

THE IMPACT OF LAND REGISTRATION ON THE REGULATION OF LAND RELATIONS

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Abstract: *Cadastral registration represents a method of protecting property rights and limited natural resources. Both the need to know the shape and size of the property as well as property recognition by another person determined the appearance of the land registration process and registration of property rights. The process of land registration represents a public action (of the state). State interest in the registration process derives from the need to implement appropriate fiscal policy for each situation.*

Effective implementation of progressive methods regulating land relations (related to taxation, investment, subsidization, crediting, etc.), according to the objective needs of society, requires a higher level of rights protection. Land relations have always been a source of dispute. The land, in its turn, represents a specific means of production.

In this study, the purpose of land registration (immovable property as a whole) consists in both the protection of rights and resulted interests and appropriate application (according to the law) in time and space of all the necessary (current) methods of efficient regulation of land relations.

Given the present circumstances of social development, implementation of subsidy policy, investment, crediting, planning, management and efficient use of land, etc., there is an increasing role of the registration process, because land registration will ensure the development of subsidization, investments, owner-oriented fiscal policies etc.

Keywords: *Registration, Land relations, Property, Land Code, Regulation, Administration.*

1. General aspects

Land relations are the relationships between subjects (individuals, businesses, public authorities) that occurred during the use, possession and disposal of the land fund and the relationships between subjects and the land fund in the process of operational measures implementation. [1]

The regulation of land relations is the obligation, permission, restriction or banning of some relations (acts) in the process of use, the possession and disposal of the land fund (land). The regulation of land relations is carried out by law.

Throughout history cadastre played an important role in the protection of property rights and ownership, and where there is the protected right to property, there appear property relations, land relations.

This axiom also states the fact that land relations arose with cadastre; they have developed influencing each other: cadastre on the relations and the relations on cadastre.

The regulation of land relations has socially, economically and, not least, ecologically oriented character (Figure 1). Nowadays, the cadastral registration system does not cover adequately the relationship between what is allowed (rights), what is not permitted (restrictions) and what is required (responsibilities). The cadastral system can bridge this gap, providing the backdrop for a model of integrated property management, which refers to the rights, restrictions and responsibilities for land and real estate. Updated cadastral information must be precise, easy to be viewed and it should include the dynamic nature of interests in the field. [3]. Later this information can be queried by interested parties (owner, commercial banks, etc.) for appropriate decision making (right).

The regulation of land relations aims to create conditions for rational exploitation, improvement and preservation of land and natural environment, consistent with the interests of the society and of the landowners.

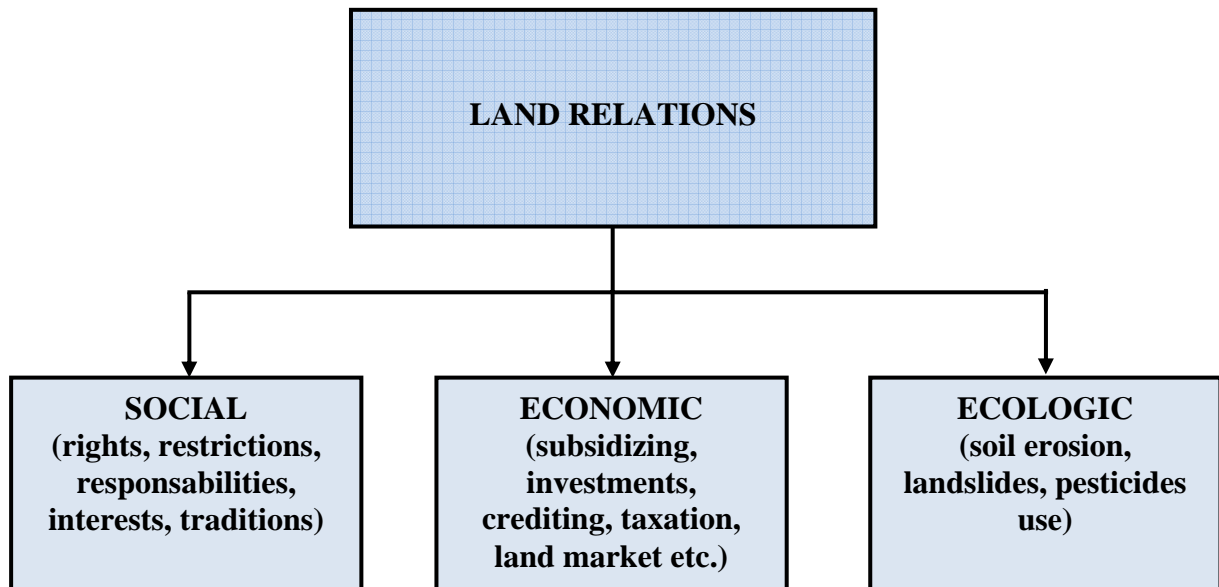


Figure 1. Components of land relations
 Source: elaborated by the author

The land reform, which took place in the Republic of Moldova, has radically changed land relations content oriented towards private ownership of lands, of agricultural land in particular. In the current conditions of the society’s development new methods and mechanisms are needed for the effective regulation of these relations, which are in constant development. The object of this study is the role of the registration process in the regulation of land relations in accordance with modern requirements and practices.

2. The impact of registration on land relations

The content of land relations has its beginning in the property right. The idea of creating real estate cadastre in the Republic of Moldova has been stated as quite a progressive event that reflects the tendency of the democratic society towards a new development in the

spirit of time, towards the acquirement of international experience in the regulation of land relations. [4]

The application of new economic policies (fiscal, investment, subsidized, crediting etc.), based on private property, requires a higher level of rights protection.

The current economic phase is distinguished by the complexity of rights, interests and taxes formed in everyday life. The multitude of the needs that bring these rights, interests and taxes is an objective necessity. The purpose of land registration is not to limit these rights, interests and taxes but to develop them and the credibility to them.

The society considers the protection of rights, interests and taxes etc. formed within current land relations a problem of the XXI century.

This problem requires a multilateral simultaneous analysis of several rights, interests and taxes. Their appearance in chain and the correctness of the examination and protection of the real estate right are up-to-date. This reality requires the society to accept the concept of registration compulsoriness.

When the promptness of solving the problems of rights and interests is a necessity, unregistered rights are an obstacle to economic and social development. Registered right is a priority.

Gherhard Larsson, a Swedish researcher, in his research *Land rights registration and cadastral systems* shows the advantages that accompany the creation of cadastre and of the registry of rights; they are: the reduction of the number of land disputes, the simplification of land transactions, formation and development of land market.

The existence of cadastre project is presented as a lever for market relations regulation in the economic sphere, contributing to the enlargement of the forms of real estate use on market principles in the process of formation of the land market and regulating real estate trade according to consumers demand.

3. The compulsoriness of land relations registration and of their regulation

The process of land (real estate) registration is a mandatory requirement and it is under the influence of economic policies: tax; investment; subsidized; mortgage, crediting, etc. Obviously, those policies have a complex influence on the economy.

Land registration is a mechanism that may be essential for proper land management. During registration there is solved a range of issues related to the protection of law, social and economic development, etc. including regulation of land relations which have a complex content.

With a safe system of property registration, the Government can stimulate at all levels a faster economic development of the country. Within the system of cadastral registration land is the information carrier with qualitative, quantitative and legal content. This information has an important role in the regulation of land relations.

Through the centralized system of cadastral registration the access to capital markets is granted and the financing of development with land use as a guarantee is allowed. [2]

The whole process of regulating land relations must meet the following basic principles:

Object and subject integrity. This principle states a strict dependence between the object and the subject of land relations, especially of agricultural land relations. Diminishing areas of agricultural enterprises and respectively diminishing number of rural population demonstrate an important principle in land relations - the principle of integrity of the object and subject. The influence on the subject is directly reflected on the object too and vice versa,

unfavorable conditions in developing legal organizational forms will reduce their surface and the number of the population involved in it.

Social and economic interest of land relations. Whatever the case, land relations will not occur if private economic and social interest of each person, of each family is missing. In these circumstances, "interest" stimulation can turn into an influence on the subject of land relations.

Equivalence of object and subject balance. In the conditions of social and economic interest, the agricultural land surface directly influences the number of people involved in the work. Large areas of productive agricultural land, cultivation of intensive plants attract more willing (individuals, families) subjects to participate in the process of farming and vice versa.

Public aspect. The process of influence on land relations has a pronounced public aspect. Land relations reform was initiated and carried out by public authorities. In this context, public authorities have a complex of methods (mechanisms) of influence (regulation) on land relations. Their proper application will stimulate progress in the branch.

Rationalism of land relations regulation. A regulatory action cannot have a negative impact. This principle guides us towards rationalism in the regulation of land relations. It is the principle of rationalism that balances the share of social, economic and environmental interests; it determines the priority interest and thus it regulates the share of other interests.

The compliance with the principles of land relations regulation in the modern society is necessary and should not be neglected.

Despite of technological disruption and changing needs of the society that will occur in the next 20 years, a secured transparent system of land registration will remain a lasting necessity. [3]

4. The content of regulation

At present land relations include many directions requiring regulation that is presented graphically in Figure 2.

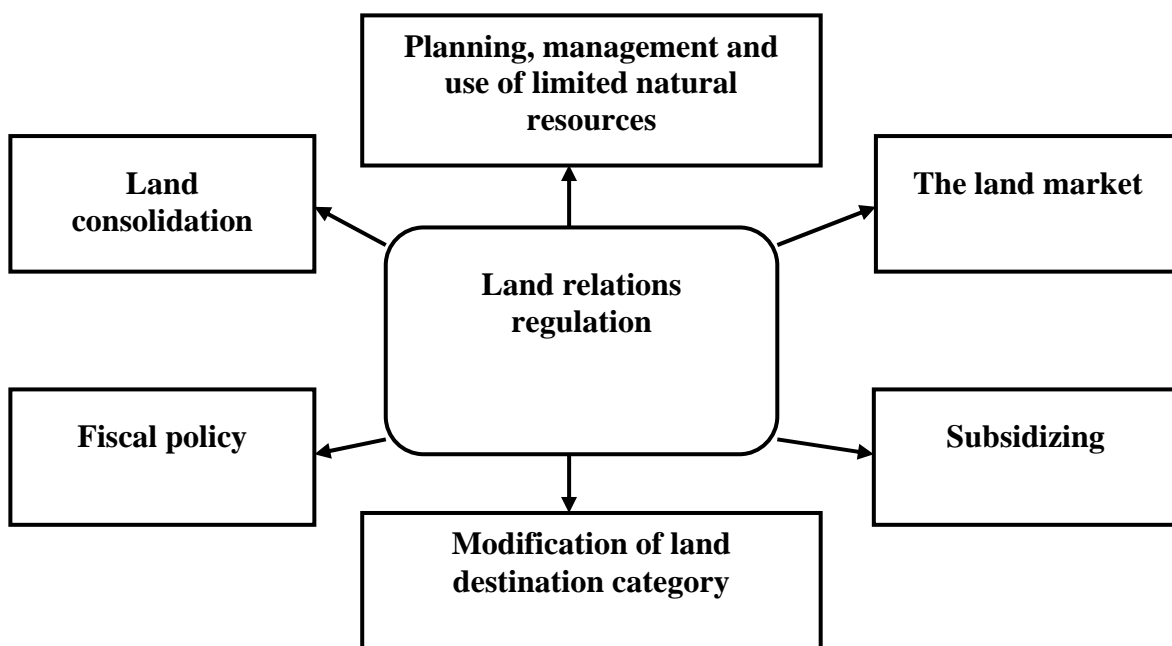


Figure 2. The priority directions of land relations regulation
 Source: prepared by the author based on the conducted study

The contribution of the registration process in the implementation of economic policies and respectively in the protection of property rights is primarily manifested through the degree at which the society is informed. An informed society is a society with high qualities and potential. In the future information will be an element of society's development.

The influence of fiscal policy and of other policies with economic content (crediting, subsidized investment policies etc) on the development of cadastral informational system has become more intensive in the new conditions of the development of the society. The role of the registration process is increasing.

Multilateral economic development of the society is based on the multifunctional integral character of cadastre. In this context, the phrase that has become a motto in the development of the society is actual "there is no developed economy without a modern cadastre".

One of the first economic policies can be recognized as "mortgage lending". In this context obtaining a loan is the guarantor of the achievement of the goal set by the owner. In the conditions of capital movement, credit policy is of great importance.

The policy of bank crediting has a component of right protection solved by the registration of property right.

Along with mortgage lending policy land registration will ensure the development of: subsidization; investments; owner-oriented fiscal policies, etc.

The implementation of fiscal policy based on the market value of immovable property requires: massive land registration and massive land evaluation.

Fiscal relations. The implementation of an effective fiscal policy is based on the database accumulated in the registration process; the database is complex information that is necessary in servicing fiscal policy. In many countries land taxes are canceled due to lack of connection between the register, the maps and the taxpayers.

Through cadastral registration system the State implements an effective fiscal policy, helping to increase revenues in local budgets and to improve their structure by establishing the optimal size of payments for land use. It should be noted that in order to ensure a stable fiscal policy the information from the Land Register should be updated.

Tax on land (property) is an annual local tax. The responsibility of paying tax is attributed to the owner. In case of lease this problem (who will pay the tax) is solved in the terms of the contract. The authority interested in levying the tax is the local authority.

Determining the amount of tax is carried out by local authorities and the calculations are performed by central authorities. Fiscal policy plans a number of facilities depending on the social, economic, environmental aspects, age etc.

In order to calculate land tax the Land Register is applied. The specialists take from the Land Register information on law, surface, value, lease payment etc., which is then applied in the process of estimation of the tax amount required to be paid.

The real estate, including land, that has not been evaluated by territorial cadastral offices according to the estimated value, is taxed under the Law for the implementation of Title VI of the Fiscal Code no. 1056-XIV of 16.06.2000. The sizes of land tax for agricultural lands are reflected in Table 1.

Table 1. The shares of land tax for agricultural lands in the Republic of Moldova

Indicator	Measure unit	Value, lei
1. All lands, other than those intended for meadows and pastures:		
1.1 those that have cadastral indicator	1 grad-ha	1,5
1.2 those that don't have cadastral indicator	1 ha	110
2. Lands intended for meadows and pastures :		
2.1 those that have cadastral indicator	1 grad-ha	0,75
2.2 those that don't have cadastral indicator	1 ha	55

Source: elaborated on the basis of fiscal legislation

Based on the Tax Code of the Republic of Moldova, art. 280, the shares of real estate tax of legal persons, of individual enterprises and of households (farms) that have been assessed, are:

a) for housing immovable property (apartments and private houses, land relating to the property) in cities and towns, including the locations that are part of them, except villages that are not in the composition of Chişinău and Bălţi; for garages and the land on which they are located, lots in fruit-growing associations with or without buildings located on them:

- Maximum taxable share - 0.3% of the taxable base of the real estate;
- Minimum taxable share - 0.05% of the taxable base of the real estate.

b) for agricultural lands with buildings located on them:

- Maximum taxable share - 0.3% of the taxable base of the real estate;
- Minimum taxable share - 0.1% of the taxable base of the real estate.

From the above mentioned it is clear that fiscal policy (local authorities) requires massive information (about all land owners) about the quantitative, qualitative, legal features etc. in order to apply it reasonably.

As an instrument of influence on land relations fiscal policy can create different obstacles or facilities, if required, in the process of agricultural land use.

Unlike subsidized policy, tax policy may have restrictive elements (major taxes, etc.).

Regardless of the different modes of action, investment policy and tax policy have a common positive impact.

Subsidization relations. At present the most pronounced is the compulsoriness of the registration of the lands for agriculture in order to implement the subsidization policy. Within the EU subsidization policy is very broad. It includes the subsidization of constructions, agricultural lands, various techniques and technologies, facilities etc. An essential volume of subsidization concerns agricultural domain (constructions, lands, etc.)

It is obvious that subsidizing is of particular interest for agriculture. The process of subsidization is accompanied by a set of obligations for the land owner; and the mutual respect (the State and the owner) of the obligations formed by subsidization policy is an important attribute.

Subsidization fund of agricultural producers is increasing (Figure 1) and it is a powerful tool to regulate agricultural land relations. The efficient use of the subsidies is provided by a database updated in the cadastral informational system.

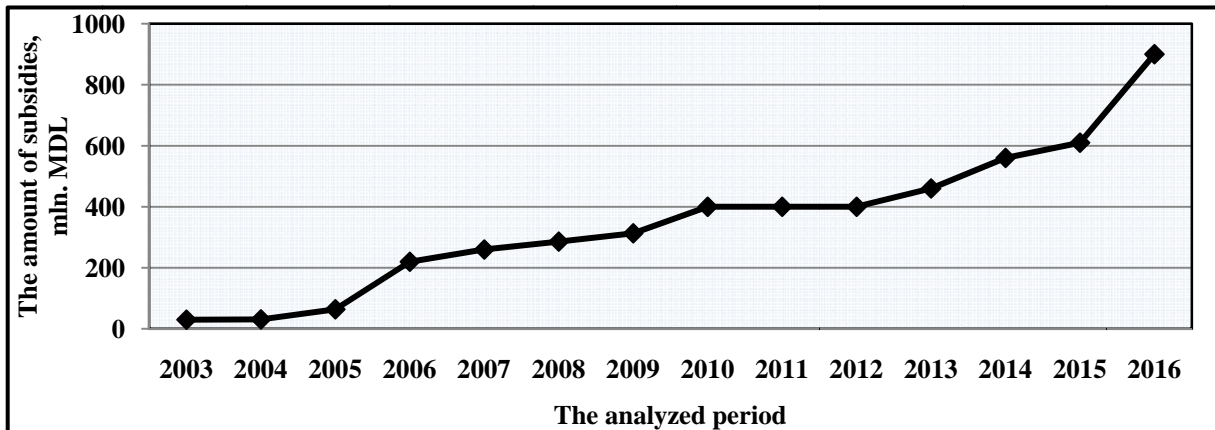


Figure 3. Moldova’s state budget for subsidizing agricultural producers

Source: elaborated by the author based on [5]

The confidence in the protection of the land rights, of all financial and material interests arising from them, becomes the guarantor of social and economic development as a whole. In order to increase the confidence coefficient (confidence share) the subsidy is served by two registers: the farmers' register and the register of plots.

Investment policies, jointly with the mortgage bank crediting, have created the vector of the development of property registration process.

Market land relations. The land market in Moldova, although growing in recent years by the number of transactions with real estate (Figure 4), has not yet reached the appropriate level of development; it is characterized by the lack of crediting and land insurance system, low levels of investment and subsidies for the agricultural domain.

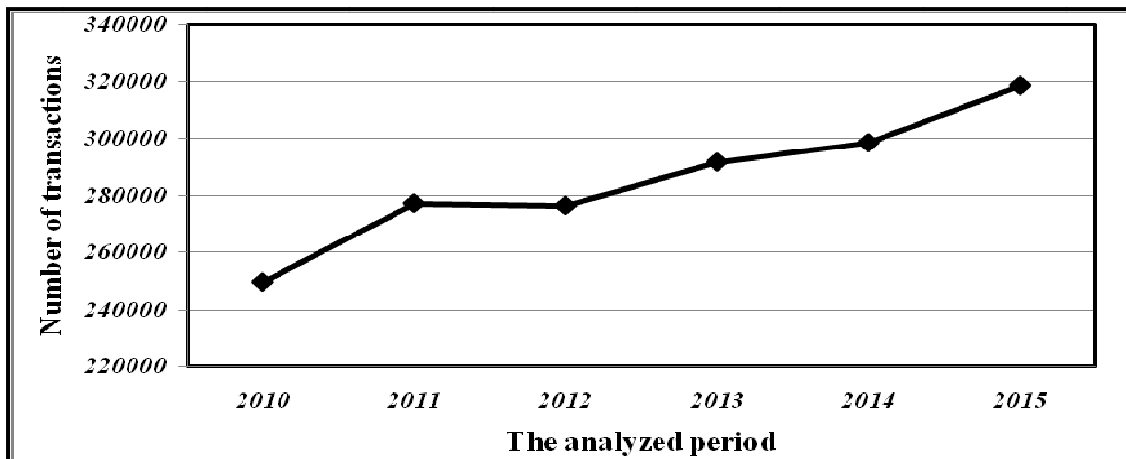


Figure 4. The development of the real estate market in the Republic of Moldova

Source: elaborated on the basis of the Real Estate Register

Real estate transactions and the parties involved in the transactions are registered in the Real Estate Register and are protected by law. There exist all prerequisites for a developed real estate market.

The legality of real estate transactions is confirmed only by their registration in the Real Estate Register.

The main types of transaction on the real estate market in the process of the reformation of market relations in the Republic of Moldova are: sale-purchase, inheritance, donation, mortgage, exchange and lease.

Through the registration system cadastre helps create a civilized real estate market, provides guarantees for immovable property rights, transparency of information relating to immovable property for participants in the real estate market. The market value of registered lands is much higher than of those that are not registered in the cadastre.

The registration process creates an open system of public and private interests protection, including the process of informing all participants (public administration, fiscal, etc.) in the real estate market. The real estate cadastre is closely linked with the development of real estate market, on the one hand ensuring its infrastructure, on the other hand depending on its needs.

The core of the transactions with secured land is a centralized system of ownership verification, which requires not only land registration but also an updated national system of property identification.

The multitude of the real estate market creates in its turn a diversity (in content) of requests to the cadastre informational system, to advertising department. Transactions are the most common on the real estate market. Market participants require objective information about the real estate in transactions, about the goods that have already been sold – purchased, about market prices, about influence factors etc.

5. Conclusions

In conclusion, based on the conducted study, the following important points can be highlighted:

- Public interest in the registration and regulation of land relations.
- Compulsoriness of registration and quality of land relations.
- Registration and promptness of land relations regulation

The role of land registration in the regulation of land relations will further increase, thus assuring a social, economic and ecological development of the whole country. The cadastral information also will include a more developed spectrum of data according to the evolution of property relations. Cadastral system should react to the needs of the society by providing objective information on the regulation of land relations.

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