LAND VALUE TAX

Reminders:

- Applicable conditions for self-use residential land:

1. The landowner or his/her spouse and/or any relative of direct lineage has completed local household registration.
2. The self-use residential land is not for rent or used for business purpose.
3. The buildings / improvements on the land are owned by the landowner himself / herself or his / her spouse or any relative of direct lineage.
4. A landowner together with his/her spouse and his/her minor dependents are eligible for one parcel of land only.
5. The land area is limited to less than 300 square meters of urban land or less than 700 square meters of non-urban land.
6. The landowner shall apply on/before September 22 of the current year. Application filed later than that date shall apply for the next year（The deadline for application coincides with the official holidays, postponed to the first working day）.

- To be able to continue to enjoy the special tax rate for self-use residential land, at least one of the landowner or his/her spouse and / or adult relative of direct lineage must retain the household registration when applying for the move out of household registration. If the entire household registration has been moved out, the special tax rate for self-use residential land shall not apply. To avoid penalty, the land owner shall report the matter to the tax collection authority within 30 days.
- When the ownership of the land is changed, the new landowner shall apply for the special tax rate again.
- The landowner shall report to the local tax revenue service office within 30 days when the condition for the application of special tax rate ceases to exist.

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Land Value Tax

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Distinguish National & Local Taxes

Tax levies, according to the Constitution and the Act Governing Allocation of Government Revenues and Expenditures, are divided into national, special municipality, and county (or county-level city) taxes (the latter two are called local taxes).

National Taxes

(Collected by the National Taxation Bureau of the Ministry of Finance)

- Value-added and Nonvalue-added Business Tax
- Specifically Selected Goods and Services Tax
- Commodity Tax
- Tobacco and Alcohol Tax
- Income Tax
- Securities Transaction Tax
- Estate and Gift Tax
- Futures Transaction Tax

Local Taxes

(Collected by Local Taxation Bureaus)

- Stamp Tax
- Deed Tax
- Vehicle License Tax
- Amusement Tax
- House Tax
- Land Tax
  - I.Land Value Tax
  - II.Land Value Increment Tax
  - III.Agricultural Land Tax (has not been levied)

1 Preface

The land value tax is a tax that is levied on land. It is a type of property tax. However, the land value tax is not applicable to all landholdings. Which types of land need to pay the land value tax, and which types of land do not have to pay the land value tax? When is the tax liability base date of the land value tax? When is the taxation period? What are the different tax rates? How is the land value tax calculated? What are the provisions on tax reductions and how can the land value tax liability be reduced? This manual will answer all your land value tax-related questions.

2 Land value tax

1. Land value tax for landholdings

Landowner

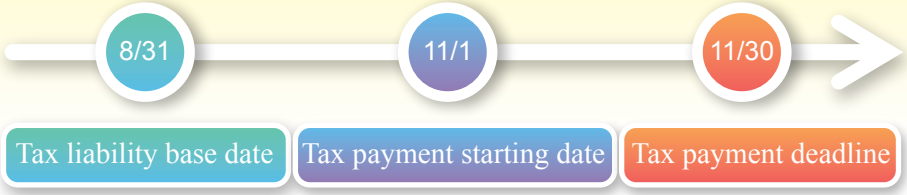
- **Land value tax** — the land value tax is levied on land that has an assessed value, excluding land that is subject to the agricultural land tax.
- **Agricultural land tax** — the agricultural land tax is levied on land without an assessed land value district or on land with an assessed land value district that meets the conditions in Article 22 of the Land Tax Act for use as agricultural land (currently not levied).

2. Land value tax or agricultural land tax taxpayers

Taxpayer	Remarks
Landowner	
Administrative agency	Land is publicly owned
Administrator	Land is commonly owned or jointly owned (including unregistered inheritance registration)
Dien right holder	Land leased out under dien
Bestowee	Bestowed land
Farmer	Land assigned for farming
Trustee	Land is a trust property

Note:
when the land title is jointly owned, all joint owners are responsible for the payment of the tax based on their respective shares.

3.Tax liability base date



Under the provisions of the tax code, the taxpayer of the land value tax is the landowner or the dien holder listed on the land register on the tax liability base date (Aug. 31). (For land acquired through court or the branch of the Administrative Enforcement Agency auctions, the date on which the court-issued transfer certificate was received serves as the tax liability base date. For jointly owned land that has been divided by a court, land that has been expropriated for public use, or land that has been inherited from others, the tax liability base date is the court decision date, the date the payment of compensation for expropriation is completed, and the date the inheritance is received, respectively, until the registration of the transfer of property rights is completed.)

Note:

landowners listed on land registers on Aug. 31 are the taxpayers of the land value tax for the entire tax year, regardless of the length of time during which the land was actually owned.

4.Taxation period

Payment period	Taxation period
Nov. 1 to Nov. 30	Jan. 1 to Dec. 31 (same year)

5.Tax payment methods

(1) Financial institutions (excluding the post office).

(2) Convenience stores (for tax payments under NT$30,000).
(3) Designated account transfer (application must be completed two months before the start of the tax payment period).
(4) ATM transfer.
(5) Telephone (payment via credit card, current (savings) account transfer).
(6) Internet (payment via credit card, financial IC card transfer, current (savings) account transfer).
(7) Electronic payment account transfer.

E-payment options

- Bring a citizen digital certificate, corporate certificate, registered National Health Insurance card, or TAIWAN-FidO smartphone app to one of the four large convenience store chains and print out the land value tax bill at the multimedia information kiosk (such as ibon or FamiPort). Go to the counter and pay the tax (under NT$30,000).
- Use a citizen digital certificate, corporate certificate, registered National Health Insurance card, Financial certificate, or TAIWAN-FidO smartphone app to access the local tax network reporting system, and check and pay the tax online.
- Download an app of mobile payment or an app of electronic payment institution which provide the service of paying taxes, and scan the QR code on the tax bill to pay the tax.
- Scan the QR code on the tax bill by using a mobile device and pay the tax.

6.Declared land value

Landowners must declare the value of their land with reference to the posted land values announced by special municipality or county (city) governments. If landowners fail to declare the land value within the announced period, the declared value will be 80 percent of the posted value. The landowner may declare a land value that is 80 percent to 120 percent of the posted value. If the declared land value exceeds 120

percent of the posted value, the excess part will be disregarded and 120 percent of the posted land value will be used as the declared value. If the declared value is less than 80 percent of the posted value, 80 percent of posted value will be used as the declared value.

7.Starting cumulative value

The tax base of the land value tax, or starting cumulative value, is the average land value of seven ares (700 square meters) in the special municipality or county (city) where the land is located, excluding land used for industrial purposes, mining, or agriculture, and land exempted from taxation. (Every special municipality, county, and city has a different starting cumulative value, so please check with local tax authorities for the actual value.)

8. Land value tax rates and calculation formulas

(1) Regular progressive tax rate

Tax classification	Calculation formula
Class 1	Tax amount = taxable land value (not exceeding the SCV) × tax rate (1 percent)
Class 2	Tax amount = taxable land value (portion exceeding the SCV is less than five times the SCV) × tax rate (1.5 percent) – cumulative difference (SCV × 0.005)
Class 3	Tax amount = taxable land value (portion exceeding the SCV is five to 10 times the SCV) × tax rate (2.5 percent) – cumulative difference (SCV × 0.065)
Class 4	Tax amount = taxable land value (portion exceeding the SCV is 10 to 15 times the SCV) × tax rate (3.5 percent) – cumulative difference (SCV × 0.175)
Class 5	Tax amount = taxable land value (portion exceeding the SCV is 15 to 20 times the SCV) × tax rate (4.5 percent) – cumulative difference (SCV × 0.335)
Class 6	Tax amount = taxable land value (portion exceeding the SCV is over 20 times the SCV) × tax rate (5.5 percent) – cumulative difference (SCV × 0.545)

(5) The house tax for the house I live in is levied based on the self-use residence tax rate. Do I still need to apply for the self-use residence tax rate to be used for my land value tax?

A The applicable conditions and application deadlines for the self-use residence tax rate used to calculate the house tax of a house and the self-use residence tax rate used to calculate the land value tax of a land base are different. Therefore, for the self-use residence tax rate to be applicable to the land value tax for the land on which a residence is located, you must first apply and your application must be approved.

(6) What are the conditions for the self-use residence tax rate to be applicable to the land value tax? How do I apply?

A 1. The self-use residential land tax rate will be used for the land value tax under the following conditions:

(1) the landowner, his or her spouse, or relatives of direct lineage has completed the household registration for the land in question.

(2) The land is self-use residential land and not rented out or used for business purposes.

(3) The residence on the land is owned by the landowner, his or her spouse, or relatives of direct lineage.

(4) The area of urban land does not exceed 300 square meters(approx. 90.75 pings) and the area of non-urban land does not exceed 700 square meters (approx. 211.75 pings).

(5) The landowner and his or her spouse and minor dependents are eligible for the tax rate with one parcel of land as the limit.

2. If the conditions for self-use residential land are met, the landowner must submit the application to local tax authorities at least 40 days (Sept. 22) before the start of the tax payment period and include a copy of the building ownership certificate (not required if the building

(2) Special privileged rate

Land use purpose	Special rate
(1) Land for self-use residences, worker dormitories, public housing	0.2 percent
(2) Land reserved for public facilities	0.6 percent
(3) Land used for industrial purposes, gas stations, parking lots (excluding temporary off-street parking lots), and other direct uses of land by businesses	1 percent
(4) Land that is publicly owned (taxed at the basic tax rate)	1 percent

3 Land value tax FAQs

(1) What are the scope, target, and basis of the land value tax?

A The target of the land value tax is all land that has been assessed a value, with the exception of land that is taxed as agricultural land. The land value tax is calculated based on the total land value of all the land owned by a landowner in a special municipality or county (city). The total land value refers to the total value of all the parcels of land owned by a landowner that has been assessed or reassessed a value according to statutory procedures and recorded in the landowner register.

(2) Who pays the land value tax?

A The different types of taxpayers of the land value tax are as follows:

(1) Landowners. However, in cases where the land is classified as publicly owned, commonly owned, or jointly owned, the taxpayer is the administrative agency or the administrator. When the land title is jointly owned, all joint owners are responsible for the payment of the tax based on their respective shares.

(2) Dien right holders, for land leased out under dien.

(3) Bestowees, for land that has been bestowed.

(4) Farmers, for land that has been assigned for farming.

(5) Trustees, for land that is a trust property.

(3) If I bought a parcel of land in August, do I only need to pay the land value tax for the remaining months of the year? Can the taxpayer stipulated by the buyer and seller in the contract of sales and purchase be maintained as the taxpayer under tax code regulations?

A The "tax liability base date" for the land value tax is Aug. 31. Tax authorities consider all landowners or dien holders recorded in land registers on that date to be the taxpayers of the annual land value tax and responsible for paying the tax on that parcel of land for the entire year.

Therefore, those who receive title to land on Aug. 31 are responsible for paying the land value tax for that parcel of land for the entire year. (However, for land acquired through court or the branch of the Administrative Enforcement Agency auctions, the date on which the court-issued transfer certificate is received serves as the tax liability base date. For commonly owned land that has been divided by a court, land that has been expropriated for public use, or land that has been inherited from others, the tax liability base date is the court decision date, the date the payment of compensation for expropriation is completed, and the date the inheritance is received, respectively, until the registration of the transfer of property rights is completed.)

If the buyer and seller agree on who should pay the land value tax in the contract of sales and purchase, this is considered to be a private right agreed to between parties, and the taxpayer of the land value tax cannot be changed. In other words, the landowner listed in the land register on the tax liability base date is responsible for paying the entire annual land value tax.

(4) When does the land value tax payment period start every year? Are there penalties for missing the tax payment deadline?

A The land value tax is collected once a year, and the tax payment period is Nov. 1 to Nov. 30 of each year. The taxation period is Jan. 1 to Dec. 31 of each year. If you miss the tax payment deadline, a late payment fee of 1 percent of the tax amount is added for every three days that the tax payment is late, up to 10 percent. If the tax remains unpaid 30 days after the deadline and no application for a review has been submitted, local tax authorities will transfer the case to the appropriate branch of the Administrative Enforcement Agency for handling.

number is filled out in the application). If the application is approved, the special privileged tax rate for self-use residential land will be used to calculate the land value tax in that same year. Late applications that are approved will become effective the following year.

(7) Do I need to reapply if land where the land value tax was levied at the self-use residential land rate is transferred as a result of inheritance, gift, the creation of a self-benefit trust, or dissolution of a trust?

A If land is transferred because it is inherited, given as a gift, or because a trust has been dissolved, the conditions for the self-use residential land tax rate will change, because the taxable subject (landowner) has changed. Therefore, the new landowner must reapply following the inheritance, gift, or dissolution of the trust. The self-use residential land tax rate can only be used to calculate the land value tax after the application is approved. For entrusted land where the trust relationship continues to exist and the land is still held by the trustee, there are no provisions in the Land Tax Act that allow the self-use residential land tax rate to be used for the land value tax. However, if the settlor and trustee are the same person (self-benefit trust); the house on the aforementioned land is used as a residence by the settlor, his or her spouse, or a relative of direct lineage; and the purpose of the land trust is not violated, the settlor is regarded as the landowner. If other requirements comply with the self-use residential land provisions of the Land Tax Act, then the new landowner (the trustee) should re-apply. The self-use residential land tax rate can only be used for the land value tax after the application is approved.

(8) My neighbor and I own parcels of residential land that are about the same size. Why is there a difference of over fourfold in our land value taxes?

A Land for general use and self-use residential land are taxed at different rates. The basic land value tax rate for land for general use is 1 percent,

and the total land value tax will depend on the cumulative holdings of a landowner in one special municipality or county (city). The tax rate is progressive, going from 1 percent to 5.5 percent. The self-use residence tax rate is 0.2 percent, which is lower and not progressive. Therefore, the land value tax amounts on self-use residential land and land for general use may differ by fourfold or greater.

(9) Can the self-use residence tax rate be used to calculate the land value tax for entrusted land in cases where the trust relationship continues to exist and the trustee continues to hold it?

A The land title should be transferred to and registered under the trustee for entrusted land where the trust relationship continues to exist. If the settlor and trustee are the same person (self-benefit trust); the house on the aforementioned land is used as a residence by the settlor, his or her spouse, or a relative of direct lineage; and the purpose of the land trust is not violated, the settlor is regarded as the landowner. If other requirements comply with the self-use residential land provisions, the land value tax will be taxed at the self-use residence tax rate during the time in which the trustee holds the land. However, the application must be received at least 40 days (Sept. 22) before the start of the land value tax payment period. Late applications that are approved will become effective the following year.

(10) Can the land value tax be reduced if a building has passages under balconies or hallways that are used for public passage? What are the reduction standard?

A The land value tax reduction standard for passages under balconies or hallways that are used for public passage is as follows: if the passages do not have any construction improvements, they are exempt from the land value tax. If there is a one-story, two-story, three-story, or four-story or more construction improvement, a one half, one-third, one-fourth, and

one-fifth reduction, respectively, is applicable. "Passages under balconies or hallways" are part of the base of a building and the precondition is that there are confirmed construction improvements on the base. Therefore, vacant land without buildings cannot apply for this type of tax reduction.

(11) If land around a house is kept vacant and not used or solely used for private passage due to government regulations, or for aesthetic, ventilation, or lighting purposes, is this land exempt from the land value tax?

A Article 14 of the Land Tax Act stipulates that land that has been assessed a value shall be subject to the land value tax, with the exception of land that is subject to the agricultural land tax pursuant to Article 22. Although the land in question is not used for any purposes or may only be used to grow vegetables or for private passage, the land value tax should still be levied according to the law.

(12) If the land is classified as land reserved for public facilities due to urban planning, is it still subject to the land value tax?

A Land reserved for public facilities under urban planning but still built on and used during the reserve period is subject to the land value tax, and the tax rate is 0.6 percent. If the land is classified as self-use residential land, you can apply for the self-use residential land tax rate of 0.2 percent. However, if the land is not used for any purpose and is segregated from other land in use during the reserve period, no land value tax will be levied. If it is used for agricultural purposes, then the agricultural land tax will be levied (currently not levied).

(13) I own three houses in Taipei, and receive three house tax bills every year. Why do I only receive one tax bill for the land value tax?

A The land value tax is calculated based on a consolidation system and a progressive tax rate. The consolidation system means that all of the land holdings of a landowner in the same special municipality or county (city) are consolidated together to form one unit. In other words, all the land in one special municipality or county (city) is combined to determine the total land value and calculate the subsequent land value tax. This is why each landowner will only receive one land value tax bill for all the holdings in the same special municipality or county (city). Moreover, the house tax is calculated at a proportional tax rate and no consolidation system is used, so each house number has its own tax bill. If you own three houses with three house numbers, then you will receive three house tax bills.

(14) How do I apply for the special privileged rate for land used for industrial purposes and land value tax exemptions?

A Fill out the application and include a copy of the factory establishment permit, construction permit, or factory registration certificate, as well as any supporting documents, and submit them to local tax authority of the land where the factory is located at least 40 days (Sept. 22) before the start of the tax payment period. Late applications will be applicable starting the next year. Taxpayers whose applications were previously approved and have made no usage changes do not need to reapply.

(15) If I didn't receive the tax bill because I moved or changed my address, or if I lost the tax bill, what should I do?

A You can visit the local tax office where the land is located or its affiliated sub-bureaus (departments) to apply for a reissuance. You can apply via telephone, fax, or online. The public is reminded that the address on the tax bill is the delivery address, and it may not be the residential address of the landowner. Therefore, after receiving the tax bill, you must carefully check the taxpayer's name and surname, national identification