

CHAPTER XIV

LAND TAX

I. General Description

Tracing its origins back to the twenty-second century B.C., the land tax system of our country has a history of over four thousand years. Land tax has always been one of the major sources of our government's fiscal revenue.

Although the land tax system was established early, its implementation was not generally executed due to the huge size of our country. During the period of the Nationalist Government, taxation on land was under the direction of the following: The Act for Land Registration and Tax for the City of Canton (1926), the Chapter on land tax in the Land Act (1930), and the General Act of Land Tax Collection promulgated by the Executive Yuan (1937). Financial needs for military operations in the war following the Japanese invasion and the need to control food sources prompted the government to promulgate the Provisional Act Governing the Collection of Agricultural Land Tax in Kind, and later, in 1944, it was amended to become the Wartime Act Governing the Collection of Agricultural Land Tax in Kind.

Then, in 1954, when the Act for the Equalization of Urban Land Rights was enacted, land tax was included as a part of the Statute. However, it was not until the enactment of the Land Tax Act in July, 1977 that there was provision for a unified code on land tax, codifying all the acts and regulations concerning the collection of land tax.

The prevailing land tax system includes land value tax, agricultural land tax, and land value increment tax. For land on which the value has been assessed, land value tax is levied. Agricultural land tax is levied on farm land. Land value increment tax is levied upon gains realized from the sale of land.

II. Land Value Tax

The land value tax is described in Chapter 2 of the Land Tax Act. The land value tax is one of the most important land taxes. It has the dual function of realizing land policies and of strengthening local finances. Its major contents are as follows:

A. Tax Scope

The land value tax is imposed on land that has been assigned a value. Land that has been assigned a value, and which is also being used as farm land, shall be taxed as agricultural land and no land value tax shall be levied on it in accordance with relevant laws.

B. Taxpayers

1. Land title owner.

2. For land with an established dien right, the dien right holder.
3. For bestowed land, the bestowee.
4. For land assigned for farming, the farmer.

(Prevailing regulations provide that land being used for farming shall be taxed in accordance with the agricultural land tax regulations.)

5. For publicly-owned land, the administration-in-charge.
6. For commonly-owned land, the administrator.
7. For generally-and jointly-owned land, the joint owners shall be responsible for their respective parts.
8. For trust land, the trustee.

For the following situations, the tax authority may designate land users to be responsible for paying the land value tax:

- a. When the whereabouts of the legal taxpayer (in accordance with the above) is unknown.
- b. When the title right of the land is unclear.
- c. When the land is under no-one's management.
- d. When the title owner of the land petitions for the occupier to pay the tax.

C. Tax Rates

There are two rates for land value tax: the regular progressive tax rate and the special privileged rate.

1. Regular progressive tax rate

A progressive tax rate shall be used to calculate the tax payable on regular land; the basic tax rate is 1% with the highest tax rate at 5.5%. The tax structure in this category is as follows:

- a. For land value not exceeding the starting cumulative value: 1%.
- b. For land value in excess of the starting cumulative value (SCV), provided the portion in excess is less than 500% of the SCV, an additional 0.5% shall be added for the excess portion.
- c. When the excess portion is above 500% of the SCV, on top of the aforesaid (a) and (b), for each successive 500% in excess, an additional 1% tax rate shall be added on for that respective portion, until the ceiling of 5.5% is reached.
- d. The SCV is determined by adopting the average land value of 700 square meters in the respective city or county. Land used for factories, mining, agriculture or that

which is exempted from tax shall not be included in calculating the average land value.

Formulas for the Calculation of Land Value Tax Payable

Classes	Formulas for Calculation
First Class	Tax Payable = Taxable Land Value (Not exceeding SCV) × Rate (1%)
Second Class	Tax Payable = Taxable Land Value (Portion exceeding SCV is less than 500% of SCV) × Rate (1.5%) - Cumulative Difference (SCV × 0.005)
Third Class	Tax Payable = Taxable Land Value (Portion exceeding SCV is less than 1000% of SCV) × Rate (2.5%) - Cumulative Difference (SCV × 0.065)
Fourth Class	Tax Payable = Taxable Land Value (Portion exceeding SCV is more than 1500% of SCV) × Rate (3.5%) - Cumulative Difference (SCV × 0.175)
Fifth Class	Tax Payable = Taxable Land Value (Portion exceeding SCV is more than 2000% of SCV) × Rate (4.5%) - Cumulative Difference (SCV × 0.335)
Sixth Class	Tax Payable = Taxable Land Value (Portion exceeding SCV is more than 2000% of SCV) × Rate (5.5%) - Cumulative Difference (SCV × 0.545)

2. Privileged rate

- a. Residential land in urban areas with a total area of less than 300 square meters or in non-urban areas with a total area less than 700 square meters and used for the purpose of a self-use residence shall be taxed at 0.2%.
- b. Land used for industries, mining, private parks, zoos, stadiums, temples, churches, scenic spots and historic sites, gas stations and parking lots approved by the government shall be taxed at 1%, but land which is not used in accordance with an approved project shall be taxed at the regular rate.
- c. Land reserved for public facilities pursuant to urban planning, which is being temporarily used for self-use residential purposes while still maintaining reserved status, shall be taxed at 0.2%, and, in the case of non-residential use, at 0.6%.
- d. Land publicly-owned but used for non-public purposes shall be taxed at 1%.

D. Calculation of Land Value and Consolidated Total of Land Value

1. Municipalities under direct supervision and counties (cities) shall each establish a Land Value Assessment Commission which shall make public announcement of their

assessments of land value by section and lot, based upon data, including market value, submitted by the land administration-in-charge (“posted value”).

Land owners shall declare their land value with reference to the posted value. When a land owner does not declare the land value or the declared land value is less than 80% of the posted value, the official declared value shall be adjusted to 80% of the posted value. When the land value is declared in excess of 120% of the posted value, it shall be adjusted to 120% of the posted value as the official declared value.

The land administration shall compile reports on “land value” and “land owner” in accordance with the official declared value and transmit the same to the tax authority for the levy of the land value tax.

2. The land value tax of regular land is calculated by using the cumulative scheme. Therefore, if a taxpayer has more than one parcel of land in the same municipality or county (or city), all the parcels owned shall be consolidated to reach the consolidated total value of land which shall be the taxable land value calculated based on the aforementioned formula.

E. Special Levy of Vacant Lot Tax

In order to enhance the effective use of land and to expedite urban development, vacant lot tax shall be levied on a lot wherein work for infrastructure support systems such as roads, sewage systems, electricity and water supply systems has been completed, but lot construction has not yet been carried out. In cases where construction has been completed, but the said construction improvement is valued at less than 10% of the declared land value of the land base for the construction, and determined by the municipality or county (city) government as requiring further development or alteration of the existing construction or reconstruction, the said lot, if still vacant, shall be subject to an additional levy of vacant lot tax (VLT) to be assessed by the municipality or county (city) government. The VLT shall equal two to five times the basic land tax payable for such a lot according to the regular land value tax calculation.

F. Reductions and Exemptions

1. Public land

For publicly-owned land used for public purposes, the land value tax is fully exempted. The following categories of land shall be included:

- a. Land for public use.
- b. Land used for all levels of government, subsidiary agencies, and autonomous agencies, including dormitories for staff and employees thereof; however land used for business enterprises thereof is excluded from this category of tax exemption.
- c. Land used for national defense, military institutes, military forces, or schools.
- d. Land directly used for public hospitals, clinics, academic research institutes, social educational institutes, salvation facilities, public and private schools, and

dormitories thereof, and direct production facilities of schools as used for student practical training. However, an alien school should be established or confirmed by the alien government concerned, and should be established under the Statute for the Establishment of Alien Schools, and reciprocal treatment should exist in the country concerned with the ROC or it should be approved case by case for tax exemption by the Executive Yuan; a domestic private school must be registered in accordance with the Private School Law.

- e. If a plot of public land originally used for a public or private school and described in Item (d) has its title changed to a non-public owner, and the land still is used by the same school, then the provisions of Item (d), may still be applied to the land.
 - f. Land used for direct testing and experimental facilities by public institutes in farming, forestry, fishing, pasturage (stock farming), industry, and mining.
 - g. Land used for food storage by competent authorities.
 - h. Land directly used for the services of railway, highway, airport, air field, waterworks, garbage disposal, sewage systems, and dormitories for staff and employees thereof; however, land solely used for affiliated business units is excluded.
 - i. Land used for water collection, reservation, drainage, and related construction thereof.
 - j. Land used for housing provided without charge by the government to people in need.
 - k. Historical sites and other points of interest and land used for memorial halls, shrines, temples, and cemeteries.
 - l. Land acquired or taken under eminent domain by the tourist authority for the purpose of developing the tourist industry, and while it is awaiting sale to tourism enterprises and is not generating any revenue.
 - m. Land which is used for public parking lots established by the Parking Lot Law.
2. Private land

Private land in fulfillment of the following reduction schedule may have its land value tax reduced or exempted according to law.

- a. Land used by a foundation (non-profit judicial person “NPJP”) or for registered private schools established by such an NPJP, and land used for student practical training in farming, forestry, fishing, pasturage, or mining, and dormitories thereof complying with management regulations set by educational administrative agencies-in-charge and registered as NPJP property shall have full exemption. Land used for private tutoring or correspondence schools is excluded from this exemption.

- b. Land in direct use for private libraries, history or science museums, and fine art galleries that are established with approval from educational administrative agencies-in-charge pursuant to “The Regulations for the Establishment and Encouragement of Private Social Educational Institutes,” and academic research institutes established in compliance with “The Regulations for the Establishment of Academic Research Institutes” is entitled to full exemption if the private library, etc., is registered as an NPJP or established/operated by an NPJP, and such land is owned by the NPJP.
- c. Land used for non-profit private parks and gymnasiums, totally open to the general public and established with the approval of the competent authority, shall be entitled to a 50% reduction. If such a park or gymnasium is registered as an NPJP, the land shall be entitled to a 70% reduction.
- d. Land exclusively used for private testing facilities in farming, forestry, fishing, pasturage, industry, or mining, which is duly registered with and approved by the competent authority, and has actually been used for the aforesaid testing or experimental activities for more than five years, shall be entitled to a reduction of 50% if the use is certified by the competent authority.
- e. Land used for private hospitals, blood donation institutes, social charities, or other enterprises for the enhancement of the public interest which are non-profit and which do not limit their service to people of the same trade, the same locality, the same clan or schoolmates or other specific classes of people, and have been approved for establishment by the competent authorities, shall have full exemption. However for the designation as public interest enterprise as aforementioned to be applicable, such enterprise must either be approved for exemption by the competent authorities, or it must be a duly registered as an NPJP, or it must be established by a duly registered NPJP, where the land in question is owned by the said NPJP.
- f. Land used for private cemeteries approved for establishment by the competent authority as an NPJP shall have full exemption, subject to the limitation, however, that in the case the land in question is zoned as public cemetery land pursuant to urban planning, or if the land is not covered by urban planning, it should be designated as land for use as a cemetery.
- g. Privately-operated railroads and highways, or railroads and highways for exclusive use; if their construction has been approved by the competent authority and they are regularly open for public use including passenger and cargo transportation, the land base for such railroads and highways shall have full exemption.
- h. The land used for agricultural irrigation systems by enterprises whose establishment has been approved by the competent authority, to collect, store or drain water shall have full exemption; however, land used for offices and working stations thereof shall have a 50% reduction.

- i. Land used for religious organizations beneficial to social morale and education duly registered as an NPJP or as temples; churches used for public sermons and approved by the Ministry of Interior for establishment as institutes doing research in religious doctrines; land used for temples and other memorial halls or shrines, shall have full exemption.
- j. Land provided without charge for the use of governmental agencies, public schools, military forces, institutes, or schools shall have full exemption for the period of the said use.
- k. Land used for offices and commercial areas for all levels of agriculture and fishing associations, and warehouses duly registered as agricultural product warehouses, or refrigerated sea-food warehouses belonging to fishing associations shall have a 50% reduction.
- l. Private historical sites which are assigned by the competent authority shall have full exemption.

For revenue-generating land belonging to private schools provided in Item (a) above, or the private academic research institutes provided in Item (b) above, or the private charities provided in Item (e) above, if all revenues generated are directly used for the respective enterprise, the institution concerned may apply individually for reduction of the relevant land value tax. Land used for the enterprises provided in Items (c), (d), (f), (g), (h), and (k) above must be limited to the land owned by the respective enterprises. An enterprise in Item (c) above may rent public land for its use in which case the provisions of Item (c) are still applicable to the aforesaid public land.

3. Passageways under balconies and hallways

Passageways for public passage with no construction improvements shall be exempted from land value tax; those with construction improvements are subject to the reduction schedule provided below.

- a. A one-story addition may claim a 50% reduction.
- b. A two-story addition, a one-third reduction.
- c. A three-story addition, a one-fourth reduction.
- d. A four-story or more addition, a one-fifth reduction.

4. Private land used for public passage free of charge

Private land used for public passage free of charge is exempted from land value tax or agricultural land tax during the period of said use, provided the claimed status of usage is found factual. Notwithstanding the foregoing, vacant lots reserved as required under building codes are not entitled to exemption.

III. Agricultural Land Tax

The agricultural land tax system, as well as being the oldest system in the taxation history of our country, is the oldest in the history of taxation in the world. Indeed, its history is almost as old as the development of human culture. In traditional society, its contribution to government revenue and thus to the advancement of society was indispensable.

Agricultural land tax in our country first started with a tax of agricultural land and with payment made mainly in kind. In the succeeding four thousand plus years, the content and method of taxation have varied. At times, collection in kind prevailed and at other times monetary substitution or a combination thereof was adopted; but throughout all of these changes, the system of imposing a tax upon agricultural land has never changed.

The scope of the present agricultural land tax system has been narrowed due to the economic development of the ROC and the consequent greater industrialization and urbanization, but agricultural land is still taxed as it has been for more than four thousand years.

Collection is now a combination of payment in kind and monetary substitution. Products used for payment in kind include rice and wheat, and for agricultural land which does not produce these crops, the same value of tax payable in money is collected instead, depending on the actual production of the agricultural land in question.

The agricultural land tax is based on the “taxable amount” called “fu erh.” The fu erh is the sum of the “fu yuan” (taxable units) and differs according to the category and grade of the agricultural land in question.

Due to the fact that agricultural land tax is levied on agricultural land and that both money and agricultural products are collected, the operation of the tax is both complicated and costly. Coupled with this fact is that only a comparatively small number of the population are occupied in agricultural work nowadays and that the taxable amount is thus limited. Also, the significance of the policy of the control of food sources has become obsolete due to recent changes in socio-economic development. Thus, in order to improve the life of farmers and the growth of agriculture, a policy designed to suspend the levying of agricultural land tax has been adopted. For this reason, the details of the agricultural land tax are not elaborated herein.

IV. Land Value Increment Tax

The land value increment tax was designed to impose a heavy burden on the natural incremental value of land for the purpose of curbing speculation and monopolies on land. It is based on a concept contained in the theoretical framework of the “equalization of land rights” advocated by Dr. Sun Yat-Sen, the founding father of the ROC. The said theory contends that the natural value increment of land is attributable to social development rather than the result of labor or capital investment and, therefore, it should be shared by the general public through the mechanism of the land value increment tax. From this, it is clear that the land value increment tax of our country is not an ordinary tax but a tax with the specific purpose of meeting the specific needs of a particular period. In other countries it is collected either as a

capital gains tax or as regular income tax. However, in our country, it is labeled as a land value increment tax with the following particulars:

A. Tax Scope

Land value increment tax is collected on the total incremental value at the time of the transfer of the title of land which has previously been set at a certain value. For land that has a dien right established, the original land owner (or the dien right assignor) must make prepayment of land value increment tax and the said tax paid is refunded without interest when he or she redeems the land.

B. Taxpayers

The taxpayers of land value increment tax are as follows:

1. For land transferred with compensation, the original title owner.
2. For land transferred without compensation, the acquired title owner.
3. For land with a dien right established, the dien right assignor.
4. For trust land transferred with consideration or compensation, the trustee.
5. For trust land transferred to person or entity other than the settlor or in accordance with the purpose of the trust, the transferee.

In the above provisions, “transfer with compensation” means sale-purchase, exchange, government acquisition, or requisition at value.

C. The Basis for Land Value

In terms of its nature, the land value increment tax is a form of income tax and thus, in principle, costs and fees should be deducted to obtain the net taxable amount. For the convenience of the taxpayers in their declaration of the present value of the land being transferred, and for the purpose of minimizing dispute when the collection authority reviews the present declared value, the government announces a present value once a year to be used as the standard present value of transfer for declaration and review.

The calculation of the incremental value differs according to which of the following categories the land is assigned: regular land, government-acquired land, or land auctioned by the courts of law. Their respective details are as follows:

1. Regular land

For the transfer of regular land, the government-announced present value at the time the owner-taxpayer makes the transfer declaration or the dien declaration shall be used in the calculation of the total value increment of the land in question. However, in the case that the declared actual transfer value of the land exceeds the announced present value, the declared transfer value shall be used as the basis of calculation.

2. Government-acquired purchased land

For land acquired or purchased at a value approved by the county (or city) government, the basis of calculation shall be the lower of the price actually paid by the government or the government-announced value at the date of acquisition.

3. Court-auctioned land

For land auctioned through the courts of law, the basis of calculation shall be the lower of the actual auctioned price or the government-announced value at the date of the auction.

D. Deduction of the Increment Amount

To obtain the net increment value, the following itemized amounts shall be deducted from the respective aforementioned calculation and the balance shall be the net increment amount.

1. Where there is no transfer after the first governmental decree of specific land value, this original decreed value shall be deducted.
2. Where the land has been transferred after the first governmental decree of specific land value, the assessed present value on the payment of land value increment tax for the last transfer shall be deducted.
3. The total expense paid by the title owner for improvement of the land, including fees paid for public construction and fees paid for land consolidation, and the announced present value of donated land at donation, in the case that the land was donated without compensation due to changes in land zones which required changes in the percentage of the land to be used for public facilities, if any, shall be deducted.
4. During the period of ownership of the land in question, any supplemental payment of land value tax paid, consequential to reassessment of the land value, *pro rata* to the part of the land being transferred, shall be deducted from the land value increment tax payable, but the total deduction of this item shall be limited to 5% of the land value increment tax payable for an instant land transfer.

When calculating the net incremental value of land, in addition to the deductions in Items 1 and 2 above, any change in general consumer prices shall be taken into account and adjusted by the consumer price index announced by the government to derive the net land incremental amount. The formula for the calculation of the natural value increment of the land is as follows:

Amount of Natural Land Value Increment = Declared Present Value at Last Transfer of the Land - Original Decreed Value or Assessed Present Value

$$\text{At Last Transfer of Land} \times \frac{\text{Consumer Price Index}}{100} -$$

(Land Improvement Cost + Construction Benefit Fee Paid + Fee Paid for Land Consolidation + Announced Present Value of Donated Land)

E. Structure of the Tax Rates

The land value increment tax is levied at a progressive tax rate in multiples of the original decreed land value and can be termed “multiple cumulative.” Its tax rate structure is as follows:

1. When the total increment approaches 100% of the original decreed value or the assessed present value at the last transfer of land in the calculation of the then applicable value increment tax payable, the tax rate shall be 20% of the total increment arrived at.
2. When the total increment exceeds 100%, but approaches 200% of the original decreed value or the assessed present value at the last transfer of land in the calculation of the then applicable value increment tax payable, in addition to the tax rate made applicable under the provision of Subparagraph (1) above, the tax rate on the portion exceeding 100% shall be 30%.
3. When the total increment exceeds 200% of the original decreed value or the assessed present value at the last transfer of the land in question in the calculation of the then applicable value increment tax payable, in addition to the rates provided under Subparagraphs (1) and (2) above, the portion in excess of 200% shall be subject to a 40% tax rate.
4. The reduction for land ownership held in the long-term is as follows:
 - a. For land that has been owned for a period of over 20 years, the increment tax on the portion exceeding the lowest tax rate above shall be reduced by 20%.
 - b. For land that has been owned for a period of over 30 years, the increment tax on the portion exceeding the lowest tax rate above shall be reduced by 30%.
 - c. For land that has been owned for a period of over 40 years, the increment tax on the portion exceeding the lowest tax rate above shall be reduced by 40%.

Formula for the Calculation of the Amount of
Land Value Increment Tax Payable

Classes	Formula for Calculation
First Class	Tax Payable = Total Amount of Value Increment (After adjustment is made pursuant to the consumer price index, and the increment is not in excess of 100% of the original decreed value or the assessed present value of last transfer) × Rate (20%)
Second Class	<p>Tax Payable = Total Amount of Value Increment (After adjustment is made pursuant to the consumer price index, and the increment is in excess of 100%, but less than 200% of the last transfer) × [Rate (30%) - (30%-20%) × Reduced Rate]- Cumulative Difference (Original decreed value or assessed present value of last transfer as adjusted according to the consumer price index × A)</p> <p>Note: For land that has been owned for a period of not over 20 years, there is no reduction; A is 0.10. For land that has been owned for a period of over 20 years, the reduced rate is 20%; A is 0.08. For land that has been owned for a period of over 30 years, the reduced rate is 30%; A is 0.07. For land that has been owned for a period of over 40 years, the reduced rate is 40%; A is 0.06.</p>
Third Class	<p>Tax Payable = Total Amount of Value Increment (After adjustment is made pursuant to the consumer price index, and the increment is in excess of 200% of the original decreed value or the assessed present value of last transfer) × [Rate (40%) - (40% - 20%) × Reduced Rate] - Cumulative Difference (Original decreed value or assessed present value of last transfer as adjusted by the consumer price index × B)</p> <p>Note: For land that has been owned for a period of not over 20 years, there is no reduction; B is 0.30. For land that has been owned for a period of over 20 years, the reduced rate is 20%; B is 0.24. For land that has been owned for a period of over 30 years, the reduced rate is 30%; B is 0.21. For land that has been owned for a period of over 40 years, the reduced rate is 40%; B is 0.18.</p>

F. Privileged Rate

If the sale of self-use residential land by the title owner satisfies the following conditions, the land value increment tax thereof shall be collected at a privileged rate of 10%.

1. That part of urban land not exceeding three acres and non-urban land not exceeding acres.
2. Either the title owner, his or her spouse, or lineal descendant or ascendant or member of the household entitled to maintenance is living on the land with household registration duly entered.
3. The parcel of land in question was not rented or used for business purposes in the last full year before transfer.
4. The title owner may apply for and enjoy this privileged rate of land value increment tax only once in his or her lifetime. The sale of self-use residential land will not qualify for the above-mentioned privileged rate if the attached building has been completed for less than one year and its value does not exceed 10% of the announced present value of the land.

In the case that the landowner sells self-use residential land after the terms of the preceding paragraph have been exhausted, the land value increment tax imposed thereon shall not be governed by the once-in-a-lifetime restriction as provided in the preceding paragraph if the following conditions are met:

- a. That part of urban land not exceeding 1.5 acres and non-urban land not exceeding 3.5 acres;
- b. At the time of selling, the landowner, his or her spouse, and his or her minor children have no other house except the self-use residence sold;
- c. The landowner has owned the self-use residential land for a period of over six years before its sale;
- d. The landowner, his or her spouse, and his or her minor children have maintained their household registration at the location of the self-use residential land and owned the self-use residence for a period of six consecutive years before its sale;
- e. The land has never been used for business purposes or rented in the last five years before its sale.

G. Reductions and Exemptions

The provisions for reductions and exemptions for land value increment tax are as follows:

1. Public land sold by any level of government or land transferred due to succession shall be fully exempted.
2. Land bestowed by or to any level of government shall be fully exempted.
3. Land requisitioned by the government shall be fully exempted.

4. A reduction of 40% is granted to land being transferred for the very first time after any consolidation of the land in question. However, this reduction shall only apply to land re-zoned for consolidation after the first decree of land value and transferred after the implementation of the Statute for the Equalization of Urban Land Rights.
5. At the time of land consolidation, if land used for public facilities and land used for offsetting the construction fees or cost of land consolidation and interest on a loan made are therefore undertaken of and by the land owner according to the provisions of the law, then the land in question shall be fully exempted. Land not eligible for the allotment of land value difference due to its small and narrow size resulting in a consequential exclusion from distribution shall be fully exempted.
6. In the severing of commonly-owned land, the value of which has been secured by each owner after such severance, if such value is equal to the original *pro rata* value, it shall be fully exempted.
7. When agricultural land in use for agricultural purposes is transferred to a natural person the increment tax thereof may not be taxable.
8. When a productive enterprise has moved to an industrial zone, the increment tax payable for sale or transfer of its original factory land shall be subject to the rate of the lowest tax bracket.
9. Land donated for the purposes of establishing social welfare enterprises or private schools in accordance with the laws shall be fully exempted.
10. Land bestowed on a spouse may not be taxable.
11. The transfer of trust land based on a trust relationship between the interested parties shall not be taxable.
12. Land reserved for public facilities pursuant to the Urban Planning Act, which is transferred before requisition, shall be exempted.

H. Refund of Tax in Cases of Reacquisition of Land

When a land owner who has sold his or her land or has had his or her land requisitioned by the government and who reacquires the land within two years following the completion of the transfer registration or following the day the land value compensation was received, and the reacquired land satisfies one of the following provisions, if the value of the reacquired land is in excess of the balance of the original land value sold or the compensated land value less than the land value increment tax paid, the land owner may apply to the collection authority-in-charge for refund of the portion of land value increment tax paid to make up the difference to be paid for the reacquisition of the land.

1. Residential land for self-use

After self-use residential land has been sold or requisitioned, the owner acquires a parcel of urban land not exceeding 300 square meters or non-urban land not exceeding 700 square meters, also for his or her own residential use.

2. Land used for a self-operated factory

After self-operated factory land has been sold or requisitioned, the original owner acquires another parcel of land for factory building within any industrial district as designated by city planning or government categorization.

3. Self-tilled agricultural land

After self-tilled agricultural land has been sold or requisitioned, the owner acquires another parcel of agricultural land and retains it for self-tilling.

4. When a land owner sells his or her land or has his or her land requisitioned by the government within two years after acquiring other land, he or she is entitled to apply for the above-mentioned refund.

Items 1 and 4 will not qualify for the above-mentioned refund if the land sold or requisitioned was rented or used for business purposes in the last full year before transfer. The original sale value means other land value used for the calculation of the land value increment tax at the time of the said transfer.

I. Limitations of Tax Refunds in Land Reacquisition

If the land value increment tax has been refunded to a land owner due to reacquisition, and the land owner transfers the reacquired land within five years from the day of completing the transfer registration for the reacquisition, in addition to the land value increment tax to be paid for the subsequent transfer, he or she must also pay back the tax refunded. A similar return of tax to be refunded will apply when the land reacquired is being used for purposes other than the original purposes.

V. Other Provisions

A. Priorities

The collection of land value increment tax and land value tax shall take priority over any other kind of debt or mortgage right.

B. Penalty Provisions

1. Anyone who is responsible for paying the tax (“the taxpayer”) or who is responsible by law for paying on behalf of the taxpayer must pay the tax in full on or before the last payment date as designated on the tax payment notice; otherwise a late payment fee of 1% will be imposed for every two full days beyond the deadline, and if the payment is not completed within 30 days, the matter shall be referred to the courts for enforcement.
2. When a taxpayer attempts to evade or reduce his or her tax payment obligation by means of modifying (mutation), hiding or not reporting to the competent authority the disappearance of otherwise qualifying conditions for the application of any privileged rate or reduction or exemption, he or she shall pay the balance evaded or lessened and shall be subject to a fine of no more than three times the amount of tax evaded.

3. After a sale-purchase transaction of land, such land must be duly registered to reflect such change of title before a further transfer, otherwise, a fine of 2% of the reselling value of the later transfer shall be imposed as a penalty.