

A Study on the Effects of Taiwan's House Hoarding Tax on Housing Prices

Ming-Hung Yao

Department of Public Finance and Taxation, National Kaohsiung University of Science and Technology, Taiwan

Mei-Hsuan Shen

Department of Public Finance and Taxation, National Kaohsiung University of Science and Technology, Taiwan

Abstract:

In response to high housing prices, ten out of nineteen local governments in Taiwan have proposed the house hoarding tax since 2014. The house hoarding tax imposes higher tax rates on those who hoard multiple houses, encouraging them to release these houses to the real estate market. This study investigates the impact of the house hoarding tax on housing prices from 2011 to 2022 in Taiwan. The empirical findings indicate that disposable income, unemployment rate, mortgage affordability ratio, and average consumption propensity positively correlate with housing prices. The dummy variable for house hoarding tax shows a negative correlation with housing prices but is insignificant, indicating that house hoarding tax may not be effective in controlling housing prices. Based on the empirical results, this study suggests designing tax rates with differentiation between long-term investment and short-term speculation to curb speculative holding. In addition, the assessed current value of the house should be adjusted to reflect market prices.

Keywords:

house hoarding tax, housing prices, panel data estimation.