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FINANCE MINISTER: 'GOV'T NOT PLANNING TO RAISE REAL ESTATE HOLDING, PROPERTY TAXES' 1

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Deputy Prime Minister Kim Dong-yeon said on September 3 that comprehensive real estate holding and property taxes are unlikely to be raised in the near future although the two taxes have been mentioned by many as the South Korean government's additional methods for suppressing an increase in housing prices.

"The two types of taxes are different in nature from acquisition tax, transfer tax and the like," he remarked, adding, "The former, which have a nationwide influence, are not suitable for responding to local overheating of the housing market." He went on to say, "In addition, the former are characterized by being imposed on property holding itself unlike in the case of transfer tax based on realized profits, and thus some people may not be able to pay the former due to the lack of income."

The Deputy Prime Minister also mentioned that the government is continuing to work on additional measures so that its real estate market policy implemented on August 2 does not negatively affect non-speculators in the housing market.

According to the policy, any house acquired on August 3 or later in one of the 40 specific regions including Seoul and Busan for a transfer price of 900 million won or less can become transfer tax-free only after two years of residence. For the protection of the non-speculators, however, this prerequisite is unlikely to be applied to housing contracts signed on or before August 2.