

## Government and Policy

# Push for property tax gears up

By Wang Qian (China Daily)  
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Beijing - Senior officials are pushing to implement property tax amid intensified efforts by the authorities to rein in soaring housing prices to promote a healthy and stable real estate market.

Ji Huaiyin, a deputy director of the fiscal and finance department under the State Council's Legislative Affairs Office, said property tax should be imposed as soon as possible, the Xinhua News Agency reported on Wednesday.

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Action toward that end should be taken step by step, Xinhua cited Ji as saying. The tax should also not be imposed on properties that are primary residences, it reported.

Ji said imposing a property tax can effectively prevent property speculation because the tax is charged every year and increases the financial burden of real estate speculators.

Property tax is a tax put on property based on its ownership and is usually charged yearly through the estimated value of the property.

But the details of charging such a tax have yet to be worked out and made known to the Chinese public.

Ji blamed speculative home buying for the real reason behind the soaring housing prices in big cities.

He said the government's series of housing price control measures in the past focused on the transaction process, such as property transaction taxes, and had unintended consequences, because these taxes are often passed onto the buyers in the form of higher prices, causing soaring housing prices.

If the property tax is introduced, the homeowner will pay more if he or she holds onto the house longer, which will increase the costs of speculative house buying and force the speculators to sell houses, Ji said.

He also suggested that the tax be charged according to the number of houses owned by every household or by the size of the property.

Similarly, Jia Kang, head of the Research Institute for Fiscal Science with the Ministry of Finance, told the People's Daily on Wednesday that now it is the right time to introduce a property tax, because it will offer local governments a more stable source of revenue to support public services. He said such a tax will also help with the government's push toward more small- and medium-sized homes, as well as tame speculation in the property market.

The Chinese Academy of Social Sciences also said in its annual blue book on China's property market on Wednesday that some policies like property tax should be charged to control the property market.

Yet, a number of academics do not expect property tax to play a significant role in the country's real estate market.

Yan Jinming, a professor of land management at Renmin University of China, said the basic function of a tax is to maintain the operation of the government and should not be directly linked to price control.

"We don't know how the tax will be charged and used. It is hard to judge its impact for the current real estate market, but for the cities where property speculation is popular, taxes can

be effective at least in the short term," Yan said.

Early in April, Shanghai, one of the country's wealthiest cities, was reportedly considering a property tax to curb soaring home prices.

More than 70 percent of Chinese households consider property prices "unacceptably high", the People's Bank of China said in its quarterly survey in March.

The average cost of a second-hand house reached 15,692 yuan (\$2,308) per square meter in March, a rise of 1,732 yuan since February, figures from the Beijing Municipal Bureau of Statistics showed.

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