



SOUTH KOREA – August 2021

CONTENTS

PARTIES AGREE TO LOWER REAL ESTATE TAX BURDEN FOR SINGLE-HOME OWNERS.....	1
---	---

Parties agree to lower real estate tax burden for single-home owners

Rival parties on Thursday agreed to raise the tax base for a comprehensive real estate tax imposed on single-home owners from the current 900 million won (US\$765,000) to 1.1 billion won, complying with growing public calls for property tax cuts.

The ruling Democratic Party (DP) and the main opposition People Power Party reached the agreement during a subcommittee meeting of the National Assembly's Strategy and Finance Committee.

The agreement calls for lifting the lowest limit for levying the Gross Real Estate Tax, a national tax imposed on owners of multiple or high-end houses, by 200 million won to 1.1 billion won in case of single-home owners.

It means that the Gross Real Estate Tax, separate from property taxes levied by local governments, will be imposed on owners of a single home whose government-assessed value exceeds 1.1 billion won after a relevant bill passes parliament.

Multiple home owners were excluded from the proposed tax reductions, as the tax threshold for individuals who own two or more houses will remain unchanged at 600 million won in terms of combined appraisal value.

Soaring housing prices have pushed up the government's assessed property values in recent years, resulting in steep increases in the Gross Real Estate Tax, particularly for high-end homeowners.

Prior to the bipartisan agreement, the DP had pushed to change the threshold for the Gross Real Estate Tax levied on single-home owners from 900 million won in appraisal value to the top 2 percent of housing in appraisal value.

But the ruling party abandoned the 2 percent scheme amid criticism that the threshold will fluctuate every year, running counter to the general taxation principle.

A revision of the Gross Real Estate Tax Act based on the bipartisan agreement is scheduled to be submitted to the Assembly's plenary session on Aug. 25.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

The government and the ruling party have been under pressure to address growing public discontent over the overheated real estate market after runaway house prices drove up tax burdens on home owners while raising costs for home lenders.

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.