# The Necessity and Countermeasures of Property Tax Reform

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**Abstract.** In order to promote the development of the real estate industry, local dependence on the real estate industry presents an increasingly serious trend, which directly affects the healthy development of the real estate industry. In order to let the development of the real estate industry under the macro guidance and control to promote smoothly, the state needs to carry out the reform of the real estate tax, in order to promote the completion of the real estate tax, and let the national affordable housing construction to be comprehensively promoted. By analyzing the necessity of real estate tax reform and the existing problems in the current stage of real estate tax reform, we can work out a more feasible strategy for real estate tax reform.

**Keywords:** Real Estate Tax Reform; Necessity; Problem Response.

## 1. Introduction:

Since the reform and opening up, China's real estate industry has been developing at an amazing speed. There has been a social phenomenon that people's income and high housing price cannot match each other, which has greatly affected People's Daily life.In order to change the current development trend of the real estate industry, the government needs to carry out the reform of the real estate tax through strong intervention, so as to alleviate the deadlock in the current real estate development process.At present, the real estate in China is divided into two major categories: non-economic housing and economic housing. In a very long period of time, the government only taxes the economic housing, but does not tax the residential ownership. In the process of specific real estate tax collection, special legislation appears, such as the scope of collection is too narrow.Therefore, it is imperative to carry out the property tax reform and government departments should pay attention to it.

## 2. The Necessity Analysis of Property Tax Reform

1. It can effectively support local finance

In the process of daily operation and construction, local governments need to buy and sell land to meet the growing financial needs. In fact, land transfer fee income is a crucial part of local financial revenue. Therefore, if local governments do not complete the work of land finance, the financial revenue will not reach the established plans and objectives.But at present, there is a serious phenomenon that the land finance is living beyond its means, which will affect the subsequent land finance planning and the stability of the government's financial revenue. If the property tax reform can be carried out, the government will have a more stable source of financial revenue and its dependence on the land finance can be solved.Therefore, from this point of view, it is necessary to carry out the property tax
reform.

2. It can improve our tax system

At the present stage, we have established a complete local tax system through income tax and turnover tax collection, but we do not have a complete property tax collection system planning.Although the property tax is a kind of property tax, the property tax levied at the present stage is only limited to operational houses. It is more like turnover tax than property tax.The reform of property tax means that the ownership of real estate should start to collect taxes. The taxation of stock houses can greatly relieve the current tax pressure and enable local governments to build a more complete tax system.Therefore, it is necessary to reform the property tax.

3. It can solve the problem of property speculation

In the process of the development of the real estate industry, the reason why the price of housing rises too fast is that in the process of housing holding, there is no enterprise or individual with the investment ability to affect the normal relationship between supply and demand through the way of housing hoarding and speculation. If the property tax reform can be carried out, then in the process of real estate speculation, Enterprises or individuals need to continue to pay the cost of real estate holding, which can greatly weaken the speculative property of real estate, but also to control the heat of the real estate market, at the same time, originally put in the real estate industry will gradually flow into the real economy, which can play an important role in promoting the development and construction of our economy.

## 3. Analysis of the Existing Problems in the Real Estate Tax Reform

1. Lack of complete information registration system

During the trial operation of the real estate tax system, people's governments at all levels try to define a standard amount of family housing or collect the real estate tax by directly taking families or individuals as the object of collection. However, the promotion and operation of such a tax system requires the joint participation of the tax department and the real estate department, so more detailed real estate information needs to be collected. Only in this way can the collection of real estate tax be avoided as a mere formality.But for now, the construction of real estate data information has not matched the development of The Times, the construction of the corresponding real estate information registration system has a relatively obvious lag phenomenon, and even some places have stagnated phenomenon, and different places of real estate information has a relatively obvious separation characteristics, because of the existence of information barriers, Therefore, it is not possible to use the national unified real estate registration system for the integration of corresponding information.If in the process of collecting the specific real estate tax, the number of real estate is checked by the family unit, then it is also necessary to determine whether the different properties of the owner are jointly held by the same family. In this process, the real estate management department needs the public security organs to access the household registration system to assist in the collection of real estate, which has not received technical support at present. Therefore, there are obvious dilemmas in the real estate tax reform.

2. The purpose of the property tax is uncertain

At present, the scope of the property tax is still limited. Only urban towns or industrial and mining areas can implement the property tax policy, and the corresponding scope of the tax does not include rural areas.This means that all kinds of housing in rural areas will not be subject to property tax, but in fact, the real estate in rural areas is included in the scope of the property tax.In addition to a small part of the rural housing will be used for the production of agricultural and sideline products, most of the rural self-built housing is for the residents' own use, so out of this consideration, in the specific process of property tax collection, the scope of collection except rural areas is defined.This can reduce the living burden of rural residents, so that the enthusiasm of agricultural production has been promoted.However, it should be noted that due to the continuous development of China's economic construction, the rural economy of some developed areas even exceeds the cities in less developed areas. In this case, if the rural property is still not included in the scope of taxation, the problem of fiscal tax revenue loss will occur frequently, which will ultimately affect the economic development of our country and break the principle of tax fairness.Therefore, this issue is also worthy of attention.

3. It is impossible to determine the criteria for the subject of tax collection

In the process of property tax collection, government departments should first determine the collection standards and objects, but since China has not yet built a unified property registration information system, it is impossible to define the fine collection standards.In addition, there are also a high proportion of small property houses, welfare houses and affordable housing and other different categories of housing, so in the process of property tax collection it is difficult to clear the property nature, it is difficult to define a unified standard.In addition, the definition of housing value has not

been solved, it is more difficult to make the definition of housing value more open and transparent, so the property tax collection will repeatedly encounter difficulties.In fact, the staff involved in the property tax collection at this stage does not have professional quality and professional knowledge reserve, so it is difficult to complete the collection of property tax in accordance with the established national laws and regulations policies.Therefore, from these aspects, we lack the necessary conditions for the property tax collection.

## 4. The Property Tax Reform Optimization Measures Analysis

1. Comprehensively improve property registration information

In order to comprehensively promote the collection of real estate tax, it is necessary to promote the cooperation between the tax bureau of public security organs and the housing administration Bureau, so that the information held by various organs and units can be shared and transmitted to each other. Only in this way can a more detailed real estate registration information system be built and a good external environment and conditions be created for the collection of real estate tax.Under the cooperative operation of multiple departments, the staff responsible for property collection can carry out the work of property tax collection according to the property information that has been registered.But it should be noted that the property tax will involve the privacy of the people, so in the system design process need to develop more strict control standards, in order to reduce the information system entry registration process, the possibility of privacy leakage problems.In this process, the staff need to use intelligent operation means as far as possible, so as to quickly complete the work of information entry, with a simpler operation method to constitute the update and optimization of the information system, which can not only save the cost of human resources, but also save the maintenance cost of the information management system.

2. Fully determine the use of real estate tax

In the process of collecting the specific property tax, the staff need to calculate the tax rate according to the superposition of the total area held by the property owner. In other words, the larger the housing area held by the property owner, the more tax it needs to pay. Through this way of collecting the property tax, the regulation and control of the real estate industry can be completed to reduce the expansion rate of the real estate market, so that the gap between the rich and the poor can be controlled reasonably.Therefore, in the process of the specific property tax collection, service personnel need to further clarify the purpose of the tax collection.The collection of the property tax is to control the real estate market, let the speculators with bad speculation purpose to stop speculative behavior, only in this way can the housing utilization rate be improved, so that the housing vacancy rate is reasonably controlled.In order to promote the collection of property tax comprehensively, government functional departments also need to develop more feasible measures to encourage people to pay the property tax, and explain the specific payment process of the property tax and the use of the tax to the taxpayers in a timely manner.Only in this way can the credibility of the government be enhanced and the property tax reform be promoted smoothly.

3. Comprehensively define the standards for the objects of tax collection

As mentioned above, the purpose of levying property tax is to resist speculation by speculators and provide further protection for those who just need to buy a house.In order to avoid speculation, in the process of collecting the property tax, the government functional departments need to take families as the unit to fully implement the policy of exempting the first house from the property tax. Only in this way can the pressure of families in the purchase of just-needed housing be reduced.If a family has bought a just-needed house and needs to buy more than two houses, then it needs to levy the real estate tax in accordance with the proportion.If all kinds of standard conditions of corresponding housing are much higher than the average market, then the proportion can be appropriately raised during the process of property tax collection, which is an important way and means to shorten the gap between the rich and the poor in our country.In fact, in the process of urbanization, the phenomenon of urban syndrome becomes more and more severe.In order to alleviate

the contradiction between people and land at the present stage, the government needs to solve the problem of population flow by creating satellite cities. In order to promote the economic development of the fringe areas of first-tier cities, the government can fully implement the policy of urban property tax reduction and exemption, so as to promote the balanced development of different cities.This can also reduce the housing pressure of people who have difficulties in the aspect of just need to buy a house, so that the housing problem is further solved.

4. Comprehensively set a scientific property tax rate

In the specific process of property tax collection, people's governments at all levels need to consider the specific situation at the present stage, formulate differentiated property tax rates, choose the appropriate tax rate ratio form, and complete the property tax collection work.First of all, the reason to carry out the real estate tax reform is to prepare for fiscal revenue, and in this process to complete the regulation of the real estate market, so that the real estate market in accordance with the basic law of continuous operation, so we can use a more appropriate proportional tax rate to collect the real estate tax, through the external macro-control way, to solve the current problems in the development of the real estate market.Secondly, from the perspective of tax collection to think, it is not difficult to find that the differential tax rate is more likely to be accepted by the public, but also to further reduce the resistance to the implementation of the property tax. After the differentiation of the property tax rate is formulated, the holders of high-priced housing will pay more property tax, which is also an important principle of tax fairness.In addition, due to different areas of economic development is not consistent, so different areas of the property tax rate should also be properly adjusted.This is also an important way to narrow the gap between the rich and the poor, and to ease the pressure of low-income people on the collection of property tax as much as possible.It can also reduce the dependence of local finance on land finance and ensure that local finance has a stable source of income.

## 5. Concluding Remarks

To sum up, in the process of the development of the real estate industry, it is very realistic to carry out the property tax reform.It can make our real estate industry develop steadily and healthily.We will reduce the possibility of speculators speculating in real estate, guarantee the demand for just-in-need housing, and further narrow the gap between urban development in different regions.In this process, real estate management agencies, public security agencies and even banks need to complete the information registration through a collaborative and interactive way to provide impetus for the property tax reform.

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