

Foreword

Housing taxes are of growing importance given the pressure on governments to raise revenues, improve the functioning of housing markets, and combat inequality. As they emerge from the COVID-19 pandemic, many countries are looking to restore public finances by raising tax revenues while supporting the economic recovery. Many governments are also under increasing pressure to address rising inequality and declining housing affordability, which is more acutely affecting low-income and young households. In addition, in the context of growing international mobility of both capital and people, governments may aim to raise more revenues from less mobile tax bases, in particular real estate. This increased attention on housing taxes reinforces the need to design them effectively and fairly.

This report provides a comparative assessment of housing tax policies across OECD countries. It covers all taxes levied on the acquisition, ownership and disposal of housing assets. The report shows that while housing taxes play an important role in OECD countries, there is significant scope to enhance their efficiency, equity and revenue potential, and the report identifies a number of reform options to improve their design.

The report builds on previous OECD work on the taxation of housing. In particular, an OECD Taxation Working Paper on “Measuring the Effective Taxation of Housing” was released in January 2022. The report is also part of a wider work stream on personal capital taxation, which includes the recent publication of reports on Inheritance Taxation in OECD Countries (2021), The Taxation of Household Savings (2018) and The Role and Design of Net Wealth Taxes (2018). The report also complements OECD cross-Directorate work on housing policies as part of the OECD Horizontal Project on Housing.

The report contains three chapters. Chapter 1 provides background on housing market trends and challenges. Chapter 2 examines the distribution of housing assets, largely based on data from the OECD Wealth Distribution Database. Chapter 3 provides an overview of the different types of taxes that are levied on housing in OECD countries and assesses their efficiency, equity and revenue effects. It also evaluates the role of specific tax policy instruments in addressing current housing challenges. Based on the assessment, the report outlines a number of reform options that governments could consider to enhance the design and functioning of their housing tax policies. The Annex provides detailed country-specific information.

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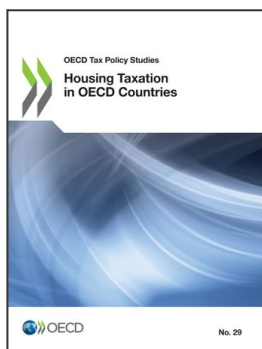
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