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Press release

Scrapping of stamp duty means Slovakian sellers benefit from some of the world's lowest property transfer taxes

Sellers in the Czech Republic are faced with above average property transfer taxes, especially for cheaper and mid-market homes

Sellers in Slovakia benefit from some of the world's lowest property transfer taxes and charges, shows research by UHY.

The Slovakian Government does not impose any property transfer taxes, having abolished real estate transfer taxes in 2005.

By contrast, Central European neighbours Czech Republic or Austria are faced with above average property transfer taxes.

The average cost of stamp duty and other compulsory property transfer fees for a property in Austria worth USD150,000 is 4.6%, compared to a global average of 2.6%. In the Czech Republic, the average cost of stamp duty and other compulsory property transfer fees for a property of this price would be 4.0%.

UHY says that the scrapping of property transfer taxes in Slovakia has encouraged home ownership and could labour market mobility. In North America, which is renowned for its flexible and mobile labour market, property purchase taxes are far lower than the global average, typically below 1% in the USA and no higher than 1.9% for the most expensive homes in Canada.

Georg Stöger at AUDITOR, the UHY member in Slovakia and Czech Republic, says: "Slovakia has no real estate transfer taxes, helping the Slovakian property market and economy to compete with larger central European neighbours."

"By imposing often very significant additional costs on the transfer of a property, the Czech Republic Government may be discouraging people from moving for a new job, especially those with families who might reasonably expect to own their own property."

"That means that workers opt to do jobs that are below their skills and experience rather than move or even be forced to stay out of the labour market for longer than they should have to. High levels of stamp duty are an easy fiscal option, but in a prolonged recession, they may be a short-sighted one."

UHY adds that while some countries have targeted wealthy property buyers with higher property transfer fees in an attempt to plug their fiscal deficits, the governments of Slovakia , Austria and Czech Republic and have chosen not to target prime properties in particular.

Georg Stöger explains: "In the wake of the financial crisis, national and regional governments have been desperate to plug their deficits. One populist way to do this has been by levying new top rates of stamp duty on the transfer of the most expensive properties, which often attract foreign buyers."

"While some markets might be sufficiently robust to absorb this, governments need to be careful not to kill off their property market altogether. Economies benefit from the added value that wealthy buyers and an active property market bring to the economy, from spending on refurbishments, to legal fees and employing domestic staff. Once High- Net- Worth individuals leave, it is hard to attract them back."

UHY also point out that many other European economies that do not target prime properties in particular still have relatively high overall average property transfer taxes. For example, a property worth $150,000 in Spain is subject to an average of 7% in property transfer taxes, while France imposes 5.1%.

Ireland, despite moving to a flatter stamp duty structure in the wake of the financial crisis, still charges almost two-thirds more on the rate of stamp duty on the proportion of a property sale exceeding Euro1,000,000.

UHY tax professionals studied tax and compulsory property registration charges in 25 countries across its international network, including all members of the G7, as well as key emerging economies. UHY calculated the total taxes and compulsory fees payable to local, state and municipal government on property transfer of USD150,000 and USD3.5million.

	For a property of USD3,500,000			For a property of USD150,000	
	Amount of tax and charges paid (in USD)	**% of property price**		**Amount of tax and charges paid (in USD)**	**% of property price**
India	280,830.00	8.0	India	12,830.00	8.6
Spain	245,000.00	7.0	Spain	10,500.00	7.0
UK	245,000.00	7.0	Argentina	7,650.00	5.1
Australia	185,830.00	5.3	France	7,640.00	5.1
Argentina	178,500.00	5.1	Germany	7,500.00	5.0
France	178,150.00	5.0	Austria	6,900.00	4.6
Germany	175,000.00	5.0	Czech Republic	6,050.00	4.0
China	165,030.00	5.0	Mexico	5,410.00	3.6
Austria	161,000.00	4.6	China	4,580.00	3.0
Israel	153,340.00	4.4	Italy	4,940.00	3.0
Czech Republic	140,050.00	4.0	Romania	3,820.00	2.5
Japan	113,930.00	3.3	Australia	3,660.00	2.4
Italy	105,440.00	3.0	Malaysia	3,000.00	2.0
Malaysia	105,000.00	3.0	Netherlands	3,000.00	2.0
Mexico	83,220.00	2.4	UAE	3,000.00	2.0
Netherlands	70,000.00	2.0	Uruguay	3,000.00	2.0
UAE	70,000.00	2.0	Japan	1,810.00	1.2
Uruguay	70,000.00	2.0	Ireland	1,500.00	1.0
Canada	66,160.00	1.9	Canada	1,230.00	1.0
Ireland	57,020.00	1.6	USA*	1,110.00	0.7
Romania	55,680.00	1.6	Estonia	170.00	0.1
USA*	28,000.00	0.8	UK	-	0.0
Estonia	3,320.00	1.0	Israel	-	0.0
Russia	-	0.0	Russia	-	0.0
Slovakia**	**-**	**0.0**	**Slovakia****	**-**	**0.0**
Average	127,630	**3.4**		4,730	**2.6**

Notes to table

The calculations assume that both buyers and sellers are private individuals from the country concerned. Special exemptions, e.g. for new properties, are not taken into account.

*Figures for Australia, Canada, Germany, India, Mexico, Spain and USA are national averages. State and municipal taxes and charges vary.

Russia charges a nominal fee for the registration of new property purchases. The UAE charges a compulsory 2% of the property price to register a property transaction at the local land department. The total taxes and fees for Austria include a 1.1% land register fee.

**Slovakia abolished real estate transfer taxes in 2005.

Notes for Editors

For more information about services provided by AUDITOR SK s.r.o. please contact Mag. Georg Stöger, georg.stoeger@auditor.eu.

About AUDITOR SK s. r.o.

AUDITOR provides auditing, tax and business consulting, financial accounting and personnel and payroll administration. The company provides complex consultancy via its seven offices located in Slovakia, Czech Republic and Austria. The number of staff is in total approx. 130. For more information about the company please visit www.auditor.eu.

AUDITOR is an independent member of UHY, the international network of independent accounting and consulting companies with offices in major business centers all over the world. For more information about this international network please visit www.uhy.com.

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About UHY

Established in 1986 and based in London, UK, UHY is a network of independent accounting and consulting firms with offices in over 270 major business centres in 86 countries. Over 7,100 staff generated an aggregate income of USD622 million in 2012, ranking UHY the 25th largest international audit, accounting, tax and consultancy network (by revenue). Each member of UHY is a legally separate and independent firm. For further information on UHY please go to www.uhy.com. UHY is a full member of the Forum of Firms, an association of international networks of accounting firms. For additional information on the Forum of Firms, visit www.forumoffirms.org

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