

An Empirical Analysis of the Impact of Real Estate Tax System on Housing Price in Hong Kong

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Abstract

This paper selects Hong Kong from 1999 to 2015 as the sample period, sets the variable to the private residential retail price index HP and the real estate related tax revenue HT, selects the multi-log logistic regression model method, empirically analyzes the profits tax, stamp duty, the impact of general rates and property taxes on the retail price index of private housing in Hong Kong. The results show that the real estate tax on the retention link has only a limited impact on the price of private housing. The promotion of property tax is more obvious, and the general difference is less affected. The real estate tax on the transaction link has a significant impact on housing prices. Profits tax has a significant positive effect, and stamp duty also has a driving effect, but the effect is weak. Increasing the tax on the transaction link will stimulate the housing price to rise further. According to the empirical results, this paper believes that the Hong Kong government should further clarify the role of real estate tax, give full play to the government's functions in the real estate market, simplify the real estate tax system, and improve the property tax package, in order to play a role in the real estate tax to suppress housing prices.

Keywords

Hong Kong, Real Estate Tax, Housing Price

1. Introduction

Hong Kong is a pioneer and successful model of global (state-owned) land sales revenue as the main source of funds for urban infrastructure construction. The “urban operation” promoted by the Mainland in the past 20 years and the transfer of state-owned land use rights for the preparation of funds have actually

borrowed from the experience of Hong Kong. After more than 100 years of development and improvement, Hong Kong has formed a relatively complete real estate fiscal and taxation system, including the profits tax of the circulation link and the stamp duty of the acquisition link, the general rates of the retention link and the property tax. Among them, the stamp duty rate of the acquisition link is only 0.25% - 3.75%. Profits tax only levies taxes on real estate speculation. The lighter tax burden effectively encourages the supply and circulation of the land and real estate market in Hong Kong. Different from the circulation link, the complex tax categories and tax burdens not only effectively limit the idle and inefficient use of real estate in Hong Kong, but also provide the government with a stable tax revenue and more effectively stabilize Hong Kong housing prices. Therefore, studying the impact of real estate taxation in Hong Kong on the real estate market has important reference significance for the real estate tax reform in the Mainland.

Hong Kong's tax on property tax (general), includes rates and property taxes (narrow sense). Unlike the concept of property tax that we usually refer to, the "property tax" referred to in Hong Kong is limited to the property used for rental operations and to obtain rental income. The connotation of rates is more in line with the meaning of the general property tax, which is taxed on all houses owned by taxpayers, including homes for own use and non-self-use. Therefore, some people refer to the difference in Hong Kong directly as property tax, and the "property tax" as real estate tax. In fact, both are taxing the property in the possession, which is the scope of the property tax discussed in this article.

The general rates apply to all types of real estate properties in Hong Kong, including private and public housing, reflecting the relationship between the government and the owners providing public services and taxation for residents. The proceeds are included in the Hong Kong Government's public budget revenue management. Under the influence of the British tax law system, the general operating principle of rates is similar to that of the UK residential tax, which directly reflects the government's purpose of raising fiscal revenue.

2. Literature Review

The taxes levied by the international real estate transfer link are collectively referred to as the real estate transfer tax. The so-called real estate transfer tax refers to the tax levied on the sale, donation and inheritance of real estate. The economic effects of international research on real estate transfer tax are mainly concentrated on the two aspects of the impact of real estate transfer tax on real estate transaction volume and transaction price. First, because the increase in transaction costs will have a blocking effect, the impact on housing prices is mainly reflected by increasing transaction costs. Benjamin, Coulson, and Yang [1] found that increasing the real estate transfer tax would lower the house price by increasing the impact of real estate transfer tax on residential housing prices in Philadelphia, and this part of the tax on real estate transfer tax will be borne

by the house transferor. Lundborg and Skedinger [2] used the real estate market search model to study the impact of real estate transfer tax on house prices, and found that house prices are endogenous, and the real estate transfer tax has a blocking effect, resulting in a decline in real estate prices in the short term. The National Association of Realtors [3] also found that the imposition of real estate transfer tax will lead to an increase in real estate transaction costs, which will affect the transaction volume of real estate, the transaction price, and the purchase decision of the homebuyer and the holding period of the seller.

In the relationship between real estate tax and house price, there are a lot of studies abroad. According to the research conclusions of scholars, they can be divided into two categories: the first category is the beneficiary theory, and the real estate tax in the retention link is only a usage fee. There is no distortion in the allocation of capital and resources, and therefore no impact on the value of the home. Brueckner [4] argues that there is a significant correlation between property taxes, real estate values, and local public services, thus demonstrating that real estate taxes are a benefit tax. Fischel [5] argues that real estate taxes have increased housing prices due to land planning and foot voting. Another new theory is that real estate tax will change the relative price of capital and land, and distort the substitution relationship between capital and land, thus affecting real estate prices. Mieszkow & Zodiow [6] argued that the retention of real estate tax would reduce the overall capital gains and was a distortion of the use of capital within the jurisdiction. Rosen and Fullerton [7] found that real estate taxes have a significant negative effect on the development of the real estate market, but at least 75% of public services will be capitalized into house prices.

China's research has different conclusions on the impact of taxation on the price of trade links. Some scholars believe that increasing the tax burden of trading links can curb housing prices. Chongen B, Qi L, Min OY [8] used panel data from 31 provinces and cities to set up an econometric model to estimate the potential price levels in the case of Shanghai and Chongqing without real estate tax pilots. By comparing the potential and actual house price levels, the study found that although the real estate tax pilot reduced Shanghai's house price by 15%, it raised the house price in Chongqing by 11%. The other category believes that the tax policy of the transaction link has no effect on regulating housing prices and may even push up housing prices. Juqiu D *et al.* (2011) [9] used the national monthly data to test the impact of taxation on the real estate market by using the VAR model. Studies have shown that increasing the tax on the transaction link has little effect on regulating housing prices.

Scholars also hold different views on the impact of retaining links on housing prices. Some scholars believe that the real estate tax to levy the retention link can reduce housing prices. The study by Weida K *et al.* [10] shows that real estate tax has a significant negative effect on housing prices. Although real estate taxes can effectively reduce house prices, local governments are unlikely to achieve a substantial increase in property tax rates. Therefore, property taxes have a limited

inhibitory effect on house prices. Kang J [11] from the perspective of supply and demand analysis, the real estate tax can make the supply and demand of the real estate market closer to the balance point, can effectively stabilize housing prices, and curb rising house prices. He also pointed out that as long as the supply of affordable housing meets the demand, a large number of vacant housing will be redistributed according to market rules and enter the rental market, and the real estate tax will not be passed on to consumers. Heng W's research that from the national level and the regional level to face the relationship between China's real estate tax burden and housing prices, proposed that according to different regions, differentiated real estate policies can play a role [12]. Huiyu C *et al.* [13] analyzed from the perspective of real estate reform in China that real estate tax does not have the preconditions for becoming the main tax of local tax in the short term, but the retaining link has a positive effect on regulating the stock of property and the rational flow of wealth in the long run.

Some scholars also think that from the perspective of changes in supply and demand, it is considered that the property tax has little meaning for regulating housing prices. Tifu A and Haiyong W pointed out that in the current situation that the real estate market is in short supply, the tax burden will be easily passed on to buyers, thus raising housing prices [14]. Shangxi L [15] believes that the premise of real estate tax regulation of housing prices is that the tax burden can not be passed on to consumers in disguise, in order to effectively reduce the speculative demand of housing. Otherwise, the role of taxation is not to curb housing prices, but to push up housing prices. The taxation of the retention link will indirectly increase the cost of housing maintenance for residents, which will have an impact on the choice of some potential housing consumers. However, this impact has little impact on the total demand for housing, mainly due to the housing demand structure.

3. Real Estate Tax System Design in Hong Kong

The tax system has its own distinct characteristics in Hong Kong. According to data analysis of the Government of the Hong Kong Special Administrative Region, the Hong Kong government's tax revenue reached 145 billion Hong Kong dollars, accounting for only 10.49% of Hong Kong's GDP in 2005-2006. The proportion of Hong Kong's tax revenue to GDP is relatively low. This figure largely reflects the "wide" side of Hong Kong's tax system. As a seaport city and a region that pursues a free economy, the formulation and revision of the Hong Kong tax system has always been based on facilitating the attraction of foreign investment and promoting the development of Hong Kong's economy and trade, so that it always presents a simple tax system with narrow taxation and few taxes. The tax burden is light and relatively "wide".

There are three main types of taxes in Hong Kong, namely property tax, salaries and profits tax. In addition, there are taxes such as stamp duty, betting duty hotel accommodation tax and rate tax, which account for 70% of profits tax and

salaries tax. The property tax is mainly imposed on the rental income of the property owner; the salaries tax and profits tax are roughly equivalent to the personal income tax and corporate income tax in the Mainland, and the salaries tax is subject to excessive and progressive taxation, the tax rate is 2% to 19%, and the overall tax burden does not exceed 16% of income, Hong Kong does not have a turnover tax such as value-added tax, business tax and consumption tax. In February 2006, the estate tax was abolished. Compared with the tax base in the Mainland, Hong Kong has a relatively narrow tax base and is taxed at the source of income, that is, it only taxes income generated from economic activities originating from Hong Kong jurisdiction; in terms of tax base design, corporate and personal income Direct taxes (profit tax, salaries tax), plus property tax, constitute the three main types of taxes, accounting for more than 60% of all taxes, the tax design is very simple. The “wide” tax system shows Hong Kong’s tax system, which is simple and clear. At the same time, Hong Kong also considers social factors in the design of the tax system. For example, in order to consolidate the family, maintain social kinship and ethical relations, and thus reduce the social burden, the Hong Kong Government stipulates that the personal support, raising and raising population can be used as the deduction of the tax base. Taking personal salaries tax as an example, the tax allowance for a family whose husband’s annual income is deducted at the time of taxation includes: the tax allowance for married persons is 200,000 yuan, and the first nine children, each with a tax allowance of 40,000 yuan; Grandparents, who live with each person, are exempt from tax of 30,000 yuan. Others include tax exemption for brothers and sisters, tax exemption for dependents, and tax exemption for individual training and tax exemption. The annual income of ordinary citizens is basically not subject to tax after deducting these tax-free items.

Compared with the tax system, Hong Kong is very strict in tax collection and management. This is strictly reflected in the following: First, the legislation is strict, Hong Kong tax law is rigorous and meticulous, and it is easy to enforce the law. Due to the special administrative mode of Hong Kong, the Financial Secretary and the Treasury Bureau are financial. As the makers and interpreters of the tax policy, the tax bureau only acts as a collection department to pay taxes to the public, and there is little room for self-control in the tax policy. The acceptance department for tax-related dispute appeals is also independent of the tax bureau’s tax appeal board. Basically, the issues of “human tax” and “relationship tax” have been avoided.

Second, there are fewer preferential measures and strict tax exemption. Since Hong Kong only taxes a small number of incomes and the tax rate is low, there are many items that are allowed to be deducted when calculating the taxable income. Therefore, Hong Kong’s tax law does not provide for special tax incentives, which not only helps ensure that the tax base is not eroded, and the nominal tax rate. Consistent with the actual tax rate, reducing taxpayers’ dislike, and simplifying the tax law, the arbitrariness of tax collection and management is greatly reduced, which is conducive to the rigidity of tax law.

Third, the strictness of social management has promoted the refinement of tax collection and management. In Hong Kong, companies do not use the concept of invoices supervised by the tax department, they use homemade invoices and receipts, and they are self-declared and taxed. This kind of invoice management does not seem to be taxful. It is actually because of the Hong Kong government's integrity system and finance. The soundness of the system greatly reduces the possibility of the taxpayer's gray income account, so that the income generated by most taxpayers' economic activities can be easily grasped by the government and taxed accordingly. At the same time, it is convenient for tax investigation. Hong Kong's tax law also stipulates that the taxpayer's business records and property rental income records must be kept for at least seven years. The tax bureau must carefully review and investigate the report after receiving the report. If it is found that there is fraudulent taxation and deliberate tax evasion, it is fine. In addition, criminal penalties are imposed. This combination of honesty and legal system allows the taxpayers to minimize the subjective possibility of tax evasion.

Research Methods and Data Processing

Hong Kong's tax year is recorded as one year from March 31. The data in this article comes from the Hong Kong Special Administrative Region, and this article selects Hong Kong from 1999-2000 to 2015-2016 as the sample period. This article is based on the sample period from 1999 to 2015. The variables selected are the private residential retail price index HP and the real estate related tax income HT. Among them, the tax revenue directly related to real estate is the sum of stamp duty, profits tax, property tax and general rates.

Through the analysis of the real estate tax system in Hong Kong, this paper will use the multiple regression method to quantitatively analyze the relationship between the different tax revenue changes in Hong Kong and the private residential retail price index in Hong Kong during the sample period, and combine the current situation of the real estate tax system in Hong Kong. The impact of Hong Kong real estate taxation on housing prices is derived.

4. Analysis of the Impact of Real Estate Tax System on Housing Prices in Hong Kong

4.1. Descriptive Analysis

The proportion of Hong Kong's retained tax accounted for the entire real estate tax rose from 38.25% in 1999-2000 to 51.79% in 2001-2002. After that, it continued to fluctuate and fell. In 2008, it reached a minimum proportion of 19.57%, and then gradually recovered. The tax revenue of the link accounted for 29.8% of the total tax revenue. In contrast, the transaction link, from 61.75% in 1999-2000 to 48.21% in 2001-2002, showed a trend of rising and rising faster, reaching a maximum of 80.43% in 2008, and then gradually falling back to 70.2% of the year. Looking at the overall development trend, the taxation of the

retained links has decreased, and the taxation of the trading links has increased. This is closely related to the active trading of the Hong Kong real estate market in recent years.

In the taxation of property retention (**Figure 1**), the property tax is small in scale, from 1.168 billion in 1999 to a total of 2.998 billion in 2015, growing at an average annual rate of 8.7%; the general rate increased from 7.132 billion in 1999 to 22.733 billion in 2015, an average annual increase of 12.14%. In the transaction tax, stamp duty increased the most, only 3.917 billion in 1999. With the recovery of the real estate market, stamp duty entered a period of rapid growth, and in 2014 it increased significantly to 49.215 billion Hong Kong dollars. The reason for this is due to the publication of the Stamp Duty (Amendment) (No. 2) Regulations of 2014 on July 25, 2014, which introduced some of the documents on real estate transactions executed on or after February 23, 2013. The first standard rate of higher ad valorem stamp duty; and the instrument for non-residential property transactions executed on or after the date of change, the ad valorem stamp duty is imposed on the sale and purchase agreement in advance, rather than the sale of the transfer. In addition, after the amendments are published, certain immovable property transactions executed during the transition period (between February 23, 2013 and July 25, 2014) are subject to additional stamp duty. In 2015, stamp duty fell back to HK\$24.494 billion, a drop of 42%. In general, stamp duty increased at an average annual rate of 20.99% during the period 1999-2015. In 2000, the profits tax reached 10 billion, and then gradually fell to the lowest level of 6.363 billion in 2002. After that, it entered a rapid growth channel. In 2015, it reached a record high of 32.12 billion, maintaining an average annual growth rate of 10.83% for 14 consecutive years. According to the statistics of 2015-2016, tax revenue accounts for 75.9% of total government revenue. After calculation, the real estate tax revenue of the transaction link was 60.606 billion Hong Kong dollars, the real estate tax revenue of the retained link was 25.731 billion Hong Kong dollars, and the real estate related tax revenue was 86.336 billion Hong Kong dollars, accounting for 29.64% of the total tax revenue of the Hong Kong government (**Figure 2**).

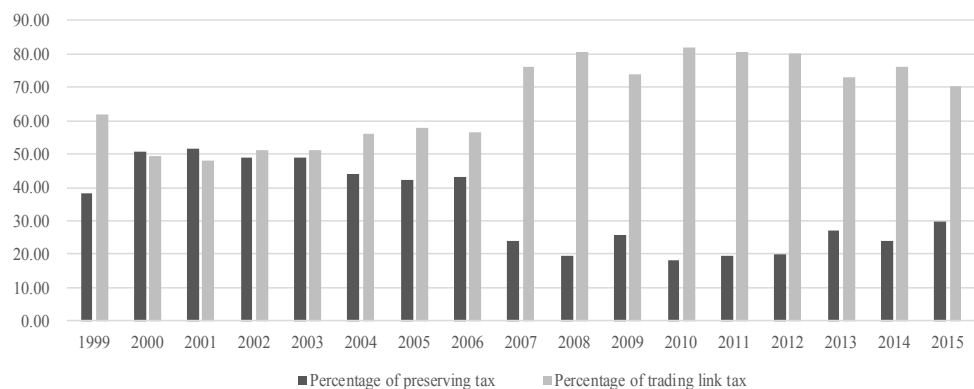


Figure 1. Percent changes in the preserving tax and trading link tax in Hong Kong from 1999 to 2015.

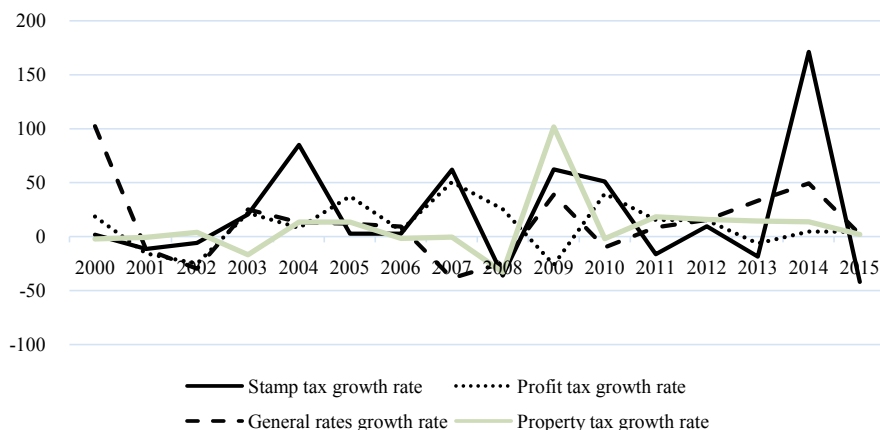


Figure 2. Trends in tax growth rates related to the real estate industry from 1999 to 2015.

4.2. Empirical Analysis

First, this article sets the profits tax to x_1 , the stamp duty to x_2 , the general rate is x_3 , the property tax is x_4 , the real estate-related tax HT is x_5 , the government revenue is x_6 , and the explanatory variable y is the private residential retail price in Hong Kong. Index HP (1999 = 100). The regression of this paper will be divided into two parts, the first is the multiple regression analysis of HP and other variables except HT (**Table 1**).

From the overall regression results, the overall statistical significance of the equation $F = 52.58$, indicating that the results are very significant, and the real estate-related taxes have a significant impact on the private residential real estate market in Hong Kong. Secondly, the goodness of fit R^2 and the adjusted R^2 are shown, which indicates that the sample estimator has a good fitting effect on the overall equation.

From a single variable point of view, in the trading session, the profits tax and the private residential retail price index (hereinafter referred to as HP) showed a significant positive correlation. For every 0.22 billion yuan increase in profits tax revenue, HP will increase by one unit. The stamp duty has a negative correlation with HP, indicating that the increase in stamp duty will lead to a decline in HP. However, it is necessary to propose that the relationship between the two variables is not significant. The main reason can be understood as the influence of exogenous factors such as policies. In the retention process, the general rate is also positively correlated with HP. However, since the general rate is subject to large fluctuations due to the policy, the relationship with HP is not significant, but it can be known that the general price index is the impact is positive. Property tax is positively correlated with HP, and t statistic is 2.33, showing a correlation in 95% confidence. For every 189 million yuan increase in property tax revenue, the private residential retail price index in Hong Kong will increase by one unit. In addition, it can be seen that the influence and correlation of the constant term on HP are the largest, which indicates that in addition to the above four taxes, the more decisive variables for HP are not shown in the regression,

Table 1. Multiple regression results.

Source	SS	df	MS	Number of obs = 17
Model	13,848.4243	4	3462.10607	F(4, 12) = 52.58 Prob > F = 0
Residual	790.205987	12	65.8504989	R-squared = 0.946 Adj R-squared = 0.928
Total	14638.6303	16	914.914393	Root MSE = 8.1148
HP	r	Standard Deviation	T-Distribution	P > t
Profit tax	0.0022009	0.0004931	4.46	0.001
Stamp tax	-0.0004691	0.0003645	-1.29	0.222
General rates	0.0005107	0.0007294	0.7	0.497
Property tax	0.0189292	0.0081129	2.33	0.038
Constant	42.80874	7.235366	5.92	0

which is consistent with the reality, due to this article. The focus of attention is only on the area of tax revenue, and other variables are temporarily not discussed.

Combined with the regression results and the changes in the proportion of four different types of tax revenues to the real estate-related tax HT (**Figure 3**), the impact of the trading link on the Hong Kong housing market is more significant than the retention link. From the perspective of the change in the proportion of **Figure 3**, the proportion of trading links has gradually increased. Since 2007, it has continued to occupy more than 60% of the total. In contrast, the proportion of tax revenue in the retention chain has been decreasing. In 2008, it accounted for at least 19%.

The second part of the regression is the logarithmic regression analysis of the above four different tax revenues total HT and Hong Kong private residential retail price index HP. $\ln y$ represents the relative change in the Hong Kong private residential retail price index (hereinafter referred to as HP), and $\ln x$ represents the relative change in real estate-related taxes (hereinafter referred to as HT). Logarithmic transformation of the data can better reflect the relative changes between HT and HP, thus better explaining the impact of real estate-related taxes on the real estate market in Hong Kong. Referring to the regression results in **Table 2**, it can be seen that the overall significance of the regression equation is very good, the F statistic is 67.39, the goodness of fit R^2 is 0.8383, and the adjusted R^2 is 0.8259. These three statistics It shows that the sample estimator has a good fitting effect on the overall equation. The t statistic is 8.21, and the explanatory variable HT has a significant positive correlation with the interpreted variable HP. For every 1% increase in real estate-related taxes, the Hong Kong private residential retail price index rises by 7.8%, and the corresponding constant term is the explanatory variable. The effect is negatively correlated, and the absolute value of the t-statistic of 2.53 indicates a significant relationship between the two.

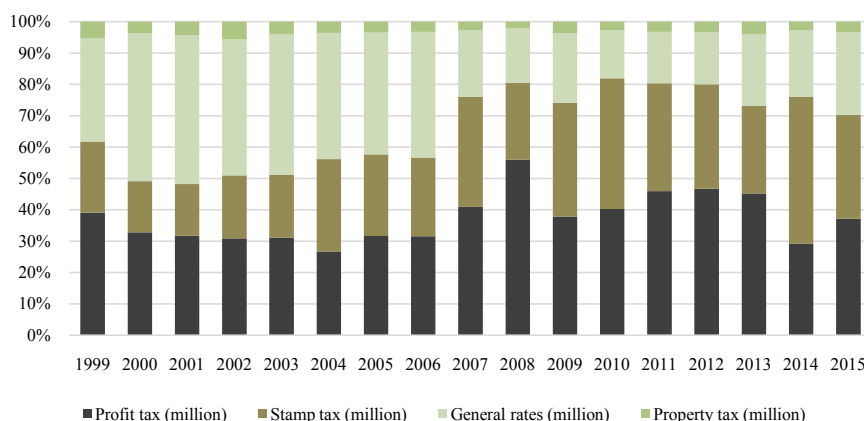


Figure 3. Comparison of the difference between the different tax revenues and the total income of real estate.

Table 2. Regression of HT and HP.

Source	SS	df	MS	Number of obs = 15		
Model	0.887175895	1	0.887175895	F(1, 12) = 67.39 Prob > F = 0.0000		
Residual	0.171134051	13	0.013164158	R-squared = 0.8383 Adj R-squared = 0.8259		
Total	1.05830995	14	0.075593568	Root MSE = 0.11474		
ln _y	Coef.	Std. Err.	t	P > t	[95% Conf. Interval]	
lnx5	0.6442285	0.078475	8.21	0.000	0.4746934	0.8137635
_cons	-2.094037	0.8281382	-2.53	0.025	-3.883121	-0.3049531

4.3. Conclusions

Empirical studies show that the impact of retaining links on housing prices is limited, and the taxation of trading links has a significant impact on housing prices. Although the introduction of rates and property tax will bring about an increase in the cost of real estate retention, the amount of tax on the retention link is small compared to the total value of the real estate. From the perspective of the actual income and cost of real estate demanders, the retention of tax cannot be a key factor affecting the trend of housing prices. After the Asian financial crisis, the Hong Kong real estate market has recovered since 2003, and the volume of private residential transactions has increased year by year. The scale of real estate taxation in the transaction chain has been expanding, which has become an important trigger for the rise of real estate prices.

The Hong Kong government is in line with the empirical results in specific policy operations. In order to combat the chaos of the real estate market and the chaos of housing prices caused by the international financial crisis since 2008, the Hong Kong government has implemented two rounds of policy adjustments on Hong Kong tax on November 19, 2010 and October 26, 2012, respectively. Private stamps purchased in the two years before November 19, 2010 will be

subject to special stamp duty. After that, the stamp duty rate will be adjusted to limit the speculative behavior of non-Hong Kong residents buying homes in Hong Kong. But the crazy real estate market has not stopped the pace of crazy rises because of these policies. Coupled with the adjustment of the double value-added stamp duty in 2013, the Hong Kong government's policy intervention in the real estate market for three consecutive years has not worked, and the pace of rising house prices has been running faster and faster.

5. The Reference Significance of Hong Kong Real Estate Tax System

5.1. Clarify the Role of Property Tax

The role of general rates and property taxes in Hong Kong is mainly to raise fiscal revenues and not to be linked to the regulation of the real estate market. Only when the economic crisis occurs, the government's income is in good condition or the public's tax-bearing capacity is weak, the Hong Kong government will follow the law. The general rates and property tax are reduced or delayed. This paper believes that when realizing the property tax reform, it should return the property tax to the basic functions of its government revenue, instead of over-emphasizing the regulation effect of the property tax on the real estate market, and cannot rely on the property tax to cool the house price. The specific reasons are as follows: First, the property tax has a stable tax source, and the tax base changes with the economic situation. It is a stable and sustainable fiscal revenue of the government. Compared with the existing land transfer income, it is more in line with the current sustainable development requirements. Secondly, in the long run, if the real estate market keeps prosperous, the real estate price rises faster than the real estate tax adjustment rate, and the restraining effect of the retained tax on house prices will be very limited. For the private residential real estate market in the other area, if the growth rate of the link tax cannot keep up with the rate of increase in house prices, and cannot keep up with the increase in the profit rate of investment real estate, and the tax burden can be passed on, it is difficult to maintain the tax in the link. The suppression of real estate is minimal.

5.2. Clarifying the Functions of the Government in the Real Estate Market

Due to the special nature of residential goods, although Hong Kong is a highly market-oriented economy and has the special commodity nature necessary for residential life, the Hong Kong government has liberalized the private residential market on the one hand, and determined the market price by the market to meet the housing needs of those who have the ability to purchase houses. On the other hand, in the field of "public housing", the government actively intervenes and always maintains an indispensable intervention function. The Hong Kong government's intervention function in the residential market provides small and

medium-sized, medium- and low-priced housing for families unable to pay high housing prices, effectively protecting the basic housing needs of low- and middle-income families. In addition, the Hong Kong Government has an open and transparent income and asset reporting system, a waiting list and an exit mechanism to ensure the openness and fairness of public housing allocation.

5.3. Supporting Measures Required for Levying Property Tax

First of all, it is the legislative issue of property tax. The levy of property tax involves the interests of consumers who purchase houses. The levy of property tax is the general trend. However, as a legal means for the state to deprive taxpayers of property, taxation emphasizes strict taxation and statutory law. First, the corresponding legislative work should be completed. Relevant departments have already carried out pilot projects in some areas where real estate experience is relatively mature. Legislative research should be carried out based on the pilot experience, and the legislative process should be completed.

Second, the authority to levy and manage should be decentralized to fully mobilize the enthusiasm of local governments. On the one hand, property tax has a wide regional distribution of tax sources, which is convenient for local governments to strictly monitor the tax sources in the region and improve the efficiency of collection and management; on the other hand, the fiscal expenditure targets of property tax revenue are mainly used for regional public services. Greatly reflects the principle of equal tax and income reciprocity. Therefore, some countries that implement the tax sharing system mostly classify property tax as local tax and classify it as local fiscal revenue. In developed countries, whether it is the United States, France and other federal states, or Japan, the United Kingdom and other unitary countries, most of the property taxes are transferred to local governments; many developing countries have also attached great importance to the adjustment of fiscal distribution relations in recent years, and many Property tax is handed over to local management and control.

Third, improve the real estate appraisal system. The method of collecting property tax is to assess the taxable value of the property, minus the deductions specified in the tax law, and then levy at a certain rate. As the value of a property changes as the city develops and the market changes, the value of the property must be regularly assessed. In order to meet the needs of property tax collection, countries and regions in the world generally conduct a value assessment of important non-financial assets such as land and houses every three to five years. This is a specialized agency with certain authority and impartiality.

Fourth, the appeal arrangement for property tax levy. The taxpayer of the property tax may object to the outcome of the tax base assessment, and the tax law should make arrangements to guarantee the taxpayer's right to appeal against the assessment results. First, to ensure the taxpayer's right to know, the tax authorities should inform the taxpayer of the real estate assessment in a timely manner after assessing the tax base of the property tax, so that the tax-

payer can decide whether to appeal; secondly, design a simple and efficient appeal procedure, designate a special The agency or personnel handle taxpayer complaints.

Fifth, promote the innovation of the property rights system. Promoting the innovation of property rights system determines the current stage. The specific problem of China's property rights system innovation is to continue to deepen the reform of the land use system and to revitalize the allocated land occupied by administrative, enterprises and institutions. At this stage, the specific problem of China's property rights system innovation is to continue to deepen the reform of the land use system and to revitalize the allocated land occupied by administrative, enterprise, and public institutions. The new tax system focuses on promoting land resources

The source, especially the effective circulation of urban stock land, without the support of the system, even if the tax burden of the real estate preservation stage is increased, it cannot achieve the intended purpose. On the contrary, it is possible to promote the further development of the invisible market. Therefore, deepening the reform of land use system is an important guarantee for the healthy operation of the real estate tax system.

However, the economic benefits and financial benefits of property rights innovation activities will gradually emerge in the long run, and the initial stage is difficult to make profits. In other words, property rights innovation activities will result in loss of current fiscal revenue. Maintaining or creating an inefficient property rights system is financially profitable, although there are huge losses both economically and financially in the long run. Therefore, when carrying out the innovation of the property rights system, we must consider the government's financial interests, especially the recent fiscal interests. Otherwise, if the property rights system innovation can increase the fiscal revenue in the long run, the government will suffer from the current financial interests. Instead of engaging in such innovative activities, it will maintain an inefficient system of property rights.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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