In this study, a conceptual model on constituting productive and equitable a real estate taxation system in Turkey was proposed.

Real estate taxation theory and international cases were investigated for evaluating current situation of the Turkish Real Estate Taxation System and determining alternatives for design model. In the research, real estate taxation system was taken as a socio-technical system. For designing political and technical aspects of the system, the principles of the New Institutional Economics and the Object Oriented System Modeling were investigated, respectively.

Two conceptual models were established. In the first, the current situation was identified and the problems were displayed. In the second, a design model was prepared for aiming to solve the problems. Both models cover political and technical aspects of the system. While the political aspect includes distribution of administrative authorizations, responsibilities and basic taxation concepts, the technical one covers taxation process, activities within these processes and information infrastructure of the system.

Hereby analyzing current situation, causes of the problems were defined from the political and technical aspects. The causes from the political aspect includes: (1) distribution of the administrative authorizations, (2) levying tax from the tax value, (3) low tax rates, (4) wide ranging of tax reliefs. On the other side, reasons of the problem from the technical aspect contain following issues: (1) Lack of efficient tax registries which are executed uniformly within the country. (2) Structure of the valuation system which is not allowing equitable and productive taxation. (3) Lack of a structure which will be used for determining performance of the valuation and taxation applications.

In the design model, the definitions of the tax subjects were arranged; a new real estate classifications schema was prepared and the usage of the market values as a tax base was preferred. It was not proposed for the other issues in the political aspect; however, some alternatives were presented. The system, from the technical point of view, was organized as identification, valuation, assessment subsystems; and establishment of a new information infrastructure were accepted for activating processes. For this purpose, the theoretical fundamentals of the real property public registries were investigated. For valuation subsystem, transition to mass appraisal system was proposed; so principles of the mass appraisal were investigated. The activities within the subsystems, administrative responsibilities, management procedure and conceptual schemas of proposed public registries were visualized with drawings of the Unified Modeling Language.

**Key words:** Real estate tax; Cadastral system; Mass appraisal; New Institutional Economics; Object Oriented Modeling.

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