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PROPERTY TAX BILLS SKYROCKET IN OSLO..... 1

Property tax bills skyrocket in Oslo

Tens of thousands of Oslo residents have been finding some shocking notices in both their electronic and conventional mailboxes during the past few days. The new property tax imposed by the Labour Party when it won control over the Oslo city government in 2015 has doubled or even tripled for many homeowners, and all indications are that it will just keep climbing.

The new property tax was put into place within six months of the Labour Party winning political power in Norway's capital, after forming a city government coalition with the Socialist Left Party (SV) and the Greens (MDG), with support from the Reds. After nearly two decades of conservative rule in Oslo, Labour, SV and the Greens make a quick and hard switch to the left, and now that's resulting in taxes much higher than even they expected.

Their goal was to raise more money to fund nursing homes and day care centers in Oslo. Raymond Johansen, the former national Labour Party official and top politician who switched to local politics and now runs the city, had campaigned for the property tax on a platform promising that the vast majority of Oslo residents could avoid it because of a 20 percent discount on market value of residences and a standard deductible of NOK 4 million (nearly USD 500,000 at current exchange levels with the weaker krone). Johansen even claimed during the campaign that most households hit by the tax would only face bills of "a few hundred kroner, twice a year."

Instead far more households have become subject to the new property tax and looming tax bills are much higher. That's because not only have market values of housing in Oslo skyrocketed during the past two years, Johansen and his city government colleagues raised the tax rate itself for this year by 50 percent, from .2 percent to .3 percent.

Homeowners are thus getting hit with bills that, in one case involving a 95-square-meter (950 square foot) apartment in Oslo's Vika district, tripled, from NOK 1,380 last year to NOK 3,954 this year. That because the assessed market value rose 13.3 percent, and then the tax rate itself increased as well.

Retirees hit hard

Newspaper Aftenposten reported over the weekend that other cases involved tax bills rising as much as 70 percent, because of the sharp increase in the property valuations on which the tax is based. Many retirees on fixed incomes are complaining mightily, because the increase in their property values "are purely on paper" since they neither will nor can, in many cases, move.

"There are a lot people like us who are in despair," said Gunnar Sæther, the retired owner of a 160-year-old house in Oslo's Frogner district that was his wife Vibeke's childhood home. Their tax bill jumped 66 percent from last year to this year, because of their house's higher market value.

"This adds to our fortune tax and, now, property tax," Sæther told Aftenposten. "Our income isn't rising. This (the house) isn't an investment object that we're earning money on. It all means that a much larger percentage of our income goes towards taxes and we have less to live on." The Sæthers feel the tax is far too high for a primary residence.

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Oslo's booming real estate market has been blamed mostly on supply and demand and on investors outbidding each other for rental properties. Many now feel the city's new onerous property tax is simply unfair.

Johansen and his political colleagues object and have predictably been defending the tax. They intend to raise NOK 1.3 billion from it that in turn, they still promise, will go towards hiring more nursing home staff and expanding day care centers for children, although it was mostly the latter that Johansen referred to in a radio debate on the property tax last last week. The city just ran into more criticism over its publicly funded nursing homes and lack of capacity, and city officials have admitted there's been a delay in hiring the "500 pairs of new hands" they'd promised for elder care.

Of the NOK 1.3 billion (USD 158 million) to be raised from the property tax, roughly NOK 530 billion will be paid by homeowners and NOK 760 million by commercial real estate owners. The owners of Oslo's restaurant and market complex known as Mathallen, for example, have received a tax bill of around NOK 500,000, yet another cost for a popular but financially struggling development.

Johansen argues that Oslo's property tax is still the "most reasonable" of those imposed locally around Norway, not least because of the NOK 4 million deductible. He seemed entirely unsympathetic towards those who accepted their new property tax bills last year but have been shocked by the sharp increases in them this year. The jump in property values has also meant that around 25 percent of Oslo's property owners are now subject to the tax, up from 20 percent last year.

That ratio has itself been a matter of dispute because the tax burden in Norway is supposed to be more evenly spread among the population in general. Opponents have argued that Oslo's property tax is still being carried by too small a percentage of the population, to which Johansen has responded that Labour wanted the wealthiest with the most expensive homes to carry the load. As housing prices continue to rise in Oslo, however, he's likely to find that many more people with modest homes and modest incomes are going to get hit with the property tax, too.

'Not a moderate tax any longer'

The Conservatives in Oslo, meanwhile, are seizing on the unrest of the property tax notices, which coincidentally or not were distributed last week when local schools were closed for Norway's annual week of winter holiday, and many homeowners were away. More complaints are likely, and the city's opposition politicians are already fueling them.

"We are definitely seeing a move away from the 'moderate' property tax level that Labour assured us we'd have," Eirik Lee Solberg, leader of the Conservatives on the City Council, told Aftenposten. He said the property tax amounts have already risen to a level that hurts many families. Aftenposten reported that tax bills on average have risen from NOK 4,781 to NOK 7,560 this year.

Asked whether the deductible amount should be raised, Solberg claimed that the property tax should be repealed: "It's already expensive enough to live in Oslo. It's especially unfortunate that this tax hits people completely independent of their income. That puts people with low incomes but who live in a suddenly valuable house in a very difficult situation."

Vegard Andersen, who serves as city government secretary in Oslo for Labour, said there were no plans to make any changes in the property tax formulation: "We were elected on a platform which clearly included property tax, and it will be permanent for our entire term. Then we'll see what happens after the next (local) election in 2019." Labour, which has also raised garbage collection fees in Oslo after a recent scandal and has infuriated car owners after removing or restricting street parking, fell 5.5 points in the latest public opinion poll ahead of the upcoming national election in September.

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