at the municipal level that relate to ownership of property: municipality duty (Telos Akinitis Periousias/Τέλος Ακίνητης Περιουσίας); duty for cleaning and lighting services; tax on electrified spaces.³⁰⁷</p> <p>The local authorities may impose Municipality duty on an annual basis through the electricity bill that is collected by the Public Power Corporation S.A.-Hellas (ΔΕΗ).</p> <p>The duty for the provision of cleaning and lighting services is levied on users of a real estate. This is again collected via the electricity bill, while the total amount of the duty depends on the size of the property multiplied by a rate that the municipalities set.</p> <p>Municipalities also levy tax on electrified spaces. Municipalities may impose this tax through the electricity bill on real estate properties that are connected to the grid.</p> <p>As a general rule, local/regional administration cannot establish taxes/fees on property owners who especially benefit from an existing service. However, local governments may request a payment for the electrification or road-pavement of houses located at a distance from the centre of a densely populated neighbourhood.</p> <p>Finally, individuals that have acquired an apartment in Greece are often required to contribute to the communal budget by incurring “communal fees”. Such fees normally cover management, insurance, maintenance and repair of the shared building. Each building has a committee that is responsible for the management of the paid sum.³⁰⁸</p> <p>Water and electricity bills are also connected to property use in Greece.</p>	1

³⁰⁷ For further information on the legal framework of Municipal duties, please see. https://www.synigoros.gr/?i=dimotis.el.upotheseis_forologia_04; <https://app.box.com/s/zdu7d82oxy2vmodbdraaksgqn6a28gzi>; <http://www.publicrevenue.gr/elib/view?d=/gr/act/1939/2039>

³⁰⁸ For further information on the legal framework of communal fees, please see. https://www.sfee.gr/wp-content/uploads/2018/01/%CE%A6%CE%95%CE%9A5%CE%91_17_01_2018.pdf

1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ³⁰⁹ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	The institution responsible for the collection of tax in Greece is the General Secretariat for Information Systems. This government entity is attached to the Ministry of Economics. The collector and the benefactor are the same institutional entity, namely the government of Greece.	0
1.4	Local authorities rights towards property-related taxes			0/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	The parliament is the only legislative authority with the power to amend the existing local tax framework.	0
		Local/regional administration has a right to establish new local taxes and fees	The parliament is the only legislative authority with the power to create new local taxes.	0
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	Given the structure of the tax, there is no real difference in collection between urban areas and cities compared to rural or small cities.	1
		Differences are observed at the individual property level based on the property size /property value, etc.	The individual exceptions are indeed quite common. According to the Ministry of Finance, in 2017: 1,242,212 taxpayers (natural persons) were granted a 50% reduction according to income, assets and family criteria. Another 66,236 property owners were granted a 100% reduction what means they do not have to pay ENFIA at all.	0
SCORING				5/10

^{309*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities’ experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	According to the European PPP Expertise Centre ³¹⁰ 23 projects in PPP format have been delivered thus far in Greece, with transport (13 projects in total) getting the biggest share. At the same time, the World Bank assures that the momentum for PPP projects administered by the municipalities is growing rapidly and the latest projects, particularly on the municipal waste management and ‘this paradigm for developing and tendering waste management PPPs sets an example for other countries and systems in using the most advanced technology while meeting EU directives and national policy, as well as in ensuring financing, environmental permitting, and a low charge for citizens.’ ³¹¹	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	156 Greek municipalities already take part in Covenant of Mayors initiatives ³¹² , which is considered a very successful rate. REScoop.eu - the European federation for renewable energy cooperatives is also emphasizing the importance of grassroots movements from the municipalities such as the law from January 2017 on ‘energy communities voted in the Greek Parliament which defines the role of citizens in the energy sector, giving particular emphasis on the promotion of a solidarity economy and on fighting energy poverty. Its wide scope on energy communities includes production, distribution and supply of energy as well as special clauses that promote energy self-sufficiency and security in island municipalities. It has an eye for the future too, as it includes new and innovative technologies such as storage, electric	1

³¹⁰ See more: <http://data.eib.org/epec>

³¹¹ For further details on municipal PPPs in Greece please see: <https://blogs.worldbank.org/ppps/waste-not-want-not-ppps-lead-better-waste-management-greece>

³¹² For further details on Greek SEAPs, please see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

		vehicles charging services, self-consumption and energy efficiency end use at local and regional level. ³¹³	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Currently, there are no available fiscal incentives on home renovations. However, there are different kinds of incentives associated with similar forms of spending. These are mainly subsidised loans through banking institutions (e.g. εξοικονομώ κατ' οίκον). Note that the subsidised amount is not taxed.	0
SCORING			2/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			3/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	According to a representative of the Public Revenue Independent Authority, contacted on 11/06/2018 11:18 CEST, no such estimates exist. Given the constant changes (i.e. last year the tax was paid in 5 instalments instead of announced 6 as it was the case in 2016), we can indeed assume that the default rate is lower than in countries with structured and institutionalised property tax systems.	0
		Foreclosures related to tax delinquencies and defaults	Lenders are obliged to follow three steps in a typical default proceeding. ³¹⁴ First, the lender needs to put the debtor in notice of belated repayment, inviting the debtor to <i>regulate</i> the standing amount (ρύθμιση). If the debtor ignores the notice the borrower has the right to issue a <i>command</i> for repayment. If the debtor fails again to comply, then	3

³¹³ For further details on the law amendment please see: <https://www.rescoop.eu/blog/energy-communities-in-greece-new-legislation>

³¹⁴ For further details on the Greek default code (Πτωχευτικό κώδικα) please see: http://emporiko.law.uoa.gr/ptoxeftikos_kodikas.pdf; http://www.sev.org.gr/Uploads/Documents/50636/MELETH%20SEV_PTOXEYTIKOS.pdf; <http://www.in.gr/2018/02/15/economy/ptwxeytikos-kwdikas-oi-basikes-allages-sti-diadikasia/>

			<p>the lender has the right to initiate foreclosure procedures. The bank has the capacity to move forward with liquidation of assets online.</p> <p>Current legal framework allows borrower to expropriate the first property of a debtor.</p>	
3.2	Local authorities finances characteristics			1/3
		Local authorities possess a fully autonomous budget	<p>According to Article 102, para 2 of the Constitution, ‘Local authorities enjoy administrative and financial autonomy’. The financial autonomy is regulated in paragraph 5, according to which ‘The State shall adopt the legislative, regulatory and fiscal measures required for ensuring the financial autonomy and the funds necessary to the fulfilment of the mission and exercise of the competences of local authorities, ensuring at the same time the transparency in the management of such funds. Matters pertaining to the attribution and allocation, among local authorities, of the taxes or duties provided in their favor and collected by the State shall be specified by law. Every transfer of competences from central or regional administrations of the State to local government also entails the transfer of the corresponding funds. Matters pertaining to the determination and collection of local revenues directly from local authorities shall be specified by the law.’ However, the CoE rapporteurs add that they highly appreciate the efforts made by Greece, since the 2008 recommendation, in modifying the administrative supervision system. However, they cannot avoid expressing their concern about the existing situation: the lack of full implementation of the new system of legality supervision; the excessive length and bureaucratisation of procedures; the tendency of the legality control to shift to expediency control. Especially delicate is the role of the Observatory, given the risk that its control is not kept in proportion to the importance of the public interests which it is intended to protect and that it undermines the local financial autonomy and especially the freedom of local authorities to</p>	0

			determinate expenditures priorities (in relation to Article 9, para. 1, of the Charter, see infra).	
		Earmarked budgets/projects related funds exist at local authorities level	Most types of municipal taxes are not earmarked for a specific public service. ³¹⁵ The main source of funding is the budget allocated to municipalities/regional governments by the central government. Exceptions include duties levied through the local Water Supply and Sewerage Company Public Power Corporation.	0
		Local authorities finances are controlled by independent bodies	The year 2013 was a landmark for fiscal consolidation in Greece, as, for the first time since 2002, a primary surplus was achieved at all government levels. (Bank of Greece Yearbook, p. 112). That is because in the course of 2013, several measures aimed at increasing tax revenue have been adopted, such as financial controls, the tax system reform and the new Unified Property Tax. In addition, better expenditure control was ensured through a strengthening of fiscal rules and mechanisms for monitoring the proper execution of the approved budgets across all levels of general government. Moreover, an <i>ex-ante and ex-post</i> control over local budgets has been put in place as a purely interim measure to remedy the flaws that are recognised in the structure of local budgets. ³¹⁶	1
3.3	Measures aimed at enforcing local taxes collection			1/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	The rules leading to penalties are transparent. According to the Ministry of Finance website, the tax office is able to charge penalties even if the taxpayer pays the ENFIA one day after the deadline. ³¹⁷	1
		Existence of standardised and transparent administrative processes	The local government has zero power to start the administrative procedure against the taxpayer. The national government controls the entire process. As soon as a property owner defaults, the owner is	0

³¹⁵ For further information on municipal taxes please see. https://www.synigoros.gr/?i=dimotis.el.upotheseis_forologia

³¹⁶ For more information, see CoE synthesis: https://rm.coe.int/168071980e#_Toc413846793

³¹⁷ Ministry of Finance data: <https://www.minfin.gr/web/guest/ekdoseis-anaphores>

			obliged to inform the local chamber of Prefecture, the national tax authorities and the local court of justice. This will initiate the default process, informing the parties with an interest on the debt to file claims for repayment. According to the existing legal framework, if the individual is an employer, employees are first in line for repayment (claim on standing salaries).	
3.4	Mortgage and property ownership characteristics			1/2
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	'Greece has an electronic land register known as the Cadastre (κτηματολόγιο) in areas where land registration has been completed. Local mortgage registries (υποθηκοφυλακεία) are also operating provisionally as land registries (κτηματολογικά γραφεία). Under Law 2664/1998 on the Hellenic Cadastre, land register data may be stored and updated only electronically in areas where the Cadastre has been operating since 2003, replacing the previous system of property transfers and mortgages. The land register database is stored centrally for the whole country by the company Ktimatologio (Κτηματολόγιο Α.Ε.) and is updated by the local land registries based on their transactions.' ³¹⁸	1
		Municipality has an authority to impose senior lien on the property	Municipalities cannot impose senior liens on them. Builder liens are not always used. ³¹⁹	0
SCORING				6/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
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³¹⁸ For further information please see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-el-maximizeMS-en.do?member=1

³¹⁹ For further information please see:

<https://www.eui.eu/Documents/DepartmentsCentres/Law/ResearchTeaching/ResearchThemes/EuropeanPrivateLaw/RealPropertyProject/Greece.PDF>

4.1	Institutional continuity and stability of property-related taxes	The ENFIA was imposed in 2011 as a temporary measure to increase state revenues. As a result, taxes related to property are not fully institutionalised yet. Following the introduction of a number of new provisions and rate-hikes since the implementation of the regime of austerity, property-related taxes have become extremely unpopular.	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	The modification of ENFIA is a hot topic in the country, especially during the time of elections. A number of parties have promised to reform (reduce the rate/limit the scope of) ENFIA, however no reform has taken place.	0
SCORING			0/2

Total scoring: 13/28

Hungary

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	The municipal taxes are regulated by the Act C. of 1990. The legislation is regulating 4 types of municipal taxes, but only 3 of them are connected to property.	3

			<ul style="list-style-type: none"> - Building tax ³²⁰ (which is called “építményadó” in Hungarian) – after every apartment, non-residential building or lean owned by the taxpayer; - Land tax/Lot tax³²¹ (which is called “telekadó” in Hungarian) – after land or lot owned by the taxpayer as of 1st of January; - Communal tax³²² (which is called “kommunális adó” in Hungarian) – The private person owning a structure or land or holding the right of lease of a flat that is not in the ownership of a private person on the first day of the year. <p>Building tax, which may be levied by the municipalities, is paid by the owner of a building. The tax can be based on the net floor space of the building expressed in square meters or on the adjusted market value of the building. The tax liability may be up to HUF 1,100 per square meter (which may be adjusted annually by the municipalities based on the consumer price index, as published by the Hungarian Central Statistical Office), or 3.6% of the adjusted market value. Land tax, which also is levied by the municipalities, is paid by the owner of land. The tax can be based on the area of the land in square meters or on the adjusted market value of the land. The tax rate is set by the local government, but it should not exceed HUF 200 per square meter (which may be adjusted annually by the municipalities based on the consumer price index, as published by the Hungarian Central Statistical Office), or 3% of the adjusted market value. ³²³</p>	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	There are some additional bills which are linked to the properties: water, electricity, natural gas, and internet/television/phone. Bills on garbage can be contained by the communal tax. Some municipalities finance the	1

³²⁰ Defined in 11. § of Act C. of 1990

³²¹ Defined in 17. § of Act C. of 1990

³²² Defined in 30. § of Act C. of 1990

³²³ For more information see: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-hungaryguide-2017.pdf>

			garbage collecting from the incomes of communal tax. In some other municipalities the garbage collection is handled by a private firm, so the bills must be paid to them. ³²⁴	
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ³²⁵ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Local authorities are fully responsible for the tax collection from their respective areas. The collections method of taxes is the same in the urban areas and in the cities. ³²⁶ The local tax authorities are called NAV (Nemzeti Adó és Vámhivatal).	1
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Local municipalities have the legislative authority to modify local taxes related to property, as long as they are harmonized with the state laws. ³²⁷	1
		Local/regional administration has a right to establish new local taxes and fees	Local municipalities can decide to implement taxes, or they can freely adjust the tax rate, since only the maximum rates of taxes are defined in the law. ³²⁸ It means that in practice Hungarian municipalities have the right to levy property tax and land tax at their own discretion until the relevant caps are reached.	1
1.5	Tax collection exceptions			1/2

³²⁴ Defined in 1. § of Act C. of 1990.. (Since taxes are the income of the municipality, they can finance their development and social functions with it)

^{325*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

³²⁶ Enacted in Act LXXIV. of 2014 140. §

³²⁷ Defined in 1/A. § of Act C. of 1990. („not forbidden by another law”)

³²⁸ Defined in 6. § and 7. § of Act C. of 1990.

		Differences in tax collection at regional or local levels (urban vs. rural)	There can be some difference between the tax rates in cities and rural areas. There are differences in the tax rates between the districts of Budapest. In general, the tax rates are slightly higher in the cities, or in case of Budapest, the tax rates are lower in the outskirts. ³²⁹	0
		Differences are observed at the individual property level based on the property size /property value, etc.	Although the property-related tax is partially assessed based on the adjusted market value of the building, a maximum tax rate of 3.6% of the adjusted market value means that the differences on the individual property level are not as significant as in other countries where property value is one of the elements of tax rate. Moreover, the sale of real estate occupied for more than two years or undeveloped land (except building plots) as well as the rental and leasing of property is tax exempt. ³³⁰	1
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	PPPs are not specifically regulated at the local government level in Hungary. Review and coordination procedures, compliance with national development goals, and restrictions on non-debt liabilities, only apply to projects proposed by the central government. The SAO (Báger 2007, 78) has pointed out that even the State Audit Office does not have an inventory of municipal-level PPP projects, unless the municipality was involved in an audit, or there were state funds provided in a local PPP scheme. ³³¹	0

³²⁹ For more information see: <http://taxsummaries.pwc.com/ID/JDCN-89HSKT>

³³⁰ https://bbj.hu/inside-view/the-tax-aspects-of-hungarian-real-estate_139569

³³¹ http://www.lgidev.com/tl_files/lgid/Gabor%20publications/21_Peteri-PPP.pdf

2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Hungary is subdivided administratively into 19 counties (megyék) and the capital city (főváros) Budapest. The counties are further subdivided into 174 districts (járások, singular: járás). The capital Budapest is subdivided into 23 districts (kerületek, singular: kerület). However, only 40 of the municipalities take part in any of the Covenant of Mayors activities, out of which 5 are Budapest districts. ³³²	0
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	According to the IEA, the central government should develop a clear and transparent programme for the implementation of full retail market liberalisation, including the elimination of administratively determined end-user prices; adopt more ambitious targets for energy efficiency to support the wider energy policy goals of energy security, affordability and sustainability. ³³³ Assessment of these policies on local level stipulates that even more should be done at this level as municipal administration is not fully effective.	0
SCORING			0/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property tax collection			3/4
		Property tax collected well and on a regular basis with a high collection rate of more than 90%	Theoretically people are in line with paying their property taxes. However, there is one issue which significantly limits the collection rate. Real estate agents claim that the Hungarian registers are in such bad shape that it would take a considerable length of time to set everything straight. In Hungary even property ownership is not always clear. A few years ago it was an everyday affair for unscrupulous owners to sell their	0

³³² For more information see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

³³³ For more information see: <https://www.iea.org/publications/freepublications/publication/EnergyPoliciesofIEACountriesHungary2017Review.pdf>

			houses twice because the "földhivatal" (land office) was so sluggish that property titles were not transferred for months if not years. ³³⁴	
		Foreclosures related to tax delinquencies and defaults	<p>When an owner defaults on his/her taxes the NTCA or the local governments get a demand for payment and fine. On long term if there is no payment, the NTCA could issue enforcement proceedings which is on incomes and properties also.</p> <p>An enforcement process is applied to those who do not pay their debts. These include debts due to the repayment of loans. In the course of the enforcement procedure, the seizure and the auctioning of the property may also take place.</p> <p>If the debtor owns property, the executor seizes the property. After this step, the executor writes to the Land Registry Office to record the enforcement right on the property.</p> <p>The auction is initiated by the executor at the request of the executing party (to whom he belongs) if the debt cannot be recovered within a reasonable time. The measure can only be started from the 45th day after the entry into force of the implementing law.</p> <p>The bailiff determines the value of the property. This amount will be the starting price of the property. The executioner communicates this value to all those involved, including those who have a right in the property but have no part in the debt. Anyone can complain about the appreciation. If this is the case, the court will determine the value, mostly by using a judicial expert. The complainant must advance the expert's fee.</p> <p>If the valuation of the real estate is cleared, then the executor sets the auction within 30 days. The auction's fact is entered into the real estate register, posted on the billboard of the court and at the mayor's office.</p>	3

³³⁴ For more information see: <http://hungarianspectrum.org/2009/05/14/the-latest-outrage-in-hungary-introduction-of-property-taxes/>

			<p>In addition, the auction will be communicated to everyone who has the right to enter the enforcement right.</p> <p>The starting price of the property is the sum of the estimated value. The properties must be sold in a moveable way, but the residential property is subject to certain conditions (such as a beneficial owner or tenant). Residential property cannot be sold for less than 70% of the estimate.</p> <p>If the debtor has public debt, the real estate can only be sold at 100%. The local municipalities do not participate in the process of the execution and auction, however, they can claim the debt through the executor.</p>	
3.2	Municipal finances characteristics			3/3
		Municipality possesses a fully autonomous budget	<p>'In Hungary, the local budget is constrained by only very broad centrally defined limits. Many restrictions existing in other countries are absent. For example, there is no: central approval for any part of the budget, e.g., for major capital expenditure programs or borrowings; central provision for a compulsory number of staff, although in the field of law there are regulations requiring minimum standards for local public services; requirement for keeping the municipal account at the treasury or at the National Bank, or for a treasury countersignature for bank contracts. The municipalities are free to choose banks for their accounts or for other financial services. In light of the broad range of functions provided, of the significant funds involved and of the wide autonomy given, it is clear that the effectiveness and efficiency of the local public management are essential for the success of the whole public (governmental) sector across the country.'³³⁵</p>	1
		Earmarked budgets/projects related funds exist at municipality level	The local tax incomes are the income of the municipality so they can use the funds for the financial settlement or for the financing of their social	1

³³⁵ For more information see: <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN013818.pdf>

			obligations. Therefore, municipalities can decide how they want to use their funds.	
		Municipal finances are controlled by independent bodies	State Audit Office reports the activity of the local governments on a regular basis. ³³⁶	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	'The tax penalty is 50% of the tax arrears, and 200% of the tax arrears if the tax arrears are related to hiding income, falsifying books and registers. As a new provision, conditional tax penalty is introduced, which exempts taxpayer from paying half of the tax penalty if the taxpayer renounces the right to appeal against the tax authority's resolution in writing and taxpayer also pays the tax arrears determined in the resolution by the due date. The late payment interest is equal to a 1/365th part of the amount calculated at a double rate of the central bank's prime rate for each calendar day. As an amendment, the tax authority shall not assess default interest if it is less than HUF 5,000 (ca. EUR 15).' ³³⁷	1
		Existence of standardised and transparent administrative processes	'In case of distrains from wages the employer is required to notify the tax authority about the amount of the income available for the monthly distraint and also other circumstances which may have an effect on distrains. This provision can add administrative burdens for companies. We do not have further information at the moment about the method of data provision. It is a relevant change that immovable property can be	1

³³⁶

<https://books.google.pl/books?id=5bxBXv5g8MC&pg=PA33&lpg=PA33&dq=municipal+council+external+audit+in+hungary&source=bl&ots=b0hEENuZgM&sig=MJ3e2iHpxQPMYxTtYng7zRkr5SY&hl=pl&sa=X&ved=2ahUKEwiELW0o8ncAhUChqYKHaHeDN0Q6AEwAnoECAIQAQ#v=onepage&q=municipal%20council%20external%20audit%20in%20hungary&f=false>

³³⁷ For more information see: <https://www.ps-bpo.com/newsletters/changes-of-taxation-in-hungary-november-2017/>

			subject to collection process also if the debt is below HUF 500,000 (ca EUR 1540). ³³⁸	
3.4	Mortgage and property ownership characteristics			3/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The Hungarian Land Register is managed by the Ministry of Rural Development (Vidékfejlesztési Minisztérium) and the Land Offices (Földhivatal) of Hungary. The official website of the Land Offices of Hungary (magyarországi földhivatalok) provides information on the countrywide network of Hungarian land offices, and gives access to the entire network of land administration institutions. This division makes the title search difficult. As already stated, real estate agents claim that the Hungarian registers are in such bad shape that it would take a considerable length of time to set everything straight. In Hungary even property ownership is not always clear.	0
		Municipality has an authority to impose senior lien on the property	Recently, the lien regulation has been modified. The establishment of lien has been simplified, the rights of the lien imposer concerning the enforcement of the pledge have been broadened and new legal institutions have been introduced and municipalities gained rights which overall can be assessed as an authority to impose senior liens. ³³⁹	3
SCORING				11/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property taxes	The first laws of local taxations came after the political transition in 1990. This legislation includes information and rules about property related taxes. The most important modification was in 2015, since then the	1

³³⁸ For more information see: <https://www.ps-bpo.com/newsletters/changes-of-taxation-in-hungary-november-2017/>

³³⁹ For more information see: <https://ggiforum.com/law/debt-collection-insolvency/415-changes-to-lien-regulation-in-hungary.html>

		municipalities can introduce taxes on every property which are not taxed by another law (for example in Óbuda, the ships can be taxed, and Csepreg tax fishponds). This gives municipalities a strong negotiating position and makes the tax a stable tool.	
4.2	General perception towards property taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	Property-related taxes are considered moderate to high, even for the “old EU” standards. Moreover, as some municipalities decided to take the most of their authority and introduce high tax on agricultural land from the very beginning (although there was a transition period) which is still quite controversial, ³⁴⁰ such moves were criticised by the majority of population.	0
SCORING			1/2

Total scoring: 20/28

Ireland

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	No project supported by on-tax financing mechanism has been identified.	1
1.2	Property-related tax existence			4/4

³⁴⁰ During the forming of the reform, there were already some concerns, just for example:

http://hvg.hu/gazdasag/20141121_Megtiltanak_a_termofold_tulajdonlasanak_m

According to a database downloadable from the Hungarian State Treasury (<https://hakka.allamkincstar.gov.hu/>) 30 municipalities decided to taxate agricultural land. Overall, the database contains 157 special local taxes.

		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	An annual Local Property Tax (LPT) charged on all residential properties came into effect in 2013. Residential property is any building or structure (or part of a building) which is used as, or is suitable for use as, a dwelling and includes grounds of up to one acre. The LPT does not apply to development sites or farmland. ³⁴¹	1
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Under the Waste Management Act 1996, all local authorities must arrange for the collection of the household waste in their area. They must also provide or arrange for the provision of facilities for the disposal and recovery of household waste. Household waste is usually collected once a week, generally by a private operator. Some operators collect different types of waste in different weeks. ³⁴² However, waste charges and methods of payment vary considerably depending on the municipality.	1
1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ³⁴³ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Since 1 July 2013 the LPT has been collected by the Revenue Commissioners, which is the Irish Government agency responsible for customs, excise, taxation and related matters. ³⁴⁴ Local authorities retain only 80% of the LPT raised in their area while the remaining 20% is paid into an Equalisation Fund which is distributed to local authorities which cannot raise adequate amounts of revenue locally via the LPT. The Equalisation mechanism is complex - while the principle of Equalisation is well established as a necessary means to take account of differences in the needs and resources of different areas, according to some experts, the mechanism has damaged the link between the tax and the provision of local services which may be an important factor in gaining public	0

³⁴¹ http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

³⁴² http://www.citizensinformation.ie/en/environment/waste_management_and_recycling/domestic_refuse.html

³⁴³* In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

³⁴⁴ See more on the collection mechanism: <https://www.revenue.ie/en/property/index.aspx>

			support for the tax and thus local authorities should retain all the tax raised in their areas. At the same time, the Central Exchequer is a more appropriate source of support for local authorities with greater needs and fewer resources. ³⁴⁵	
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Since 2015, local authorities can vary the basic LPT rate on residential properties in their administrative area. The basic rates of LPT are 0.18% and 0.25% of the market value of all residential properties. These rates can be increased or decreased by up to 15% (both rates must be adjusted by the same amount). This is referred to as the local adjustment factor. ³⁴⁶ The latest list of local authority LPT adjustments is always available on revenue.ie website. ³⁴⁷	1
		Local/regional administration has a right to establish new local taxes and fees	No, only the central government can decide about establishment of new local fees and taxes. ³⁴⁸	0
1.5	Tax collection exceptions			2/2
		Differences in tax collection at regional or local levels (urban vs. rural)	As the LPT for all years up to 2019 is based on self-assessed market value of residential properties at 1 November, 2013 prices which back then were different between cities (particularly Dublin) and rural areas, and today are believed to be even more; it is a general rule that citizens living in urban areas pay more. Additionally, as the statistics show, city councils tend to use their power of increasing the tax rate up to 15%. ³⁴⁹	1

³⁴⁵ See more on the Equalisation Fund: <http://www.publicpolicy.ie/wp-content/uploads/Implementation-of-the-local-property-tax1.pdf>

³⁴⁶ http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

³⁴⁷ The website with the latest list of LPT adjustments: <https://www.revenue.ie/en/property/local-property-tax/valuing-your-property/has-your-local-authority-rate-changed.aspx>

³⁴⁸ http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

³⁴⁹ See more on local and regional differences: <https://www.revenue.ie/en/property/local-property-tax/index.aspx>

		<p>Differences are observed at the individual property level based on the property size /property value, etc.</p>	<p>'In certain circumstances you can defer or partially defer the payment of your Local Property Tax (LPT). Deferral arrangements are available where there is an inability to pay and certain specified conditions are met. A qualifying person may opt to defer, or partially defer, payment of the tax.</p> <p>Where a person qualifies for a full deferral then 100% of the liability can be deferred. Where a person qualifies for partial deferral, then 50% of the liability can be deferred. The balance of 50% of the tax must be paid.</p> <p>There are a number of conditions that must be met to qualify for a deferral. In the main the income of the individual must be below EUR 15,000 for a full deferral and below EUR 25,000 for a partial deferral. (EUR 25,000 and EUR 35,000 thresholds apply for couples). These thresholds can be increased by 80% of gross mortgage interest payments.</p> <p>What is important, is the fact that referral is not an exemption making differences at the individual property level extremely rare. Only payment of the LPT is seen as a deferred. The deferred LPT becomes payable later and carries an interest charge of 4% per annum. The deferred LPT remains a charge on the property until it is paid. Any outstanding charge, including interest, must be paid to Revenue when the property is sold or transferred to another person.</p> <p>There are four separate categories of deferral of LPT available:</p> <ul style="list-style-type: none"> - income threshold - personal representatives of a deceased liable person - personal insolvency - hardship grounds.³⁵⁰ 	1
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³⁵⁰ For more information see: <https://www.revenue.ie/en/property/local-property-tax/deferral-of-payment/index.aspx>

			Given the strict criteria, only a small percentage of citizens is eligible to defer the tax.	
SCORING				7/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities’ experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	Municipalities are more and more experienced in PPP projects. According to the data provided by the Central PPP Policy Unit at the Department of Public Expenditure and Reform, ³⁵¹ tendering periods are longer for projects that do not involve private finance with the majority of such projects procured precisely by local authorities what confirms the efficiency of this form of cooperation. Although the topics of common projects vary significantly, municipalities are particularly interested in infrastructure and energy/climate initiatives, with the Dublin Waste to Energy Facility project being a recent successful example. ³⁵²	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	The Republic of Ireland which is divided into: 26 County Councils, 3 City Councils and 2 City and County Councils ³⁵³ has a good track record in local actions towards EE. Apart from 12 SEAPs signed, ³⁵⁴ the cities come up with their own ambitious strategies in this respect. For example, ‘Cork City Development Plan’ ³⁵⁵ prepared by the Cork City Council, provides an	1

³⁵¹ The most up-to date data is available at the Central PPP Policy Unit website: <https://ppp.gov.ie/ppp-projects/>

³⁵² See more information on the project: <https://www.dublinwastetoenergy.ie/>

³⁵³ The structure provided by the Department of the Environment, Community and Local Government: <https://www.housing.gov.ie/local-government/administration/local-government-administration>

³⁵⁴ The full list of Irish municipalities taking part in Covenant of Mayors initiatives is available here: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

³⁵⁵ Document available online:

http://www.corkcity.ie/services/environmentrecreation/corkcityenergyagency/relevantpolicyandregulation/citydevelopmentplan/DPCorkCity_chapter07.pdf

		exhaustive list of actions the city plans to introduce in order to meet the ambitious goals related to sustainable development.	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Although some great examples of projects or bodies facilitating execution of national initiatives at the local level exist with Codema - Dublin's Energy Agency ³⁵⁶ being an unquestionable frontrunner; to our best knowledge, similar efficiency in administering projects in municipalities is rather rare given limited resources. However, initiatives such as Home Renovation Incentive (HRI) - a relief from Income Tax (IT) for homeowners, landlords and local authority tenants, compensate local administration limitations. HRI Tax Credit for repairs, renovations and improvements to home or rental property can be claimed easily what results in ever increasing interest in the scheme. ³⁵⁷	1
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Since its introduction in 2013, the tax is paid annually and the average compliance rate of payment stands at 97%, resulting in EUR 463 million (data for 2017). ³⁵⁸	1
		Foreclosures related to tax delinquencies and defaults	Foreclosures related to tax delinquencies exist. Even if a person does not have mortgage on his home, it could be in danger of repossession if he has other debts. If the person builds up other debts and is unable to	3

³⁵⁶ The list of projects with Codema's involvement is available online: <http://www.codema.ie/projects/local-projects>

³⁵⁷ More information on the HRI is available online: <https://www.revenue.ie/en/property/home-renovation-incentive/hri-for-homeowners-and-landlords/index.aspx>

³⁵⁸ See the Revenue 2017 Local Property Tax statistics: <https://www.revenue.ie/en/corporate/press-office/press-releases/2018/pr-050118-2017-lpt-statistics.aspx>

			<p>repay them then the people to whom you owe money may register that debt as a judgment mortgage against house, flat or apartment and seek to recover their money in that way.³⁵⁹ The consequences of the registration of a judgment mortgage against the defaulting taxpayer are potentially drastic. The Revenue Commissioners will be entitled to sell the property without the consent of the debtor, in much the same way as a bank or building society may foreclose on a mortgage where the borrower is in arrears.³⁶⁰</p>	
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	<p>The Local Government Act 2001, as amended by the Local Government Reform Act 2014, provides the legislative basis for the local authority budget process. The budget is developed in a phased process involving input from the Chief Executive, the Municipal District members and the Corporate Policy Group. It is a matter for each local authority to determine its own spending priorities in the context of the annual budgetary process having regard to both locally identified needs and available resources. The elected members of a local authority have direct responsibility in law for all reserved functions of the authority, which includes adopting the annual budget, and are democratically accountable for all expenditure by the local authority. Individual local authority budgets are available from the council's finance section and are generally published on the authorities' website. Consolidated annual budget data for all local authorities, compiled by the Department is available at Local Authority Budgets. Current expenditure is funded from a variety of sources, as set out below, although the specific contribution of income from the different sources may vary between authorities.³⁶¹</p>	1

³⁵⁹ http://www.citizensinformation.ie/en/housing/losing_your_home/home_repossession.html

³⁶⁰ For more information see: https://taxinstitute.ie/Portals/0/Tax%20Policy/45 - 54 ITR Sept 2008_web-2.pdf

³⁶¹ <https://www.housing.gov.ie/local-government/administration/finance/local-government-finance>

		Earmarked budgets/projects related funds exist at local authorities level	The general municipal budget is divided into various categories where different tasks can be covered. Apart from the general budget, some targeted accounts might be opened if needed. Community fund – an elected council may, by resolution, establish a separate ‘community fund’ to support specific community initiatives such as amenity, recreational, environmental or community development projects of benefit to the area concerned. Contributions to the community fund may be made by local voluntary, business or community groups, and may be raised by the local authority by way of a community initiative scheme. The Environment Fund is used primarily to support environmental initiatives, campaigns and programmes, many of which are organised at local or regional level under the auspices of local authorities. The proceeds of the plastic bag levy, which is paid by consumers and collected from retailers by the Revenue Commissioners, are paid into the Fund. Receipts from the landfill levy are also paid into the Fund. Disbursements from the Fund are used to assist projects on the basis of their capacity to protect or enhance the environment. ³⁶²	1
		Local authorities finances are controlled by independent bodies	Each local authority is required to prepare an Annual Financial Statement (AFS) by the end of March following the year end and to publish it by the end of June. These financial statements undergo an independent audit by the Local Government Audit Service of the Department. When all Audits are complete, the Department publishes a consolidated Annual Financial Statement publication compiled from the Audited Financial Statements published by each local authority. ³⁶³	1
3.3	Measures aimed at enforcing local taxes collection			2/2

³⁶² More information on the budget lines available online: <http://www.publicpolicy.ie/finances-local-government-ireland/>

³⁶³ <https://www.housing.gov.ie/local-government/administration/finance/local-government-finance>

		Existence of additional interest rates and penalties in case of deliberate non-payments	Each return sent out by Revenue includes a notice of the Revenue Estimate of the tax due. If a liable person does not submit a return, the Revenue Estimate will become payable by default and Revenue will collect the amount due. Revenue can use a range of collection options, including among others mandatory deduction from salary, wages or occupational pension. In most of the cases, interest charges of 8% per annum and additional penalties may also apply. ³⁶⁴	1
		Existence of standardised and transparent administrative processes	<p>The procedure is standardised and transparent. If Revenue does not collect the amount of LPT due, for whatever reason, then a charge will be put on a property. The owner will not be able to sell it without paying the tax together with interest and, penalties. 'Revenue conducts a number of compliance campaigns to remind liable persons of their LPT obligations. If a response is not received within the specified time, Revenue utilises the following collection or enforcement options:</p> <ul style="list-style-type: none"> - mandatory deduction from salary or occupational pension - the withholding of any refund of other tax as payment against LPT due - withholding of Tax Clearance Certification - LPT surcharge generated on Income Tax, Corporation Tax or Capital Gains Tax returns (plus, already mentioned interest charges of 8% per annum and additional penalties) - referral of the debt to a sheriff or a solicitor for collection notice of attachment of the owner's bank account.³⁶⁵ 	1
3.4	Mortgage and property ownership characteristics			1/4

³⁶⁴ More information on interest rates and penalties available online:

http://www.citizensinformation.ie/en/money_and_tax/tax/housing_taxes_and_reliefs/local_property_tax.html

³⁶⁵ <https://www.revenue.ie/en/property/local-property-tax/what-happens-if-you-dont-comply/index.aspx>

	Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The Residential Property Price Register includes Date of Sale, Price and Address of all residential properties purchased in Ireland since the 1st January 2010, as declared to the Revenue Commissioners for stamp duty purposes. That is why also property-related tax information is covered. Additionally, Central Statistics Office publishes its Census Reports ³⁶⁶ on a regular basis (usually every 5 years) and the latest edition from 2016 provides some valuable insights on all residential buildings across the country. Particularly the 'Housing and Households' is of great importance. ³⁶⁷	1
	Municipality has an authority to impose senior lien on the property	To our best knowledge, the municipality cannot impose senior lien on a property because they are not in the position to collect the property-related taxes either. Only Revenue Commissioners may do so.	0
SCORING			10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	The tax came into effect in 2013 and major changes are still being discussed, thus, it is difficult to classify the tax as a stable and institutionalised one. ³⁶⁸	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	When it was first introduced, there were mass protests against the new tax, particularly due to the timing, as Ireland was right in the middle of the recession. Although the structure of the tax is still criticised (even though the tax rates are frozen until 2019/2020 fiscal year), the government is trying to find a solution and satisfy the citizens i.e. by	1

³⁶⁶ These are available online: <https://www.cso.ie/en/census/>

³⁶⁷ Housing and Households insights are available here: <https://www.cso.ie/en/statistics/housingandhouseholds/>

³⁶⁸ <https://www.finance.gov.ie/updates/minister-donohoe-announces-review-of-the-local-property-tax/>

		organising public consultations on the future of LPT. Such endeavours are appreciated by all the interested stakeholders. ³⁶⁹	
SCORING			1/2

Total scoring: 21/28

Italy

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	<p>As of 1 January 2018 the municipalities (more than 8.000 in the national territory) have rights on the “property tax” (IUC - <i>Imposta unica comunale</i>) which is made of three components:</p> <ul style="list-style-type: none"> - <i>Imposta municipale unica (IMU)</i> - <i>Tributo per I servizi indivisibili (TASI)</i> - <i>Tassa sui rifiuti (TARI</i> waste management fee, see below) <p><i>Imposta municipale unica (IMU)</i> is due by: (i) owners of buildings, building areas, arable lands located in Italy; (ii) individuals enjoying some real rights on that buildings areas or lands (holders of usufruct, right of user, right of occupancy, emphyteusis, building lease); (iii) lessees; (iv) licensees of State demesne.</p> <p>For buildings registred at the cadastre, the tax base is the cadastral value raised by 5% multiplied by a coefficient which is different according to the building type (usually 160).</p>	3

³⁶⁹ More information on public consultations in this respect: <https://www.finance.gov.ie/updates/public-consultation-on-review-of-local-property-tax-lpt/>

			<p>Starting from 2016 <i>IMU</i> is no more due for the main residence, with the exception of luxury flats, villas, castles and palaces of historic or artistic importance.</p> <p>The tax rate is 0.76% and can be modified by each municipality by + or – 0.3%, within some macro aggregate constraints. Actual rates can be found on the web site of the Ministry of Finance.³⁷⁰</p> <p><i>Tassa sui Servizi Indivisibili (TASI)</i> is levied on both main residence (average tax rate at national level: 0.17%, without considering tax credits) and other residences.</p> <p>The tax rate is 0.1% and can be modified or deleted by each municipality. In any case the sum of tax rates for <i>IMU</i> and <i>TASI</i> cannot exceed 1.6%. Since 2016 the <i>TASI</i> on main residence has been abolished (with the exception of luxury houses).</p>	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p><i>Tassa sui rifiuti (TARI)</i> is the waste management fee which is administered locally by each municipality (Comma 639 Legge 147/2013). Each municipality can decide the tax rate. Usually, the amount of the fee depends on the size of the property and the number of family members. As of 2018, an increasing number of municipalities have been introducing different ways of charging waste management, mainly related to the quantity and type of waste produced.</p> <p>Water supply intended for human consumption (drinking water), collection and disposal of waste water and meteoritic water and sewage are carried out by public companies on the basis of authorities granted by local communities.</p> <p>Each municipality can decide the modality of the service and the tax rate. Additional bills related to property, such as electricity and gas bills, are regulated through the Italian Regulatory Authority for Energy, Networks and Environment (ARERA).³⁷¹</p>	1
1.3	Collection of property-related taxes by local authorities			1/1

³⁷⁰ For more information see: http://www1.finanze.gov.it/finanze2/dipartimentopolitichefiscali/fiscalitalocale/IUC_newDF/sceltaregione.htm

³⁷¹ For more information see: <https://www.arera.it/it/inglese/index.htm>

		Local authorities* ³⁷² are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Each municipality is responsible for collection mechanism of the different types of property related taxes described above (i.e. IMU, TASI, TARI), although a share of the revenue of some taxes has to be transferred to the Central government. Every year the municipality has to define the tax rates and the property taxes are paid in two instalments (June 16 th and December 16 th). The different components of the “property tax” (IUC) are “applied and collected” by each municipality. However tax payers have to use a post account of the Central Government with specific forms which do not cost neither to the tax payer nor to the banks/post offices which accept the payment. The central Revenue Agency (Agenzia delle Entrate) transfers the revenue to the municipalities (comma 688-690 Legge 147/2013) For the collection of TARI the municipality has to provide its own post account or can decide to subcontract a third party to collect the tax (comma 691 Legge 147/2013)	1
1.4	Local authority rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	As mentioned above, IMU tax rate is 0.76% and can be modified by each municipality by + or – 0.3% (comma 676-678 Legge 147/2013). TASI tax rate is 0.1% and can be modified or deleted by each municipality (comma 688-690 Legge 147/2013). In any case the sum of tax rates for IMU and TASI cannot exceed 1.6%. Overall the degree of freedom of each municipality is limited by the respect of the balanced budget objective which is now imposed to the central and local government (comma 707-729 Legge 147/2013; Legge 243/2012)	1
		Local/regional administration has a right to establish new local taxes and fees	Local (i.e. municipalities) and regional (i.e. regions) administrations do not have a right to establish new local taxes and fees.	0
1.5	Tax collection exceptions			1/2

^{372*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

		Differences in tax collection at regional or local levels (urban vs. rural)	Each municipalities can, in principle, establish exemptions related to IMU and TASI in order to take into account specific characteristics of the territory. However, the freedom of local municipalities is always constrained by the balanced budget objective. Analyses related to the 2012 show that 2/3 of municipalities did not modify the tax rate on the main residence, 6.4% of municipalities reduced the standard tax rate. 17.8% of municipalities increased up to 1 ppt the standard tax rate, while 7.5% of municipalities increased up to 2 ppt the standard tax rate. Overall, higher tax rates are found in large cities. ³⁷³	1
		Differences are observed at the individual property level based on the property size /property value, etc.	The exemption of (most) main residences from payment of property tax is the main exemption which affects most of owners, making the property tax a residual one. Starting from 2016, the first two components of the “property tax” - <i>IMU</i> and <i>TASI</i> – are no more due for the main residence (with the exception of luxury flats, villas, castles and palaces of historic or artistic importance), which is the house where individuals usually live and have their residence. Such exemption has been established by the central government and applies to all municipalities. Over almost 56,4 million of properties, main residences are about 33,4 million which correspond to almost 60% of the stock of properties of individuals. Rented properties are about 5,3 million, 9,4% of the total, and almost 1,3 million, 2,3% of the total, are the properties granted for free to other family members. ³⁷⁴	0
SCORING				7/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities’ experience and policy objectives concerning EE and or climate mitigation**

³⁷³ For more information see: MEF, 2013 http://www.mef.gov.it/primo-piano/documenti/Bozza_documento_IMU_rev.pdf

³⁷⁴ Gli Immobili in Italia 2017

https://www.agenziaentrate.gov.it/wps/file/Nsilib/Nsi/Agenzia/Agenzia+comunica/Prodotti+editoriali/Pubblicazioni+cartografia_catasto_mercato_immobiliare/Immobili+in+Italia/Gli+immobili+in+Italia+2017/capitolo+1/Capitolo1.pdf

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	The PPP increased a lot from 2002 (331 actions) to 2016: 3187 actions related to more than 13 billion euro. 81% of actions were promoted by municipalities, while the remaining 19% were promoted by other subject such as other local institutions and providers of public utilities and services. Between 2012 and 2016 50% of Italian municipalities has been active in at least one action of PPP. ³⁷⁵	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Within the National Renewable Action Plan (NREAP) Italy 2020 renewable energy targets are the following: Overall target: 17% of share of energy generated from renewable sources in gross final energy consumption; Heating and cooling: 17% of heat consumption met by renewable sources; Electricity: 26% of electricity demand met by electricity generated from renewable energy sources; Transport: 10% of energy demand met by renewable energy sources. At local level, the regions have a direct role in the implementation of the National Energy Strategy defined in the NREAP. The local Covenant of Majors (ANCI- http://www.anci.it/) represents more than 90% of Italian municipalities. At the end of 2017 ANCI commented on the National Energy Strategy, focusing on the importance of actions aimed at implementing al local level: <ul style="list-style-type: none"> - Innovation of public lighting - Use of ICT to monitor and check uses of energy - Soft policy measures - Financing of efficiency improvement of public buildings to show best practices³⁷⁶ 	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Since 2014 (D.Lgs. 102/2014) the National Fund for Energy Efficiency sustains the actions needed to achieve the national targets, involving private and public financing actors.	1

³⁷⁵ For more information see: Osservatorio Nazionale del Partenariato Pubblico Privato

³⁷⁶ <http://www.sviluppoeconomico.gov.it/index.php/it/198-notizie-stampa/2037347-strategia-energetica-nazionale-oggi-la-presentazione>

		The Fund sustains the actions implemented by firms and public bodies on buildings and productive processes. For local public administrations the grants obtained through the Fund can cover up to 100% of the costs. ³⁷⁷	
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	The capacity to collect property tax is clearly differentiated across the country with an average tax gap of 25%. Higher levels of compliance are observed in the North (with a tax gap of less than 20%) and Centre with respect to the South (with a tax gap up to 40%). ³⁷⁸	1
		Foreclosures related to tax delinquencies and defaults	The municipalities are responsible for checks and inspections related to the payment of the property tax. Municipalities have to notify the inspections by December 31st of the fifth year after the period in which the tax was due (comma 161, Legge 296/2006). Standardised foreclosure procedures related to properties apply in case of evaded taxes but this some limits and constraints detailed below. The main residence cannot be subject to a foreclosure proceeding If the single debt is less than 20.000 euro and the total debt of the tax payer is less than 120.000 euro. In any case it is necessary an advance note of 30 days. Before the foreclosure proceeding it is necessary to apply a senior lien on the property and wait for 6 months. It is not possible to start the foreclosure proceeding if the tax payer does not own any other residence. (Civil Procedure Code, art. 491 and following; Dpr 602/73, art. 49-76; DI 69/2013, Equitalia Note 1/7/2013)	3
3.2	Local authorities finances characteristics			3/3

³⁷⁷ <http://www.sviluppoeconomico.gov.it/index.php/it/energia/efficienza-energetica/fondo-nazionale-efficienza-energetica>

³⁷⁸ <https://www.truenumbers.it/evasione-imu-regioni/>

		Local authorities possess a fully autonomous budget	The municipalities are fully in charge of the structure of their expenses, however most of the resources are transferred from the Central Government on different basis.	1
		Earmarked budgets/projects related funds exist at local authority level	Earmarked budget, although mentioned in the law (art. 6 del D.Lgs. 23/2011) are still limited in terms of overall revenue but of growing interest for the municipalities. Between 2007 and 2014 only 25 municipalities (where almost 520.000 individuals live out of 60 million) have introduced an earmarked tax. A more flexible example of earmarked tax is the Tourism tax (art. 4 D.Lgs. 23/2011) which has been introduced in many municipalities and whose revenue can be used to improve public services. ³⁷⁹	1
		Local authorities finances are controlled by independent bodies	Municipalities must not be indebted over certain limits defined in the Internal Stability and Growth Pact and in order to guarantee the respect of the balanced budget objective which is now imposed to the central and local government (Legge 243/2012). Municipal budget are monitored and controlled annually ex-post by Corte dei Conti (Testo unico delle leggi sull'ordinamento degli enti locali)	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	Additional interest rates and penalties in case of deliberate non-payments exist. If the tax payer declares his willingness to pay a previously omitted tax, the additional interests range between 0.1% to 5%, depending on the delay in the payment. The interest rates are defined centrally with a Decree of the Minister of Economic and Finance (e.g. Decreto del Ministero dell'Economia e delle Finanze 13 Dicembre 2017). If the tax payer evades the tax the sanction can be between 100% and 200% of the original amount.	1
		Existence of standardised and transparent administrative processes	Since July 2017 the National Agency for tax collection (Equitalia) has been suppressed and municipalities have to explicitly assign to the Revenue Agency (Agenzia delle Entrate-Riscossioni) the tax collection process (DL 193/2016). Over the years the numbers of Municipalities who assigned	1

³⁷⁹ IFEL, Le imposte di scopo e il finanziamento dello sviluppo locale, 2016

			<p>to the National Agency for tax collection the role of collecting local property taxes decreased from 6161 in 2011 to 3622 in 2015.</p> <p>The tax collection of evaded or undeclared taxes can be achieved by means of different instruments:</p> <p>a) forced collection through inclusion in specific lists (“iscrizione a ruolo”, Dpr n. 602/1973);</p> <p>b) forced collection through a payment decree (“ingiunzione di pagamento”, Rd n. 639/1910);</p> <p>c) forced collection through Court (Cass. Sez. Un. n. 20137/2006).³⁸⁰</p>	
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<p>All properties in the national territory are registered in the Catasto which is managed by The Italian Revenue Agency, an Agency of the Ministry of Economy and Finance.</p> <p>SISTER is a web portal dedicated to private individuals and professionals providing advanced cadastral services, such as cadastral data query, existing liens on properties, request/issue of digital map abstract, online cadastral maps.³⁸¹</p>	1
		Municipality has an authority to impose senior lien on the property	<p>In case of evaded taxes the authority in charge of tax collection (i.e. Revenue Agency) can impose senior lien on the property THIS IS VERY RELEVANT INFORMATION FOR US, SINCE WE COULDN’T IDENTIFY SUCH EXAMPLES IN OTHER EUROPEAN COUNTRIES. CAN YOU PLEASE DOUBLE-CHECK THAT AND PROVIDE US WITH DETAILED SOURCE? (with some limits, such as a debit higher than 20.000 euro). Municipalities can act as a tax authority in case of non-compliance of property tax. The establishment of the senior lien is not direct but through the Court (Civil Law, art. 2808 and following).</p> <p>Revenue Agency has to inform the taxpayer sending him a payment note and wait for 60 days to check whether the tax payer is willing to pay the due tax. After 6 months from the senior lien on property it is possible to</p>	0

³⁸⁰ http://www.risorsecomuni.it/2017/atti/corso%20Ancilab-Kibernetes%2026.05.17_2_Mirto.pdf

³⁸¹ <https://www.agenziaentrate.gov.it/wps/content/Nsilib/NSE/Services/Cadastral+services/>
<https://www.agenziaentrate.gov.it/wps/portal/entrate/areariservata>

			proceed with a foreclosure procedure (DI 2/3/2012, n. 16; DI 21/6/2013, n. 69, art. 52). ³⁸²	
SCORING				10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	In the last ten years, the property tax has been already modified several times. Starting from 2008 ICI was abolished for the main residence; then starting from fiscal year 2012, the Property Tax has been redesigned and it has been called IMU (on main residences as well). In 2013 the Property Tax on the main residence has been suspended. In 2014 it has been introduced the TASI on both main residence and other residences. In 2015 the rules were the same as in 2014. Since 2016 the TASI on main residence has been abolished.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	As expected, property tax is one of the most salient taxes and it has always been a matter of debate during the electoral campaigns and the different parties in charge of government tried to reduce or abolish it. In 2008 the right-wing government abolished ICI on the main residence while in 2016 the left-wing government abolished TASI on the main residence.	1
SCORING			2/2

Total scoring: 22/28

Latvia

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1

³⁸² <https://www.agenziaentrateriscossione.gov.it/it/Per-saperne-di-piu/le-procedure/procedurecautelariiesecutive/>

		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			3/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	There is one property tax: on land, on building or their parts, on engineering structures; on uncultivated agricultural land with the exception of the areal not exceeding one hectare or if restrictions of agricultural activities have been set out by legislation.	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Natural Resources Tax exists and but is levied on companies: taxpayers shall estimate and pay the tax on extraction of natural resources, environmental pollution, disposal and use of hazardous goods as well as the packaging used for provision of their business activities, utilisation of disposable dishes and tableware etc. to the account specified by the State Revenue Service for the preceding quarter before the 20 th date of the following month. ³⁸³	0
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ³⁸⁴ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Tax collector is the local authority. There are 110 municipalities and 9 town districts. Each of them has their own administration and council which collects the taxes. ³⁸⁵	1
1.4	Local authorities rights towards property-related taxes			1/2

³⁸³ www.vid.gov.lv and Country Factsheet Latvia by European Commission

^{384*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

³⁸⁵ Administratīvo teritoriju un apdzīvoto vietu likums: likumi.lv

		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Yes, from 1 January 2010, local authorities can set progressive rate of real estate tax on their jurisdiction within a range of 0.20% to 0.6% ³⁸⁶	1
		Local/regional administration has a right to establish new local taxes and fees	No, only central government can do so. ³⁸⁷	0
1.5	Tax collection exceptions			0/2
		Exemptions in tax collection at regional or local levels (urban vs. rural)	In 2016 property tax in Latvia was collected in the amount of EUR 220 million, and more than half of it was collected in Riga. Major differences have been identified between other regions; i.e. tax incentives in Jurmalia Municipality (which do not occur in other municipalities): <ul style="list-style-type: none"> - 70% of the amount for persons declared in the administrative territory of Jurmala; - 90% of the amount for most deprived or low-income persons, politically repressed persons, first or second degree disabled, large families.³⁸⁸ 	0
		Differences are observed at the individual property level based on the property size /property value, etc.	Municipalities have the right to apply reliefs in respect of payments which are payable to local government budgets, in line with business-support principles, including to property tax. Families with three or more children may, under certain conditions, reduce the amount of property-related tax calculated by 50%, but not by more than EUR 427. For individuals, immovable property tax paid is deductible for income tax purposes if the immovable property is used commercially.	0

³⁸⁶ www.vid.gov.lv

³⁸⁷ On Local Governments: vvc.gov.lv

³⁸⁸ www.liaa.gov.lv

			<p>Exemptions include the property of State and local governments, religious organizations (used for religious activity), cultural monuments, recreational and sports facilities (as regulated by Cabinet).</p> <p>A special relief – 50% reduction -- is provided in the law for residences of “politically repressed persons” in their possession for at least 5 years.</p> <p>Buildings and constructions utilized for agricultural activity, communications lines, local pipelines and cables, and a variety of other activities are exempted.</p> <p>Companies operating in Free Ports and Special Economic Zones.</p> <p><u>Tax incentives in Riga Municipality:</u></p> <ul style="list-style-type: none"> - 50% of the tax for the house/flat, but not the land, if there is a land - if 1 underage person is declared on the property; - 70% of the tax for the house/flat, but not the land, if there is a land - if 2 underage persons are declared on the property; - 90% of the amount for most deprived or low-income persons; - 90% of the amount for persons with three or more underage children; - 50% of the amount for politically repressed persons.³⁸⁹ 	
SCORING				5/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities’ experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement	No single PPP project where municipality took part has been identified.	0

³⁸⁹ Ibid.

	investment programs related to infrastructure, buildings, public lighting, etc.		
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Most of municipalities developed EE strategies, i.e.: 21 municipalities have developed SEAP between 2008 and 2012. ³⁹⁰	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Latvian municipalities are usually too small to handle administration-heavy projects on their own; at least no success story in this respect has been identified.	0
SCORING			1/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			1/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	As most of the property-related taxes bills are considered low to moderate and the tax is collected regularly, the citizens pay their bills on time.	1
		Foreclosures related to tax delinquencies and defaults	The procedure is rare across the country. Furthermore, local governments shall extinguish the capitalized principal debt of immovable property tax, associated penalties and late payment charges in accordance with procedures stipulated by the Cabinet.	0
3.2	Local authorities finances characteristics			2/3
		Local authorities possess a fully autonomous budget	A local government shall independently develop and implement the local government budget. Binding regulations regarding the approval of local	1

³⁹⁰ CoM website: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

			government budgets and amendments to the budget shall come into force the next day after signing of such if another time of coming into force is not specified therein, and they shall be freely accessible in the city or municipality council building and rural territory (or pagasts) or city administration and they shall be published on the Internet home page of the local government. ³⁹¹	
		Earmarked budgets/projects related funds exist at local authorities level	No single example of earmarked budget has been identified.	0
		Local authorities finances are controlled by independent bodies	The municipality work is supervised by the Ministry of Regional Development and Local Governments. State administration institutions and officials control legality of the municipalities' activities as stated by the law, including financial activities and are fully functioning. ³⁹²	1
3.3	Measures aimed at enforcing local taxes collection			1/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	According to Latvian Law on Taxes and Duties, interest is charged on late payment of tax or duty at the rate of 0.05 percent for every day of delay, but only up to two-fifths of the missed payment amount as of 1 July 2017. There will be no charge of interest if the tax due is received within 5 business days after the failure.	1
		Existence of standardised and transparent administrative processes	All penalties, interest, and outstanding tax are payable within 30 days from the date of notice of the assessment of the undeclared tax. In some cases (e.g., when the taxpayer's action makes it difficult to assess tax liability), the tax administration may request that the appropriate authorities to freeze taxpayer's bank accounts until the matter is	0

³⁹¹ On Local Governments: vvc.gov.lv

³⁹² Ibid.

			resolved. ³⁹³ However, no specific information on standardised administrative procedure has been identified.	
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<p>There are two efficient registers in Latvia which include all the relevant information, including imposed liens:</p> <ul style="list-style-type: none"> the cadastral information system (kadastrs) – this is used for registering the individual components of property and for consolidating these components for the purpose of recording the property in the land register <p>https://www.kadastrs.lv/#</p> <ul style="list-style-type: none"> the land register (zemesgrāmata) – this is used for recording property rights following registration of property in the Latvian cadastral information system. <p>https://www.zemesgramata.lv/</p>	1
		Municipality has an authority to impose senior lien on the property	According to the e-mail received from the Ministry of Finance of the Republic of Latvia, ‘the real estate tax in Latvia is not linked to the “administrative lien” of real estate’.	0
SCORING				5/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
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³⁹³ Ibid.

4.1	Institutional continuity and stability of property-related taxes	The tax was established in 2010. Before that it was imposed only on the owners of land and commercial space. Given the numerous exceptions across the country, it is difficult to classify it as a stable scheme.	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	Across all the Baltic states, the range of objects on which the tax is applied is the broadest in Latvia, and Latvia also has the highest tax rates, what results in a negative perception among the citizens. The study done by DBO Latvia revealed that the share of property tax among all tax revenues is not large: 2.28%, however, the calculation of cadastral values in Latvia is unfair. 'The cadastral value is calculated based on the property transactions in the neighborhood. If there is a hut next to a palace, and the palace has been sold three times for a higher and higher price, the hut's cadastral value will grow along, even though its actual value has not improved'. ³⁹⁴	0
SCORING			0/2

Total scoring: 11/28

Lithuania

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, on-tax financing schemes have not been implemented nor tested in the country.	0
1.2	Property-related tax existence			4/4

³⁹⁴ For more information see: <https://www.baltictimes.com/latvia-s-property-tax-is-unfriendliest-in-the-baltics/>

		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	There are three taxes concerning property: Real estate (Property) tax (Nekilnojamojo turto mokestis) The tax is levied on the value of immovable property. The tax rate ranges from 0.3% to 3% depending on local municipalities. Land tax The tax base depends on the average market value of land. The tax rate ranges from 0.01% to 4% depending on local municipalities. Land lease tax The tax base depends on the average market value of the leased state-owned land. The minimum tax rate is 0.1% and the maximum tax rate is 4% ³⁹⁵ .	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	There are 10 regional waste management systems created in Lithuania (i.e. Alytus, Kaunas, Klaipėda, Marijampolė, Panevėžys, Šiauliai, Tauragė, Telšiai, Utena, and Vilnius) with regional waste management plans being prepared in all 10 regions. Municipal waste management plans and municipal waste management rules are developed and approved at the municipal level and although the rules vary, fees are quite similar across the country. ³⁹⁶	1
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ³⁹⁷ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	All taxes except the payment for the lease of the state ground, which directly goes to the local budget, are collected by the state tax inspectorates. Territorial state tax inspectorates transfer to municipal budgets all tax revenue attributed to them. ³⁹⁸	1
1.4	Local authorities rights towards property-related taxes			1/2

³⁹⁵ <http://taxsummaries.pwc.com/ID/Lithuania-Corporate-Other-taxes>

³⁹⁶ <https://www.sciencedirect.com/science/article/pii/S0360544217319862>

³⁹⁷* In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

³⁹⁸ https://aijcrnet.com/journals/Vol_3_No_8_August_2013/5.pdf

		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	According to Chapter X article 121 of the Lithuanian constitution: Municipal councils shall have the right, within the limits and according to the procedure provided for by law, to establish local dues, and to provide for the leverage of taxes and duties at the expense of their own budget. Municipal councils may provide for tax and levy concessions at the expense of their own budgets ³⁹⁹ .	1
		Local/regional administration has a right to establish new local taxes and fees	Only central government is eligible to establish new local taxes.	0
1.5	Tax collection exceptions			0/2
		Differences in tax collection at regional or local levels (urban vs. rural)	As the tax is applied only on expensive properties – over EUR 220,000 per family, which statistically are more common in cities than rural areas, we can estimate that the differences in tax collection across the regions are significant.	0
		Differences are observed at the individual property level based on the property size /property value, etc.	Again, the majority of Lithuanian residents are not paying property tax for their housing – the tax is applied only on properties with a high market value – over EUR 220,000 per family.	0
SCORING				6/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement	Lithuania takes part in the 43 projects (in the framework of PPP) concerning energy, management of waste, culture etc. In these projects	1

³⁹⁹ For more information see: <http://www3.lrs.lt/home/Konstitucija/Constitution.htm>

	investment programs related to infrastructure, buildings, public lighting, etc.	21 out of 60 regions of the Lithuanian municipalities are involved. I.e. one project is focused on trans-border cooperation with Sejny region from Poland. ⁴⁰⁰	
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Some major EE strategies at the local level can be identified. Apart from the SEAPs (15), ALAL - Association of Local Authorities which is influential body with representations in Vilnius and Brussels took note of the increasing interest expressed by Lithuanian municipalities, which have already been implementing a broad set of projects in the field of energy efficiency, such as the renovation of public buildings and the modernisation of street light networks and of renewable energy (solar collectors, biomass). ⁴⁰¹	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	<p>There are several national programmes, which support municipalities in the implementation of EE solutions. The biggest one includes:</p> <p>Energy Efficiency Fund (ENEF) – the first 2014-2020 EU fund allocated for modernization of Public buildings and modernization of Street lighting projects</p> <p>ENERGY EFFICIENCY FUND (ENEF)</p> <ul style="list-style-type: none"> • Funding agreement signed by VIPA, Ministry of Energy and Ministry of Finance on 18th February, 2015 • Allocated funds to ENEF – 79.5 million EUR <p>However, no significant engagement from the municipalities within this framework has been identified.</p>	0
SCORING			2/3

⁴⁰⁰ [https://finmin.lrv.lt/uploads/finmin/documents/files/EN_ver/Activities/Competence%20Areas/PPP%20projects%20\(list\)%202018.pdf](https://finmin.lrv.lt/uploads/finmin/documents/files/EN_ver/Activities/Competence%20Areas/PPP%20projects%20(list)%202018.pdf)

⁴⁰¹ <http://eumayorsarabic.eu/Lithuanian-association-of-local.html>

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			1/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	EUR 127 638 has been transferred in 2017 (EUR 21,777 or 20.6% more than it was planned initially) as a result of successful and regular property tax collection scheme. ⁴⁰² The 20.6% difference is related to the fact that less exemptions have been given.	1
		Foreclosures related to tax delinquencies and defaults	No examples of foreclosure related to tax delinquencies have been identified.	0
3.2	Local authorities finances characteristics			2/3
		Local authorities possess a fully autonomous budget	Article 127 of the Lithuanian Constitution clearly states that the 'budgetary system of the Republic of Lithuania shall consist of the independent State Budget of the Republic of Lithuania and independent municipal budgets.'	1
		Earmarked budgets/projects related funds exist at local authorities level	No single example of earmarked budget has been identified as the country is considered small and most of the initiatives are administered by central government at least to some extent.	0
		Local authorities finances are controlled by independent bodies	The Task Force on Municipality Audit (EUROSAI TFMA) was set up in the 44th EUROSAI Governing Board meeting in Luxembourg in June 2016. The TFMA is chaired by the National Audit Office of Lithuania with the Secretariat located in Vilnius. The TFMA Strategic Goals for the period 2017-2019 are indeed pushing even more toward: 'exchanging the best practice and experience to reach audit results that have a substantial	1

⁴⁰² https://ec.europa.eu/energy/sites/ener/files/documents/1_vaida_lauruseviciene_seif_prague_27-04-17.pdf

			impact on improving public financial management as well as making the external municipal auditing system more efficient'. ⁴⁰³	
3.3	Measures aimed at enforcing local taxes collection			1/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	Additional penalties indeed exist. According to Article 50. Application of Sanctions of the Lithuanian Law on Tax Administration: 'In cases where the violations of tax laws indicated in Article 49, have been perpetrated by an economic entity-a legal person or a person not having any legal person's rights, the employees or owners who are responsible for accurate estimation and payment of tax to the state (municipal) budget and funds. Penalties shall be imposed to economic entities namely, enterprises, institutions and organisations for violations listed in paragraphs 2,5,6,7, and 13, as follows: a penalty of 10 per cent, calculated on the income (receipts) of the past 12 months or a tenfold penalty on income concealed in falsified accounting, value of goods, and unaccounted for pay to employees.	1
		Existence of standardised and transparent administrative processes	No single example of administrative procedure related to property tax delinquency has been identified.	0
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<p>Immovable property – including land, buildings and separate premises – is registered in the Lietuvos nekilnojamojo turto registras. Both factual and legal data are available.</p> <p>Factual data on property consists of the following types of information: area, height, volume, year of construction, owner name.</p> <p>Legal data on property includes: agreements of joint ownership, court rulings, easements, mortgages.</p>	1

⁴⁰³ <https://www.vkontrole.lt/tf/page.aspx?id=6>

			<p>The register is maintained by the state enterprise centre of registers (Registru centras) and is supervised by the Ministry of Justice.</p> <p>Further information on the websites of the Administrator of the real property register of Lithuania (Nekilnojamojo turto registro tvarkytojas) and the real property register (Nekilnojamojo turto registras) can be found.⁴⁰⁴</p>	
		Municipality has an authority to impose senior lien on the property	To our best knowledge, the municipality cannot impose senior lien on a property.	0
SCORING				5/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	After a decade of debates whether Lithuania needs a residential property tax, a law introducing the tax was passed in late 2011. A tax of 1% is applied on total family-owned property valued above LTL 1 mil (EUR 290,000). While revenues of the commercial property tax go to municipality budgets, revenues of the new residential property tax go into the coffers of the state budget ⁴⁰⁵ what significantly limits the stabilisation of the scheme.	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes	Since the tax has been introduced, it is a subject of political dispute and it treated as a highly politicalize tool. ⁴⁰⁶ However, given the high estimated rate the building needs to be worth in order to be taxed, mass protest never really took place and people agree with a general rule of taxing the wealthiest part of the society.	1

⁴⁰⁴ For more information see: https://e-justice.europa.eu/content_land_registers_in_member_states-109-lt-en.do?member=1

⁴⁰⁵ <https://en.irefeurope.org/multi-pages/914/Lithuania>

⁴⁰⁶ <https://www.forbes.pl/wiadomosci/pierwszy-w-historii-litwy-podatek-od-nieruchomosci/pyl3kkw>

	has been a subject of political debate		
SCORING			1/2

Total scoring: 14/22

Luxembourg

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, on-tax financing schemes have not been implemented nor tested in the country.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	There are two types of property tax in Luxembourg: the <i>impôt foncier</i> , which is paid yearly by the owner of the property and is fixed according to several criteria (characteristics of the owner, use of the property, etc), and the <i>taxes communales</i> , which encompasses the local charges. ⁴⁰⁷	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Local taxes and waste management fees (<i>taxes communales</i>) exist. The <i>taxes communales</i> encompass waste management fees, administrative fees, water, electricity and gas fees, parking fees, taxes on dogs, etc. They	1

⁴⁰⁷ Portal Guichet.lu (Portal of the Luxembourg Government), "Payer l'impôt foncier", accessible at: <https://guichet.public.lu/fr/citoyens/impots-taxes/bien-immobilier/terrain-bien-immobilier/payer-impot-foncier.html>

			are a fixed amount payable by all inhabitants of a municipality, yearly, or by semester, regardless of their income or type of property. ⁴⁰⁸	
1.3	Collection of property-related taxes			1/1
		Local authorities* ⁴⁰⁹ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Municipalities are responsible for the collection of taxes and charges attached to the property. ⁴¹⁰	1
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Art. 107 of the Constitution of Luxembourg states that municipalities manage their own budgets ⁴¹¹ . Therefore, they have the authority to change tax rates. There are 102 municipalities, or <i>communes</i> , in Luxembourg.	1
		Local/regional administration has a right to establish new local taxes and fees	Municipalities have the right to establish new local taxes and fees under reserve of approbation from the Grand Duke of Luxembourg (art.1073 of the Constitution) ⁴¹² and without the need of changing national legislation.	1
1.5	Tax collection exceptions			2/2

⁴⁰⁸ Portal Guichet.lu (Portal of the Luxembourg Government), "Payer les taxes communales", accessible at: <https://guichet.public.lu/fr/citoyens/impots-taxes/bien-immobilier/terrain-bien-immobilier/payer-taxes-communales.html>

^{409*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁴¹⁰ Portal Guichet.lu (Portal of the Luxembourg Government), "Impôt foncier", accessible at: <https://guichet.public.lu/fr/entreprises/fiscalite/impots-benefices/impots-divers/impot-foncier.html>

⁴¹¹ Luxembourg Constitution (October 2016), accessible at: <http://data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf>

⁴¹² Luxembourg Constitution (October 2016), accessible at: <http://data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf>

	Differences in tax collection at regional or local levels (urban vs. rural)	Between-regional tax exemptions in property tax collection do not exist.	1
	Differences are observed at the individual property level based on the property size /property value, etc.	There are tax exemptions at individual level, and no tax exemptions based on social criteria. The only exemptions on property tax concern non-residential buildings (buildings belonging to an NGO, religious buildings, etc.).	1
SCORING			9/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities’ experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	PPPs have already been implemented in Luxembourg ⁴¹³ in 2009. However, even though policy-makers support this kind of partnership, we see strong mistrust from business representatives, as well as law professionals ⁴¹⁴ . In 2010, the Luxembourg Microfinance and Development Fund (LMDF), a PPP, has been created ⁴¹⁵ . To our best knowledge, there are no existing PPPs at local level.	0

⁴¹³ Website of the Luxembourg Government, “emergency.lu - a public private partnership” (2017), accessible at: https://gouvernement.lu/en/publications.gouv_cooperation%2Ben%2Bpublications%2Bdepliant%2Bminist-affaires-etrangeres-europeennes%2Bdir-cooperation-action-humanitaire%2Bemmergency_lu%2Bfiche2-partenariat-public-prive.html

⁴¹⁴ Thewes, M. (Chief Editor), (2009), “Les partenariats public – privé en droit luxembourgeois”, Journal des Tribunaux Luxembourg, accessible at: http://www.droit.lu/wp-content/uploads/PPP_JTL.pdf

⁴¹⁵ Raulot, N. (17/03/2010), “Un fonds public-privé au Luxembourg”, Paperjam, accessible at: <http://paperjam.lu/news/un-fonds-public-prive-au-luxembourg>

2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	In Luxembourg, we observe several national SEAPs ^{416 417} , among which one triggered by the European semester ⁴¹⁸ . There is also a municipal SEAP in the province of Luxembourg. ⁴¹⁹ Out of 102 municipalities ⁴²⁰ in Luxembourg, only 2 are active in Covenant of Mayors activities. ⁴²¹	0
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	There are possible solutions for EE financing at municipality level, notably in terms of grants, subsidies, and tax reductions ⁴²² , which are destined to companies, SMEs, and individual companies. They can benefit from subsidies in investments aiming at EE, sustainable development and environmental impact studies Private initiatives also exist with the aim to support the financing of EE ⁴²³ . For instance, Enovos is an energy consulting company proposing personalised advice and financial support for individual and companies' buildings' renovation, construction and everyday management. It proposes assistance in planification, audit, EE, as well as in finding subsidies, through "enoprimes", linking individuals	1

⁴¹⁶ Website of the Luxembourg Ministry for Sustainable Development and Infrastructures (27/01/2018), "Politique pour la protection du climat: bilan et enjeux futurs: Solidarité internationale – coopération avec les communes – mesures ciblées", accessible at:

https://mddi.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Barticles%2B2018%2B01-janvier%2B27-protection-climat.html

⁴¹⁷ Portal Umwelt.lu (25/01/2018), "Economies d'énergie et énergies renouvelables", accessible at: <https://environnement.public.lu/fr/klima-an-energie/economies-d-energie-et-energies-renouvelables.html>

⁴¹⁸ Luxembourg Government (2016), "Luxembourg 2020: Programme national de réforme du Grand-Duché de Luxembourg dans le cadre du semestre européen 2016 - Plan national pour une croissance intelligente, durable et inclusive", accessible at: <https://gouvernement.lu/dam-assets/fr/publications/rapport-etude-analyse/minist-economie/observatoire-de-la-competitivite/programme-national-de-reforme/2016-pnr-luxembourg-2020/2016-pnr-luxembourg-fr.pdf>

⁴¹⁹ Province du Luxembourg, "Défis du développement durable", accessible at: <http://www.province.luxembourg.be/fr/developpement-durable.html?IDC=3735#.W1yeY9I> http://luxembourg.public.lu/en/le-grand-duche-se-presente/systeme-politique/territoire/communes/index.html_zblU

⁴²⁰ For more information see:

⁴²¹ For more information see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

⁴²² Website MyEnergy Luxembourg, "Solutions de financement", accessible at: <https://www.myenergy.lu/fr/entreprises/informations-et-outils/solutions-de-financement>

⁴²³ Website Enovos, "Améliorer l'efficacité énergétique de votre logement avec Enovos", accessible at: <https://www.enovos.lu/fr/Professionnels/Efficacite-energetique>

		and service providers ⁴²⁴ , and in financing through the “fonds nova naturstrom”, providing grants for the best EE projects. ⁴²⁵	
SCORING			1/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Property taxes are collected well yearly or by semester. ⁴²⁶	1
		Foreclosures related to tax delinquencies and defaults	Foreclosures related to tax delinquencies and defaults exist. The first step of the procedure consists in the tax office sending to the ratepayer a warning imposing the payment of the property tax in the five days. If no response, another warning is sent with the same conditions. If again there is no response, the tax office start the procedure of forced recovery, beginning with a commandment to pay and pursuing with the foreclosure of the ratepayer’s bank accounts and belongings. ⁴²⁷	3
3.2	Local authorities finances characteristics			3/3

⁴²⁴ Enoprimes website, accessible at: <https://www.enoprimes.lu/fr/Particuliers>

⁴²⁵ Enovos website, accessible at: “Fonds nova naturstrom”, <https://www.enovos.lu/fr/Particuliers/f/fonds-nova-naturstrom>

⁴²⁶ Portal Guichet.lu (Portal of the Luxembourg Government), “Payer les taxes communales”, accessible at: <https://guichet.public.lu/fr/citoyens/impots-taxes/bien-immobilier/terrain-bien-immobilier/payer-taxes-communales.html>

⁴²⁷ Portal Guichet.lu (Portal of the Luxembourg Government), “Etre confronté à un recouvrement forcé d'impôt dû”, accessible at: <https://guichet.public.lu/fr/citoyens/impots-taxes/exercice-activite-independant/paiement-impot-du/recouvrement-force-impot-du.html>

		Local authorities possess a fully autonomous budget	Art. 107 of the Constitution of Luxembourg states that municipalities possess an autonomous budget and are in charge of the structure of their expenses. ⁴²⁸	1
		Earmarked budgets/projects related funds exist at local authorities level	Project-related funds at municipality level are earmarked and the municipality has the right to create separate budget lines.	1
		Local authorities finances are controlled by independent bodies	Municipalities are placed under the control of the Grand Duke and the Ministry of the Interior ⁴²⁹ . The control of their finances is pursued by the <i>Cour des Comptes</i> , a judicial independent institution (Constitution, art. 105). ⁴³⁰	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	In case of belated, or non-payment of taxes, there are additional interest rates of up to 10% of the expected tax amount and fines. ⁴³¹	1
		Existence of standardised and transparent administrative processes	The analysis of the available documents enables us to conclude that administrative processes relative to tax collection in Luxembourg are standardised and transparent. ⁴³²	1
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property	Property Title search and evidence of legal ownership of the property exists under the name of <i>certificat de propriété ou de non-propriété</i> ⁴³³ .	1

⁴²⁸ Luxembourg Constitution (October 2016), accessible at: <http://data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf>

⁴²⁹ Centre d'Etudes et de Formation Interculturelles et Sociales, "Les compétences communales: Un bref aperçu du fonctionnement des communes luxembourgeoises", accessible at: <http://www.cefis.lu/resources/Competences-des-communes-lux.pdf>

⁴³⁰ Luxembourg Constitution (October 2016), accessible at: <http://data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf>

⁴³¹ Website of the Luxembourg Government (02/05/2017), "Prelevements supplémentaires en cas de non-observation des délais de déclaration et de paiement", accessible at: <https://impotsdirects.public.lu/fr/az/p/prelev.html#astreinte>

⁴³² Website of the Luxembourg Government (02/05/2017), "Délais", accessible at: <https://impotsdirects.public.lu/fr/az/d/delais.html>

⁴³³ Website of the Luxembourg Government (02/05/2017), "Certificats", accessible at: <https://impotsdirects.public.lu/fr/az/c/certificats.html#pro>

		and approval in case of voluntary EuroPACE assessment	There is the possibility to consult the land register of Luxembourg, which has been created in 1820. Existing only in paper form, its consultation requires the payment of a fee. The register provides access to a cadastral map, and a database encompassing information on land parcels, owners, land use and area. Information is available in Luxembourgish, French, and German. ⁴³⁴	
		Municipality has an authority to impose senior lien on the property	A lien on a property is possible. Municipalities have no authority to act as a tax authority and impose senior lien on the property.	3
SCORING				13/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Property taxes are an ancient concept (created in 1936) thus can be considered as continuous and stable. ⁴³⁵	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	There is a general positive perception towards property taxes, but some call for its reform. Indeed, the critics notice its opacity and lack of transparency as far as its calculation is concerned. It is also said to be quite low, as that property taxes account for only 1.5% of the municipal budget. The proposed reform implies the fixation of the unit value, enabling a more stable calculation of the tax, and its fixation not according to property value, but with the integration of elements related to sustainable development such as the environmental impact of the building, its aim, and its respect of the biodiversity. ⁴³⁶	1

⁴³⁴ European portal “e-justice”, “Luxembourg”, accessible at: https://e-justice.europa.eu/content_land_registers_in_member_states-109-lu-en.do?member=1

⁴³⁵ Administration communale de Winseler (1/07/2004), “L’impôt foncier”, accessible at: http://www.winseler.lu/files/Impot_foncier.pdf

⁴³⁶ Estgen, P. (02/2011), “Quelques réflexions sur l’impôt foncier (*Grundsteuer*)”, Steuerpolitik, accessible at: https://www.forum.lu/pdf/artikel/7090_304_Estgen.pdf

SCORING		2/2
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Total scoring: 25/28

Malta

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	No tangible example of a project supported by on-tax financing mechanism has been identified.	0
1.2	Property-related tax existence			0/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	In Malta there are no land taxes, no municipal taxes, no council taxes and no property-related taxes. Only capital gains tax must be paid on the transfer of real property. ⁴³⁷	0
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Local councils deal with waste removal and there are no bills or charges related to this. ⁴³⁸	0
1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ⁴³⁹ are responsible for collection mechanism (even if	As mentioned above, there is no single local tax in Malta.	0

⁴³⁷ Commissioner for Revenue website: <https://cfr.gov.mt/en/Pages/Home.aspx>

⁴³⁸ WasteServ Malta website: <https://www.wasteservmalta.com/home>

^{439*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

		subcontracted to third parties) of taxes and charges attached to the property		
1.4	Local authorities rights towards property-related taxes			0/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Given the lack of property taxes as such, this subcategory is not relevant for the study.	0
		Local/regional administration has a right to establish new local taxes and fees	As above - given the lack of property taxes as such, this subcategory is not relevant for the study.	0
1.5	Tax collection exceptions			0/2
		Differences in tax collection at regional or local levels (urban vs. rural)	As above - given the lack of property taxes as such, this subcategory is not relevant for the study.	0
		Differences are observed at the individual property level based on the property size /property value, etc.	As above - given the lack of property taxes as such, this subcategory is not relevant for the study.	0
SCORING				0/8

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement	Under the provisions of the Local Councils Act, a local council may enter into public private partnerships both with the private sector or with non-	0

	<p>investment programs related to infrastructure, buildings, public lighting, etc.</p>	<p>governmental organisations, following approval by the Department for Local Government which shall grant such approval only if it is satisfied that such partnership would benefit the residents of the locality, and after having obtained the approval of the Minister of Finance and the Minister responsible for Local Government. Given the administrative complexity of the procedure, PPPs administered by municipalities are thus far non-existent.</p> <p>The Republic of Malta is territorially and administratively divided into 68 localities. As can be deduced from the following summary of the functions of local councils prescribed by the Local Councils Act, the functions and powers of local councils are limited. Article 33(2) of the Local Councils Act provides that a number of functions are excluded from the competence of local councils. Specifically, arterial and distributor roads determined by the Structure Plan, national monuments, national parks or gardens, industrial estates, ports, airports and other national territories, establishments, buildings and the items specified in the Fourth Schedule of the Local Councils Act are the responsibility of the central government and they are totally excluded from the competence of the local councils. Furthermore, under the provisions of the Local Councils Act, local councils do not have the power to enter into any form of commercial partnership or delegate any functions in a manner other than that established by or under the Local Councils Act or even borrow or lend any money except with the written authority of the Minister responsible for Local Government in writing. A local council may enter into public private partnerships both with the private sector or with non-governmental organisations, following approval by the Department for Local Government which shall grant such approval only if it is satisfied that such partnership would benefit the residents of the locality, and after having obtained the approval of the Minister of Finance and the Minister responsible for Local Government.</p> <p>http://www.clgf.org.uk/default/assets/File/Country_profiles/Malta.pdf</p>	
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2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	According to Article 33(1) of the Local Councils Act, 'protecting the natural and urban environment of the locality and taking all necessary measures to ensure the more efficient use of energy, good waste management and climate change Initiatives' is one of the statutory obligations of the municipalities. This setup reflects in a higher number (24 out of 68 in total) ⁴⁴⁰ of municipalities taking part in the Covenant of Mayors initiatives than those from the Czech Republic for example even though they are considered to be much more autonomous.	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Local Council Act does not foresee competences of special projects administration for localities.	0
SCORING			1/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			0/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Given the lack of property taxes as such, this subcategory is not relevant for the study.	0
		Foreclosures related to tax delinquencies and defaults	Technically possible, but there is room to enhance the foreclosure process by further advancing necessary judicial reforms. Although the data has not been updated since 2014, in its '2014 Doing Business Report', the World Bank has scored the country rather unfavourably	0

⁴⁴⁰ See Covenant of Mayors website for more information on Maltese municipalities taking part: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

			compared to the EU average in terms of the time needed for the foreclosure procedure. ⁴⁴¹	
3.2	Local authorities finances characteristics			2/3
		Local authorities possess a fully autonomous budget	Local councils have revenue-raising powers through fees and licences, which can be implemented through by-laws. However there is, as of yet, no tax revenue raised at the local level and all the money comes from central bodies thus it is difficult to classify this setup as an autonomous one.	0
		Earmarked budgets/projects related funds exist at local authorities level	In accordance with the Local Council Act 1993, localities are not authorised to borrow or loan money for any activity not mentioned in regular functions and responsibilities of local councils emanate from the Local Councils Act. However it does not mean that they cannot open separate budget lines for special projects: each year, the Parliamentary Secretary responsible for local government issues grant schemes for 'ad hoc' projects, including a specific grant scheme issued in 2016 for Regional Committees to prepare Regional Economic, Social and Cultural Plans. The Regional Committees will be implementing the action plans that are identified in the Regional Plans that include SDG measures. ⁴⁴²	1
		Local authorities finances are controlled by independent bodies	The Local Councils Act provides for various kinds of financial oversight, namely through the appointment of Local Government Auditors, Ministerial measurement of performance, the Ministerial power to request books and accounts from the executive secretary and the preparation of a Business and Financial plan.	1
3.3	Measures aimed at enforcing local taxes collection			0/2

⁴⁴¹ The 'Doing Business' country reports for Malta are available online: i.e.

<http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Profiles/Country/MLT.pdf> for the latest edition

⁴⁴² See more: http://www.clgf.org.uk/default/assets/File/Country_profiles/Malta.pdf

		Existence of additional interest rates and penalties in case of deliberate non-payments	As above - given the lack of property taxes as such, this subcategory is not relevant for the study.	0
		Existence of standardised and transparent administrative processes	As above - given the lack of property taxes as such, this subcategory is not relevant for the study.	0
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The Land Registry primary task is to compile a 'property log book'. ⁴⁴³ The Registry Section records details in the electronic register of the transactions emerging from the applications and any other additional documentation received. They also publicise on government gazette notifications relative to registration of Condominium Rules and Regulations, First Registrations and Corrections. ⁴⁴⁴ The Certificate of title includes all the information available on the Register about a particular property, i.e. the description of the property, the owner/s, share, the basis of the application (i.e. contract, succession, etc.), the type of ownership (i.e. freehold, temporary or perpetual emphyteusis, etc.), any debts and the plan of the property. It also includes the property number, an eight digit number which is unique to each particular property and a reference to the Land Registry applications submitted. ⁴⁴⁵	1
		Municipality has an authority to impose senior lien on the property	Under the provisions of the Local Councils Act, the municipality has no authority to do so.	0
SCORING				3/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

⁴⁴³ <https://mgoz.gov.mt/en/Pages/Departments/DG%20Operations/Land-Registry.aspx>

⁴⁴⁴ <https://mtip.gov.mt/en/landregistry/Pages/default.aspx>

⁴⁴⁵ <https://mgoz.gov.mt/en/Pages/Departments/DG%20Operations/Land%20Registry/Certification%20of%20Title.aspx>

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Given the lack of property taxes as such, this subcategory cannot be assessed.	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	As Times of Malta, the oldest daily newspaper with the widest circulation, rightly notices, 'any proposal or recommendation that property taxes in some form or other be introduced and added to the Finance Minister's armoury, will, in Malta, raise fire and brimstone reactions from at least two sources, both of whom presently have vested interests in the present status quo remaining eternally unchanged. These are the political class (for which read being utterly terrified of loss of votes), whilst the other group embraces many in the building and construction lobby, the multiple property owners, and fellow travellers.' In his op-ed John Consiglio, economics professor at the University of Malta, adds that: 'some form of property tax must soon come to Malta, for various reasons. For a start the EU is undoubtedly looking with a big magnifying glass at the fiscal elbow room that all finance ministers in Malta – as in all other EU member-states – have to operate in. Secondly, property in Malta, especially that owned by foreigners, is possibly one of the contexts within which most tax evasion is occurring, undoubtedly after the collection of VAT. And, thirdly, property taxes are the most effective (even if unpopular) way of reducing the rampant levels of inequality within Maltese society.' ⁴⁴⁶	0
SCORING			0/2

Total scoring: 4/28

⁴⁴⁶ Op-ed available online: <https://www.timesofmalta.com/articles/view/20141228/business-news/Property-taxes-in-Malta-let-s-start-a-debate-Part-1-.549842>

Netherlands

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			1/1
		On-tax financing scheme has already been piloted/tested in the country	An experimental BIZ (Bedrijven Investeringszones) (BIZ) law has been introduced in May 2009. An evaluation of the law has been done afterwards and based on the positive evaluation, the Dutch Government prepared a permanent law which came into effect on 1 January 2015. Ever since, business improvement districts are gaining on popularity. ⁴⁴⁷ The Dutch BIZ is an actual cooperation between fellow entrepreneurs. A BIZ is a defined area in a business park or shopping area in the Netherlands. Entrepreneurs in this area invest in an attractive and safe business environment, in a joint fashion. They pay a levy to the municipal authorities for this purpose. The municipal authorities, in turn, make the proceeds available to the association or foundation implementing the activities. ⁴⁴⁸	1
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	Everyone who lives in the Netherlands is obliged to pay municipal taxes. These taxes may be (partially) included in the rent. The main municipal (local) tax is property tax called onroerendezaakbelasting, OZB which is levied on property on a municipal basis. ⁴⁴⁹ The tax is based on the value of the property, according to the Real Estate Valuation Act (in Dutch WOZ). Each year, on January 1st, the municipal council decides on the property tax percentage for that year. The 'eigenwoningforfait' (deemed rental income) is an extra tax on home owners and is based on the property's official local authority valuation (WOZ). In 2016, home owners pay 0.75% of the WOZ value of their homes in extra tax, as long as the WOZ value is not more than EUR 1,050,000 For properties worth over EUR 1,050,000 it gets a bit more	3

⁴⁴⁷ More information on the Dutch BID available here: <https://bedrijveninvesteringszone.biz/>

⁴⁴⁸ More information on specific BID activities available here: <https://business.gov.nl/regulation/business-improvement-district/>

⁴⁴⁹ More information on the Dutch property tax available here: <https://www.ondernemersplein.nl/regel/onroerendezaakbelasting-ozb/>

			<p>complicated. The tax was introduced years ago as an income equalizer because home owners were considered to be better off than tenants who pay rent. The actual effect of the eigenwoningforfait is to all but wipe out any benefits from the Netherlands' very generous mortgage tax relief system.⁴⁵⁰</p> <p>'Owners of house boats or house arks and tenants of house boats used as office or commercial space are subject to a tax equivalent to the real estate tax: tax for their moveable real estate (roerende ruimtebelastingen). In addition, owner-occupiers and tenants of house boats need to pay recario tax, also known as liggeld, because they occupy waterways owned by the municipality.'⁴⁵¹</p>	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p>Besides the property taxes as such, 3 other taxes/levies are attached to the property. The waste collection levy (afvalstoffenheffing – AFV) is used for the collection, processing and disposal of household rubbish and the amount depends on the number of occupiers per household. The method of payment for this tax varies by municipality. Owners of residential or business property must also pay a sewage levy (rioolheffing) for their connection to the sewage network.</p> <p>Every year an owner is typically taxed for two water taxes (depending on the property). The water board tax (waterschapsbelasting) contributes to regional water system management, such as maintenance of dykes and control of water levels. In addition, there is a pollution levy (verontreinigingsheffing) for properties not connected to the sewage network, and a water purification levy (zuiveringsheffing), contributing to purification processes used for waste water, for all properties connected to the sewage network. The method of payment varies by municipality. Please note: the water taxes do not account for the drinking water usage; this is monitored and charged separately by the local water supplier.</p>	1
1.3	Collection of property-related taxes by local authorities			1/1

⁴⁵⁰ More information on deemed rental income available here: <https://www.belastingdienst.nl/wps/wcm/connect/nl/koopwoning/koopwoning>

⁴⁵¹ <https://www.iamsterdam.com/en/living/everyday-essentials/finance/taxes>

		Local authorities* ⁴⁵² are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Internal units within local city councils (gemeenten) are fully responsible for collection of property, waste and tourist taxes while regional water boards (waterschappen) are responsible for flood protection and clean water bills. ⁴⁵³	1
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Municipalities can levy taxes if and to the extent that the legislator (defined in the Constitution as the Cabinet and Parliament acting in concert) has attributed the powers to do as such to them. ⁴⁵⁴ Macro norm allows for an extra 90 million euro in property tax in 2013 Central government imposes a macro norm on local governments. All municipalities together were allowed to raise their income from property tax by 3.75 percent in 2012 to a maximum of 3178 million euro. Total revenues budgeted in 2012 amounted to 3237 million euro, 59 million euro more than agreed. Because the macro norm was exceeded, central government lowered it from 3 to 2.76 percent for 2013. This means municipalities can collect nearly 90 million euro more in property tax in 2013 than in 2012.	1
		Local/regional administration has a right to establish new local taxes and fees	Municipalities may only introduce those taxes that have been stipulated in the Acts of Parliament ⁴⁵⁵ and that they are bound by the restrictions set therein.	0
1.5	Tax collection exceptions			0/2

^{452*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁴⁵³ <https://www.iamexpat.nl/expat-info/organisations/dutch-gemeente-municipalities-netherlands>

⁴⁵⁴ Section 132 of the Constitution of the Netherlands in conjunction with Section 219 of the Netherlands Municipalities Act (Gemeentewet). These are the General Act of State Taxes (Algemene wet inzake Rijksbelastingen; AWR), the General act on administrative law (algemene wet bestuursrecht; Awb) and the Tax Recovery Act (Invorderingswet).

⁴⁵⁵ Those are the General Administrative Law Act (Algemene wet bestuursrecht or Awb), the State Taxes Act (Algemene Wet inzake Rijksbelastingen or AWR) and the Collection of State Taxes Act (de Invorderingswet 1990)

	Differences in tax collection at regional or local levels (urban vs. rural)	As of January 2018, there are 380 municipalities (Dutch: gemeenten) plus 3 special municipalities (bijzondere gemeenten). ⁴⁵⁶ According to the Statistics Netherlands (CBS), starting from 2011, regional differences in property tax rates are becoming more and more significant. ⁴⁵⁷	0
	Differences are observed at the individual property level based on the property size/property value, etc.	As the official listed value (WOZ value) of the immovable property of which the person is owner and/or user is one of the 2 elements impacting the final rate, differences on the individual property level exist.	0
SCORING			7/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	PPSsupport – a central government's unit responsible for sharing knowledge and experience of PPPs with local and regional authorities has been created in 2012. Although today it is mainly operational via the Ministry of Foreign Affairs, this central government's initiative is available to local and regional authorities and semi-public institutions has been operational only for a couple of years, municipalities are more and more active in PPP projects as confirmed by various independent databases. ⁴⁵⁸	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Even though only 24 municipalities take part in Covenant of Mayors actions, ⁴⁵⁹ there are plenty of Dutch initiatives such as Cities Northern Netherlands ⁴⁶⁰ which advocate for downstream projects; realistic projects that matter for the ecosystem of the cities in: energy, circular economy, hydrogen and mobility.	1

⁴⁵⁶ <https://www.cbs.nl/nl-nl/onze-diensten/methoden/classificaties/overig/gemeentelijke-indelingen-per-jaar/indeling%20per%20jaar/gemeentelijke-indeling-op-1-januari-2018>

⁴⁵⁷ For more detailed info on regional differences, see the CBS website: <https://www.cbs.nl/en-gb/news/2012/42/property-tax-up-by-more-than-5-percent-in-half-of-all-dutch-municipalities>

⁴⁵⁸ For more information see: <http://www.infrappworld.com/pipeline-html/projects-in-netherlands>

⁴⁵⁹ For more information see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

⁴⁶⁰ For more information see: <http://citiesnorthernnetherlands.eu/>

2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Provinces are hierarchically situated between the central government and the municipalities. They fulfil tasks which the central government finds hard to fulfil because it is too big, and municipalities find hard to fulfil because they are too small. In the Netherlands, provinces have many competencies regarding environmental planning.	1
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Revenues from municipal taxes rose considerably following the introduction of property tax in the mid-1970s. Accounting for a total 3.0 billion euro in 2010, their importance for the municipal budget is increasing each year.	1
		Foreclosures related to tax delinquencies and defaults	The foreclosure related to tax property tax delinquency is possible If you still have not paid after receiving a reminder and a liability order. ⁴⁶¹	3
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	Between 1960 and 2010, municipalities receive 16-17% of their income from taxes. 'Own taxes' on property taxes account for 39% of the income, other taxes (e.g. 'parking taxes') account for 12%; fees and destination taxes account for the remaining 49%. More important are the State transfers; about 62% of the municipalities' income come from these transfers. 2/3 of the transfers are general transfers, which means that this money can be spent freely (on self-chosen purposes) by the municipality. 1/3 of the transfers are specific transfers, which means that this money has to be spent on purposes set by the State. This still makes municipal budgets relatively autonomous.	1
		Earmarked budgets/projects related funds exist at local authorities level	The central government oftentimes earmarks part of the money transferred to the local authorities. These accounts have to be predestined for a specific objectives. These means that special	1

⁴⁶¹ For more information see: <https://www.amsterdam.nl/en/taxes/difficulty-paying/>

			projects/initiatives can have separate accounts within the municipal budget. ⁴⁶²	
		Local authorities finances are controlled by independent bodies	'In 2002, a major reform of the Municipal Act (Gemeentewet) was agreed upon in the national parliament (Generalstaten). Each province and municipality in the Netherlands is now legally bound to set up either a public audit committee (in which members of the council may participate) or an independent local audit office (excluding members of the council) before 2005 at the provinces, and before 2006 at the municipalities. The composition, scope and type of control of an audit committee have to be taken care for by local regulation. As a consequence, it can be adjusted every time a majority in the local council feels necessary. The composition, scope and type of control of a local audit office, however, are determined by several articles in the national Municipal Act. ⁴⁶³	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	If you miss a payment and have not contacted the City to explain why, you will have to pay extra costs. For example, a payment reminder will cost you EUR 7 or more. If you still do not pay after receiving a reminder, you will receive a liability order (dwangbevel). This will cost you at least EUR 40 (not including interest on your overdue taxes). ⁴⁶⁴ Tax penalties can amount to no less than EUR 4,920, depending on the gravity of the mistake and kind of tax.	1
		Existence of standardised and transparent administrative processes	Cases that concern the assessment and collection of Dutch taxes, including administrative penalties imposed and interest charged in respect of Dutch taxes, are heard by the district courts in the first instance. Appeals in these cases are heard by the appellate courts with the possibility of appeal to the Supreme Court. ⁴⁶⁵	1

⁴⁶² For more information see: <https://english.oim.dk/media/14258/hessel-boerboom-and-peter-huigsloot.pdf>

⁴⁶³ For more information see: [http://www.eurorai.org/eurorai/eurorai_eng.nsf/documento/country_reports/\\$file/Country%20report%20Netherlands-update%202010.pdf](http://www.eurorai.org/eurorai/eurorai_eng.nsf/documento/country_reports/$file/Country%20report%20Netherlands-update%202010.pdf)

⁴⁶⁴ <https://www.amsterdam.nl/en/taxes/difficulty-paying/>

⁴⁶⁵ <https://gettingthedealthrough.com/area/59/jurisdiction/17/tax-controversy-netherlands/>

			If you still have not paid after receiving a reminder and a liability order, the Local Taxes department may be forced to: take the amount you owe out of your wages; seize and sell off the property.	
3.4	Mortgage and property ownership characteristics			4/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	'The Dutch Land Register is owned and maintained by the Kadaster (Cadastre, Land Registry and Mapping Agency), a public authority responsible for registering rights and interests affecting any real estate' ⁴⁶⁶ . It collects, registers and publishes administrative and spatial data on property and all the rights involved. The agency is also in charge of national mapping and maintenance of the national reference coordinate system. Moreover, the Kadaster serves as an advisory body for land-use issues and national spatial data infrastructures. The information, including information on energy labels of houses and underground cables and pipelines, is available mainly online as all the resources have been digitalised. ⁴⁶⁷	1
		Municipality has an authority to impose senior lien on the property	Yes, the municipality can use a tax lien (legal claim) to directly seize unpaid taxes from someone's bank account. The Municipal Tax Department orders the bank to automatically deduct the outstanding back taxes from the bank account. The bank is obliged to cooperate. This can take place without a taxpayer's permission. ⁴⁶⁸	3
SCORING				13/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	'Ever since the introduction of the Special Act for Real Estate Assessment, which governs the valuations, there has been a decrease in the number of objections and appeals from 8% for residential properties in 1997 down to 1% in 2016. In the same period of time the yearly total costs for the valuation has declined from EUR 190 million down to EUR 150 million a year (around EUR 15,50 per property per year). Starting in 1997 with a	1

⁴⁶⁶ See https://e-justice.europa.eu/content_land_registers_in_member_states-109-nl-en.do?member=1 for more information

⁴⁶⁷ See <https://www.kadaster.com/about-kadaster> for more information

⁴⁶⁸ For more information see: <https://www.denhaag.nl/en/taxes/tax-penalties/tax-lien.htm>

		revaluation every four years, the law now states that valuations have to be done annually with a valuation date one year prior to the year the assessed value is used for taxation. Compared with the early years, the assessed market value is more accurate because of the annual valuation and this has led to the use of the assessed value for other non-tax related purposes. ⁴⁶⁹ Revenues from municipal taxes rose considerably following the introduction of property tax in the mid-1970s. Accounting for a total 3.0 billion euro in 2010, property tax is now the main source of income for municipalities. ⁴⁷⁰	
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	A substantial chunk of your living costs in the Netherlands will consist of Dutch Local Taxes. Some residents of Holland begrudge having to pay their municipality so much money. Others just accept it. However you feel about them, local taxes are part of the reason the Netherlands is so well run as a country.	1
SCORING			2/2

Total scoring: 25/28

Poland

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	The on-tax financing has not yet been used in Poland in any kind of project.	0
1.2	Property-related tax existence			4/4

⁴⁶⁹ https://www.conftool.com/landandpoverty2017/index.php?page=browseSessions&print=head&abstracts=show&form_session=562&presentations=show

⁴⁷⁰ See Statistics Netherlands (CBS) website for more information: <https://www.cbs.nl/en-gb/news/2012/51/tax-revenues-increasingly-important-for-municipalities>

		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	Property tax exists and its share in municipal income in 2011-2015 was as much as 83%, thus it is seen as the most effective type of local taxes ⁴⁷¹ and thus will be analysed further as a potential EuroPACE base.	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Establishing rates for services in the field of collecting municipal waste from property owners or in the area of emptying septic tanks and transporting liquid waste is regulated in the Act of 13 September 1996 on maintaining cleanliness and order in municipalities. According to this law, the municipal council determines, by way of resolution, the upper rates of fees paid by property owners for services.	1
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ⁴⁷² are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	It is the local government administration (gmina) which is fully responsible for the property tax collection and administration. In case of individual tax payers, it is an obligation of the administration to serve the taxation notice with the amount due (i.e. the home owner who has not received such an information from the town hall does not need to pay). Most of the municipalities offer electronic or SMS property tax bills to avoid postal costs.	1
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Local governments may express their local tax policies by setting local tax rates, within limits (ceiling) decided in the central legislation.	1

⁴⁷¹ Other local taxes include: tax on agriculture; tax on vehicles; forest tax; tax on dog owners; tax on civil law activities; tax on legacies and donations; tax on small businesses

^{472*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

		Local/regional administration has a right to establish new local taxes and fees	Municipalities do not have a right to establish new local tax without central government's bill.	0
1.5	Tax collection exceptions			2/2
		Differences in tax collection at regional or local levels (urban vs. rural)	In municipalities where residents are exempt from the tax on residential real estate (such exemptions indeed occur in some rural communes), the agricultural tax remains the only local tax burdening the significant percentage of voters. Mayors interested in winning future elections advocate for low or no residential buildings tax by emphasising that 'housing is a good of special social significance, and the regulations that grant concessions in this respect are valid also in many countries'. That is because their infrastructure needs will be financed by the central government nevertheless. The scope of this preference has been a subject of reflection only recently, particularly in lubelskie voivodship ⁴⁷³ where property tax exemptions are the most common. Still, they constitute a very small percentage and do not change the overall picture. Nevertheless, urban authorities are indeed much more involved when it comes to property tax collection.	1
		Differences are observed at the individual property level based on the property size /property value, etc.	In practice, local mayor can grant individual tax releases or reductions to individual tax payers, however, such releases are extremely rare and usually take place only in already mentioned rural areas (rather collective actions).	1
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

⁴⁷³ Lukomska J. and Swianiewicz P., Polityka podatkowa władz lokalnych w Polsce, Warszawa 2015.

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	Polish municipalities already have an extensive experience in cooperation with private partners. In fact, the main ordering party applying the PPP formula in the country are local government units (including entities supervised and created by them) most of all of the municipal level, as more than 95% of initiated proceedings were announced by these units (until late 2016). ⁴⁷⁴ Additional bill amendment has been submitted to the parliamentary work by the Council of Ministers on 8 March 2018. The proposed solutions should enable even more effective preparation and implementation of infrastructure projects in the PPP formula at a local level and eliminate ambiguities in the regulations. Dedicated PPP Platform has been further developed and it currently consists of useful guidelines and lessons learnt. ⁴⁷⁵ The platform could be a good base for the EuroPACE database.	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	The vast majority of Polish cities over 50,000 inhabitants already implemented plans to move towards a low-emission economy. At the same time, only a few local centres (less than 50,000 residents) have developed such documents. It is estimated that about 25-30% of them have appropriate documents. Without them local governments cannot benefit from EU funding for low-emission activities and improving energy efficiency. ⁴⁷⁶	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Municipalities from various regions across the country already have an experience in leading EE programmes in different forms. Małopolska region has its LIFE Integrated Project "Implementation of Air Quality Plan	1

⁴⁷⁴ More information on PPP in Poland: <https://www.interreg-central.eu/Content.Node/RESTAURA/D.T1.2.1-Country-report-Poland-V1.pdf>

⁴⁷⁵ <https://www.ppp.gov.pl/Strony/home.aspx>

⁴⁷⁶ More information available in the report on the condition of Polish cities 2017: low-emission and energy efficient economy:

[http://obserwatorium.miasta.pl/wp-](http://obserwatorium.miasta.pl/wp-content/uploads/2017/08/Raport_Niskoemisyjność_i_efektywność_energetyczna_obserwatorium_OPM_IRM_Bartocha_Rackiewicz.pdf)

[content/uploads/2017/08/Raport_Niskoemisyjność_i_efektywność_energetyczna_obserwatorium_OPM_IRM_Bartocha_Rackiewicz.pdf](http://obserwatorium.miasta.pl/wp-content/uploads/2017/08/Raport_Niskoemisyjność_i_efektywność_energetyczna_obserwatorium_OPM_IRM_Bartocha_Rackiewicz.pdf)

		for Małopolska Region – Małopolska in a healthy atmosphere” ⁴⁷⁷ and 2016 Szczecin became the first city in Poland to have taken the initiative to introduce tax relief (from property tax) for the design of green buildings, which must achieve a minimum level of LEED Gold or Very Good for BREEAM. The City Council passed a resolution that offers businesses investing in new office or conference facilities a three-year property tax exemption. Pursuant to the resolution, the following facilities will be exempted from a property tax: (1) newly constructed buildings or their parts; (2) high-standard office and conference facilities in newly constructed facilities; (3) land purchased after the effective date of the resolution, where investments have been commenced. The amount of modern useful space as required by the resolution to qualify for the exemption is 90%. ⁴⁷⁸ Other cities are slowly starting to follow, proving that local tax exemptions on green certificates can play an even more important role in the planning of investments in the coming years. ⁴⁷⁹	
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Property tax is paid either annually (when the tax is less than 100 PLN 100/year – ca. EUR 22), or every 3 months when the bill is bigger than PLN 100. The enforcement of local taxes is on average 95% and above. I.e. Bydgoszcz last year was able to collect nearly 97% of its receivables. It was similar in Białystok. The remaining few percent are arrears that are	1

⁴⁷⁷ More information on the programme: <https://powietrze.malopolska.pl/en/>

⁴⁷⁸ http://szczecinbiznes.pl/en/news/Szczecin-supports-proecological-investments_4230

⁴⁷⁹ Colliers International, *Green buildings in Poland - Certification in numbers 2016*, Warsaw 2016.

			not always paid on time and 1% is not paid at all. Again, the situation vary across the country. It is estimated in the City of Lodz Office that about 5% of tax receivables are not paid and are transferred to administrative execution. ⁴⁸⁰	
		Foreclosures related to tax delinquencies and defaults	As the property tax rates in Poland are low when compared to other EU MS, usual enforcement procedure of additional rates is implemented. ⁴⁸¹ However, foreclosure procedure exists. When several mortgages (equivalent of liens) are established on the property, the mortgage for the benefit of the tax office takes precedence. Secured liabilities and tax arrears will thus be satisfied against other receivables. The head of the tax office (on municipality's request) may initiate administrative enforcement if he sends a written warning to the debtor who has not paid the tax within the prescribed period. It should contain a request to fulfill this obligation, along with information about a possible referral to the way of enforcement proceedings. The request for its initiation is made by the creditor on the basis of the enforceable title. However, he may do so only after seven days from the date of notification to the debtor. The initiation of enforcement takes place upon the delivery of a copy of the execution title. ⁴⁸²	3
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	Polish municipal governments have their own, fully autonomous budgets and as a result are responsible for the provision of the wide range of municipal services including: water supply and sewage treatment; street cleaning, refuse collection and waste disposal; local public transportation; street lighting; district central heating; maintenance and construction of local roads; maintenance of green	1

⁴⁸⁰ The local government portal estimates: <http://www.portalsamorzadowy.pl/prawo-i-finanse/ile-wynosi-podatek-od-nieruchomosci-stawki-rosna-wplywy-tez,92034.html>

⁴⁸¹ For more information see: https://samorzad.infor.pl/temat_dnia/485009,Sposoby-egzekwowania-zaleglosci-podatkowych-przez-samorzady.html

⁴⁸² For more information see: <http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU19660240151/U/D19660151Lj.pdf>

			areas; municipal housing; provision of education services, including kindergartens and primary schools; culture, including local libraries and leisure centres; numerous services within social welfare sector, including services for elderly, handicapped and homeless people, as well as housing benefits; physical planning and granting of building permissions. ⁴⁸³	
		Earmarked budgets/projects related funds exist at local authorities level	Task-oriented budgets for local government units exist. These cannot be a replacement, but only a complementary form of the local budgets. At the same time, exceeding the expenditure assigned to the task is not an act violating the discipline of public finances (more in the Scripture of the Regional Accounting Chamber in Krakow of October 26, 2006 regarding the development and implementation of the so-called 'task budgets'. ⁴⁸⁴	1
		Local authorities finances are controlled by independent bodies	Regional Chamber of Accounts (RIO) - a state, external and independent control and supervision body of local government units and other entities specified in the Act, in the scope of financial management (budget) and public procurement are active players in controlling the level of municipalities' debt. The chambers also carry out information and training activities in the area of budget matters. ⁴⁸⁵	1
3.3	Measures aimed at enforcing local taxes collection			1/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	In special cases - for example, persistent failure to pay the tax - the municipality may ask the tax office to punish the taxpayer with fines for fiscal offenses. According to art. 56 couples 4 of the Tax Penal Code (i.e. Journal of Laws of 2007 No. 111, item 765, as amended), the fine is subject to a taxpayer who, despite revealing the object of taxation, does	1

⁴⁸³ The Act of 8 March 1990 on municipal self-government: https://www.nid.pl/pl/Dla_wlascieli_i_zaradcow/dla-samorzadow/ustawa%20o%20samorz%C4%85dzie%20gminnym.pdf

⁴⁸⁴ More information on task-oriented budgets: http://budzet-zadaniowy.com/budzet_zadaniowy_w_samorzadach/wyswietl_pod/17/przyklady_budzetow_zadaniowych.html

⁴⁸⁵ More information on the chambers: <https://www.rio.gov.pl/>

			not submit a declaration or statement to the tax authority within a time limit. ⁴⁸⁶ The penalty may amount to several thousand zlotys, although in practice these amounts are much lower.	
		Existence of standardised and transparent administrative processes	According to the Supreme Audit Office (NIK): 'Polish municipalities have had problems with the enforcement of local taxes, the use of tax breaks and the implementation of income from property' in the last years. ⁴⁸⁷ Although the majority of municipalities complied with formal requirements, i.e., for example, they adopted acts determining the level of tax rates in time, according to NIK, some of their activities were incorrect, and some of these activities were conducted in a manner that could undermine citizens' trust in tax authorities given the lengthiness of the administrative processes. Out of 28 audited municipalities in 2015, irregularities were found in 21 when it comes to determining the rate of taxation, in 26 - in terms of efficiency and accuracy of tax arrears, in 13 - when granting tax reliefs, and in 21 - in terms of regularity and efficiency of property income. ⁴⁸⁸	0
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The last National Population and Housing Census has been carried out in 2011 and sets a good base for the Property Title Search. ⁴⁸⁹ Moreover, municipalities are obliged to keep good record of all buildings present in their territories. ⁴⁹⁰ The registers include all the valuable information, including those on liens imposed.	1

⁴⁸⁶ Announcement of the Speaker of the Sejm of the Republic of Poland of 4 June 2007 regarding the publication of a uniform text of the Act - Penal Fiscal Code: <http://prawo.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20071110765>

⁴⁸⁷ The Supreme Audit Office:

⁴⁸⁸ Ibid.

⁴⁸⁹ More information on the 2011 Census (published in 2013): https://stat.gov.pl/cps/rde/xbcr/gus/L_zamiesz_k_budynki_nsp_2011.pdf

⁴⁹⁰ Regulation of the Minister of Regional Development and Construction of March 29, 2001 on the registration of land and buildings: <http://prawo.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20010380454>

	Municipality has an authority to impose senior lien on the property	Only the biggest-city municipalities have a right to act as tax offices. In case of other municipalities, only tax offices and courts are eligible to do so. Note that there is no institution of a lien on real estate in Poland. The creditor who has a mortgage over the real estate cannot take possession of the encumbered property, but can enforce a debt from the sale of proceeds of the real estate. ⁴⁹¹	0
SCORING			9/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	The need for a property tax change has been on the agenda since 2015 when the current government - particularly interested in reducing the tax gaps - won the general elections. However, no draft has been officially presented since then, perhaps because local elections are planned for October/November 2018. Due to the nature of the property tax in Poland, however, it is necessary to remember about the significant political conditions of a possible change. On the one hand, a significant part of local governments, particularly rural, will not be able to adopt far-reaching reforms in this area i.e. in case some of cadastral tax will be enforced. As is clear from numerous field studies, it is wrong to imagine local governments are waiting <i>en bloc</i> for radical changes and demanding greater financial autonomy. On the other hand, one should remember that both the central executive and legislative authorities are not interested in such a direction of changes in local government finances. That would simply limit their own budgets. Changes that, for example, would increase local government revenues collected directly from residents, are quite a political challenge. The political cost of such a reform would have to be borne by the government and the parliament,	1

⁴⁹¹ For more information see: <http://www.lexmundi.com/images/lexmundi/PracticeGroups/RealEstate/Survey3/Poland.pdf>

		while the beneficiary would not be the central government, but the local government and their respective budgets. ⁴⁹²	
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	Real estate tax is the most criticized of all fiscal burdens as it is considered to be unadjusted to market economy standards. Attention is drawn to its injustice - the owner of the property in the centre of Warsaw is potentially burdened with the same tax as the owner of a similar property in the rural commune. As a result the property tax-related debate is ongoing and tax experts (i.e. Brzeziński, Kopyściańska) call for the introduction of cadastral tax. At the same time, the low rate of the tax (usually not more than EUR 20 annually), leads to an outstanding rate of the collection (as already mentioned, between 90 and 98% depending on the municipality).	1
SCORING			2/2

Total scoring: 22/28

Portugal

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	The Portuguese municipal property tax, <i>Imposto Municipal sobre Imóveis</i> (IMI) is an annually paid local tax. It replaced the 'municipal contribution' on December 1, 2003. IMI is levied on the patrimonial value of urban and non-urban property located in Portuguese territory and it is assessed	3

⁴⁹² Lukomska J. and Swianiewicz P., *Polityka podatkowa władz lokalnych w Polsce*, Warszawa 2015.

			annually considering the property's patrimonial taxable value. This tax is assessed on the value of the property, as determined for tax purposes. The tax rates are 0.8% for rural property and range from 0.3% to 0,45% for urban property. For properties owned by individuals or companies resident in blacklisted jurisdictions, IMI is 7.5%. Condominium charges might also apply. If a property is in a gated complex, generally there is a yearly condominium charge for the upkeep of green areas, pool, repairs etc. ⁴⁹³	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Other taxes, charges and bills attached to the property, other than a property tax, exist. For example, rehabilitation is subject to municipal tax according to Annexe II of DL 287/2003 of 12/12.	1
1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ⁴⁹⁴ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Central Tax Administration (<i>Autoridade Tributária e Aduaneira</i>) is responsible for the collection of IMI across the country. However, the revenue they collect is then given to the municipalities. ⁴⁹⁵	0
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	The <i>Lei das Finanças Locais</i> stipulates that municipalities have a right to change the rate of the local tax without the need to change the national legislation within a range established by the national law.	1
		Local/regional administration has a right to establish new local taxes and fees	Even though the creation of new taxes is strictly forbidden, local administrations have the right to establish new local taxes and fees without changing the national legislation.	1
1.5	Tax collection exceptions			2/2

⁴⁹³ For more information see:

http://info.portaldasfinancas.gov.pt/layouts/15/portal/404.html?requestUrl=http://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/codigos_tributarios/ci_mi/regtransitorio.htm and <https://www.portaldocidadao.pt/web/autoridade-tributaria-e-aduaneira/consulta-do-patrimonio-predial-imposto-municipal-sobre-imoveis-imi>

^{494*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁴⁹⁵ For more information see: <https://www.portaldasfinancas.gov.pt/pt/menu.action?pai=5261>

		Differences in tax collection at regional or local levels (urban vs. rural)	Portugal is divided into 18 districts (<i>distritos</i>) and 2 autonomous regions (<i>regiões autónomas</i>), Azores and Madeira. The districts and autonomous regions are further subdivided into 308 municipalities of Portugal (<i>municípios or concelhos</i>). The tax rates are 0.8 percent for rural property and range from 0.3 percent to 0,45% for urban property.	1
		Differences are observed at the individual property level based on the property size/property value, etc.	Some differences in tax rates can be observed on an individual level with, for example, properties: being part of touristic complexes; integrated in property investment funds from public subscription, in pension funds and retirement savings funds; exclusively allocated to the production of energy from renewable sources; or simply those energy efficient, but these are still rare. Temporary exemptions (up to 3 years) and exceptionally lifetime exemptions are only given for those with the lowest income and are rare. ⁴⁹⁶ That is also because in order to obtain this exemption, it is necessary to make a request to <i>Finanças</i> before the purchase of the house and when the evaluation of the property is completed. Requests made after the purchase of the property are not eligible for exemption from the IMI tax.	1
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	According to the 2016 data from the EC, Portugal has one of the highest ratio of PPP at 4%, followed by the UK with 2.5%. Municipalities often work with the private sector. In fact, most of their contracts and the activities they develop are in a partnership with entities from the private sector.	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Decree Law No 206/2008 36 of 23 October constitutes relevant legal steps towards the promotion of biofuel production by using UEO as raw material. This piece of legislation introduced the possibility for local governments, associated entities, and local companies to obtain the status of small dedicated producers what strengthened their role in	1

⁴⁹⁶ For more information see: <https://www.pwc.pt/en/pwcinforsisco/tax-guide/2017/imi.html>

		sustainable and climate-friendly planning. ⁴⁹⁷ Moreover, 119 Portuguese municipalities are active in the Covenant of Mayors initiatives.	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	There are also some tax benefits regarding energy efficiency programmes administered by local authorities. For instance, property taxes can be reduced in half if a building is exclusively used to produce energy through renewable sources, according to article 44A of the <i>Estatuto dos Benefícios Fiscais</i> . Municipalities handle well this kind of tasks.	1
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			3/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	The tax is collected 1, 2 or 3 times a year depending on the amount levied. The collection rate for 2016 was around 88%, according to ' <i>Anuário Financeiro dos Municípios Portugueses</i> '. Data for 2017 shows that collection that year has been even lower by 2,1% y/y, which means that collection rate is below levels we could assume satisfactory.	0
		Foreclosures related to tax delinquencies and defaults	Within the enforcement procedures, the tax authorities may seize the debtor's assets: including immovable assets. If necessary, seized assets are sold by the tax authorities in a public auction and the earnings used to settle the tax debt. During the tax execution process, tax authorities are not entitled to make people leave their home. However, in case the debtor does not pay his debts till the end of the tax execution process, the debtor is forced to leave. Taxpayers may request the suspension of the enforcement procedure if the legality of the tax assessment or the enforceability of the tax debt is undergoing litigation and a suitable guarantee is provided by the taxpayer or waived by the tax authorities. ⁴⁹⁸	3
3.2	Local authorities finances characteristics			2/3
		Local authorities possess a fully autonomous budget	Even though some of their revenue comes from the central administration (<i>Orçamento de Estado</i>), municipalities have their own	1

⁴⁹⁷ For more information see: http://ec.europa.eu/environment/waste/framework/pdf/facsheets%20and%20roadmaps/Factsheet_Portugal.pdf

⁴⁹⁸ <https://gettingthedealthrough.com/area/59/jurisdiction/20/tax-controversy-portugal/>

			autonomous budget and finances (according to number 1 of article 6 of <i>Lei das Finanças Locais</i>).	
		Earmarked budgets/projects related funds exist at local authorities level	Municipalities in theory can also create separate budget lines for their activities, particularly those related to climate and environment. However, these are still tasks ordered by the central government, thus flexibility is not common.	0
		Local authorities finances are controlled by independent bodies	Municipal finances are controlled by <i>Tribunal de Contas</i> , an independent body responsible for overseeing the Public Administration finances. ⁴⁹⁹	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	Interests and penalties are charged in case taxpayer does not pay the taxes in time. Late payment penalties can be anywhere from 10% of the amount owed to double, up to a maximum fine of EUR 55,000.	1
		Existence of standardised and transparent administrative processes	Yes, the administrative process can be considered transparent and standardised. There are courts specialising in dealing with tax disputes. Except for Lisbon, where there is a first instance court dealing with tax disputes only, the rest of the courts around the country also have jurisdiction over administrative matters. The tax arbitration courts, created in 2011, are an alternative means to settle tax disputes. There are three courts of appeal: the administrative central courts (North and South) and the administrative supreme court.	1
3.4	Mortgage and property ownership characteristics			4/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	Land registry (complemented by tax registry) has a general description of the property, ownership entitlements and liens, if any. Tax registry reflects tax value of the property. It is necessary to ensure that a property is free of debts and liens via a certificate (<i>certidão de registo</i>) from the local land registry.	1
		Municipality has an authority to impose senior lien on the property	Municipalities have their own mechanism of tax enforcement. In exceptional circumstances, municipalities can act as a tax authority and impose a senior lien on the indebted property. Public liens are not affected by private ones, as the state has a special privilege in this matter.	3
SCORING				11/13

⁴⁹⁹ For more information see: <https://www.tcontas.pt/index.shtm>

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	In Portugal, property taxes are in force since 2003. Although the rates have changed in the past years, it happened within a small range what makes the levies a stable fiscal mechanism. IMI has been a reality for the past 15 years, people tend to look at them as a component of the price they pay for having or buying a house.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	However, over the years, we have seen a number of debates on possible reforms of this tax, all of them with a lot of media coverage, since this is one of the least popular taxes in the tax system. For this reason, social reactions to these reforms and their possible political consequences are usually analysed. Moreover, Portugal has the second highest amount of vacant homes in Europe. Although no updated data on the number of vacant or unoccupied houses in Portugal currently exists, the 2011 census showed that there were 735,128 empty houses in the country, 184,909 of which are in Lisbon. When a building is empty for one year, the state benefits, as it charges triple the IMI, what makes some owners purposely weakening the structure of buildings and houses by partially destroying the roof or breaking the windows in such a way that, with the passage of time, it can become a danger to public health and safety. This then leads to the demolition of the building, and the land can then be sold, or a new building erected on the site. ⁵⁰⁰	0
SCORING			1/2

Total scoring: 23/28

Romania

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1

⁵⁰⁰ For more information see: <https://www.auraree.com/portugal/residential/portugal-second-highest-amount-vacant-homes-europe/>

		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	According with Romanian Fiscal Code is levied as property tax (suitable for EuroPACE implementation) Tax on buildings ⁵⁰¹ applied for physical persons (individuals) and legal entities -owners of buildings located in Romania. Building tax is due to the local budget of the commune, city or municipality where the building is located.	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Land tax ⁵⁰² is levied on owners of land located in Romania. The tax on transportation means ⁵⁰³ in Romania is paid by any person that owns a mean of transportation Waste management fee ⁵⁰⁴ paid to local authority directly or paid to private companies responsible for collecting waste.	1
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ⁵⁰⁵ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Tax collector is the local authority ⁵⁰⁶ through a special department called City Hall Taxation Service directly coordinated and supervised by local administration. This Taxation Service functions as a public service of local interest according with the Public Administration Law no. 215/2001 and Public Finance Law 273/2006. Property tax represents revenue for the local budget where the build is situated.	1

⁵⁰¹Romanian Fiscal Code, 2018, article 455; Law no 227/2015 regarding the Fiscal Code, Title IX, Chapter 2; Government Decision no. 1/2016 for approval of Methodological Norms for the Fiscal Code.

⁵⁰²Romanian Fiscal Code, 2018, article 463; Law no 227/2015 regarding the Fiscal Code, Title IX, Chapter 2; Government Decision no. 1/2016 for approval of Methodological Norms for the Fiscal Code.

⁵⁰³Romanian Fiscal Code, 2018, article 468; Law no 227/2015 regarding the Fiscal Code, Title IX, Chapter 2; Government Decision no. 1/2016 for approval of Methodological Norms for the Fiscal Code.

⁵⁰⁴Law no. 101/2006 concerning local waste disposal service

⁵⁰⁵* In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁵⁰⁶Romanian Fiscal Code, 2018, article 494

			The local public administration authorities and their special bodies, as the case may be, are responsible for the establishment, control and collection of local taxes and fees, as well as of the related fines and penalties. ⁵⁰⁷	
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range established by the national law. For residential buildings: the tax rate applied can vary between 0.08-0.2% from the taxable value of the building. ⁵⁰⁸ The tax rate is established through Local Council decision. The deliberative authority of the local government, upon proposal by the executive authority, may set additional rates for local taxes and fees, according to the following criteria: economic, social, geographical, as well as local budgetary needs. ⁵⁰⁹	1
		Local/regional administration has a right to establish new local taxes and fees	The local councils, the General Council of the Bucharest Municipality or the County Councils, as the case may be, may impose taxes for the temporary use of public places, for visiting museums, memorial houses, historical monuments, architectural, archaeological and other objects, as well as for the possession / and machines that use local public infrastructure. Taxes can be set for activities with an impact on the environment. ⁵¹⁰	1
1.5	Tax collection exceptions			0/2
		Differences in tax collection at regional or local levels (urban vs. rural)	According with Romanian Fiscal Code there are different tax rates applied between regions. The taxable value of the building shall be adjusted according to the rank of the locality and the area in which the building is located by multiplying the value determined with the corresponding correction factor, as set out in the following table:	0

⁵⁰⁷Romanian Fiscal Code, 2018, article 490

⁵⁰⁸Romanian Fiscal Code, 2018, article 457

⁵⁰⁹Romanian Fiscal Code, 2018, article 489

⁵¹⁰Fiscal Code, 2018, article 486

			<p>Area of building localization (high coefficient for the center area decreasing to the periphery)</p> <p>Rank (importance of locality) (high rates for big cities, decreasing for small villages)</p> <table border="1"> <thead> <tr> <th></th> <th>0</th> <th>I</th> <th>II</th> <th>III</th> <th>IV</th> <th>V</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>2.6</td> <td>2.5</td> <td>2.4</td> <td>2.3</td> <td>1.1</td> <td>1.05</td> </tr> <tr> <td>B</td> <td>2.5</td> <td>2.4</td> <td>2.3</td> <td>2.2</td> <td>1.05</td> <td>1</td> </tr> <tr> <td>C</td> <td>2.4</td> <td>2.3</td> <td>2.2</td> <td>2.1</td> <td>1</td> <td>0.95</td> </tr> <tr> <td>D</td> <td>2.3</td> <td>2.2</td> <td>2.1</td> <td>2</td> <td>0.95</td> <td>0.9</td> </tr> </tbody> </table>		0	I	II	III	IV	V	A	2.6	2.5	2.4	2.3	1.1	1.05	B	2.5	2.4	2.3	2.2	1.05	1	C	2.4	2.3	2.2	2.1	1	0.95	D	2.3	2.2	2.1	2	0.95	0.9	
	0	I	II	III	IV	V																																	
A	2.6	2.5	2.4	2.3	1.1	1.05																																	
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C	2.4	2.3	2.2	2.1	1	0.95																																	
D	2.3	2.2	2.1	2	0.95	0.9																																	
		Differences are observed at the individual property level based on the property size /property value, etc.	<p>Tax exemptions concerning the owner:</p> <p>Local councils may decide to exempt or reduce the building tax / tax due for some types of buildings:</p> <ol style="list-style-type: none"> home-based building owned or co-owned by people whose monthly income is lower than the country's gross minimum wage or consists solely of unemployment or social allowance; buildings where the owners executed at their own expense intervention works for the increase of the energy performance, proved by bills and minutes of reception according to the law, which establishes the intervention measures recommended by the energy auditor in the performance certificate energy or, as the case may be, in the energy audit report, as provided for in Government Emergency Ordinance no. 18/2009 on increasing the energy performance of housing, approved with amendments by Law no. 158/2011. This exemption is for minimum 7 years.⁵¹¹ 	0																																			
SCORING				7/10																																			

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
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⁵¹¹Law no. 158/2011, Art. 27

2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	<p>Local authorities are involved in PPP: Examples:</p> <ol style="list-style-type: none"> 1. On the 29 of July 2015, at the city hall of Cluj-Napoca municipality, were signed the documents for financing the project "The replacement of the old diesel buses with electric buses and two charging stations". The project is part of the Swiss-Romanian Cooperation Programme.⁵¹² 2. The modernization and expansion of the public lighting system and upgrading the public lighting system in two city hall buildings, using LED technology, in the municipality of Cluj-Napoca. On 9th of July 2015, the documents for financing the project "The modernization and expansion of the public lighting system and upgrading the public lighting system in two city hall buildings, using LED technology, in the municipality of Cluj-Napoca" were signed at the Ministry of Public Finance. The project is part of the Swiss-Romanian Cooperation Programme.⁵¹³ 3. Modern and efficient public lighting management in Suceava Municipality The quality and performance of the public lighting system in Suceava municipality will be significantly improved through a project from the <i>Swiss-Romanian Cooperation Programme to reduce economic and social disparities within the enlarged European Union</i>. <p>The project aims the installation of more than 3800 lighting units with LED technology, coordinated through a specialized telemanagement system.</p>	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	<p>1. Sustainable Energy Action Fund In May 11, 2016, was signed the project agreement "Sustainable Energy Action Fund" between the Ministry of Public Finance, as the National Coordination Unit of the of the Swiss-Romanian Cooperation Programme, represented by State Secretary, Mr. Attila GYÖRGY, the Embassy of Switzerland in Romania on behalf of the financing state,</p>	1

⁵¹² <http://www.swiss-contribution.ro/swiss>

⁵¹³ <http://www.swiss-contribution.ro/swiss>

		<p>represented by H.E. Ambassador Jean-Hubert LEBET and the Ministry of Regional Development and Public Administration, as the Intermediate Body of the Focus Area no. 4 of the Swiss-Romanian Cooperation Programme.</p> <p>The project aims to further enhance the sustainable energy management at the municipal level in Romania, by improving municipal infrastructure, raising awareness about energy efficiency and renewable energy, in order to increase living standards, promote economic development and provide a response to climate change.</p> <p>The project will run for 40 months with a total budget of CHF 9,762,904, out of which CHF 8,350,968 represent the grant offered by Switzerland to Romania through the Swiss Contribution to the enlarged European Union.</p> <ol style="list-style-type: none"> 2. Romanian Energy Strategy⁵¹⁴ 3. Sustainable Energy Action Plan 2011-2020 Cluj-Napoca, Romania (SEAP) for Cluj Napoca⁵¹⁵ <p>In Romania there are 85 signatories in Covenant of Mayors initiatives.⁵¹⁶</p>	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	<p>In Romania was implemented the National Program of Building retrofits. According to this program the retrofits works are financed as follow⁵¹⁷:</p> <ol style="list-style-type: none"> a) 50% subsidies from the state budget, aproved by Governement; b) 30% grants anually aproved by local councils with specific destination for retrofits building c) 20% other sources of the owner of the building <p>According with Government Emergency Ordinance no. 18/2009 on increasing the energy performance of housing, aproved with amendmets by Law no. 158/2011 the authorities of the local public administration may also decide to take over the expenses related to the intervention works corresponding to the 50% share of the Ministry of Regional Development and Tourism, within the limits of the funds</p>	1

⁵¹⁴ <https://www.ceep.be/romanian-energy-strategy/>

⁵¹⁵ http://mycovenant.eumayors.eu/docs/seap/2925_1358498277.pdf

⁵¹⁶ <https://www.covenantofmayors.eu/about/covenant-initiative/covenant-in-figures.html>

⁵¹⁷ <http://www.pmtgv.ro/reabilitare.html>

		<p>approved annually with this destination in the local budgets for the buildings</p> <p>Due to the lack of funds the program has a limited applicability.</p> <p>In 2010 it was promulgated another Government Emergency Ordinance no. 69/2010 which set up new financing rules for thermal rehabilitation of buildings built up to the year 2000, eliminating grants from state budget and entering a line guaranteed state-guaranteed lending loans for up to 5 years. Interest rates on loans for the thermal rehabilitation of buildings are supported by the state with up to 100% in the limit of the annual budgets allocated to this time schedule. In addition, local authorities can fund up to 30% of the measures thermal rehabilitation, responding in this way of the owners' associations request.</p>	
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	<p>According with Annual Report on Budget Execution for 2017 published by Public Finance Minister of Romania⁵¹⁸ the property tax collection rate is 98.7%.</p> <p>This type of tax is due annually and can be paid in two equal installments until March 31st and September 30th.</p> <p>The high rate of collection is due to some factors:</p> <ol style="list-style-type: none"> 1. If the tax liability is paid in full in advance, until March 31st, a reduction up to 10% may apply, as decided by local authorities. 2. If the tax liability is paid after September 30th are applied penalties for each day of delay. 	1
		Foreclosures related to tax delinquencies and defaults	For non-payment of the local taxes at the due date the local authorities apply penalties 1% of the amount of the principal non-paid fiscal obligations, calculated for each month or fraction of the month, starting with the day immediately following the maturity date and until the date	3

⁵¹⁸<http://www.mfinante.ro/pagina.html?categoriebunuri=executie-bugetara,rapoarte-trimestriale,rapoarte-semestriale,rapoarte-anuale,arieratele-bugetului-general-consolidat&pagina=domenii&menu=Buget&tab=4>

			<p>of payment according with Article 183 paragraph 2 of the Fiscal Procedure Code.⁵¹⁹</p> <p>Concerning the procedure applied to recovery tax debts, local tax authorities publish on their sites the lists with tax debtors⁵²⁰ (according with the Fiscal Procedure Code, article 162) and also the list with senior line imposed on property or bank accounts⁵²¹ and the list with auctions for selling properties^{522, 523}. Thus, tax debtors are forced to pay the tax debt and the local authority assure the transparency concerning the tax enforcement procedure.</p> <p>Info from the ministry: 'Taxation of buildings is done at the level of local administrative entities. They set the level of taxes on buildings, receive tax returns and track their collection. The tax rules on local taxes and fees are set, on a unitary basis, at national level through laws approved by the Parliament.</p> <p>The administrative-local units apply the provisions of the laws on the taxation of buildings, assisted by the Ministry of Finance. As taxpayers do not pay taxes, they go to forced tax enforcement. The fiscal body applies enforcement procedures for extinguishing tax receivables.</p> <p>According to art. 220 of the Law no. 227/2015 on the Fiscal Procedure Code, as subsequently amended and supplemented, if the debtor does not voluntarily pay the tax obligations due, the competent fiscal body, for their extinction, shall proceed with enforcement actions, unless there is a request for restitution / reimbursement to be settled, and the amount of the requested amount is equal to or greater than the tax debt owed by the debtor.</p> <p>According to the provisions of art. 242 of Law no. 207/2015 on the Fiscal Procedure Code, as subsequently amended and supplemented, for the execution of the title on the fiscal claim, are subject to the forced execution of the immovable property of the debtor.</p>	
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⁵¹⁹https://static.anaf.ro/static/10/Anaf/cod_procedura/Cod_Procedura_Fiscala_2016_03072018.htm#_RefHeading_3519_1651101228

⁵²⁰<https://www.primariadeva.ro/somatii-datorii-la-bugetul-local/somatii-persoane-juridice-31-mai-2018>

⁵²¹<https://www.primariadeva.ro/somatii-datorii-la-bugetul-local>

⁵²²<http://www.orasul-horezu.ro/anunturi-executari-silite1>

⁵²³<https://www.primariadeva.ro/publicatii-de-vanzare/publicatii-de-vanzare-2017>

			<p>If the debtor owns goods in common ownership with other persons, the forced execution shall extend only to the assets assigned to the debtor, following the judicial division, respectively on the estate, as well as on the immovable property belonging to the civil code. They can only be tracked with the building.</p> <p>In the case of immovable property seized, the executing body which instituted the seizure shall promptly request the land registry office to make the mortgage inscription, enclosing a copy of the seizure record. The land registry office shall communicate to the enforcement bodies upon their request, within 10 days, the other real rights and tasks of the real estate pursued, as well as their owners, who shall be notified by the executing body and summoned by the deadlines set for selling the real estate and distributing the price.</p> <p>If there are other creditors of the debtor, they are obliged, within 30 days from the registration of the seizure of the immovable property in the real estate publicity records, to communicate in writing to the enforcement body the titles they have for the respective real estate.</p> <p>In the case of a natural person debtor, the minimum amount of space occupied by the debtor and his / her family, determined in accordance with the legal norms in force, may not be subject to forced execution unless the forced execution is made for the settlement of the tax receivables resulting from the commission of the offenses.</p> <p>Seizure applied to immovable property is a legal mortgage.</p> <p>The mortgage right confers on the creditor, in relation to other creditors, the same rights as the mortgage right within the meaning of the provisions of the common law.</p> <p>According to art. 243 of the Fiscal Procedure Code, upon the establishment of the seizure and in the course of the forced execution, the executing body may appoint a seizure administrator if this measure is necessary for the management of the building, rents, rent and other income obtained from its administration, including for litigation in respect of that property.</p> <p>The seizure administrator may be named the creditor, debtor or other natural or legal person.</p>	
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			<p>If a seizure administrator is appointed as a person other than the creditor or the debtor, the executing body shall set a remuneration taking into account the work done.</p> <p>The debtor may request the executing body, after receiving the seizure record, within 15 days from the communication, to approve that the full payment of the tax receivables shall be made from the proceeds of the immovable property pursued or from other income during the at most 6 months.</p> <p>For solid reasons, the enforcement body may resume the forced execution before the expiry of the 6-month period, and if the debtor legal person who has been granted the suspension subsequently escapes enforcement or causes its insolvency, it will apply accordingly, the provisions relating to the attribution of its liability.'</p>	
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	<p>According with the Local Public Finance Law⁵²⁴</p> <p>Local authorities have the following competencies and responsibilities in terms of local public finances:</p> <ul style="list-style-type: none"> ▪ drafting and approving the local budgets, in budgetary balance terms, at the deadlines and according to the provisions established by the mentioned law; ▪ establishing, determining, controlling, tracking and collecting local taxes and fees, as well as any other incomes of the administrative-territorial units, through their own specialized departments, according to the law; ▪ direct contracting of domestic and external borrowings, short, medium and long term, and tracking the maturity of the payment obligations resulting from them; ▪ setting options and priorities for approving and conducting local public spending; ▪ guarantee short, medium and long term domestic and external borrowing, and track the payment of obligations arising from the borrowings by the beneficiaries at maturity 	1

⁵²⁴Local Public Finance Law, no. 273/2006, Article 20

		<p>Earmarked budgets/projects related funds exist at local authorities level</p>	<p>According with the Local Public Finance Law⁵²⁵ Local authorities have the competencies and responsibilities in terms of local public finances concerning the elaboration, approval, modification and follow-up of the development of prospective development programs of the administrative-territorial units as a basis for the management of the annual local budgets.</p> <p>Deliberative authorities may approve collaboration or association for the performance of local public works and services.</p> <p>Collaboration or association is carried out on the basis of association contracts, which also provide funding sources representing the contribution of each local government authority involved. Association agreements are concluded by the main credit officers under the terms of the mandates approved by each local council involved in collaboration or association.</p> <p>Financial obligations resulting from cooperation agreements, twinning or adherence of administrative-territorial units to domestic associations organized at national level or to international organizations with legal personality, decided by the deliberative authorities, according to the law, are financed by their local budgets.⁵²⁶</p> <p>The expenditures for public investments and other investment expenditures financed from local public funds are included in the draft budgets, based on the public investment program of each administrative-territorial unit, as an annex to the original and rectified budget, and is approved by the deliberative authorities.⁵²⁷</p> <p>An example of Annex of local budget in the case of Alba Iulia municipality⁵²⁸ is for the non-reimbursable external funds (for instance EU funds, Norway grants). This Annex presents the source of financing for each project and the destination of expenditures for each project approved at the local municipality.</p>	1
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⁵²⁵ Local Public Finance Law, no. 273/2006, Article 20

⁵²⁶ Local Public Finance Law, no. 273/2006, Article 35

⁵²⁷ Local Public Finance Law, no. 273/2006, Article 41

⁵²⁸ Local Budget of Alba Iulia Municipality, approved for 2018 include at pag. 57 as Annex **The Budget for Non-reimbursable External Funds** available http://www.apulum.ro/ro/pdf6/buget_local_16022018_2.pdf

			Another example is in the case of Local budget of Timisoara county ⁵²⁹ where there are a few annexes for special budgets as follow: Annex no. 3 - Own revenues and subsidies budget for 2017; Annex no. 4 - Development Program 2017; Annex no. 5 - Projects funded by non-reimbursable foreign funds 2017, Annex no. 6 - Non-reimbursable external grant budget 2017.	
		Local authorities finances are controlled by independent bodies	The external body responsible for audit and control of local municipality is Romanian Court of Accounts (Curtea de Conturi) ⁵³⁰ The administrative-territorial units are forbidden to access loans or to guarantee any kind of loan, if the total annual debt representing the maturity of the contracted and / or guaranteed loans, the interest and commissions thereof, including the loan to be contracted and / guaranteed in that year, exceeds the limit of 30% of the total income (own income, consisting of: taxes, fees, contributions, other payments, other income and quotas deducted from the income tax). ⁵³¹	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	For non-payment of the local taxes at the due date the local authorities apply penalties 1% of the amount of the principal non-paid fiscal obligations, calculated for each month or fraction of the month, starting with the day immediately following the maturity date and until the date of payment according with Article 183 paragraph 2 of the Fiscal Procedure Code. ⁵³²	1
		Existence of standardised and transparent administrative processes	At the level of each local municipality is organized a special department responsible for collecting local taxes and fees called Tax Service in accordance with some laws: <ul style="list-style-type: none"> • Local Public Administration Law 215/2001, • Local Public Finance Law 273/2006 • Government Decision 333/1999 regarding the approval of the Framework Protocol and the actions of surrender-taking over the exercise by the county councils, local councils and the 	1

⁵²⁹ <https://www.primariatm.ro/hcl.php?unid=EFF6E1077DFBA0AAC22580F000379CCE>

⁵³⁰ <http://www.curteadeconturi.ro/DefaultEN.aspx>

⁵³¹ Local Public Finance Law, no. 273/2006, Article 63 (4)

⁵³² https://static.anaf.ro/static/10/Anaf/cod_procedura/Cod_Procedura_Fiscala_2016_03072018.htm#_RefHeading_3519_1651101228

			<p>General Council of the Municipality of Bucharest provided by Law no. 189/1998 on local public finances.</p> <p>Within this department are responsible offices or persons with the: tax revenue collection, penalties collection, enforcement procedure for debt recovery and tax audit.^{533, 534}.</p> <p>Enforcement procedure in the case on non- payment of local tax liabilities consist in a few steps⁵³⁵:</p> <ol style="list-style-type: none"> 1. Communication of payment notification and the executory title regarding the total debts due to the local budget. 2. If after this stage the overdue amounts are not paid, the access at bank accounts of indebted person will be prohibited and also to the other source of incomes realized (such as wages, pensions, rents, etc.). 3. If after this stage the outstanding amounts are not collected, the property and movable assets owned by debtors will be seized, evaluated and sold through a public auction. <p>The entire enforcement procedure is presented in Fiscal Procedure Code.⁵³⁶</p>	
3.4	Mortgage and property ownership characteristics			2/2
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<p>The evidence of properties is realized through National Agency of Cadastre and Real Estate Publicity (at the national level)⁵³⁷ and their subordinates Offices of Cadastre at local level. At the local level for levy local taxes each local authority has own data base with all the properties and owners who due property taxes and this data base is updated continuously because any new proprietor is forced by law to declare the new property.</p> <p>National Agency of Cadastre and Real Estate Publicity provide the access online to their data base⁵³⁸ (not all the time the application is working!)</p>	1

⁵³³ <http://ditl5.ro/wp-content/uploads/2017/12/ROF.pdf>

⁵³⁴ <http://www.primarie6.ro/www/wp-content/uploads/2013/01/R.O.F1.pdf>

⁵³⁵ <http://www.ditl3.ro/arhiva-stiri/actiune-de-executare-silita-a-restantierilor-la-plata-impozitelor-si-taxelor-locale.aspx>

⁵³⁶ https://static.anaf.ro/static/10/Anaf/cod_procedura/Cod_Procedura_Fiscala_2016_03072018.htm#_RefHeading_3451_1651101228

⁵³⁷ <http://www.ancpi.ro/index.php/en/>

⁵³⁸ <http://epay.ancpi.ro/epay/SelectProd.action?prodId=1420>

			thus any person can ask for public information The Real Estate Register for a property. Based on this are provided information on the surface of the building and its description, the ownership and any existing tasks on the building. For obtaining the Real Estate Register the applicant has to pay 20 lei, and the payment can be made using the card.	
		Municipality has an authority to impose senior lien on the property	At the level of each municipality the Tax Service has the authority to impose senior lien on the property in the case of non-recovery of the tax debt. According with Fiscal Procedure Code ⁵³⁹ the local public administration authorities are obliged to conduct and carry out the enforcement execution procedure of the tax debtors due to the local budgets of the administrative-territorial units or, as the case may be, the administrative-territorial subdivisions of the municipalities.	3
SCORING				13/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Property tax is not a new concept, was introduced in Romania in 1994 through The Law concerning local taxes no. 27/1994. Even if legislation concerning the taxation in Romania is not very stable, in the case of property taxes there is more stability. The most important changes are referring to tax rates, which were increased (but not significant because of the fear to losing votes in local election) and to some exemptions or deductions.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	Examples: 1. Public debate concerning the Draft of local taxes establishment for 2019 at the Oradea municipality: In accordance with the provisions of Law no. 52/2003 regarding the decisional transparency in the public administration, republished, the draft normative act regarding the	1

⁵³⁹ Fiscal Procedure Code, Article 221 (1)

		<p>establishment of the local taxes, duties and tariffs for the year 2019 is announced to the public debate.⁵⁴⁰</p> <ol style="list-style-type: none"> 2. Public debate concerning the Draft of local taxes establishment for 2019 at the Fagaras municipality⁵⁴¹ 3. Public debate concerning the Draft of local taxes establishment for 2019 at the municipality of Pascani⁵⁴² 4. Public debate concerning the Draft of local taxes establishment for 2019 at the Negresti municipality⁵⁴³ 5. Public debate concerning the Draft of local taxes establishment for 2019 at the municipality of Alexandria⁵⁴⁴ <p>Public debate concerning the Draft of local taxes establishment for 2019 at the municipality of Campina⁵⁴⁵</p>	
SCORING			2/2

Total scoring: 25/28

Slovakia

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0
1.2	Property-related tax existence			4/4

⁵⁴⁰<http://www.oradea.ro/dezbateri-publice/forma-finala-a-proiectului-privind-stabilirea-impozitelor-si-taxelor-locale-pe-anul-2019-2018-04-13-15-43>

⁵⁴¹<http://www.primaria-fagaras.ro/index.php/primaria/comunicat/710>

⁵⁴²<http://primariapascani.ro/primarie/anunturi/anunt-dezbatere-publica-proiectul-de-hotarare-privind-aprobarea-impozitelor-si-taxelor-locale-in-municipiul-pascani-pentru-anul-2019/>

⁵⁴³<http://www.negresti.ro/impozite-si-taxe-locale/168-dezbatere-publica-impozite-si-taxe-locale-pe-anul-2019>

⁵⁴⁴<http://www.alexandria.ro/wp-content/uploads/Minuta-dezbatere-publica-pt-2019-03.04.2018.pdf>

⁵⁴⁵<http://www.primariacampina.ro/anunturi/item/1526-dezbatere-publica-proiect-impozite-si-taxe-locale-2018>

		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	<p>There are three kinds of real estate tax: (1) land tax, (2) building tax, and (3) apartment tax. There are general rates for these taxes but since 2005 municipal authorities may increase or decrease the tax rates applicable in their municipalities.</p> <p>Land tax is generally levied at 0.25% of the land value, as assessed by the municipality. Rates vary depending on the type of land and its location. The general tax rate on buildings is EUR 0.033 for every sq. m. occupied by the finished building. The general tax rate on apartments is EUR 0.033 for every sq. m. of the flat's floor area.</p>	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p>Article 39 (6) of Act 223 (2001) points out that municipalities are allowed to introduce a charge for the collection, transport and disposal of municipal waste, and that this fee 'shall be exclusively used to cover the costs related to handling of municipal waste and minor construction waste, in particular the collection, recovery and disposal.'</p> <p>The charge has to be paid by all waste producers (the term used in the Act is 'generator') who make use of municipal waste services. The Act, through both Article 39 (7) and Article 82, makes the payment of the fee binding upon producers of municipal waste and construction and demolition (C&D) waste.</p> <p>Moreover, there is a Local Development Fee ('Development Fee') which is 'one-time fee applied to new developments. The Development Fee can be introduced by a municipality in its territory, an individual part thereof or an individual cadastral area, by a generally binding regulation. The Development Fee rate ranks from EUR 3 to EUR 35 per each m2, or a part thereof, of the floor area of the -ground part of the building. The Development Fee is an income of the municipality budget.'⁵⁴⁶</p>	1
1.3	Collection of property-property taxes by local authorities			1/1

⁵⁴⁶ For more information see: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Legal/dttl-legal-deloitte-legal-handbook-for-real-estate-transactions.pdf>

		Local authorities* ⁵⁴⁷ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	All property-related taxes are collected by municipalities in which the property is located. Exceptionally, in Bratislava real estate tax is collected by the specially assigned Local Taxes and Fees Department. ⁵⁴⁸	1
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	According to the Central Government Portal the municipality can freely modify the tax rates. ⁵⁴⁹ The amount of tax is determined by each municipality individually, and in the case of Kosice and Bratislava respective city districts.	1
		Local/regional administration has a right to establish new local taxes and fees	According to the Law on Local Taxes, in addition to local taxes self-government has the right to and impose and collect local taxes, such as fees or possibly for other general municipal services. Local taxes include the following taxes: property tax, dog tax, tax on accommodation, tax on use of public space, tax on gaming machine, tax on vending machines, tax for entry and parking of motor vehicles in historical part of the city, tax on nuclear facility.	1
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	These are not common given that tax rate is based on the size of the real estate, not the property value (Law on Local Taxes).	1
		Differences are observed at the individual property level based on the property size /property value, etc.	The tax administrator may also reduce or exempt other categories of land, buildings or flats. The reduction or exemption is set out in a generally binding regulation. In 2017, discounts for elderly people and the hard-to-be disabled have been extended – i.e. citizens are entitled to a 60% discount from the age of 60 (previously 50% discount for people over 70) which stipulates a significant difference. ⁵⁵⁰ The municipality or city can give relief or tax relief. This applies especially to those with severe disabilities, to persons in need or to pensioners.	0

^{547*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁵⁴⁸ See Department's website for more information: <http://bratislava-mesto.eu/magistrat-hlavneho-mesta-sr-bratislavy-oddelenie-miestnych-dani-a-poplatkov/>

⁵⁴⁹ For more information see: https://www.slovensko.sk/sk/zivotne-situacie/zivotna-situacia/_dan-z-nehnutelnosti-1

⁵⁵⁰ <https://www.bratislava.sk/sk/dan-z-nehnutelnosti>

			Requests for tax exemption or reduction must be submitted by 31 January.	
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	PPPs are not fully functioning yet. Recently, in spite of a significant effort of the Slovak government for the implementation of PPP projects and positive steps in flexible adoption of law changes, it is necessary to note that existing absence of comprehensive legislative policy for PPP projects application represents, to a certain extent, an obstacle for effective feasibility of these projects. ⁵⁵¹	0
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	There are 2,751 municipalities (obec), 140 cities (mesto) and 39 city districts (mestská časť) in Slovakia. ⁵⁵² Only 13 municipalities take part in Covenant of Mayors activities which is one of the worst rates across the EU. ⁵⁵³ The main reason for such a bad track record is lack of capacities within municipalities itself which most of the time are small and consisting of 1-2 people handling administration.	0
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Even though given its size, a majority of municipalities do not have capacities to administer projects involving specific knowledge (like EE audits), municipalities found a way to actively take part in the national initiatives by acting together in larger groups. One of the most promising examples of such cooperation, CITENERGO Association, was created following initiative of the Union of Towns and Cities of Slovakia (the UTCS) and Energy Centre Bratislava in the framework of pan European BISE Process (Better Integration through Specific Exchanges / for Sustainable Energy). Declaration of Association's establishment was signed on October 12, 2007 at the Municipal Office in Trenčín in occasion of the Union of Towns and Cities Presidium meeting' and thus far the	1

⁵⁵¹ For more information see: <https://www.interreg-central.eu/Content.Node/T1.1.4-.pdf>

⁵⁵² For more information see: <http://www.ccre.org/pays/view/6>

⁵⁵³ For more information see: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

		cooperation can be assessed as a really successful one. ⁵⁵⁴ Another initiative of a similar importance worth mentioning is: A Municipal Instrument to Finance Sustainable Energy Investments in the Slovak Republic which is more of a technical assistance initiative. ⁵⁵⁵	
SCORING			1/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			1/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	The tax is collected on an annual basis throughout the country, and in some municipalities (for example in Pezinok), the whole process can be digitalised. ⁵⁵⁶ The property tax remains an important source of revenue for local governments in large part because it has always played that role. The historical dominance of the tax was attributable to the fact that there were no alternatives to financing local government. Just fiscal decentralisation provided in 2004 in Slovakia, brought further opportunities for municipalities to collect own sources and thus to increase own independence from state government. ⁵⁵⁷	1
		Foreclosures related to tax delinquencies and defaults	The recovery of tax arrears may also be ensured according to No. 233/1995 Act, depending on decision of municipality which way is more suitable for them. It does not necessarily mean that the tax enforcement imposes on the source of taxation (in this case the estate property), but tax arrears can be satisfied by selling the movable as well as immovable property. ⁵⁵⁸ Municipalities are obliged to obey the procedures listed under Art. 88 of No. 563/2009 Act. ⁵⁵⁹ However, according to the information received electronically from the Ministry of Finance	0

⁵⁵⁴ For more information see: http://www.unia-miest.sk/EN/vismo/dokumenty2.asp?id_org=600188&id=1047

⁵⁵⁵ For more information see: <http://www.munseff.eu/en/>

⁵⁵⁶ Municipality's e-portal is available here: <https://esluzby.pezinok.sk/informovanie-dani-z-nehnutelnosti-2.html>

⁵⁵⁷ For more information see:

https://www.researchgate.net/publication/276459154_Significance_of_Local_Taxes_in_Income_Structure_of_Slovak_Municipalities

⁵⁵⁸ For more information see: <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/1995/233/20180401>

⁵⁵⁹ For more information see: http://www.finance.gov.sk/en/Components/CategoryDocuments/s_LoadDocument.aspx?categoryId=405&documentId=741

			representative, foreclosure mechanism is not used directly in case of property-tax delinquencies in Slovakia.	
3.2	Local authorities finances characteristics			2/3
		Local authorities possess a fully autonomous budget	'Chapter four of the Constitution (Articles 64-71) stipulates the basic principles of both levels of territorial self-administration. A municipality and superior territorial unit are independent territorial and administrative units of the Slovak Republic comprising persons who are permanently resident on their territory. Details shall be laid down by law. A municipality and superior territorial unit are legal persons that, under conditions laid down by law, independently manage their own property and financial resources. A municipality and superior territorial unit finance their needs primarily from their own revenues, as well as from state subsidies. The law stipulates which taxes and fees constitute the revenues of municipalities and which taxes and fees constitute the revenues of the superior territorial unit. State subsidies may be claimed only within the limits of the law.' ⁵⁶⁰	1
		Earmarked budgets/projects related funds exist at local authorities level	'In performing delegated responsibilities, local governments are bounded by specific guidelines centrally imposed and, even if the actual financial disbursement is done through the local budgets, they are financed through earmarked resources transferred to the local government by the relevant central government ministry.' ⁵⁶¹	0
		Local authorities finances are controlled by independent bodies	'The position of chief inspector is established in every municipality. This officer regulates the expenditure of the municipal budget as well as the management of municipal property. Elected by the municipal council for an indefinite period, the chief inspector prepares opinions on the draft budget and financial accounts before they are approved. The inspector is accountable to the municipal council. Moreover, every municipality is subject to independent audit by a member of the Slovak Board of Auditors. The audit is approved by the municipal council, and its results are publicized. Other forms of control over decision-making, administrative and financial activities of municipalities do not exist.' ⁵⁶²	1

⁵⁶⁰ For more information see: <https://portal.cor.europa.eu/divisionpowers/countries/MembersNLP/Slovakia/Pages/default.aspx>

⁵⁶¹ For more information see: <https://portal.cor.europa.eu/divisionpowers/countries/MembersNLP/Slovakia/Pages/Slovakia-Fiscal-Powers.aspx>

⁵⁶² For more information see: <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN013811.pdf>

3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	If a real estate tax return is not paid at the due date after the call, the tax administrator may impose a fine worth up to maximum tax rate, but never higher than EUR 3000.	1
		Existence of standardised and transparent administrative processes	Real estate tax is only paid when the city or municipality sends you a decision. It's usually in March or April. The municipality will charge you a tax, you must pay it within 15 days of the decision being taken by the town or community. The decision shall become valid after the expiry of the time limit for filing the appeal. This deadline is stated in the decision and is set for 15 days. In practice, this means that you have 30 days to pay the tax from the day you take the decision.	1
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	'The Slovak Land Register portal (Slovenský katastrálny portál) is hosted by the Geodesy, Cartography and Cadastre Authority of the Slovak Republic (Úrad geodézie, kartografie a katastra Slovenskej republiky), and a central government authority for land registers. The Land Register portal has been in service since 2004. Since September 2007, information provided by the portal is free of charge by law. The portal is operated and maintained by Geographic and Cartographic Institute Bratislava (Geodetický a kartografický ústav Bratislava). The Portal provides legal and factual information about real estate ownership. It is updated once a week using data supplied by the respective land register offices. Search is available in Slovak and in English. The portal provides various information relevant to the building, including all rights of lien (the designation of the lien creditor) and first option, if these are to have the effects of real rights (identification of beneficiaries of first option rights).' ⁵⁶³	1
		Municipality has an authority to impose senior lien on the property	The mechanism of a lien on property for municipality is included under Art. 81 of No. 563/2009 Act. Even in case that the municipality would be registered as a lien on a property, this would not be senior to commercial mortgages and important is the order decisive for the settlement of liens.	0

⁵⁶³ For more information on the Portal see: <https://www.katasterportal.sk/kapor/informacie.do> or https://e-justice.europa.eu/content_land_registers_in_member_states-109-sk-en.do?member=1

SCORING		6/13
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Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Although the social perception of the tax (due to its low rate) is positive, the government considers changing its structure by making it more related to the market value of each and every estate. That could result in serious mass protests according to many. ⁵⁶⁴ The changes might be enforced anytime soon.	0
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	The tax usually amounts to less than EUR 25/yr and rarely exceeds EUR 100 even if the most attractive districts across the country. It is widely known that it is one of the lowest rates across the EU. As a result, citizens do not consider it as a burdensome and pay their respective rates without hesitation.	1
SCORING			1/2

Total scoring: 16/28

Slovenia

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	To our best knowledge, the system of on-tax financing has not been tested in the country yet.	0

⁵⁶⁴ For more information see: <https://spectator.sme.sk/c/20473110/real-estate-taxes-going-up-in-much-of-slovakia.html>

1.2	Property-related tax existence		4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	3
		<p>⁵⁶⁵As of 1 January 2018 the Slovenian property tax system consists of two types of duties on possession of real property:</p> <ol style="list-style-type: none"> 1. <u>Property Tax</u> <p>Property tax is levied on premises such as buildings and parts of buildings, including apartments, garages and secondary homes. The tax rate for premises depends of the type of property and its value. The tax rate for dwellings varies from 0.10% to 1% of the value. The tax rates on premises used for rest and recreation are in the range from 0.20% to 1.50%.</p> <p>Exemptions to the real property tax include:</p> <ul style="list-style-type: none"> - buildings of less than 160 square meters (which are quite common across the country); - buildings used for agricultural purposes; - business premises used by the owner or user for business activity; - cultural or historical monuments. <ol style="list-style-type: none"> 2. <u>Charge for the Use of Building Land</u> <p>The charge for the use of a building land is levied on vacant and constructed building land possessed by legal persons and individuals.</p>	

⁵⁶⁵Ministry of Finance - Taxation in Slovenia:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

		Existence of local charges/bills attached to the property (i.e. waste management fees)	<p>⁵⁶⁶The structure of <u>waste management legislation</u> is in line with the EU law. The framework regulation that is currently applied to all waste unless a special regulation on a specific type of waste stipulates otherwise is the Decree on waste. On the basis of the legislation on waste management, the taxpayers are obliged to report on waste management in the previous calendar year once a year (until 31 March).</p> <p>The public service of disposing of waste is carried out by companies on the basis of authorisations granted by local communities.</p> <p>⁵⁶⁷<u>Water distribution and sewage collection and disposal</u></p> <p>The public services of the supply with water intended for human consumption (drinking water) and collection and disposal of waste water and meteoritic water is carried out by public companies on the basis of authorities granted by local communities. These mandatory economic services are operated by using the public infrastructure under their management.</p> <p>The quantity of water used is the basis for billing consumers on a monthly basis. In addition, the charge for the water service and the network charge are included in the bill based on the scale of the water meter plus the 9.5% value-added tax (VAT).</p> <p>Sewage fee is also charged on the basis of the water supplied. On top of the base fee for collection, treatment, cleaning and discharge of waste water as well as the environment load tax (depends on quantity of waste water discharged to the sewage system), network charge and 9.5% VAT are added.</p>	1
1.3	Collection of property-related taxes by local authorities			0/1

⁵⁶⁶ Slovenian Environment Agency: *Agencija Republike Slovenije za okolje*: <http://www.arso.gov.si/varstvo%20okolja/odpadki/>

⁵⁶⁷ Infrastructure & Utilities: <https://www.investslovenia.org/business-environment/infrastructure-utilities/utilities/>

		Local authorities* ⁵⁶⁸ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	⁵⁶⁹ All taxes and custom duties are collected by the Financial Administration of the Republic of Slovenia.	1
1.4	Local authorities rights towards property-related taxes			2/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Municipality regulate, in their legal framework, the independent rates of compensation for the use of building land, municipal fees, self-contributions, fines for violations of municipal regulations, concession fees, and the price of services of compulsory local public utility services. ⁵⁷⁰	1
		Local/regional administration has a right to establish new local taxes and fees	⁵⁷¹ Local authorities are to some extent free to introduce new taxes. ⁵⁷² According to the Financing of Municipalities Act, a municipality may impose municipal fees for the following purposes: advertising, organisation of exhibitions and events, parking and other activities which differ from their planned use and represent specific use laid down by municipal ordinance of: municipality-owned areas of public use such as public roads, streets, squares, marketplaces, playgrounds, car parks, cemeteries, parks, greens, recreational premises and similar: fixed and movable infrastructure intended for municipal public services:	1

^{568*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁵⁶⁹ Ministry of Finance - Taxation in Slovenia:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

⁵⁷⁰ Ministry of Public Administration:

http://www.mju.gov.si/si/lokalna_samouprava/o_lokalni_samoupravi/financiranje_obcin/nacela_financiranja_lokalne_samouprave/

⁵⁷¹ Council of Europe - Structure and Operation of Local and Regional Democracy: <https://rm.coe.int/1680747fb1>

⁵⁷² Financing of Municipalities Act (ZFO-1)

			municipality-owned buildings, and for other matters if so provided by an Act.	
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	No significant differences identified.	1
		Differences are observed at the individual property level based on the property size /property value, etc.	<p>⁵⁷³<u>Property tax:</u></p> <p>There is a temporary exemption for 10 years to taxpayers who own a newly constructed building or repaired or renovated buildings, if the value of these buildings has increased as a result of renovation by more than 50%. For a taxpayer with more than three family members who live in the owner's house, the tax decreases by 10% for the fourth and every additional family member.</p> <p>⁵⁷⁴<u>Charge for the Use of Building Land:</u></p> <p>Exemptions are set for land and buildings used by the army, churches, embassies and international organizations, for temporary or new buildings or apartments for five years, partial or full exemption for people with low incomes, building land planned for public infrastructure (health, social security, schools, culture, science, sport and public administration, etc.) and developed building land under public infrastructure.</p>	0
SCORING				7/10

⁵⁷³ Ministry of Finance - Taxation in Slovenia:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

⁵⁷⁴ Ministry of Finance - Taxation in Slovenia:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	<p>Data on the number of concessions per municipality:</p> <p>According to the 2009 report, 55 municipalities or 26.1%, have concluded public-private partnership agreement. On average, the Slovenian municipality has 2.18 concluded contracts, but if we exclude from analysis municipalities that do not have such forms of cooperation, average would be 2.95.⁵⁷⁵</p> <p>Project example:</p> <p>BicikeLJ -public-private partnership of the biggest Slovenian municipality the City Municipality of Ljubljana, in the role of public partner, and company Europlakat as partner from private sector. The self-service bicycle rental system was established by Europlakat. The system was designed by JCDecaux and has been in use for more than 20 years in Europe and worldwide, and JCDecaux has received numerous awards for this system.⁵⁷⁶</p>	1
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	The Energy Advisory Network for households (ENSVET) is part of a series of measures that were introduced as part of the National Energy Efficiency Action Plan 2014-2020. The main goal is to increase interest and private investment in renewable energy sources (RES) and the rational use of energy (RUE) through a network of regional advisory offices.	1

⁵⁷⁵ Ministry of Finance – Public-Private partnership: http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/javno_zas_partnerstvo/20110314_1.pdf

⁵⁷⁶ Municipality of Ljubljana: <https://www.ljubljana.si/sl/aktualno/bicikelj-je-speljal/> ; <https://www.ljubljana.si/sl/mestna-obcina/informacije-javnega-znacaja/register-predpisov/javne-finance/javno-zasebno-partnerstvo/>

		<p>⁵⁷⁷The second relevant energy efficiency (EE) policy document is the National Energy Efficiency Action Plan 2014-2020 (NEEAP). It is envisaged in the NEEAP that 25% of all funding for the energy renovation of public buildings will be provided through EPC (energy performance contracting) in 2015, with this figure rising to 80% by 2020.</p> <p>Participating in the Covenant of Mayors for Climate and Energy: Beltinci, Brda, Cankova, Divača, Idrija, Kranj, Krško, Kuzma, Lendava, Ljubljana, Ljutomer, Maribor, Mestna občina Celje, Miren - Kostanjevica, Moravske Toplice, Občina Ljubno, Občina Nazarje, Odranci, Pivka, Puconci, Razkrižje, Rogašovci, Slovenj Gradec, TRŽIČ, Tolmin, Turnišče, Velenje, Šempeter - Vrtojba, Žalec ⁵⁷⁸</p>	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	<p>⁵⁷⁹The ECO Fund (the Slovenian environmental public fund) plays the main role in providing soft loans for environmental investments, as well as subsidies for residential and multi-residential / apartment buildings. Overall, the ECO Fund has substantially increased the financial resources earmarked for these purposes since 2008 (EUR 342.5 million has been paid out to support about 44,000 incentives).</p> <p>Local communities:</p> <p>The local community adopts the Local Energy Concept (LEK) as an energy management program in the local community, with the prior consent of the minister responsible for energy. LEK is the most important tool in planning a local energy policy strategy. It encompasses the ways in which local communities can tailor solutions for efficient, economical and environmentally friendly energy services in homes, businesses and public institutions. The document also lists the concrete effects that the local</p>	1

⁵⁷⁷ guarantEE: EPC Market Assessment Report Slovenia: http://guarantee-project.eu/sl/wp-content/uploads/sites/18/2017/01/Market_Report_Sl_2.pdf

⁵⁷⁸ The Covenant of Mayors for Climate and Energy: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

⁵⁷⁹ European Construction Sector Observatory: [file:///C:/Users/SARA~1/CAS/AppData/Local/Temp/ECSCO_PFS_SL_Energy%20Advisory%20Network%20\(ENSVET\)%20to3%204.pdf](file:///C:/Users/SARA~1/CAS/AppData/Local/Temp/ECSCO_PFS_SL_Energy%20Advisory%20Network%20(ENSVET)%20to3%204.pdf)

		<p>community can achieve by carrying out activities from the LEK. Based on LEK, the spatial and economic development of the local community is planned, the development of local energy utilities, the efficient use of energy and its saving, the use of renewable energy sources and the improvement of air quality in the local community. The self-governing local community prepares LEK itself or with one or more other self-governing local communities. Local authorities and energy service providers are obliged to align their development documents and activities with the objectives and measures foreseen in LEK. The LEK represents a compulsory basis for the preparation of spatial plans of local communities.⁵⁸⁰</p> <p>Local Energy Agencies:</p> <p>In 2007, a consortium of local energy agencies of Slovenia (LEAS Consortium) was established in order to create good cooperation between local energy agencies, their placement in national and international frameworks and the preparation and implementation of common goals in the local environment.</p> <p>Members of the National Consortium of Local Energy Agencies:</p> <ul style="list-style-type: none"> - Local Energy Agency for Pomurje - Energy Agency for Podravje - Energy Agency for Savinjska, Šaleška and Koroška - Local energy agency Spodnje Podravje - Goriška Local Energy Agency - Local Energy Agency of Dolenjska, Posavje and Bela Krajina 	
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⁵⁸⁰ Ministry of Infrastructure – Energy Portal: <http://www.energetika-portal.si/podrocja/energetika/lokalni-energetski-koncept/>

		<p>- Local energy agency Gorenjske⁵⁸¹</p> <p>Example: Local Energy Agency Spodnje Podravje, institute for promotion of sustainable energy development, has been established by the Municipality of Ptuj in 2008 within the project "Establishment of 4 local energy management agencies in Córdoba (ES), Krško (SI), Bucharest (RO) and Ptuj (SI)", co-financed by the Intelligent Energy Programme. LEA Spodnje Podravje is enhancing the sustainable energy development of the Spodnje Podravje region with the developing projects, studies, documents.⁵⁸² List of project: http://www.lea-ptuj.si/en/projects/</p>	
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	<p>Yes, the tax is collected regularly (on the annual basis) with a high rate of compliance:</p> <p>⁵⁸³<u>Property tax:</u></p> <p>The tax is assessed by the tax authorities by 31 March for the present year. Tax is paid in instalments for the year in advance. It is payable within 45 days of the assessment being issued.</p> <p><u>Charge for the Use of Building Land:</u></p>	1

⁵⁸¹ Ministry of Infrastructure – Energy Portal: <http://www.energetika-portal.si/podrocja/energetika/lokalne-energetske-agencije/>

⁵⁸² Local Energy Agency Spodnje Podravje: <http://www.lea-ptuj.si/en/>

⁵⁸³ Ministry of Finance - Taxation in Slovenia:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

			The tax authority assesses the charge by 31 March for the present year. Tax is paid in instalments for the year in advance.	
		Foreclosures related to tax delinquencies and defaults	<p>⁵⁸⁴According to the Mortgage bonds and municipal bond act, mortgage bonds and municipal bonds are bonds issued under the terms and conditions of this Act and backed by cover assets. The holders of such bonds enjoy a senior position on repayment from such assets.</p> <p>The mortgage lending value of real property is an estimated long-term market value of real property used as a basis for a mortgage loan.</p> <p>A mortgage loan agreement is concluded in writing and any claims under the agreement and will be secured by a lien on a single or several pieces of real property.</p> <p><u>Preferential treatment in the event of bankruptcy:</u></p> <p>Repayment of claims from mortgage bonds and the derivative financial instruments from the cover assets, including costs, are given priority over all other claims against the issuer. Claims against the bankruptcy estate will be lodged by the cover asset trustee on his own behalf, and for the account of the mortgage bond holders and creditors.</p> <p>In the event of commencement of bankruptcy proceedings against the issuer, the cover assets, including the derivative financial instruments are separated from the bankruptcy estate, and primarily intended to provide continued repayment of liabilities from mortgage bonds and repayment of creditors. The legal consequences of bankruptcy proceedings will have no effect on claims by holders of mortgage bonds and on claims by creditors under the derivative financial instruments. The court will additionally designate a cover asset trustee on the proposal of the Bank of Slovenia, which will be entitled to manage and hold the cover assets</p>	3

⁵⁸⁴ Act on Mortgage bonds and municipal bond : *Zakona o hipotekarni in komunalni obveznici obsega:*
<http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO6309>

			to the extent necessary for further and continued settlement of liabilities to holders of mortgage bonds and creditors.	
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	⁵⁸⁵ Local authorities dispose freely of their revenues and the proper use of municipal funds is assessed only by the supervisory committee of the local authority and the Court of Audit at national level. The state therefore does not exercise overall economic control of the local authorities operation, by nevertheless supervises the expediency in the use by municipalities of the funds allocated by the state by means of the Office of Budgetary Inspection of the Ministry of Finance. In addition, municipal expenditure and revenue are included in the overall financial year balance – sheet.	1
		Earmarked budgets/projects related funds exist at local authorities level	⁵⁸⁶ A municipality's revenue comprises income from its real and financial assets, State grants and transfers, and European Union funds. In the Local Energy Concept (LEK), local community establishes an energy management program- local energy policy strategy. It encompasses the ways in which local communities can tailor solutions for efficient, economical and environmentally friendly energy services in homes, businesses and public institutions. Project example: Separation and purification of waste water in the area of the aquifer of the Ljubljana field In August 2017, the European Commission affirmed applications for cohesion funding. It is considered to be the largest cohesion project that will be carried out in Slovenia during this period. The project is valued at EUR 111 million, for which the European Commission will contribute EUR 69.1 million, EUR 12.4 million will be co-financed by the Republic of	1

⁵⁸⁵ Council of Europe - Structure and Operation of Local and Regional Democracy: <https://rm.coe.int/1680747fb1>

⁵⁸⁶ Council of Europe - Structure and Operation of Local and Regional Democracy: <https://rm.coe.int/1680747fb1>

			Slovenia, while the remaining funds will be provided by the municipality. ⁵⁸⁷	
		Local authorities finances are controlled by independent bodies	<p>⁵⁸⁸ Legal basis for the supervision of finances is determined by Local Self-Government Act, and Public Administration Act. The Government and line ministries are responsible for general administrative supervision of decisions of local authorities. Supervision is carried out internally and externally. A distinction is made, in the supervision process, between own and delegated competences, and this entails two different supervision procedures. Supervision is carried out by the same body.</p> <p>When the circumstances give rise, the following may initiate action: supervisory authority, private individuals, state department, municipal bodies.</p> <p>If the decision is determined as illegal, the following measures are available: right to investigate any municipal matter and access all necessary information, right to seek assistance from experts and specialists, right to issue a formal notification as appropriate, suggest appropriate solutions, request that the local authority amend the decision to comply with the law, refer the decision to a court of law, refer the decision to central government, suspension of all local authority organs.</p> <p>Decisions on budget, local authority accounts, taxation, loans, delegation of management to outside bodies (public and private law), acquisition of holdings in public/private law company are not subject to the approval of a higher authority.</p>	1

⁵⁸⁷ Municipality of Ljubljana: <https://www.ljubljana.si/sl/moja-ljubljana/projekt-cisto-zate/>

⁵⁸⁸ Council of Europe - Structure and Operation of Local and Regional Democracy: <https://rm.coe.int/1680747fb1>

			<p>⁵⁸⁹Other forms:</p> <p>Local authorities must report to the (Ministry of finance) on the following matters: budget (annual report), investment expenditure (when co-financed by state grants) and auditor’s report (Court of Audit). Restrictions may be imposed on local authority decision-making. These restrictions are budgetary (local loans are limited by the Local finance Act and subject to approval of Ministry of Finance).</p>	
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	<p>⁵⁹⁰According to the Real estate tax law:</p> <p>“A fine of 2,000 to 10,000 euros shall be imposed on a taxable person who is a legal person, sole proprietor or individual who independently carries on business if he does not provide full and correct information in the real estate register or in the real estate market register.</p> <p>The responsible person of the legal entity, the responsible person of the sole proprietor of an individual, the responsible person of an individual who performs an activity independently, the responsible person of the state body and the responsible person of the body of the self-governing local community shall be fined for the offense between EUR 1.000 to EUR 4.100.</p> <p>A fine of EUR 200 to 1,200 shall be imposed on a natural person for the offense referred to in the first paragraph of this article.</p> <p>A fine of between EUR 1,000 and EUR 4,100 shall be imposed on the responsible person of the legal entity responsible for the individual sole trader, the responsible person of the individual who performs the activity independently, the responsible person of the state body and the</p>	1

⁵⁸⁹ Council of Europe - Structure and Operation of Local and Regional Democracy: <https://rm.coe.int/1680747fb1>

⁵⁹⁰ Real Estate Tax Act: <https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina?urlurid=20133676>

			<p>responsible person of the local self-governing local authority if he does not communicate in the register of real estate or does not determine the data.</p> <p>A fine of EUR 2,000 to EUR 10,000 shall be imposed on a legal person, a sole proprietor or an individual who performs an activity independently for the offense referred to in the preceding paragraph.</p> <p>A fine of EUR 200 to 1,200 shall be imposed on a lessor who is a natural person for the offense referred to in the fourth paragraph of this article.</p> <p>A fine in the amount of 1,000 to 4,100 euros shall be imposed on a responsible person in a state body for a violation if he does not communicate the information to the tax authority in accordance with Article 18 of this Act.”</p>	
		Existence of standardised and transparent administrative processes	<p>The Tax Procedure Act regulates rights and obligations of persons liable for tax, protection of information obtained in the tax collection procedure, mutual assistance in tax collection and exchange of information between EU Member States. The tax procedure is initiated by the tax authority ex officio (e.g. tax inspection procedure) or at the request of a party (e.g. the application for deferment of tax payment). Tax liability is the duty of person liable for tax to pay the amount of tax specified by law. The fulfilment of tax liability is a fundamental obligation of the person liable for tax and must be met regardless of any other obligations. The tax is calculated in the tax calculation (e.g. corporate income tax return) or determined with a tax assessment decision issued by tax authority (e.g. tax assessment decision relating to real property transactions). If the person liable for tax does not fulfil or correctly fulfil the tax liability, the tax authority initiates offence procedure. The person liable for tax who commits an offence shall be subject to a fine. Taxes must be paid by taxpayers within the periods specified in the relevant tax legislation (general time limit for payment of tax is 30 days). If a taxpayer fails to pay the tax liability</p>	1

			on time, the tax authority initiates tax enforcement. The subject of tax enforcement is any debtor's property or property right (monetary assets on bank accounts, wage, securities, ownership share in a company, movable and immovable property) except where exempted by law from tax enforcement (e.g. financial social assistance, maintenance ...) or when enforcement on a certain property or property right is restricted by law (the amount of employment income in accordance with the act regulating income tax, seized by way of tax enforcement may not exceed two thirds, leaving the debtor with an amount worth at least 76 % of the minimum wage). ⁵⁹¹	
3.4	Mortgage and property ownership characteristics			4/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	The Slovenian Land Register contains the legal facts relating to properties, such as owners, mortgages, and easements. A Land Cadastre is also available, which focuses on the factual circumstances of properties. ⁵⁹²	1
		Municipality has an authority to impose senior lien on the property	⁵⁹³ According to the Mortgage bonds and municipal bond act, a mortgage loan agreement is to be concluded in writing, and any claims will be secured by a lien on a single or several pieces of real property. When a building is erected on the property, insurance will be taken out for the building with an insurance company for the duration of the agreement, and will cover the usual risks arising in respect of the site and the type of the building which is the subject of insurance for a sum insured that equals at least the replacement value of this building; the insurance policy shall be pledged to the lender. If a mortgage loan is secured by	3

⁵⁹¹ Ministry of Finance - Taxation in Slovenia:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

⁵⁹² https://e-justice.europa.eu/content_land_registers_in_member_states-109-si-en.do?member=1

⁵⁹³ Act on Mortgage bonds and municipal bond: *Zakona o hipotekarni in komunalni obveznici obsega:*

<http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO6309>

			land charge, the issuer will be a lawful holder of a certificate of land charge.	
SCORING				13/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	<p>⁵⁹⁴Real Property Tax enforced with 1 January 2014 replaced all existing taxation of real estate in Slovenia by abolishing all previous legislation. However, The Real Estate Act was annulled by Slovene Constitutional Court in March 2014 by the following decision:</p> <ol style="list-style-type: none"> 1) The Real Estate Tax Act is to be annulled; 2) Real Property Mass Valuation Act is not in accordance with The Constitution of Republic of Slovenia when used for taxing real estate; and 3) Until the proper legislative arrangement of the taxation of real estate is enforced the previous legislation is still in use (although being abolished by the annulled Real Property Tax Act). <p>As of 1 January 2018 the Slovenian property tax system consists of two types of duties on possession of real property. One is the property tax and the other is a duty called "charge for the use of building land". Changes in the tax are foreseen again (more information in the table below), thus it is difficult to classify it as a stable scheme.</p>	0
4.2	General perception towards property-related taxes - acceptance	After the Constitutional Court annulled the Property Tax Act in 2014, the government of Mira Cerarja, in the coalition agreement, has committed	0

⁵⁹⁴ Ministry of Finance - Taxation in Slovenia:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/Davki_in_carine/Angle%C5%A1ki/Taxation_in_Slovenia_2018.pdf

	<p>reflected in documented situations where the topic of property taxes has been a subject of political debate</p>	<p>to prepare a new proposal for the imposition of a property tax. Thus, in early February, the Project Council was established, which coordinates and directs the preparation of a new system of taxation of real estate. The Government set out the key guidelines for the Project Council to be taken into account when introducing a property tax:</p> <ul style="list-style-type: none"> - The new taxation system should update the existing system of property taxation with compensation for the use of building land, property tax and a fee for the maintenance of forest roads - The new system of taxation should cover all real estate, except where it is appropriate to set exemptions in specially substantiated and very narrowly defined cases (wide tax base) - The amount of estimated revenue of the modernized real estate taxation system, which had already been included in the taxation, should not deviate significantly from the volume of tax revenues that will be replaced by the new tax system - The new system of real estate taxation should take into account the guidelines from the decision of the Constitutional Court <p>The new taxation system should be based on publicly available data and be designed in a way that it creates in the long run the minimum administrative costs for taxpayers and state authorities involved in the implementation of the new taxation system.⁵⁹⁵</p>	
SCORING			0/2

Total scoring: 23/28

⁵⁹⁵ Government of the Republic of Slovenia: http://www.vlada.si/teme_in_projekti/davek_na_nepremicnine/

Spain

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			0/1
		On-tax financing scheme has already been piloted/tested in the country	Not yet. There is an effort on-going to launch a first pilot project in the city of Olot, Catalunya, Spain. It's expected to go live on 2Q19.	0
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	Yes. There are several property-related taxes such as the property tax (called IBI - <i>Impuesto sobre Bienes Inmuebles</i>) that would be, from a technical and administrative point of view, suitable to carry on-tax financing. The IBI is regulated by the Royal Decree 1/2004 ⁵⁹⁶ that is called <i>Ley del Catastro Inmobiliario</i> (housing stock). However, from a legal standpoint, there should be a bill amendment specifically addressing the possibility to use one of these property-related taxes as a carrier of a financing that will be handled to a third party (i.e. an investor) and not used for public budget purposes, which is the very purpose and spirit of any tax.	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Yes. All private buildings in Spain have to pay local charges/bills such as sewage, garbage collection or water treatment, among others. There's a national legislation called <i>Ley Reguladora de las Haciendas Locales</i> ⁵⁹⁷ that regulates how local tax authorities can apply charges/bills.	1
1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ⁵⁹⁸ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Yes. Local authorities are responsible for collection and they can, at their discretion, either collect directly or through a subcontracted third party. For those small villages or towns that can't afford to have a tax office, they rely on bigger municipalities or on a regional authority.	1
1.4	Local authorities rights towards property-related taxes			2/2

⁵⁹⁶ <https://www.boe.es/buscar/doc.php?id=BOE-A-2004-4163>

⁵⁹⁷ <https://www.boe.es/buscar/act.php?id=BOE-A-2004-4214>

^{598*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Yes, but not at their full discretion. While local administrations have the authority to change the rate of a tax, it has to be within the boundaries of the corresponding Law (regional or national).	1
		Local/regional administration has a right to establish new local taxes and fees	Yes, but not at their full discretion. While local administrations have the right to establish new local taxes and fees, it has to be within the boundaries of the corresponding Law (regional or national).	1
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	The only difference is the body doing the collection. For small villages, which have very limited resources and can't afford a fully operational tax collection system, the collection might be done by either a bigger municipality in the same area or by the regional government called Diputación, which activity is regulated by the <i>Ley 7/85 Reguladora de las Bases de Régimen Local</i> (LRBRL). ⁵⁹⁹	1
		Differences are observed at the individual property level based on the property size /property value, etc.	There are differences indeed. Sometimes, even though the Law establishes criteria and procedures to establish the value of the asset and how to calculate the tax, there are conflictive/incoherent situations that make it difficult for the local authorities to have a specific criteria.	0
SCORING				8/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	Yes. There are a number of successful experiences. To name a few, ESCo projects and private-public partnerships have been implemented across the country for a variety of projects.	1

⁵⁹⁹ <https://www.boe.es/buscar/doc.php?id=BOE-A-1985-5392>

2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	Yes. A number of municipalities are part of several initiatives such as the Covenant of Mayors ⁶⁰⁰ and have issued local action plans to foster energy efficiency based on the national plan for energy efficiency promoted by IDAE ⁶⁰¹ , the national agency for energy savings.	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	Yes. A number of municipalities have successfully launched EE programs in a form of grants, subsidies, tax deductions and technical assistance. There's also positive experience in deploying ELENA projects for EE programs. Furthermore, most of the regions have regional energy agencies promoting EE programs and channeling grants, subsidies and financing.	1
SCORING			3/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	Yes. Tax collection is extremely high and very low payment default.	1
		Foreclosures related to tax delinquencies and defaults	Yes. Both a specific Law and administrative procedures are defined in the recently updated Law 5/2018 ⁶⁰² from June 11 th 2018 to enforce foreclosure.	3
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	Yes. Though it's constrained by a national bill regulating how local authorities can manage their municipal budget and that sets strict compliance rules.	1
		Earmarked budgets/projects related funds exist at local authorities level	Yes, indeed. Budgeting is an extremely important process and it is reviewed on a yearly basis. Budget allocation and funds are specifically earmarked and assigned to specific projects and can't be used for other actions once the budget has been approved by the corresponding procedures.	1

⁶⁰⁰ <https://www.covenantofmayors.eu/en/>

⁶⁰¹ <http://www.idae.es/tecnologias/eficiencia-energetica/plan-nacional-de-accion-de-eficiencia-energetica-2017-2020>

⁶⁰² For more information see: <https://www.boe.es/boe/dias/2018/06/12/pdfs/BOE-A-2018-7833.pdf>

		Local authorities finances are controlled by independent bodies	Yes, there is a national and independent entity called <i>Tribunal de Cuentas</i> ⁶⁰³ (National Court of Auditors). The Spanish Constitution of 1978 conferred on the Court of Auditors the audit of public sector and the prosecution of accounting liability.	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	Yes. The Law of <i>Haciendas Locales</i> (local tax authorities) regulates the penalties and charges to be applied as well as the procedures to undergo.	1
		Existence of standardised and transparent administrative processes	Yes. There's publicly available information and documents as well as public records on transactions and incidences as per the Law 19/2013 ⁶⁰⁴ , of 9 December, on Transparency, Access to Public Information and Good Governance along.	1
3.4	Mortgage and property ownership characteristics			1/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	Yes. The National Property Register ⁶⁰⁵ is a very well established and reliable institution that compiles a broad array of information concerning all the buildings in the country. Records are public.	1
		Municipality has an authority to impose senior lien on the property	In theory yes. Local authorities can impose a senior lien on a property through the Property Register but it is a complex process. Even though the administrative process is available and regulated by the <i>Ley Hipotecaria</i> ⁶⁰⁶ (Law for mortgages) it proves not to be smooth and there has been legal contests on its application.	0
SCORING				10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Yes. This is the main revenue source of municipalities and therefore there's strong institutional will to maintain and protect the property-related taxes system.	1

⁶⁰³ For more information see: <https://www.tcu.es/tribunal-de-cuentas/en/>

⁶⁰⁴ https://www.boe.es/diario_boe/txt.php?id=BOE-A-2013-12887

⁶⁰⁵ <http://www.mjusticia.gob.es/cs/Satellite/Portal/es/areas-tematicas/registros/registro-propiedad>

⁶⁰⁶ <https://www.boe.es/buscar/doc.php?id=BOE-A-1946-2453>

4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	Over the recent years there has been a political debate and legislation attempts to using property taxes as an incentive to avoid empty households and therefore give families in need access to them. Likewise, there is a political debate on how to use property taxes to cope with the challenge posed by the 'Gentrification' phenomenon happening mainly in touristy cities.	1
SCORING			2/2

Total scoring: 23/28

Sweden

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			1/1
		On-tax financing scheme has already been piloted/tested in the country	'In Sweden there is no BIDs-legislation and thus there are no proper BIDs in this country. There are, however, several BID-inspired long term development partnerships in place, like development process taking place in Gamlestaden, Gothenburg, driven by an association of 45 of the local property owners which has been in operation since 2001. A crime ridden neighborhood has been turned into a success story. Similar development processes take place at Centrala Hisingen in Gothenburg, Järva in Stockholm, Sofielund in Malmö, in the town of Landskrona, as well as in city centres and rural areas in various places across the country.' ⁶⁰⁷ Moreover, 'cooperation through town centre management organisations can carry out a lot and is probably the form of BID that works the best in Sweden as of today. These organisations work with development of the city centre as a whole in cooperation with the municipality and the local businesses. In the absence of compulsive	1

⁶⁰⁷ For more information on BIDs in Sweden see: <http://www.bidsinsweden.se/bid/#.W5flEvZx2Uk>

			legislation the town centre management organisations have to work hard to recruit its members. A successful cooperation requires ways of showing that the activities benefit the city centre as a whole, as well as each of the members. It is also important for them to take the members' different time perspectives into consideration when choosing the activities. ⁶⁰⁸	
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	<p>For the real estate with homes that have been completed the owner must pay municipal property fee ("<i>kommunal fastighetsavgift</i>").⁶⁰⁹</p> <p>The municipal property fee is equal 0.75% (houses) or 0.3% (apartments) of the value of the property. Tax amount ceilings apply (see below). Every property is categorised and given a code specifying the type of property. More details on categorisation can be found on the webpage of the Tax Office (<i>Skatteverket</i>).⁶¹⁰</p> <p>The value of the property is determined individually for every property by the Tax Office. More information on the valuation procedure can be found on the webpage of the Tax Office.⁶¹¹</p> <p>Fee amount ceilings exist (for different types of properties and for pensioners):</p> <ul style="list-style-type: none"> - SEK 7,687 (ca. EUR 735) for "common houses" and SEK 3,843 (ca. EUR 367) for "small houses" and SEK 1,315 (ca. EUR 125) for apartments. For details see the footnote⁶¹², - pensioners pay up to 4% of their annual income (see the footnote for more info)⁶¹³ 	3

⁶⁰⁸ http://www.lantm.lth.se/fileadmin/fastighetsvetenskap/utbildning/Examensarbete/13_5268_Jens_Edholm.pdf

⁶⁰⁹ <https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt.4.69ef368911e1304a625800013531.html>

⁶¹⁰ <https://www.skatteverket.se/privat/fastigheterochbostad/fastighetstaxering/typkoder.4.2b543913a42158acf800022661.html>

⁶¹¹ <https://www.skatteverket.se/privat/fastigheterochbostad/fastighetstaxering.4.18e1b10334e8bc80003523.html>

⁶¹² <https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt.4.69ef368911e1304a625800013531.html>

⁶¹³ <https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt/vemskabetala/begransadavgiftforpensionarer.4.69ef368911e1304a625800013602.html>

			<p>Overview of fee amounts and fee ceilings for different types of properties for years 2008-2018 (provided by the Tax Office) – see the footnote.⁶¹⁴</p> <p>Newly built residential buildings are exempt from the municipal property fee. Properties built in 2011 and earlier were exempt from municipality property fee for 5 years and reduced by 50% for another 5 years. Properties built in 2012 and later are fully exempt from municipality property fee for 15 years. More details on exemptions and reductions can be found on the webpage of the Tax Office.⁶¹⁵</p> <p>The fee for the given year is paid by the person who owns the property on the 1st of January. If the property is sold on 1st of January, the fee is paid by the new owner. If the contract does not specify when the buyer becomes the owner of the property, it is assumed that the buyer becomes the owner on the day when the contract is signed⁶¹⁶.</p> <p>If the property is owned by more than one person, then each person pays a portion of the fee proportional to his/her share in ownership.⁶¹⁷</p> <p>If a person owns a property in Sweden but lives and pays income taxes abroad, he/she must still pay a real estate fee in Sweden.⁶¹⁸</p> <p>Taxpayer can get a deduction for labour costs for some renovation work. More details on deductions can be found on the webpage of the Tax Office.⁶¹⁹</p> <p>If the property does not contain a completed house (is an undeveloped land or contains house(s) under construction), then the owner needs to pay the state (not municipality!) property tax (<i>fastighetsskatt</i>) which is 1% of the value of the property.⁶²⁰</p>	
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⁶¹⁴<https://www.skatteverket.se/download/18.41f1c61d16193087d7f12cf8/1524125438054/%C3%96versikt+kommunal+fastighetsavgift+2008-2018.pdf>

⁶¹⁵https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt/fastighetsavgiftforbostader.4.76a43be412206334b8980004282_2.html#Nybyggdabostader

⁶¹⁶<https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt/agarbyte.4.69ef368911e1304a62580002648.html>

⁶¹⁷<https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt/fastighetsavgiftforbostader/indexeringavkommunalfastighetsavgift.4.15532c7b1442f256baebb25.html>

⁶¹⁸<https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt/vemskabetala.4.69ef368911e1304a625800013545.html>

⁶¹⁹<https://www.skatteverket.se/privat/fastigheterochbostad/rotochrutarbete.4.2e56d4ba1202f95012080002966.html>

⁶²⁰<https://www.skatteverket.se/privat/fastigheterochbostad/fastighetsavgiftochfastighetsskatt.4.69ef368911e1304a625800013531.html>

			Further information on property taxes can be found in a brochure issued by the Tax Office (see the footnote) ⁶²¹ .	
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Households are billed for the collection of rubbish, which in some areas is weighed and residents are charged accordingly ⁶²² . An example of rubbish collection regulation (including fees): Municipality of Karlstads (in the footnote) ⁶²³ . Water supply and sewage disposal are the responsibility of municipal authorities, and these services are subsidized by the state. Water charges in Sweden are relatively low, as by law they cannot exceed the cost of providing the water supply. ⁶²⁴	1
1.3	Collection of property-related taxes by local authorities			0/1
		Local authorities* ⁶²⁵ are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Property taxes, including the municipal property fee, are collected by the centralized tax office (<i>Skatteverket</i>). Municipal property fee is paid once a year, when the taxpayer submits the PIT declaration. ⁶²⁶	0
1.4	Local authorities rights towards property-related taxes			0/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Property tax/fee rates are set at the national level and local authorities have no authority to change them, even within a certain range. Newly built residential buildings are exempt from property tax. For details, see point 1.2 and the references provided.	0

⁶²¹ <https://www.skatteverket.se/download/18.4a4d586616058d860bc172/1519375724573/fastighetsskatt-och-fastighetsavgift-skv296-utgava26.pdf>

⁶²² <http://www.expatsfocus.com/expatriate-sweden-utilities>

⁶²³ <https://www.karlstadsenergi.se/globalassets/renhallning/taxor/taxeforeskrifter-renhallning-karlstad-2018.pdf>

⁶²⁴ <http://www.expatsfocus.com/expatriate-sweden-utilities>

^{625*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁶²⁶ This information was obtained via phone conversation with an employee of the Swedish Tax Office.

		Local/regional administration has a right to establish new local taxes and fees	Local/regional administration has no right to establish new local taxes and fees. Local taxes are specified in the national law that can only be introduced or amended by the parliament.	0
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	System is uniform throughout the entire country. The system covers all properties in the country and no exceptions / differences were found on regional or local level.	1
		Differences are observed at the individual property level based on the property size /property value, etc.	The municipal property fee is equal 0.75% (houses) / 0.3% (apartments) of the value of the property (determined individually for every property by the Tax Office – <i>Skatteverket</i>). Ceilings exist (for different types of properties and for pensioners) and new properties are temporarily exempt from taxation. For details see point 1.2 and the references provided.	0
SCORING				6/10

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities’ experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	There are examples of Public-Private Partnerships in Sweden. A notable example on the national level is Arlanda Airport Rail Link ⁶²⁷ . Another notable example is New Karolinska Solna University Hospital ⁶²⁸ , which is not a good example to promote PPPs due to delays and skyrocketing costs ⁶²⁹ . Most of the projects on municipality level are related to construction of sport and cultural facilities ⁶³⁰ . Even though there are	1

⁶²⁷ <http://www.cati.org.pl/download/PPP/SWIAT/WPROWADZONE/PPP%20ARLANDA.pdf>

⁶²⁸ <https://group.skanska.com/projects/57344/New-Karolinska-Solna>

⁶²⁹ <https://www.thelocal.se/20180207/finance-minister-calls-for-new-karolinska-hospital-inquiry>

⁶³⁰ <http://www.oecd.org/mena/competitiveness/39303611.pdf>

		examples of such projects, use of PPP seems to be limited in Sweden, when compared to other countries ⁶³¹ .	
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	National Renewable Energy Action Plan (NREAP) ⁶³² exists and significantly focuses also on municipal targets. Moreover, we can identify energy efficiency advisors in most municipalities and a significant number (56) of municipalities taking part in Covenant of Mayors initiatives. ⁶³³	1
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	In years 2009-2011, the Swedish government introduced an investment support scheme for solar heating for all applicants, from private individuals to companies. The investment subsidy was limited to a maximum of SEK 7,500 per apartment building, and a maximum of SEK 3 million per project. Funding was disbursed through provincial governments. A total of SEK 77.4 million was disbursed. ⁶³⁴ In years 2006-2010 Sweden had a program of grants for residential heating conversion. Owners of residential properties and related premises could receive a grant covering up to 30% of the cost of materials and labour up to a maximum per household for conversion from direct electric heating to systems using district heating, biofuels or a geothermal/ground/lake heat pump. ⁶³⁵	1

⁶³¹ <https://group.skanska.com/media/articles/presenting-ppps-benefits-to-swedish-parliament/>

⁶³² <https://www.iea.org/policiesandmeasures/pams/sweden/name-40146-en.php?s=dHlwZT1lZSZzdGF0dXM9T2s,&return=PG5hdiBpZD0iYnJlYWRjcnVtYiI-PGEgaHJlZi0iLyl-SG9tZTwwYT4gJnJhcXVvOyA8YSBocmVmPSlvcG9saWNpZXNhbmRtZWZdXJlcy8iPIBvbGljaWVzIGFuZCBNZWFzdXJlcwvYT4gJnJhcXVvOyA8YSBocmVmPSlvcG9saWNpZXNhbmRtZWZdXJlcy9lbnVvZ3llZmZpY2llbmN5Lyl-RW5lcmd5IEVmZmljaWVvY3k8L2E-PC9uYXY-WNpZXNhbmRtZWZdXJlcy9lbnVvZ3llZmZpY2llbmN5Lyl-RW5lcmd5IEVmZmljaWVvY3k8L2E-PC9uYXY->

⁶³³ CoM website: <https://www.covenantofmayors.eu/about/covenant-community/signatories.html>

⁶³⁴ <https://www.iea.org/policiesandmeasures/pams/sweden/name-24574-en.php?s=dHlwZT1lZSZzdGF0dXM9T2s,&return=PG5hdiBpZD0iYnJlYWRjcnVtYiI-PGEgaHJlZi0iLyl-SG9tZTwwYT4gJnJhcXVvOyA8YSBocmVmPSlvcG9saWNpZXNhbmRtZWZdXJlcy8iPIBvbGljaWVzIGFuZCBNZWFzdXJlcwvYT4gJnJhcXVvOyA8YSBocmVmPSlvcG9saWNpZXNhbmRtZWZdXJlcy9lbnVvZ3llZmZpY2llbmN5Lyl-RW5lcmd5IEVmZmljaWVvY3k8L2E-PC9uYXY-WNpZXNhbmRtZWZdXJlcy9lbnVvZ3llZmZpY2llbmN5Lyl-RW5lcmd5IEVmZmljaWVvY3k8L2E-PC9uYXY->

⁶³⁵ <https://www.iea.org/policiesandmeasures/pams/sweden/name-24115-en.php?s=dHlwZT1lZSZzdGF0dXM9T2s,&return=PG5hdiBpZD0iYnJlYWRjcnVtYiI-PGEgaHJlZi0iLyl->

SCORING		3/3
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Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
3.1	Property-related tax collection			4/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	No explicit data on collection rate was found. However, the press believes that the tax compliance rate is around 95%.	1
		Foreclosures related to tax delinquencies and defaults	According to the Enforcement Code (SFS 1981:774), such a foreclosure mechanism exists in Sweden. A creditor (municipality) can instigate proceedings at the Swedish Enforcement Authority to recover a debt. The measure has to be justifiable and the interests of debtor and creditor must be balanced.	3
3.2	Local authorities finances characteristics			3/3
		Local authorities possesses a fully autonomous budget	Yes. Municipalities in Sweden are responsible for provision of majority of public services, such as education, healthcare, public transport, infrastructure, sport and culture facilities and services and others. These services are financed mainly from taxes and, to a lesser extent, state grants. Local authorities receive revenue not only from property taxes but also from income taxes, which are the primary source of revenue. Importantly, local governments can set local PIT rate, which is probably the reason why they do not need to do it in case of municipal property fee. An overview of PIT tax rates in different municipalities/regions can be found in the footnote ⁶³⁶ .	1

[SG9tZTwwYT4gJnJhcXVvOyA8YSBocmVmPSlvcG9saWNpZXNhbmRtZWZdXJlcy8iPIBvbGljaWVzIGFuZCBNZWFzdXJlczwvYT4gJnJhcXVvOyA8YSBocmVmPSlvcG9saWNpZXNhbmRtZWZdXJlcy9lbnVvZ3llZmZpY2llbmN5Ll-RW5lcmd5IEVmZmljaWVvY3k8L2E-PC9uYXY-](http://www.scb.se/hitta-statistik/statistik-efter-amne/offentlig-ekonomi/finanser-for-den-kommunala-sektorn/kommunalskatterna/pong/tabell-och-diagram/totala-kommunala-skattesatser-kommunvis/)

⁶³⁶ <http://www.scb.se/hitta-statistik/statistik-efter-amne/offentlig-ekonomi/finanser-for-den-kommunala-sektorn/kommunalskatterna/pong/tabell-och-diagram/totala-kommunala-skattesatser-kommunvis/>

			An example of the municipality budget: Link to the Municipality of Lund 2018 Budget can be found in the footnote ⁶³⁷ .	
		Earmarked budgets/projects related funds exist at local authorities level	Budgets are divided into different sections (education, healthcare, infrastructure, culture and leisure, etc.) - see, for example, the Municipality of Lund 2018 Budget.	1
		Local authorities finances are controlled by independent bodies	Yes: 1) Rådet för Kommunal Redovisning: RKR (Council for Municipal Accounting) ⁶³⁸ 2) Rådet för främjande av kommunala analyser: RKA (The Council for the Promotion of Municipal Analysis) ⁶³⁹	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	The administrative sanctions include tax surcharges and delay fines. Tax surcharges are imposed if the taxpayer has supplied incorrect information or failed to file a tax return. ⁶⁴⁰	1
		Existence of standardised and transparent administrative processes	Real estate taxes are automatically added by the Tax Office to the yearly income tax statement and mailed to the taxpayer via traditional post or dedicated official state-run electronic mailing system. If the payment of the tax is delayed, reminders are sent and delay fines are imposed. ⁶⁴¹	1
3.4	Mortgage and property ownership characteristics			1/4

⁶³⁷ https://www.lund.se/globalassets/lund.se/kom_pol/kommunfakta/budget/ekonomi- och verksamhetsplan evp 2018-2020.pdf

⁶³⁸ <http://www.rkr.se/>

⁶³⁹ <http://www.rka.nu/>

⁶⁴⁰ This information was obtained via phone conversation with an employee of the Swedish Tax Office. We also sent e-mail (on 24.07.2018) in which we asked for more detailed description and we are waiting for the response from the Swedish Tax Office.

⁶⁴¹ This information was obtained via phone conversation with an employee of the Swedish Tax Office. We also sent e-mail (on 24.07.2018) in which we asked for more detailed description and we are waiting for the response from the Swedish Tax Office.

	Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	<p>'The Real Property Register, of which the land register is part, is a multi-purpose national register which provides information on: real property and joint property units; administrative divisions; location addresses; geometric area of the property/cadastral maps, ownership, mortgages and mortgage deeds, easements and usufructs, plans and land use regulations, ancient monuments, and parcelling measures or the like, site leasehold rights, history; buildings; property taxation information.</p> <p>The land registry is managed by the Swedish mapping, cadastral and land registration authority (Lantmäteriet).'⁶⁴²</p> <p>Recently, Sweden's land registry authority and a group of participating banks, businesses and start-ups have completed the third phase of an ongoing blockchain pilot.⁶⁴³</p>	1
	Municipality has an authority to impose senior lien on the property	According to the Enforcement Code (SFS 1981:774) and the Rights of Priority Act (SFS 1970:979), taxes and fees have no special standing in the order of pledges (including commercial mortgages) – there is no 'administrative lien' which would be senior to a mortgage.	0
SCORING			10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Property taxes in current form, with some minor changes, exist since at least 2008.	1

⁶⁴² For more information see https://e-justice.europa.eu/content_land_registers_in_member_states-109-se-en.do?member=1

⁶⁴³ For more information see: <https://www.coindesk.com/sweden-demos-live-land-registry-transaction-on-a-blockchain/>

4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	<p>Local taxes in their current form were introduced in 2008 and no evidence was found showing that there is any political will to change or remove it.</p> <p>In the document published by the Swedish Ministry of Finance in February 2008⁶⁴⁴, in which two alternative taxation schemes were proposed, the MF writes that the 2008 reform of property taxes is an answer to the criticism of property taxation prior to the reform.</p> <p>The law on kommunal fastighetsavgift was later slightly amended in 2009.⁶⁴⁵ In 2012 the Swedish government investigated methods of simplifying the collection of the kommunal fastighetsavgift⁶⁴⁶. The government proposed to replace the tax based on value of the property with a tax based on the tax per square meter of living space and empty space. The proposal was heavily criticised⁶⁴⁷ and was not introduced.</p>	1
SCORING			2/2

Total scoring: 21/28

United Kingdom

Table 1. Assessment criteria for legal framework suitability for the on-tax financing mechanism

	Variable	Definition	Description	Scoring
1.1	Examples of existing on-tax financing schemes nationally or locally			1/1

⁶⁴⁴ <https://www.regeringskansliet.se/contentassets/454277775b984fb880e6e121ea36edf2/en-begransad-fastighetsavgift-for-pensionarer-m.m>

⁶⁴⁵ <https://www.lagboken.se/views/pages/getfile.ashx?portalId=56&docId=215614&propId=5&download=1>

⁶⁴⁶ <https://www.regeringen.se/rattsliga-dokument/statens-offentliga-utredningar/2012/08/sou-201252/>

⁶⁴⁷ <https://www.dn.se/debatt/taxeringsutredningen-vill-infora-en-ny-fastighetsskatt/>

		On-tax financing scheme has already been piloted/tested in the country	<p>Business improvement districts are popular across the country. BIDs are relatively new in the UK, compared to the US and Canada. They were introduced as part of the Local Government Act in 2003 and came into force in 2004. The first BID in the UK was in Kingston in Surrey, and today (August 2018) the number of BIDs across the UK stands at 290, with the majority of BIDs located in towns or cities. London accounts for 30 of UK BIDs, whereas Bristol has 7.</p> <p>There are different solutions in the UK inspired by the US in the form of on-bill financing too (Green Deal). The Green Deal is a scheme designed by government to help homeowners and landlords invest in renewable energy or energy efficient products, by providing them with attractive finance which they repay through their electricity bills⁶⁴⁸.</p>	1
1.2	Property-related tax existence			4/4
		Property-related taxes (or other taxes linked to the property suitable for EuroPACE implementation) exist	The main form of local property taxation in the UK, Council Tax, is charged on domestic property and is collected by the local authorities. Generally, the higher price, the greater the tax is. Valuation Bands: Each local authority keeps a 'Valuation List' of all the domestic property in its area. Property values are assessed annually and put into a valuation band with a corresponding charge. ⁶⁴⁹	3
		Existence of local charges/bills attached to the property (i.e. waste management fees)	Local government spend 18% of council tax revenue on dealing with rubbish, but that masks a lot of variation between regions and councils. The English district councils spend 32% of their council tax take on waste, while Aylesbury Vale in Buckinghamshire spends 36%, Cambridge City Council 43% and Berwick-on-Tweed 37%. ⁶⁵⁰ Additionally, water supplies and sewerage are charged separately on every households. ⁶⁵¹	1

⁶⁴⁸ <http://gdfc.co.uk/>

⁶⁴⁹ <https://www.propertyshowrooms.com/united-kingdom/property/tax.asp>

⁶⁵⁰ <https://www.theguardian.com/environment/2009/oct/11/council-tax-spending-rubbish>

⁶⁵¹ http://www.edinburgh.gov.uk/info/20005/council_tax/620/council_tax_bands/1

1.3	Collection of property-related taxes by local authorities			1/1
		Local authorities* ⁶⁵² are responsible for collection mechanism (even if subcontracted to third parties) of taxes and charges attached to the property	Council tax is a system of local taxation collected by local authorities. It is a tax on domestic property ⁶⁵³ . Taxes are paid in the local City Council Office. The tax is administered by billing authorities (such as district councils, unitary authorities, metropolitan councils, a London borough council etc.). They are responsible for notification, collection, and enforcement of the tax ⁶⁵⁴ .	1
1.4	Local authorities rights towards property-related taxes			1/2
		Local/regional administration has the legal authority to change the tax rate of property-related taxes within a range	Local administration is free to change the rate of council tax without the consultation with the government. ⁶⁵⁵	1
		Local/regional administration has a right to establish new local taxes and fees	Some councils, including Edinburgh, would like to introduce some form of levy on visitors, such as a charge on hotel bedrooms. However, it is an exception connected with Scottish autonomy.	0
1.5	Tax collection exceptions			1/2
		Differences in tax collection at regional or local levels (urban vs. rural)	There are huge differences between the regions in terms of council tax. Far from London being the most expensive area for council tax, the majority of the central boroughs are at the lower end of the spectrum. The Conservative-led Westminster borough is the cheapest area for council tax in the whole of England, despite average property prices in	0

^{652*} In case of the smallest EU countries (ca. 3 million citizens and less), separate central taxing authority will be satisfactory, as given its size, such countries oftentimes do not have a clearly decentralized structure.

⁶⁵³ <https://www.citizensadvice.org.uk/housing/council-tax/council-tax/>

⁶⁵⁴ <http://www1.worldbank.org/publicsector/decentralization/June2003Seminar/UnitedKingdom.pdf>

⁶⁵⁵ <https://www.theguardian.com/society/2017/dec/19/council-tax-bills-could-rise-100-a-year-government-relaxes-cap-sajid-javid>

			<p>the millions. A band H (the highest band) property in Westminster is charged just £1,345 annually for council tax.</p> <p>At the other end of the spectrum, Lewes in East Sussex has the highest average council tax bill across all bands at £1,650⁶⁵⁶ (annual tariff).</p>	
		<p>Differences are observed at the individual property level based on the property size /property value, etc.</p>	<p>Reliefs:</p> <ul style="list-style-type: none"> - flats with full-time students only - people under 18 <p>These people are not counted as adults for Council Tax:</p> <ul style="list-style-type: none"> - children under 18 - people on some apprentice schemes - 18 and 19-year-olds in full-time education - full-time college and university students - young people under 25 who get funding from the Skills Funding Agency or Young People’s Learning Agency - student nurses - foreign language assistants registered with the British Council - people with a severe mental impairment - live-in carers who look after someone who isn’t their partner, spouse, or child under 18 - diplomats⁶⁵⁷ <p>However, such exemptions are not peculiar for the UK only and should not be considered significant.</p>	1
SCORING				8/10

⁶⁵⁶ <https://www.telegraph.co.uk/finance/personalfinance/tax/12062498/Mapped-do-you-live-in-a-high-council-tax-area.html>

⁶⁵⁷ <https://www.gov.uk/council-tax/who-has-to-pay>

Table 2. Assessment criteria for municipal **capacities** for the on-tax financing mechanism - **Municipalities' experience and policy objectives concerning EE and or climate mitigation**

Variable	Definition	Description	Scoring
2.1	Experience in working with the private sector to implement investment programs related to infrastructure, buildings, public lighting, etc.	PPPs have delivered £56 billion of private sector capital investment in over 700 UK infrastructure projects. These include new schools, hospitals, roads, housing, prisons, and military equipment and accommodation. ⁶⁵⁸ The projects are administrated rather from the national level.	0
2.2	Existence of Sustainable Energy Action Plan (SEAP) or other EE strategy for the municipality	<p>SEAP initiative towards reducing carbon consumption in Edinburgh area.</p> <p>In January 2009, Durham County Council signed the European Mayors' Covenant, along with the 11 other councils in the North East.</p> <p>In signing the covenant Durham County Council committed to:</p> <p>Carrying out an assessment of CO2 emissions across County Durham for the year 2005 (baseline year).</p> <p>Developing a Sustainable Energy Action Plan (SEAP) (how we plan to reduce emissions).</p> <p>Reporting on the progress of the SEAP every two years.</p> <p>Organising local energy days to raise awareness and encourage people to take action.</p> <p>Working with other Member Cities who have signed the Covenant to learn from best practice⁶⁵⁹.</p>	1

⁶⁵⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/205112/pf2_infrastructure_new_approach_to_public_private_partnerships_051212.pdf

⁶⁵⁹ <https://www.durham.gov.uk/article/3898/The-EU-Mayors-Covenant>

		Others: Greater Manchester, Leicester, Stirling, Newcastle upon Tyne, Glasgow ⁶⁶⁰	
2.3	Existence of EE programmes, either in a form of grants, subsidies, tax deductions, or technical assistance	<p>The Clean Growth Strategy (CGS), the Government’s long-term plan for meeting carbon budgets. The CGS contains a number of new policy commitments to improve homes including:</p> <ul style="list-style-type: none"> -to develop a long term trajectory to improve energy performance standards of privately-rented homes, with the aim of upgrading private rented homes to EPC Band C by 2030, and to consult on introducing minimum standards for social housing to reach EPC Band C by 2030; -an aspiration for as many homes as possible, where practical, cost-effective and affordable to reach EPC C by 2035; - a commitment to extend support for home energy efficiency to 2028 at least at the current levels of funding under ECO; - a call for evidence on how to reform and streamline the Green Deal framework to make the “Pay as You Save” system more accessible to businesses, while ensuring adequate protection for consumers; <p>On the local level:</p> <p>Bristol BRITE - developing the municipal power sector</p> <p>– Bristol,UK⁶⁶¹</p>	1
SCORING			2/3

Table 3. Assessment criteria for enforceability of local taxes and property taxes & charges defaults and delinquencies assessment

	Variable	Definition	Description	Scoring
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⁶⁶⁰ <https://climate-adapt.eea.europa.eu/eu-adaptation-policy/covenant-of-mayors>

⁶⁶¹ http://www.energy-cities.eu/db/Bristol_developing-the-municipal-power-sector-2015_en.pdf

3.1	Property-related tax collection			1/4
		Property-related tax collected well and on a regular basis with a high collection rate of more than 90%	<p>Council Tax arrears league table: The rate of tax collection in every British municipalities exceed 90% (Data from 2013-2014)</p> <p>The highest rate is in Chiltern – 99,3% The lowest rate is in Manchester – 91,7%⁶⁶²</p>	1
		Foreclosures related to tax delinquencies and defaults	In the UK, foreclosures are relatively rare. In case of a foreclosure, the lender approaches the courts to take ownership of the property in question, which is then sold. Foreclosure requires a court order and the UK's courts very rarely grant foreclosure requests, favouring reposessions instead. ⁶⁶³	0
3.2	Local authorities finances characteristics			3/3
		Local authorities possess a fully autonomous budget	Localising council tax support was intended to help devolve power from central to local government, giving councils increased financial autonomy and a greater stake in their local economies, allowing councils to balance local priorities and their own financial circumstance. Councils set and administer council tax, so it also makes sense for them to assess local residents' applications and decide the levels of council tax support which working-age people on low incomes should receive, taking into account their individual circumstances. ⁶⁶⁴ .	1
		Earmarked budgets/projects related funds exist at local authority level	Earmarked budgets funds exist and are popular among councils, example: around £150m in capital funding has been earmarked for upgrading schools as part of the Budget by Swansea Council's Cabinet ⁶⁶⁵ .	1

⁶⁶² <https://www.gov.uk/government/publications/council-tax>

⁶⁶³ <http://www.stopforeclosureshelp.com/look-at-UK-foreclosure-system/>

⁶⁶⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/676786/LCTS_Government_Response.pdf

⁶⁶⁵ <http://www.govopps.co.uk/millions-of-pounds-earmarked-for-schools-housing-and-roads-in-councils-capital-budget/>

		Local authorities finances are controlled by independent bodies	The state has the responsibility for audits of local government through an independent body, the Audit Commission (AC), which is appointed by the Government. The audit responsibility includes financial auditing and some performance auditing. The assignment is to express the annual audit opinion and to submit an audit report to those in positions of responsibility in the audited entity, who shall also consider the report ⁶⁶⁶ .	1
3.3	Measures aimed at enforcing local taxes collection			2/2
		Existence of additional interest rates and penalties in case of deliberate non-payments	Yes, these exist and are linked to the procedure elaborated below.	1
		Existence of standardised and transparent administrative processes	If the court makes a Liability Order against a property owner, the Council can take enforcement action in order to recover the debt. This will usually mean either deductions from wages and benefits or the use of enforcement agents (previously known as bailiffs), although bankruptcy and charging orders are other options. Once a charging order is obtained the Council may apply for the sale of the debtor's home.	1
3.4	Mortgage and property ownership characteristics			4/4
		Property Title Search and evidence of legal ownership of the property and approval in case of voluntary EuroPACE assessment	HM Land Registry holds records about most property or land sold in England or Wales since 1993, including the title register, title plan, title summary and flood risk indicator ⁶⁶⁷ . The index map contains information on all land and property that's registered or being registered with HM Land Registry.	1
		Municipality has an authority to impose senior lien on the property	A federal tax lien is a lien imposed by law to secure the payment of taxes. It attaches to a person's property, but it may be imposed for both unpaid property taxes and in connection with any kind of personal federal tax,	3

⁶⁶⁶ https://skl.se/download/18.a827c16146db10f89a4e2cc/1404457826248/%C3%8Dnternational_survey-Local-government-audit-SALAR.pdf

⁶⁶⁷ For more information see: <https://www.gov.uk/get-information-about-property-and-land/search-the-register>

			including income tax, gift tax or estate tax. If property is sold while a lien is in effect, the Inland Revenue Service (IRS) will be paid out of the sales proceeds before the taxpayer receives the sales price. Tax liens are a US concept. There is no equivalent in the UK. ⁶⁶⁸	
SCORING				10/13

Table 4. Assessment criteria for political, institutional and social perception and acceptance for EuroPACE development

Variable	Definition	Description	Scoring
4.1	Institutional continuity and stability of property-related taxes	Although many consider the council tax too high, it is a stable scheme.	1
4.2	General perception towards property-related taxes - acceptance reflected in documented situations where the topic of property taxes has been a subject of political debate	As mentioned above, council tax bands have been criticised heavily for being inaccurate. Council tax was is oftentimes a subject of political debate before the local election, including those in the UK in May 2018 when politicians promised some changes answering people's will. ⁶⁶⁹	0
SCORING			1/2

Total scoring: 21/28

⁶⁶⁸ For more information see: <https://www.pocketpence.co.uk/uk-tax-liens-12294415.html>

⁶⁶⁹ For more information see: <https://www.bbc.co.uk/news/uk-politics-43965551>