



PROPERTY TAX REVENUES

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DEFINITION OF PROPERTY TAXES



Definition of property taxes

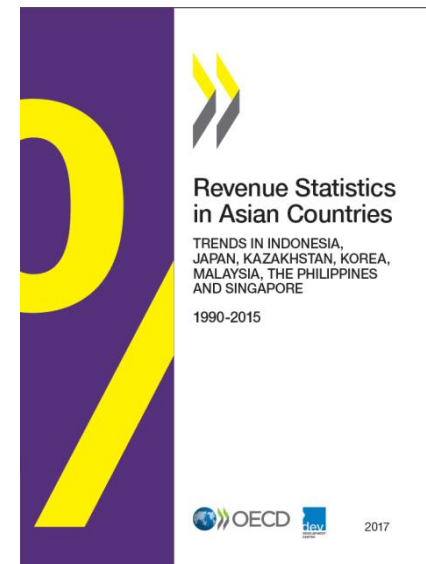
- Taxes on property cover the recurrent and non-recurrent taxes on the use, ownership or transfer of property.
- The definition includes:
 - taxes on immovable property or net wealth
 - taxes on the change of ownership of property through inheritance or gift
 - taxes on financial and capital transactions
- The definition excludes:
 - taxes on capital gains from sales of property
 - taxes on the use of goods
 - taxes on the use of property for residence
 - taxes on building construction
 - taxes on the use of property for trading activities
- Property taxes are raised at different levels of government (central, regional, local, social security funds).



Types of property taxes

Revenue Statistics classifies property taxes as the sum of:

- **Recurrent taxes on immovable property**
- Recurrent taxes on net wealth
- Estate, inheritance and gift taxes
- Taxes on financial and capital transactions
- Non-recurrent taxes
- Other recurrent taxes on property



<http://www.oecd.org/tax/revenue-statistics-in-asian-countries-2017-9789264278943-en.htm>

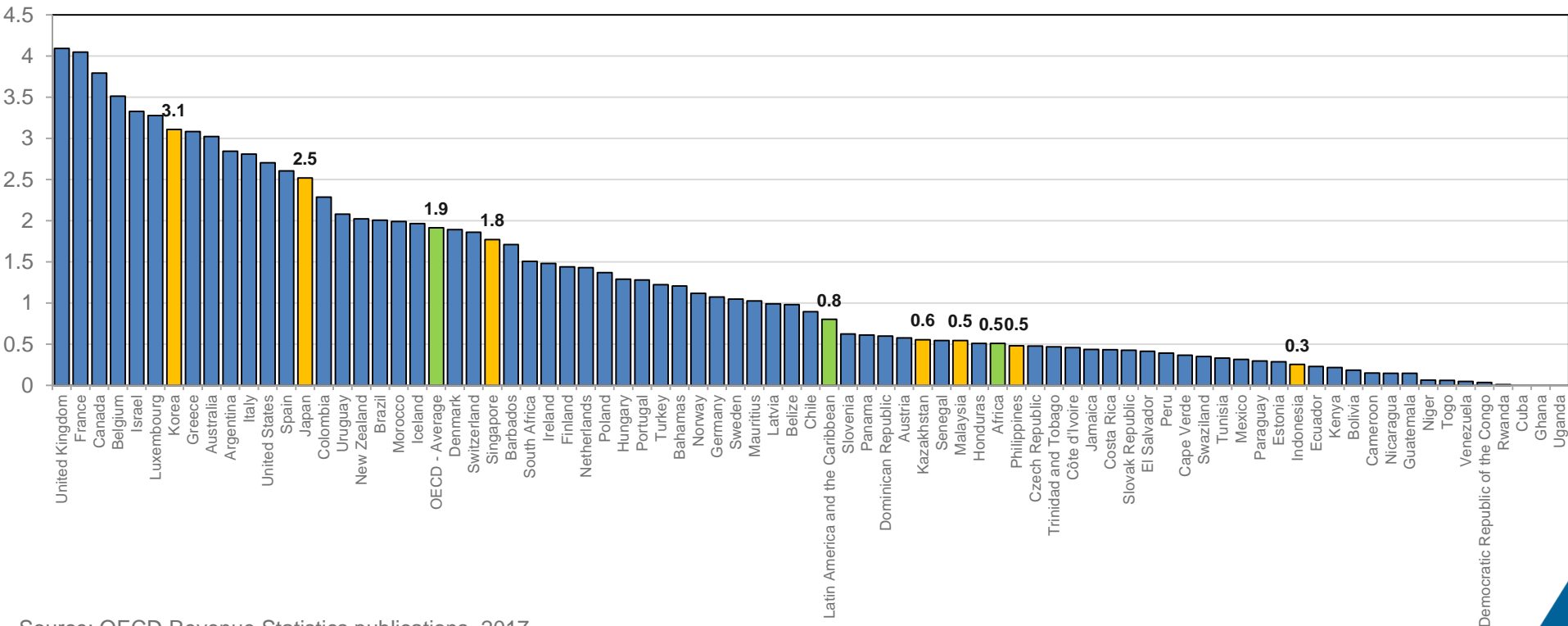


HOW MUCH REVENUE
DID PROPERTY TAXES
RAISE IN 2015?



Property tax revenues range between 0.01 and 4.09% of GDP

Figure 1: Property tax revenue (4000) as % of GDP in 2015



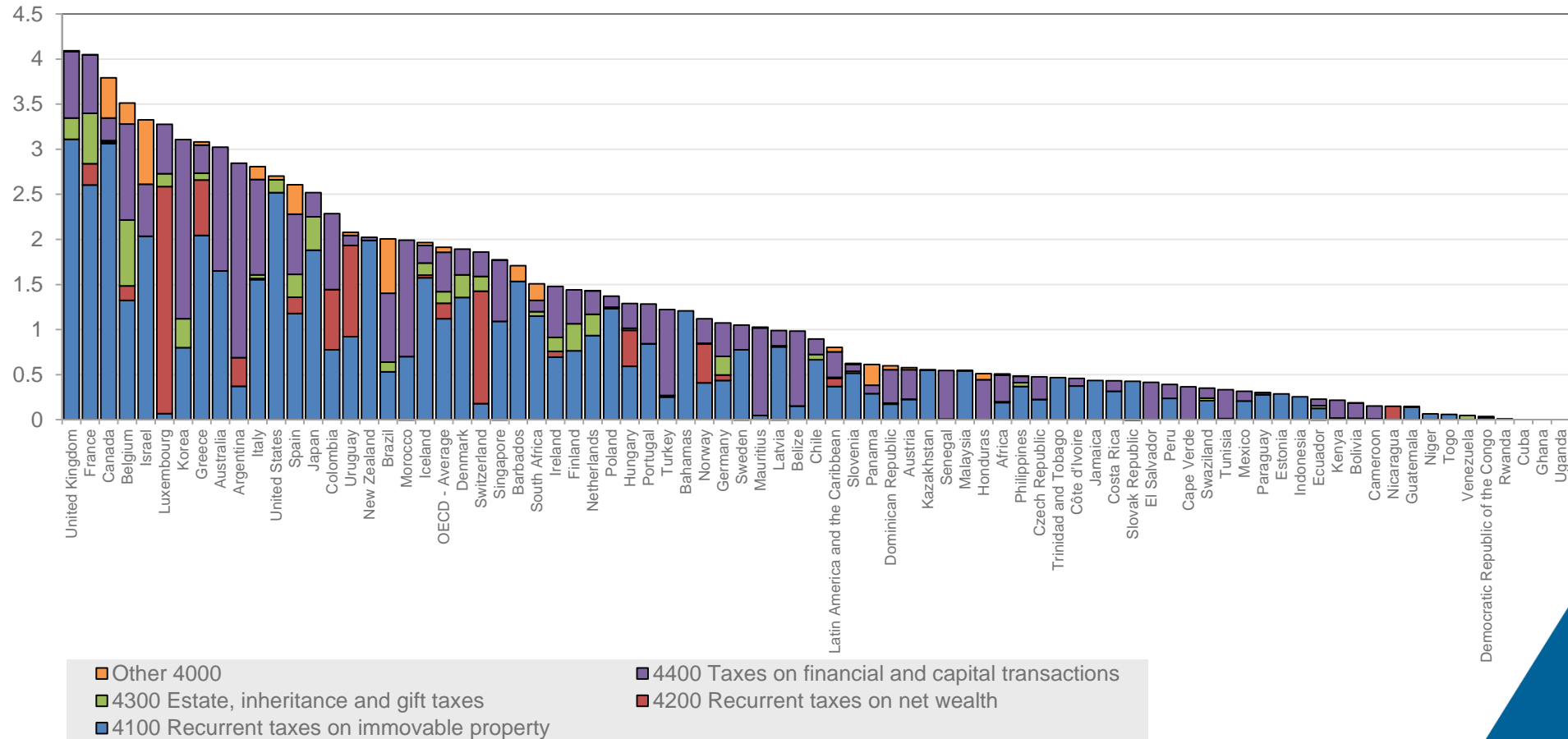
Source: OECD Revenue Statistics publications, 2017.

Note: The Africa (16) average should be interpreted with caution as several countries collect property taxes at the local level, for which data is missing. For example, for Ghana and Uganda there is no revenue data on property taxes available at the central level of government. For the LAC average, the figures exclude local government revenues for Argentina (but include provincial revenues), Bahamas, Barbados, Bolivia (prior to 1994), Costa Rica (prior to 1998), Cuba, Dominican Republic, El Salvador (prior to 2015), Jamaica (prior to 1998), Nicaragua, Panama (prior to 1998), Paraguay (prior to 2004), Peru (prior to 2001) and Venezuela as the data are not available.



In most countries, recurrent taxes on immovable property are the main source of property tax revenue

Figure 2: Property tax revenue disaggregated as % of GDP in 2015

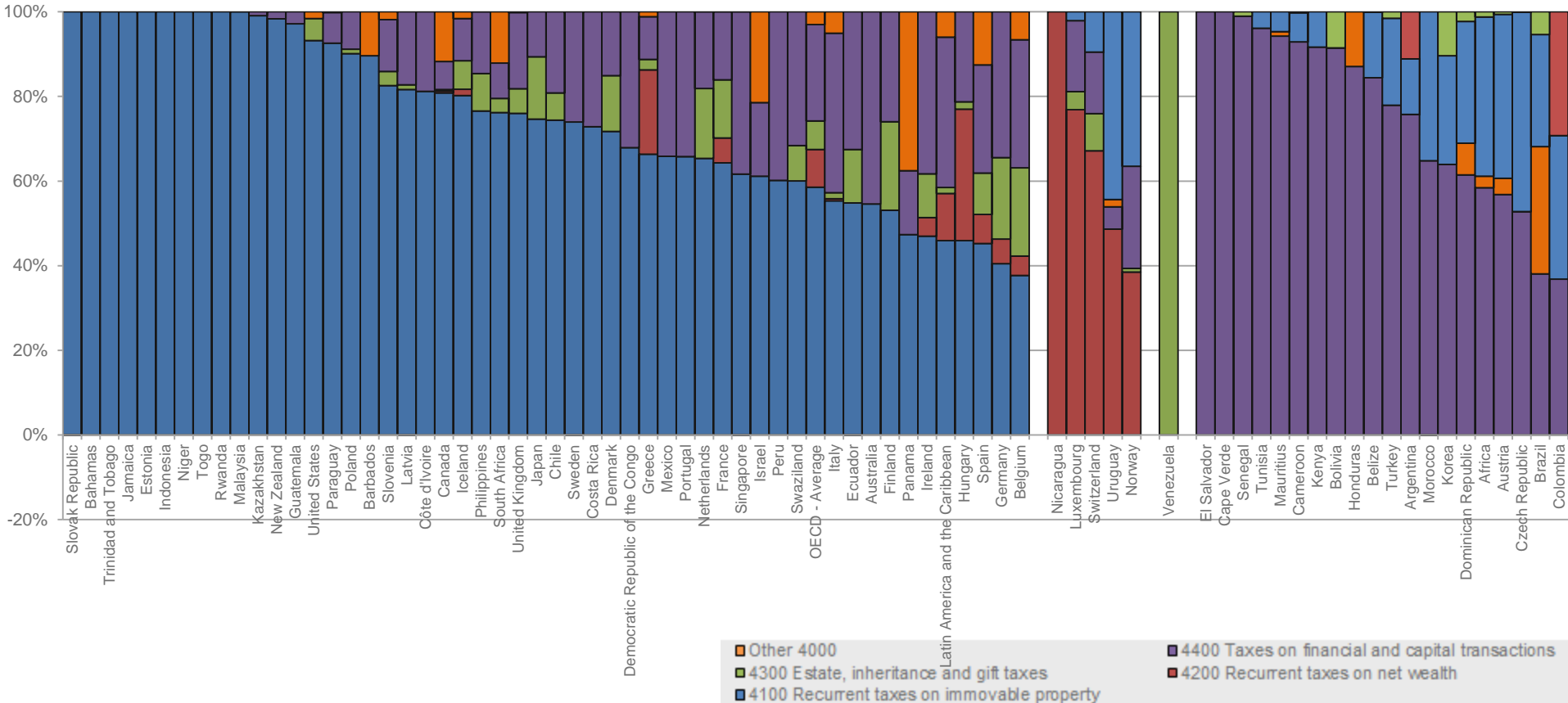


Source: OECD Revenue Statistics publications, 2017.



Four groups of countries can be identified regarding the main source of property tax revenue

Figure 3: Composition of property tax revenue in 2015



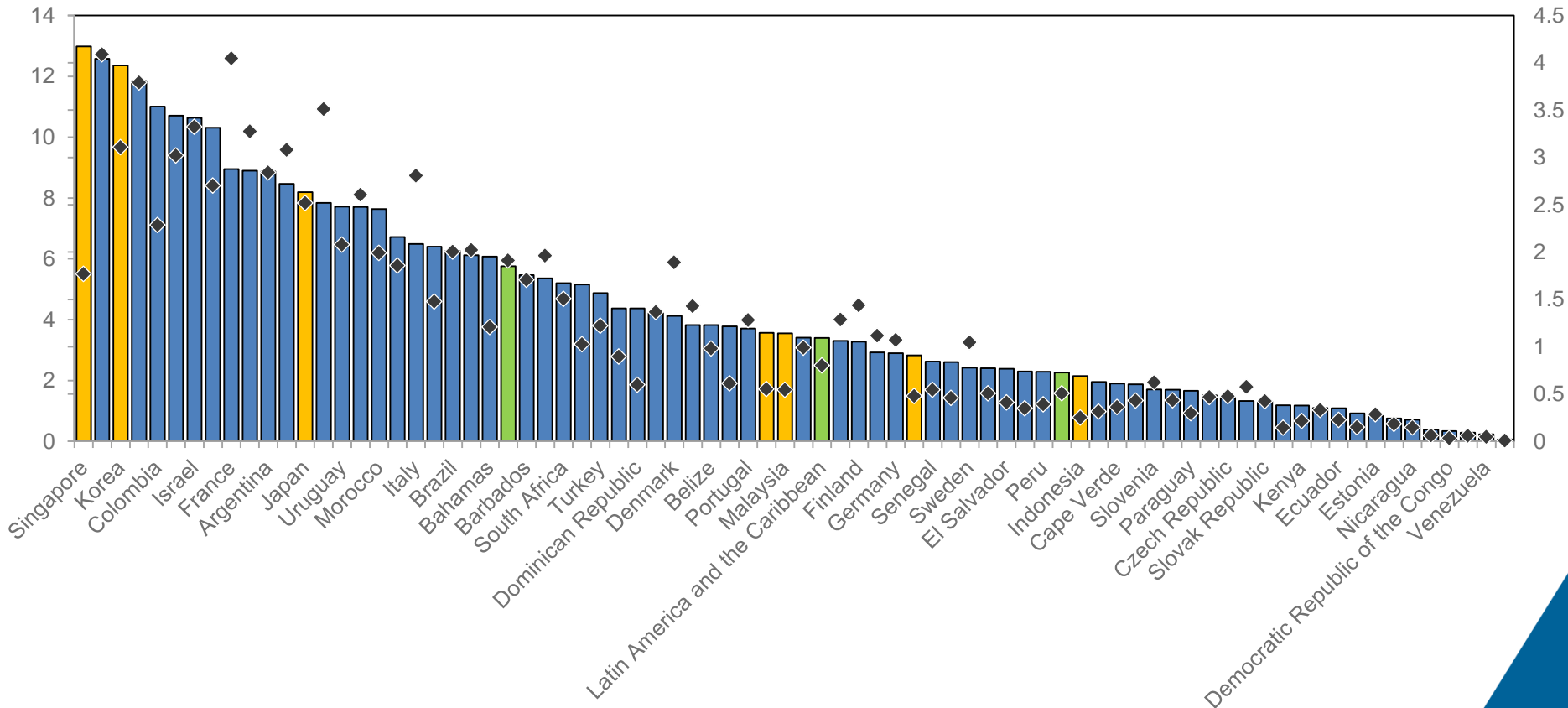
Key findings:

- 50 countries: recurrent taxes on immovable property (4100)
- 5 countries: recurrent taxes on net wealth (4200)
- 1 country: estate, inheritance and gift taxes (4300)
- 19 countries: taxes on financial and capital transactions (4400)



Property tax revenues range between 0.06 and 12.98 % of total tax revenue

Figure 4: Property tax revenue as % of total tax revenue and % of GDP in 2015

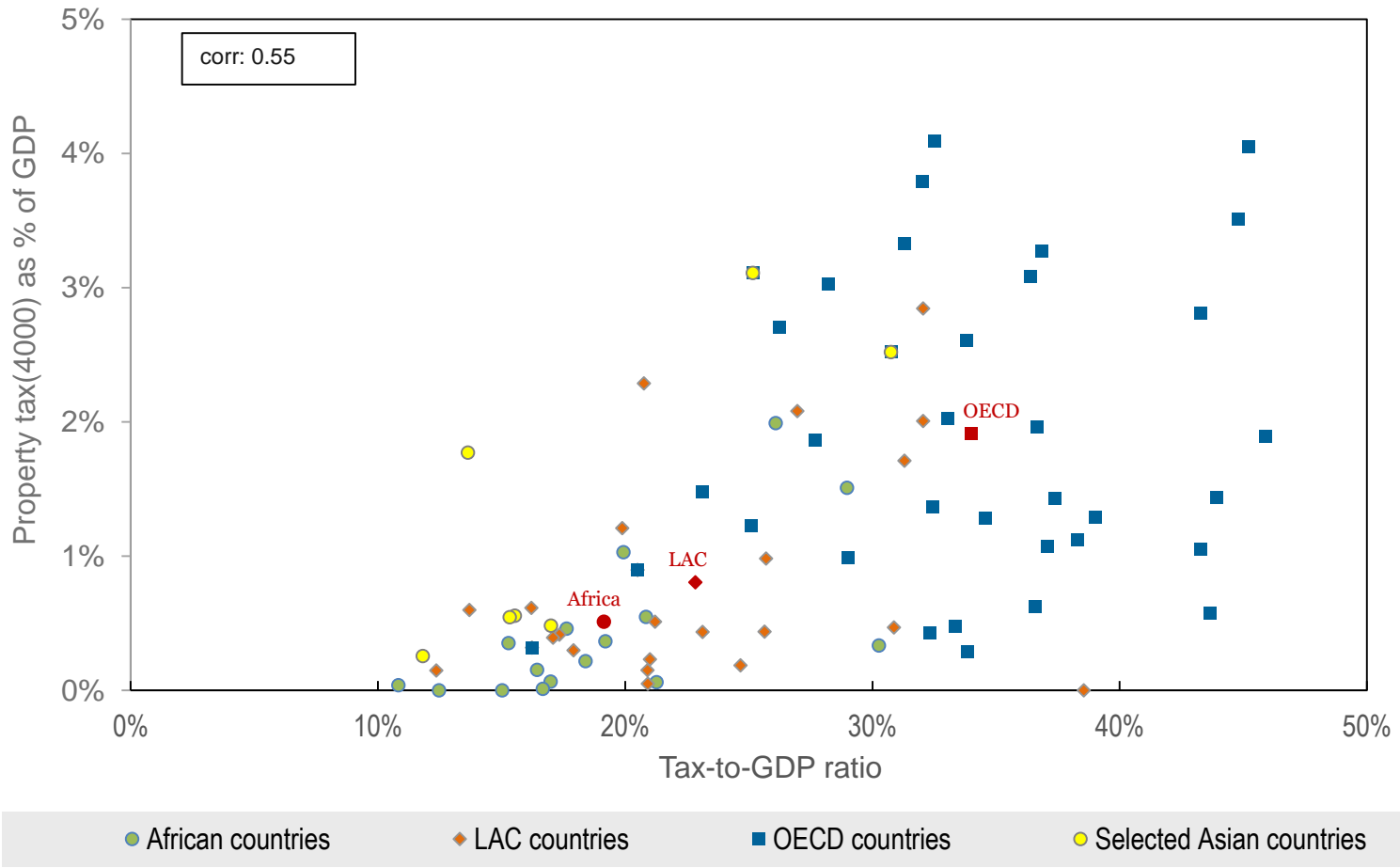


Source: OECD Revenue Statistics publications, 2017.



Loose positive correlation between tax-to-GDP ratio and property tax revenue (as % GDP)

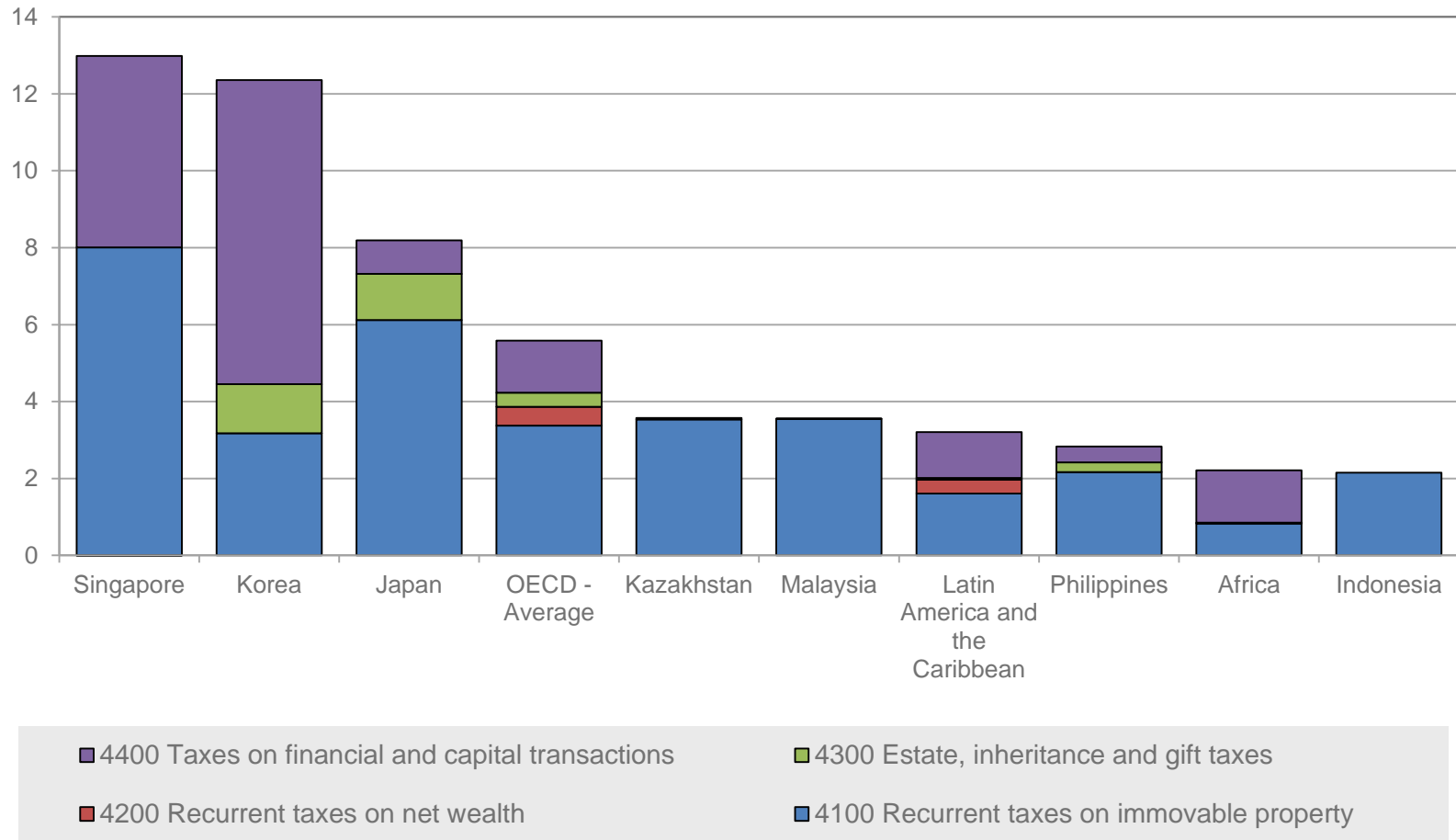
Figure 5: Property tax revenue (as % of GDP) & tax-to-GDP ratio (in %), in 2015





In the 7 Asian countries, revenue from property taxes is raised from recurrent taxes on immovable property, transaction taxes, and inheritance and gift taxes

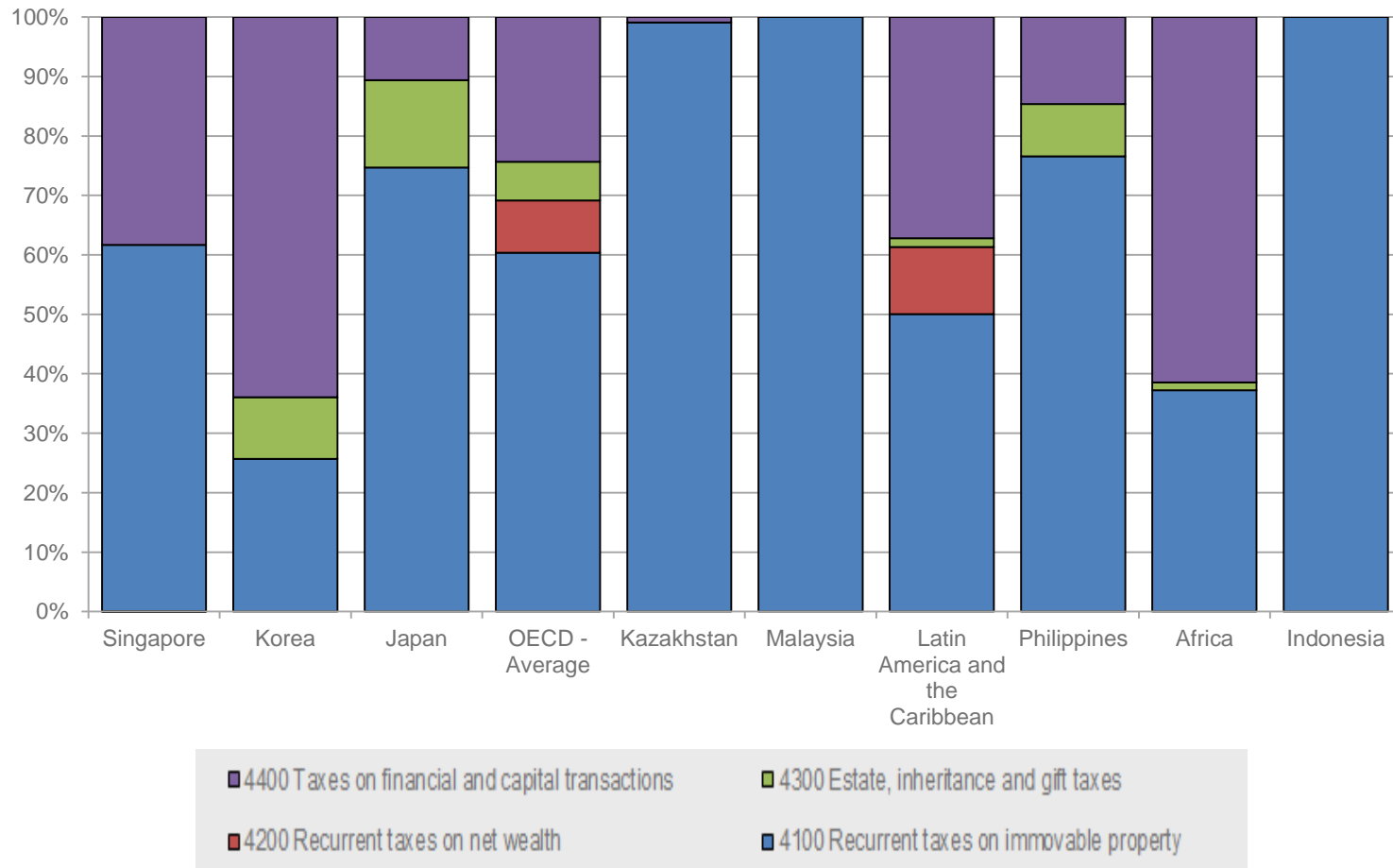
Figure 6: Property tax revenue disaggregated as % of total tax revenue in 2015





Recurrent taxes on immovable property are the major source of property tax revenue in 6 Asian countries, except for Korea

Figure 7: Composition of property tax revenue (as % of total property tax revenue) in 2015



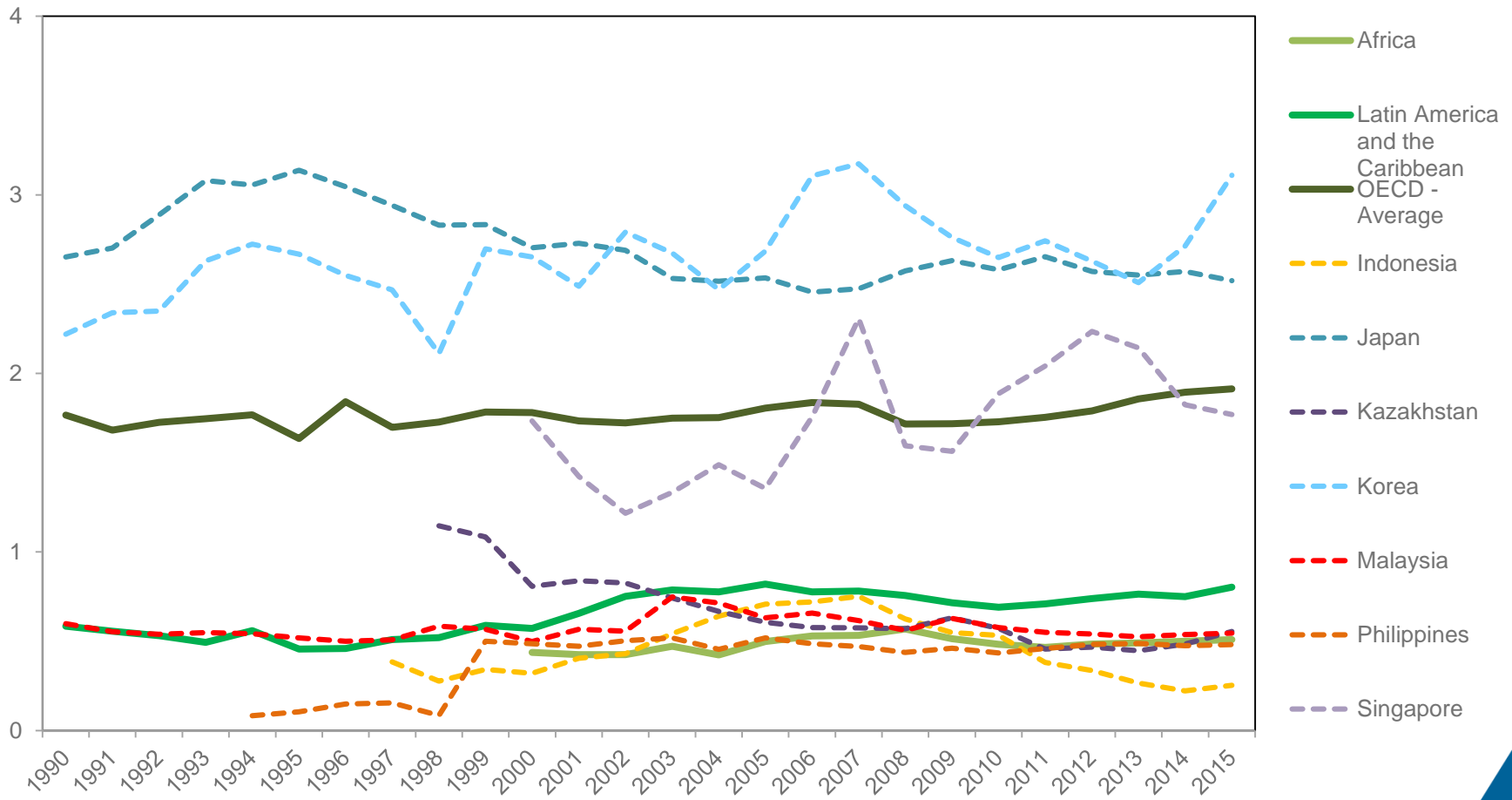


HOW HAVE PROPERTY TAX REVENUES CHANGED OVER TIME?



Revenue from property taxes is relatively stable & runs above the OECD average for Korea and Japan

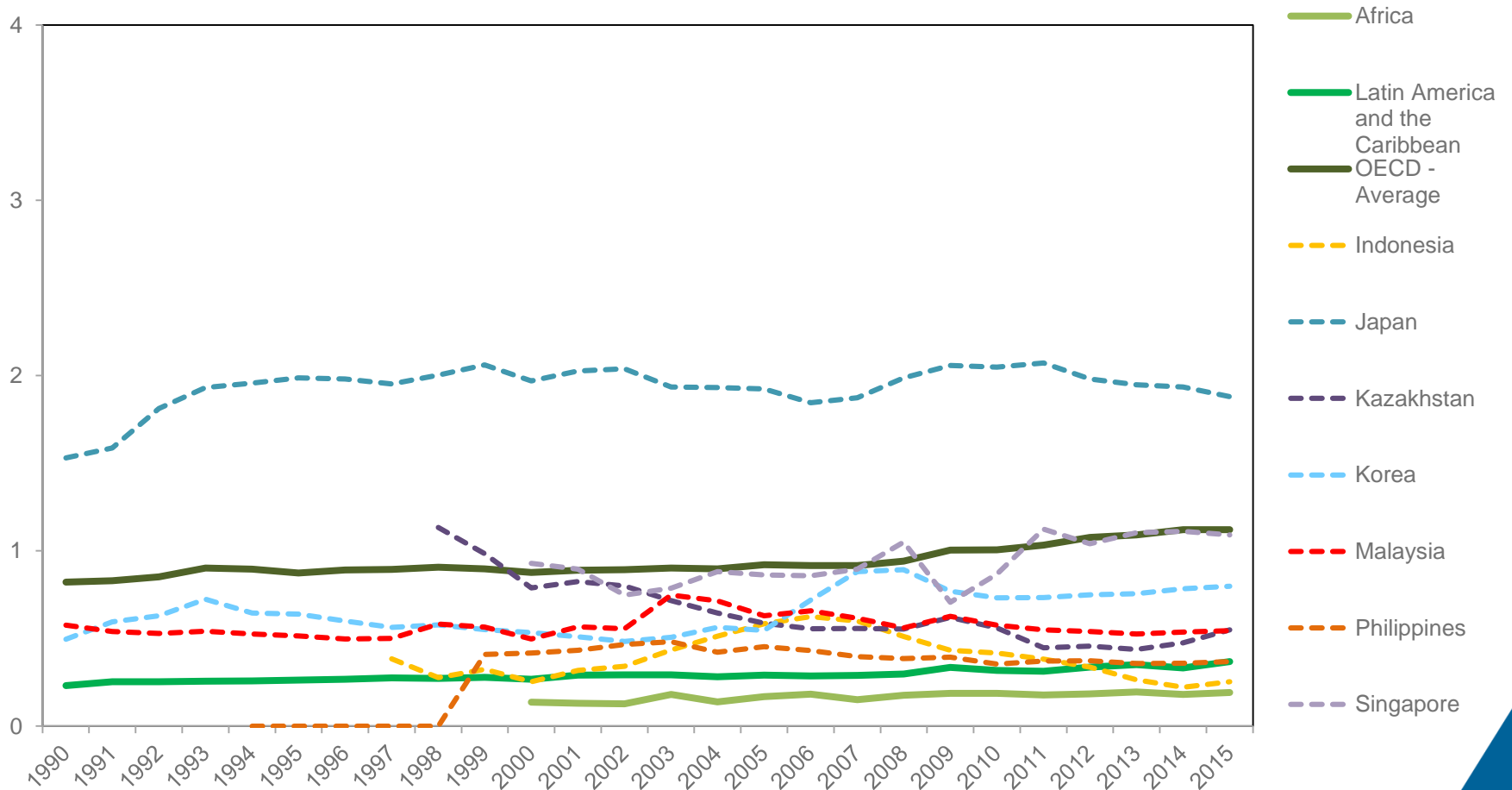
Figure 8: Property tax revenue (as % of GDP) in Asian countries and regions, 1990-2015





Revenue from recurrent taxes on immovable property is highest in Japan and lower than the OECD average for the other Asian countries

Figure 9: Recurrent taxes on immovable property (as % of GDP) in Asian countries and regions, 1990-2015

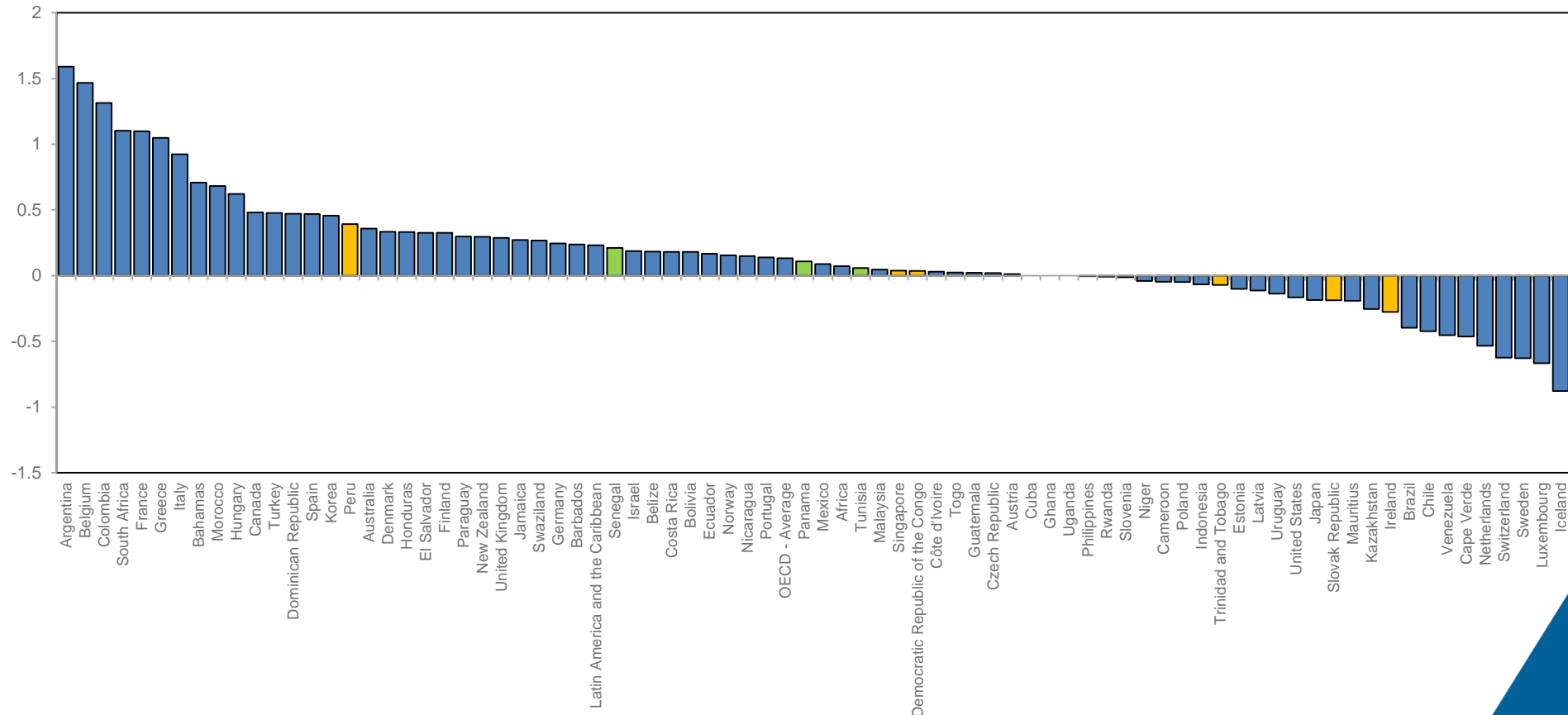


Source: OECD Revenue Statistics publications, 2017.



Significant increases in property tax revenue in 10 countries (>0.5 p.p.) and significant decreases in 5 countries (< -0.5 p.p.)

Figure 10: Changes on property taxes (as % of GDP), 2000-2015

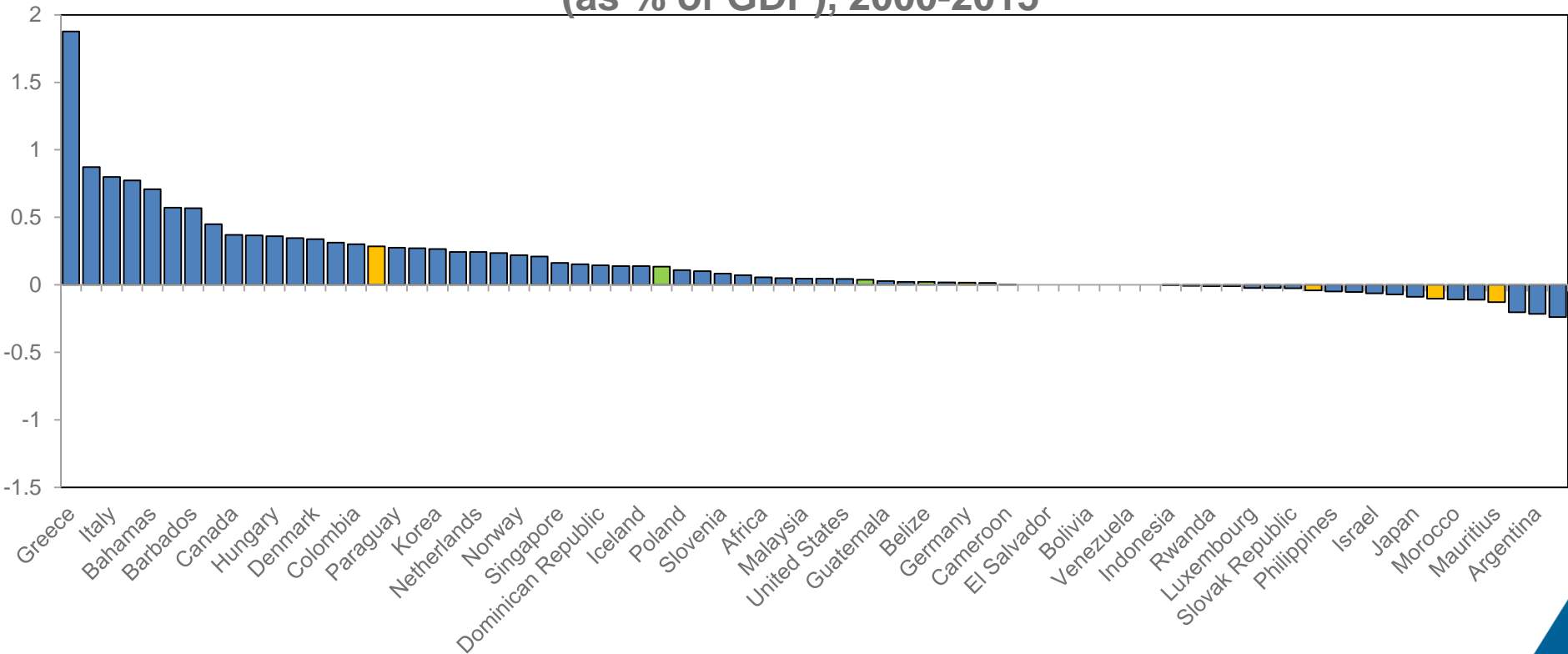


Source: OECD Revenue Statistics publications, 2017.
 Note: No data available for Kenya in 2000.



However, changes in levels of recurrent taxes on immoveable property are smaller

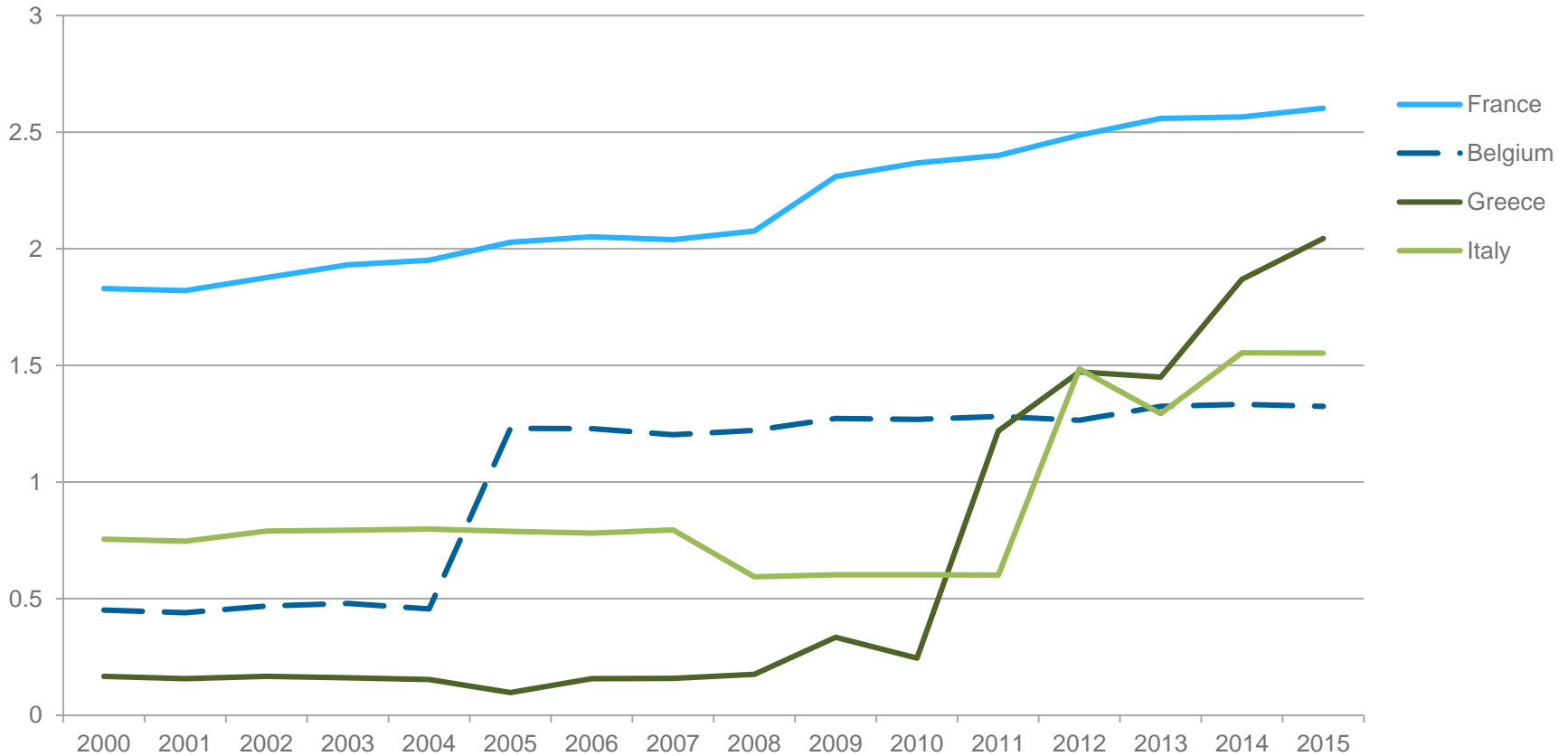
Figure 11: Changes on recurrent taxes on immoveable property (as % of GDP), 2000-2015





Most major increases in recurrent taxes on immoveable property are due to tax reforms

Figure 13: Property tax revenues from immoveable property (as % of GDP) between 2000 and 2015



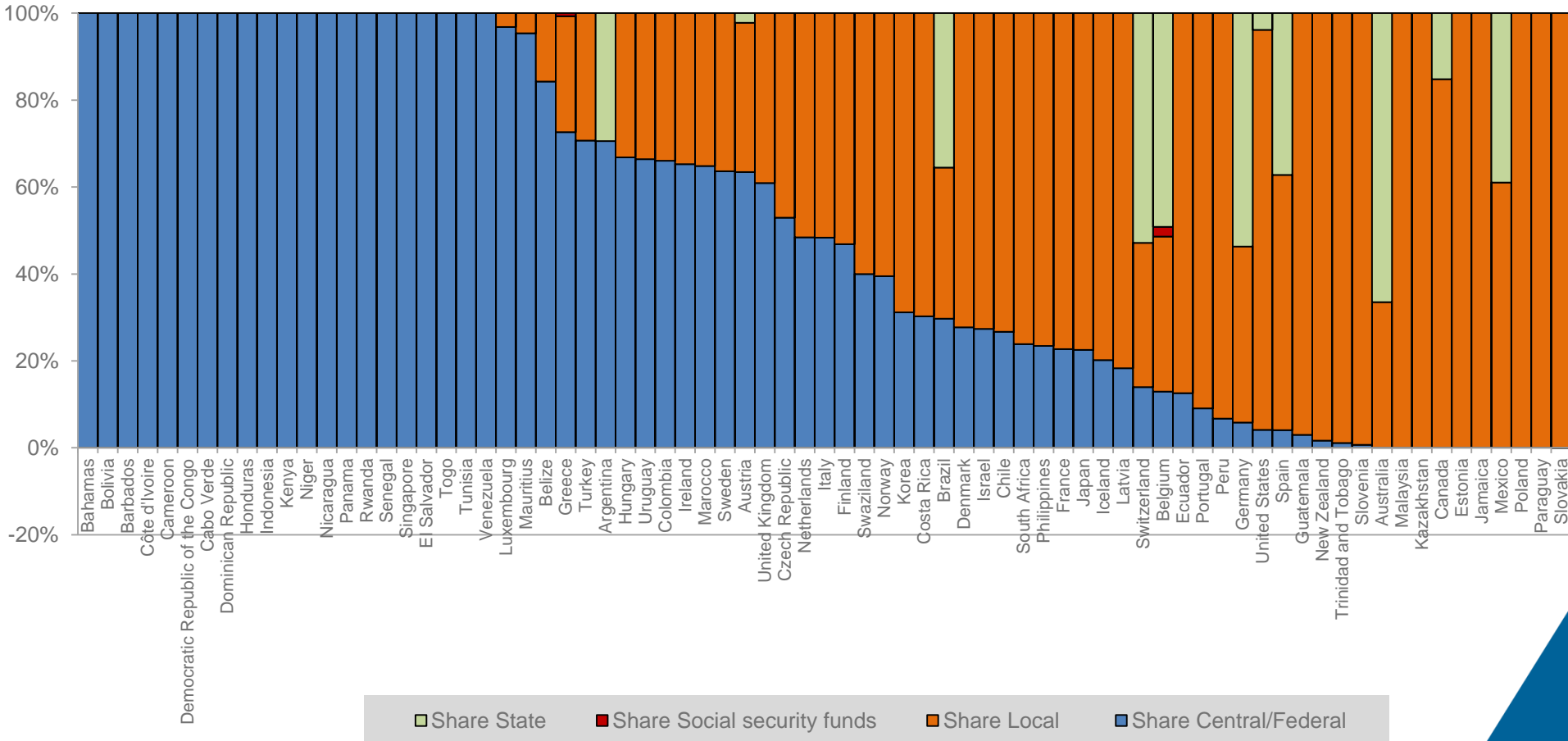


PROPERTY TAXES RAISED BY DIFFERENT LEVELS OF GOVERNMENT



Property tax revenues are collected at the central/federal government level in 21 countries, at the local level in 7 countries and at both levels in 46 countries

Figure 14: Shares of levels of government in property tax revenue (4000) in 2015



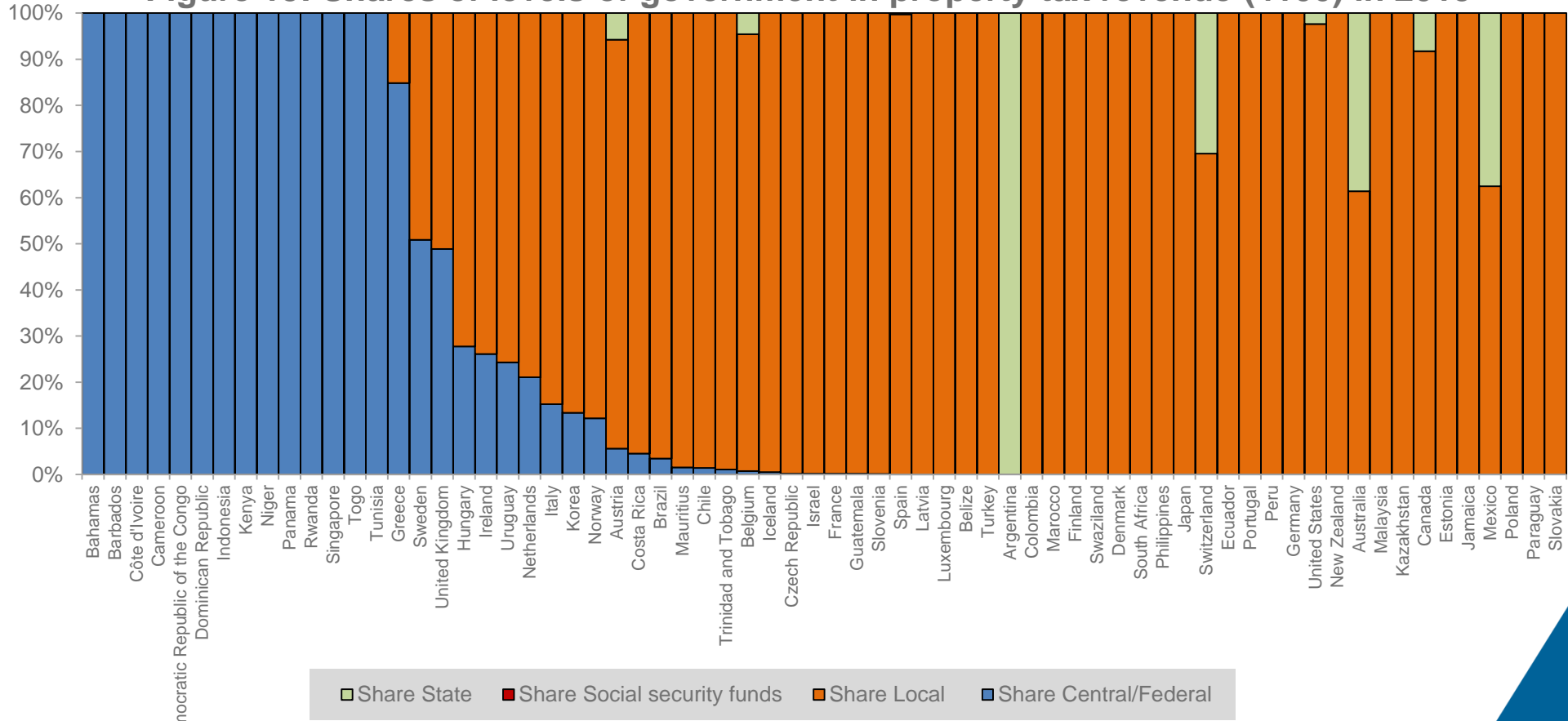
Source: OECD Revenue Statistics publications, 2017.

Note: No local data is available for Indonesia. Singapore is a city-state and thus has no local government division. Cuba, Ghana and Uganda have no data on property taxes.



Recurrent taxes on immovable property are mostly collected at the local level (in 53 countries) and at the central/federal government level (in 36 countries)

Figure 15: Shares of levels of government in property tax revenue (4100) in 2015



Source: OECD Revenue Statistics publications, 2017.

Note: Cuba, Ghana, Uganda, Bolivia, Cabo Verde, Honduras, Nicaragua, Senegal, El Salvador, and Venezuela are missing due to no available data.



Property tax revenues are raised mainly at the local level in Asian countries

Table 1: Property tax revenue (as % of GDP) raised at different levels of government in 2015

	Property taxes (4000)			Recurrent taxes on immovable property (4100)		
	Local	Central/ Federal	Total	Local	Central/ Federal	Total
Indonesia
Japan	1.95	0.57	2.52	1.88	0.00	1.88
Kazakhstan	0.55	0.00	0.55	0.55	0.00	0.55
Korea	2.14	0.97	3.11	0.69	0.11	0.80
Malaysia	0.54	0.00	0.54	0.54	0.00	0.54
Philippines	0.37	0.11	0.48	0.37	0.00	0.37
Singapore	0	1.77	1.77	0	1.09	1.09
Africa (16) Average	..	0.31	0.51	..	0.04	0.19
OECD Average	1.11	0.60	1.91	0.96	0.15	1.12
LAC Average	0.28	0.53	0.80	0.36	0.20	0.39

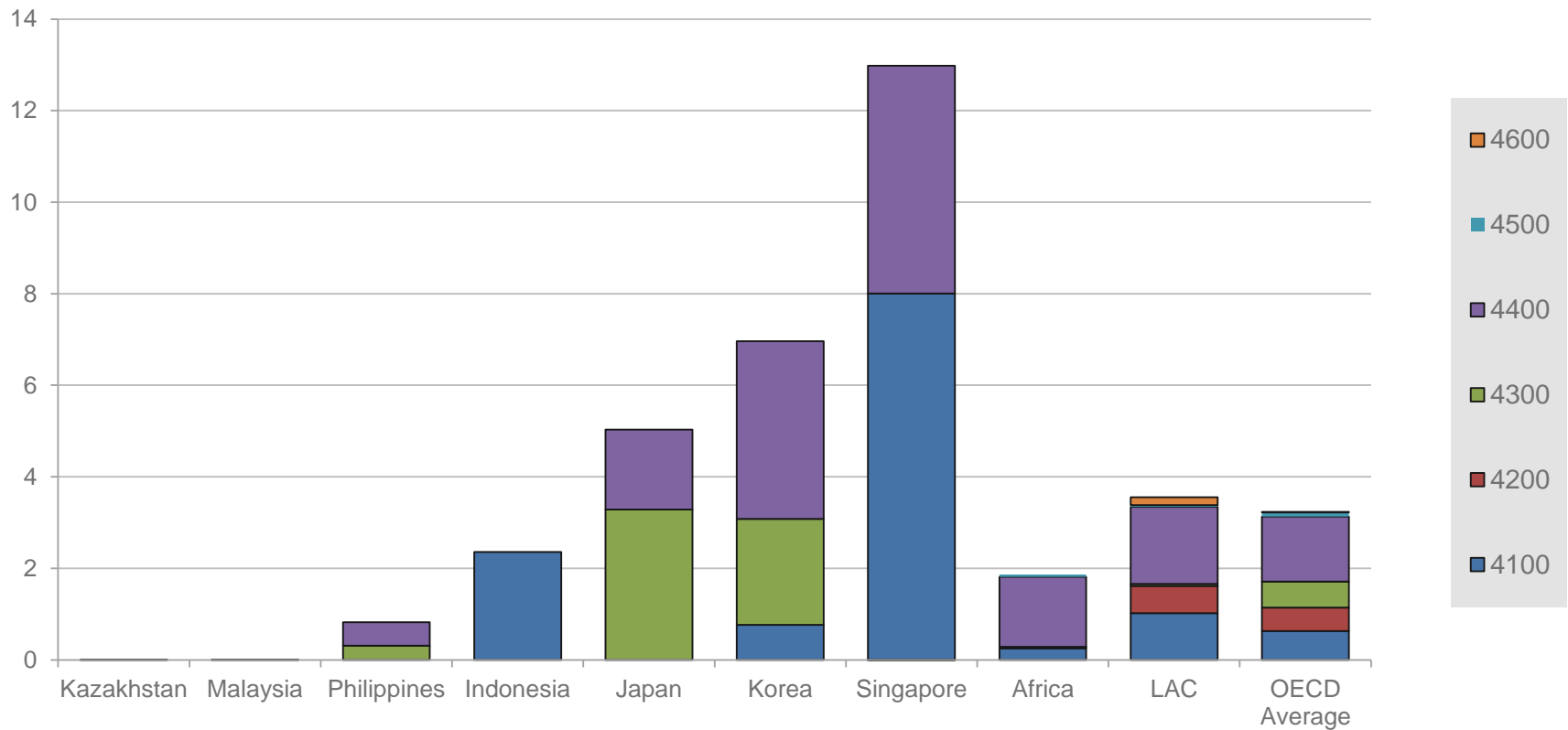
Note: Singapore is a city-state and thus has no local government divisions. In Indonesia, property taxation was shifted to the local level of government in 2014. However, the composition of local tax revenue is unknown and thus it is currently allocated to category 6000 (Other taxes).

Source: OECD Revenue Statistics publications, 2017.



Central/federal governments primarily raise taxes on net wealth, and taxes on estate, inheritance and gifts

Figure 16: Shares of property taxes (as % of central tax revenue) raised at central/federal government level



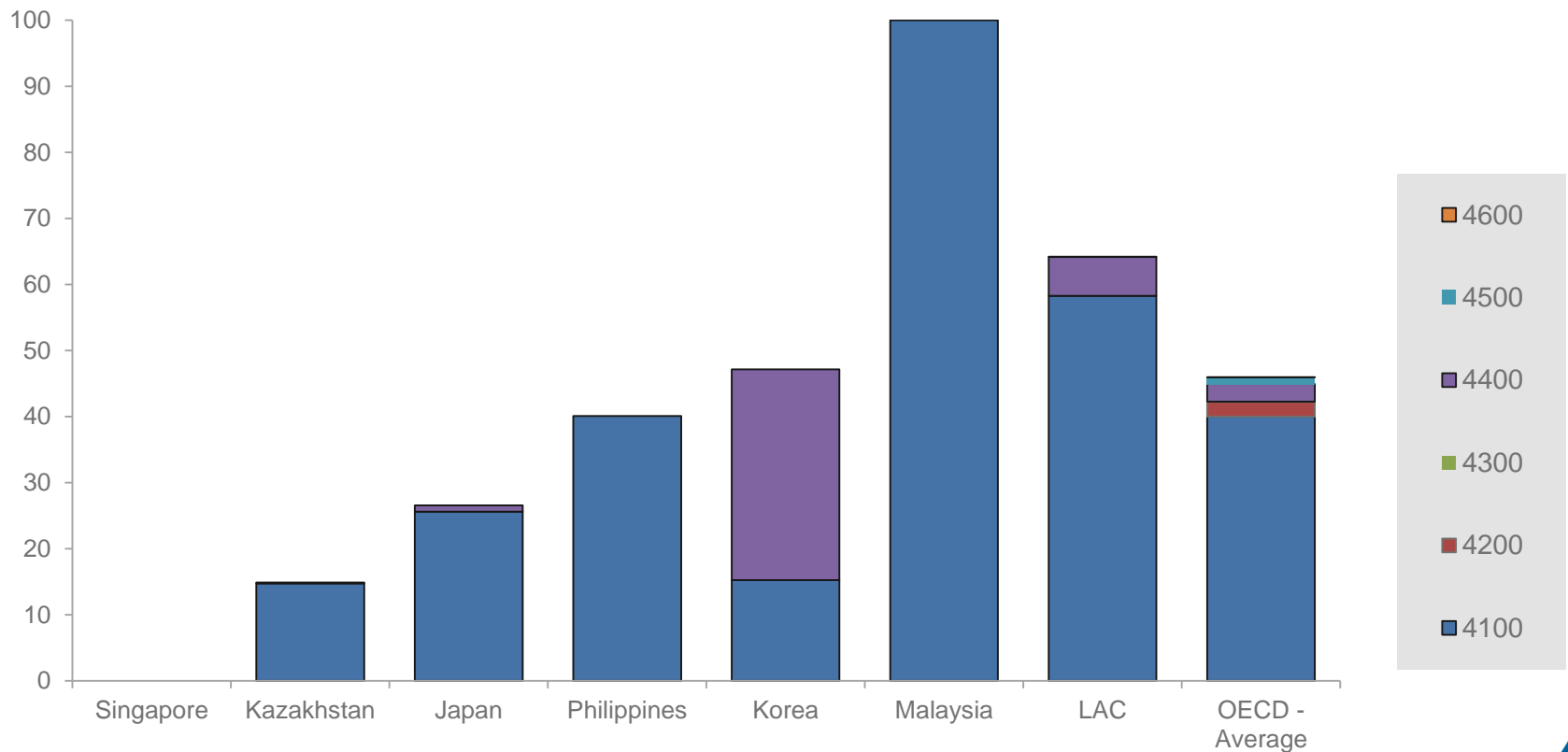
Note: In Kazakhstan and Malaysia property taxes are raised mostly at the local level.

Source: OECD Revenue Statistics publications, 2017.



Local governments predominantly raise recurrent taxes on immovable property

Figure 17: Shares of property taxes (as % of local tax revenue) raised at local government level



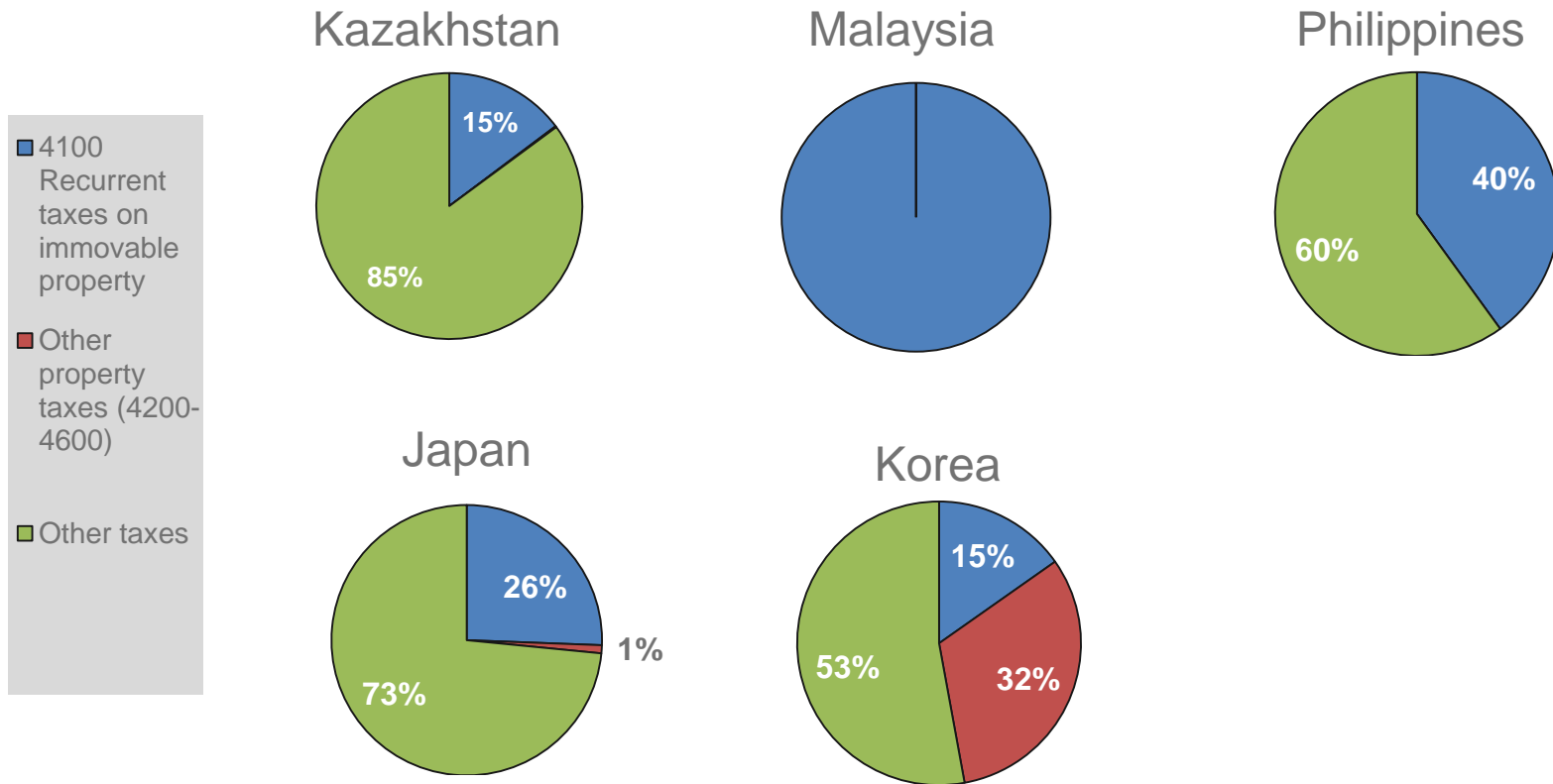
Note: For Indonesia no local data is available. Singapore is a city-state and thus has no local government division.

Source: OECD Revenue Statistics publications, 2017.



However, property taxes amount to 15 to 100% of total tax revenue of local governments in Asian countries

Figure 18: Shares of property tax in total local government tax revenue



Note: For Indonesia no local data is available. Singapore is a city state and thus has no local government divisions.

Source: OECD Revenue Statistics publications, 2017.



CONCLUSIONS FOR ASIAN COUNTRIES



Conclusions for Asian countries

- Korea has the highest property tax revenue as % of GDP (3.1%) among Asian countries, whereas Singapore's property tax revenue is highest as % of total taxation (13.0%) across all countries.
- In the 7 Asian countries, property tax revenue is mainly raised from recurrent taxes on immovable property; followed by taxes on estate, inheritance and gifts; and taxes on financial and capital transactions.
- Over time (1990-2015), revenue from property taxes runs above the OECD average for Japan and Korea; fluctuates around the OECD average for Singapore; and is lower for Indonesia, Kazakhstan, Malaysia and the Philippines.
- From 2000 to 2015, no large changes were seen in Asian countries: Korea experienced the largest increase in property tax revenue in Asian countries (+0.46 p.p.) and Kazakhstan experienced the largest decrease (at -0.25 p.p.).



Conclusions for Asian countries

- Property taxes are mainly raised at the local government level among the 7 Asian countries.
- Local governments in particular raise revenues from recurrent taxes on immovable property; whereas taxes on wealth, inheritance and gifts are raised more heavily on the central/federal government level in the Asian countries.
- Property tax revenue in Asian countries varies as a share of local government revenues from 15-100%



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