

## CHAPTER XV

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# HOUSE TAX

### I. General Description

The house tax in China has a long history. Ever since the Tang Dynasty (AD 618-907) there has been a tax on houses attached to land. However, being just one of many miscellaneous local taxes, the house tax has been levied according to different standards and measures and under different names, and was never enforced in a standard manner throughout the country until the early years of the ROC.

In 1943, the ROC government promulgated the House Dues Act, which prescribed that towns with 500 or more households were permitted to tax houses at a rate of no more than 5% of the value of the house, or, in the case of rental, the rent of the house. In 1950, the Act was amended to tax at different rates based on the status of the owner and the purpose for which the house was used, i.e., residential purpose by the owner, residential purpose by the tenant, business purpose by the owner, or business purpose by the tenant. In 1955, the Act was again amended to expand the scope of taxation to houses attached to land and such other buildings which enhanced the utility value of these houses. In addition, it also made a 50% reduction available for plant houses directly used for the purpose of production in order to support the policy of encouraging the development of industry.

In 1967, the House Dues Act was amended. In this amendment the name was changed to the House Tax Act. In addition, the following significant amendments were enacted:

- A. The house tax was levied according to the current value of a house; however, houses were still taxed at different rates based on the purposes for which the houses were used.
- B. The current value of a house used to calculate the house tax is assessed by the real estate assessment committee and publicly announced.
- C. Exemption and reduction provisions were written into the Act.
- D. Declaration procedures were established and a penal provision for failure to declare was also written into the Act to effect enforcement and to increase the effectiveness of the procedures.

In accordance with the Act for Governing the Allocation of Government Revenues and Expenditures, the revenue raised from the house tax goes to the local government, and is one of the most important financial resources for special municipalities and counties (cities). In order to enforce it consistently among the counties and cities of the country, the Act was enacted by the central government. However, each local government is permitted to have its own regulations, according to the various conditions in each county (city), for enforcing the Act.

## II. Tax Scope

The house tax shall be levied on all houses attached to land and on such other buildings which enhance the utility value of these houses.

## III. Taxpayers

- A. The house tax shall be collected from the house owner.
- B. Where a right of dien\* exists, the house tax shall be collected from the dien-holder.
- C. Where a house is jointly owned by more than one person, the house tax shall be collected from the joint owners who shall designate one of themselves to pay the tax on their behalf. In the case that no one is designated to pay the tax, the present occupant or user shall pay on behalf of the joint owners. In cases where the house tax paid by the present occupant or user exceeds the obligation he or she is to meet, he or she has the right to request the other joint owners to refund to him or her, the excess amount he or she has paid.

In the case that a house is a trust property and the trust is in force, the taxpayer of its house tax shall be the trustee.

In cases where the whereabouts of the house owner or dien-holder referred to above is unknown, or if he or she is not domiciled in the locality where the house is situated, the house tax shall be paid by the manager or present occupant of the house. In cases where the house is rented, the house tax shall be paid by the tenant and deducted from the rent payable to the owner.

## IV. Tax Rates

The house tax is one of the main resources of local governments. To balance the development of each county and city, the Act set up maximum and minimum rates, and left the actual rates enforced to be decided by the local government.

### A. The maximum and minimum rates

The house tax shall be levied according to the current value of the house at the following rates:

1. For a house used for residential purposes but not occupied by the owner, his or her spouse or relatives of a direct lineage of the household, the rate shall not be lower than 1.5% nor higher than 3.6% of its current value. In the case where the house is used for residential purposes by the owner him or herself, his or her spouse or relatives of a direct second lineage of the household or leased for public welfare purposes, the rate shall be 1.2% of its current value.
2. For a house used for business purposes, as a private hospital or clinic, or as a professional office, the rate shall not be lower than 3% nor higher than 5% of its

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\*According to the ROC Civil Code, dien is a form of lease for a maximum period of 30 years. The dien-holder takes possession of a person's real estate and has the right to use it and enjoy the income therefrom.

current value. In the case where the house is used as the premises for the operation of a non-profit civic organization, the rate shall not be lower than 1.5% nor be higher than 2.5 % of its current value.

3. For a house used for both residential and non-residential purposes, the house tax thereon shall be levied at the respective rates levied on the area of a house for residential and non-residential purposes, provided, however, that the taxable area for non-residential purposes shall not be less than one-sixth of the total area of the house.
- B. The actual rates enforced: The house tax rates shall be fixed by the government of each county (city) and submitted, after being approved by the local people's assembly, through regular channels to the MOF for record. However, the provincial government considers that rates should be necessarily unified, so after being approved by the Provincial Assembly, they are sent to the MOF for the record. In the case of a special municipality under the direct jurisdiction of the Executive Yuan, the municipality government may fix the tax rates and submit them, after being approved by the municipality assembly, to the MOF for record.
- C. The actual rates enforced in Taiwan Province, Taipei City, and Kaohsiung City, New Taipei City, Taichung City and Tainan City are listed in the following table.

Classification of Houses	Max. Rates	Min. Rates	Actual Rates Enforced by the Majority of Counties (Cities)	
A House used for Residential Purposes by the Owner, His or Her Spouse or Relatives of a Direct Second Lineage of the Household or Leased for Public Welfare Purposes	1.2%	1.2%	Taiwan Province Taipei City Kaohsiung City New Taipei City Taichung City Tainan City	1.2%
A House used for Residential Purposes But Not Occupied by the Owner, His or Her Spouse or Relatives of Direct Lineage of the Household	3.6%	1.5%	Taiwan Province Taipei City Kaohsiung City New Taipei City Taichung City Tainan City	1.5% or other percentages to be determined by local governments
A House used for Business Purposes, a Private Hospitals, Clinic or a Professional Office	5.0%	3.0%	Taiwan Province Taipei City Kaohsiung City New Taipei City Taichung City Tainan City	3.0%
The Premises for the Operation of Non-Profit Civic Organizations	2.5%	1.5%	Taiwan Province Taipei City Kaohsiung City New Taipei City Taichung City Tainan City	1.5% or 2.0% 2.0% 2.0% 2.0% 2.0% 2.0%

- D. In cases where a house has not received building ownership registration and the house owner is unknown, the house tax shall be collected from the original constructor recorded on the use license. In cases where a house does not have a use license, the house tax shall be collected from the original constructor on the construction license. In cases where a house does not have a construction license, the house tax shall be collected from the manager or present occupant of the house.

The house tax of a trust house shall be collected from the trustee during the term of persistence of the trust relationship.

## V. Exemptions and Reductions

### A. Tax Exemptions for Public Buildings

No house tax shall be levied on public buildings used as:

1. Office buildings of government agencies at each level of government or local autonomous organizations, including houses provided to their employees.
2. Office buildings of military institutes and units including houses provided to their officers and other personnel.
3. Detention house(s) and office building(s) of a prison as well as houses provided to the employees of the prison.
4. School buildings, hospital buildings, and office buildings of a public school, hospital, social (educational or academic research) institute, or institute providing public relief as well as houses provided to their employees.
5. Research or laboratory houses of industrial, mining, agricultural, forestry, water conservancy, fishery, or stock-farming enterprises (or institutes).
6. Warehouses of the food administration and the salt administration, as well as the plant buildings and office buildings of government-owned monopolies and government run-waterworks.
7. Buildings for postal services, telecommunication services, railway services, highway services, aeronautics, meteorological services, or harbor services including houses provided to their employees.
8. Places preserved as scenic spots or for the housing of ancient relics, and shrines dedicated to the memory of sages and martyrs.
9. Buildings assigned by the government for housing poor people.
10. Buildings used by government-operated enterprises to train retired officers and other personnel for employment.

### B. Tax Exemptions for Private Buildings

No house tax shall be levied on any of the following private buildings:

1. School buildings and the office buildings owned by a private school or an academic research institute that has been duly registered as a non-profit foundation and has achieved a creditable record, as attested to by the competent authorities.
2. Buildings owned and directly used to carry out the activities of a private charitable institution which has been duly registered as a non-profit foundation and has achieved a creditable record, as attested by the competent authorities.
3. Shrines used exclusively for ancestral worship, or churches and temples owned and used by religious groups for religious services, and where the owner has been duly registered as a non-profit foundation or temple.
4. Buildings offered without cost to government organizations for public or military use.
5. Office(s) owned by a non-profit service organization whose establishment has been duly authorized by the government and which does not limit its or their service to people of the same trade, the same locality, or the same schoolmates or clansmen, unless it is a labor union registered according to the Labor Union Law and has been approved for exemption by special municipality, county, or city government through the local tax authority.
6. Buildings for stock farming, greenhouses for cultivating agricultural products, buildings for growing rice seedlings, agriculture reproduction, water pumps, kilns for smoking tobacco, drying machines for rice and tea leaves, storing agricultural machines and dung heaps, and so on.
7. Buildings of which more than 50% of the floor area has been destroyed by a disaster(s), and which must be repaired before they are usable. However, the exemption shall be decided after due investigation by the collection authority-in-charge upon the receipt of a report made by the taxpayer concerned within 30 days of the date of occurrence of the disaster(s).
8. Buildings owned by a judicial protection institution.
9. A house which is for residential use and its current value is less than NT\$100,000; according to its reassessed standard value, the amount should be adjusted when the standard value is adjusted.
10. Warehouses of farmers' associations used exclusively for storage of public rice by each food administration, as attested to by competent authorities.
11. Buildings acquired based on a trust deed by a charitable trust, which is authorized by the government, and used for non-profit business.

#### C. Tax Reductions

The house tax on the following private houses shall be reduced by half:

1. Dwelling houses sold by the government to people in need at reduced prices.

2. Buildings owned by a factory duly registered according to law and used directly for production.
3. Warehouses and houses used for testing purposes which are owned and used by a farmer's association.
4. Houses of which more than 30% but less than 50% of the floor area has been destroyed. However, the reduction shall be decided after due investigation by the collection authority-in-charge upon receipt of a report made by the taxpayer concerned within 30 days of the date of occurrence of the disaster(s).

## VI. Tax Returns and Payments

### A. Reporting on the Current Value and Use of a House

Within 30 days after the completion of construction of a house, the taxpayer shall declare its current value and report its use to the local collection authority-in-charge. In case of any new additions, re-building, change in use, transfer of ownership, or creation of a right of dien, the same procedure shall be followed.

### B. Assessing the Current Value of a Taxable House

1. Real estate assessment committee and the standard value table for houses
  - a. In each special municipality, county, or city there shall be organized a real estate assessment committee composed of officers in charge and experts in construction techniques. The members of the committee thus organized shall include representatives of the local people's assembly and related civil organizations, and the number of such representatives shall not be fewer than two-fifths of the total members of the committee. The regulations governing the organization of such a committee shall be proclaimed by the MOF.
  - b. The standard value of a house shall be assessed by the real estate assessment committee, taking into consideration each of the following items. In the case of a special municipality, a county or a city, the standard values assessed shall be publicly announced by the municipality, the county or the city government.
    - (1) The category and the grade of each house, determined according to the nature of the materials used for its construction.
    - (2) The durability of the various categories of houses and the criteria for depreciation applicable thereto.
    - (3) The standard value of a house is fixed by taking into consideration the commercial and traffic conditions of the locality where the house is situated, as well as the supply and demand of houses there, and also by comparing the prevailing sales prices of the houses in different sections of the same locality, and finally by subtracting from the provisional estimates the value of the land on which the house is built.

2. The determination of the current value of a house. The competent tax collection authority-in-charge shall, on the basis of the taxpayer's declaration and in light of the assessment made by the real estate assessment committee, calculate the current value of a house. The current value of a house so calculated shall be given to the taxpayer by the collection authority-in-charge. In the case where the taxpayer takes exception to the current value of the house as calculated by the tax collection authority-in-charge, he or she may, within 30 days from the date of notification, file a request for re-calculation by presenting along with the request any relevant documentary evidence he or she has.
3. The adjustment of the current value of a house: The standard values of a taxable house shall be reassessed every three years, and the current value of a house shall also be adjusted by taking into account its durability and depreciation.
4. Tax collection and payment
  - a. The house tax shall be collected yearly. In the case where a house is newly built, rebuilt, or expanded, the house tax shall be levied thereon according to the months remaining in the year of completion. However, no house tax shall be levied for any period shorter than one month.
  - b. The taxpayer shall pay the house tax to the national treasury within one month after receipt of his or her tax bill.
  - c. In the case where the taxpayer takes exception to the amount of his or her tax due, he or she shall file a request for re-examination within 30 days after notification. In the case where the taxpayer again takes exception to the amount of the tax as re-calculated by the tax collection authority-in-charge, he or she may petition the competent government authorities for remedy and, if necessary, file an administrative suit.

## VII. Other Provisions

- A. In the case where the failure of a taxpayer to declare the current value of his or her house within the set time limit leads to tax evasion, he or she shall be subject to, besides being liable to pay the tax payable, a fine which is no more than double the amount of the tax payable.
- B. If a house taxpayer falls into arrears, but pays his or her tax within 30 days after the due day, he or she will be subject to a surcharge for belated payment at 1% of his or her house tax payable for every two days in arrears. Where no payment of the tax is made after the 30-day period, the case shall be referred to the court for forcible enforcement.
- C. It is not permitted to effect a transfer an ownership or create a right of dien before delinquent house tax is paid.