



SOUTH KOREA – March 2022

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YOON ADMINISTRATION TO FREEZE PROPERTY TAX

The government is expected to freeze property tax for the entire homeowners including owners of one expensive home with an officially appraised value of over 1.1 billion won (\$905,000) subject to the Comprehensive Real Estate Tax, according to government ministries, Sunday. The hefty Comprehensive Real Estate Tax is imposed for retaining expensive homes.

The measure is part of the real estate market policy revisions pledged by President-elect Yoon Suk-yeol, whose win by a razor-thin margin was underpinned in considerable part by public fury over the housing prices doubling under the Moon Jae-in administration due to two dozen botched government policies.

Higher housing prices led to a tax spike for homeowners, almost all of whom passed the unexpected burden to tenants in the form of higher rent, threatening their stable living arrangements.

The Ministry of Land, Infrastructure and Transport plans to announce the changes in the rate of officially appraised home value for this year, Wednesday, to be followed by specific plans on lowering the tax for homeowners outlined by the interior and finance ministries. A tax is levied on each home based on its officially appraised value.

This year's officially appraised home values are expected to register a mid- to high-10 percent increase from last year, when it surged 19.05 percent. The official value has been rising steeply in recent years reflecting the overheated housing market, marking a 5.98 percent increase in 2020, 5.23 percent in 2019 and 5.02 percent in 2018.

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Despite the rise in officially appraised home values, the government will lower the tax burden by lowering what it calls the "fair market rate," a figure used to determine the total tax amount.

Data from Korea Real Estate Board showed the country's apartment prices registered a 12.89 percent year-on-year increase last year, higher than 8.4 percent growth a year earlier.

KB Kookmin Bank data showed housing prices increased by 18.75 percent year-on-year last year, which was higher than the 10.89 percent growth a year earlier.

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