Housing Taxation in OECD Countries

HIGHLIGHTS

OECD
BETTER POLICIES FOR BETTER LIVES

"In the face of unprecedented housing market challenges, it is more important than ever to ensure that housing taxes are both fair and efficient. There is significant scope for countries to improve the design and functioning of housing taxes and this report provides a number of policy options to help countries implement reform."

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Highlights

The OECD's study on *Housing Taxation in OECD Countries* provides a comparative assessment of housing tax policies across OECD countries. The study covers all taxes levied on the acquisition, ownership and disposal of housing assets. The report identifies a number of reform options that countries could consider to enhance the design and functioning of their housing taxes. This brochure accompanies the *Housing Taxation in OECD Countries* report and summarises its main findings and options for the reform of housing taxation.

KEY FINDINGS

- OECD countries have experienced unprecedented growth in house prices in the last three decades; a trend that accelerated during the pandemic. This has made housing market access increasingly difficult for younger generations, who have seen falling homeownership rates in recent decades.
- Housing is the main asset for most households, and plays an even more important role for the middle class, with owner-occupied housing representing on average 60% of middle-class wealth. Nevertheless, high-income, high-wealth and older households hold a disproportionate share of overall housing wealth.
- The residential sector is a major contributor to CO_2 emissions (17% of energy-related CO_2 emissions), and generates other significant environmental impacts on land use, biodiversity, transport and water consumption.
- The assessment shows that, while housing taxes already play an important role in OECD countries, there is significant scope to enhance their efficiency, equity and revenue potential:
  - Many countries levy recurrent property taxes on outdated property values, which significantly reduces their revenue potential (as revenues have not risen in line with property values), their equity (as households whose properties have increased in value may not be paying more tax), as well as their economic efficiency (as property taxes levied on outdated values provide incentives for people to remain in housing that is subject to a lower outdated valuation, even if it no longer suits their needs).
  - Reliance on transaction taxes is high, despite the potential for these taxes to reduce residential mobility and, to some extent, labour mobility.
  - The majority of OECD countries fully exempt capital gains on main residences, and while there may be justification for such an approach, an uncapped exemption provides vastly greater benefits to the wealthiest households and further distorts the allocation of savings in favour of owner-occupied housing.
  - Other forms of tax relief for owner-occupied housing, in particular mortgage interest relief, have been found to be regressive and ineffective at raising homeownership rates. In addition, tax relief for homeowners can lead to higher house prices.
  - In some countries, features of rental income taxation and inheritance tax rules applying to housing also reduce progressivity and revenue potential.
  - The assessment also shows that, while housing taxes are viewed as harder to avoid and evade than other taxes, tax systems often leave room for such behaviours.

OPTIONS FOR REFORM

The report identifies a number of reform options that countries could consider to simultaneously enhance the efficiency, equity and revenue potential of housing taxes, which include the following:

- Strengthening the role of recurrent taxes on immovable property, in particular by ensuring that they are levied on regularly updated property values, while lowering housing transaction taxes would increase efficiency in the housing market and improve vertical and horizontal equity.
- Considering capping the capital gains tax exemption on the sale of main residences to ensure that the highest-value gains are taxed would strengthen progressivity and reduce some of the upward pressure on house prices, while continuing to exempt capital gains on the main residence for the majority of households.
- Gradually removing or capping mortgage interest relief for owner-occupied housing would also have positive impacts on progressivity, tax revenues and house price affordability.
- Tax incentives for energy efficient housing renovations could be better targeted to ensure that they reach low-income households. This could contribute to greater emissions reductions and enhance the equity of tax incentive schemes.
- Caution should be exercised when considering tax incentives to encourage homeownership; in most cases, encouraging the supply of housing and promoting the more efficient use of existing housing stock through both tax and non-tax measures is likely to have a greater impact on housing affordability.
- Strengthened reporting requirements, including third-party reporting to the tax authority and international exchanges of information for tax purposes, are also key to ensuring that housing taxes are enforced properly.

This report also finds that some housing tax policies may help address current housing market challenges (e.g. housing affordability, environmental sustainability), although tax policies may not always be the most effective tools.

Successful housing tax reforms require careful timing, taking into account macroeconomic developments, in particular changes in interest rates and their potential impact on housing markets and households.

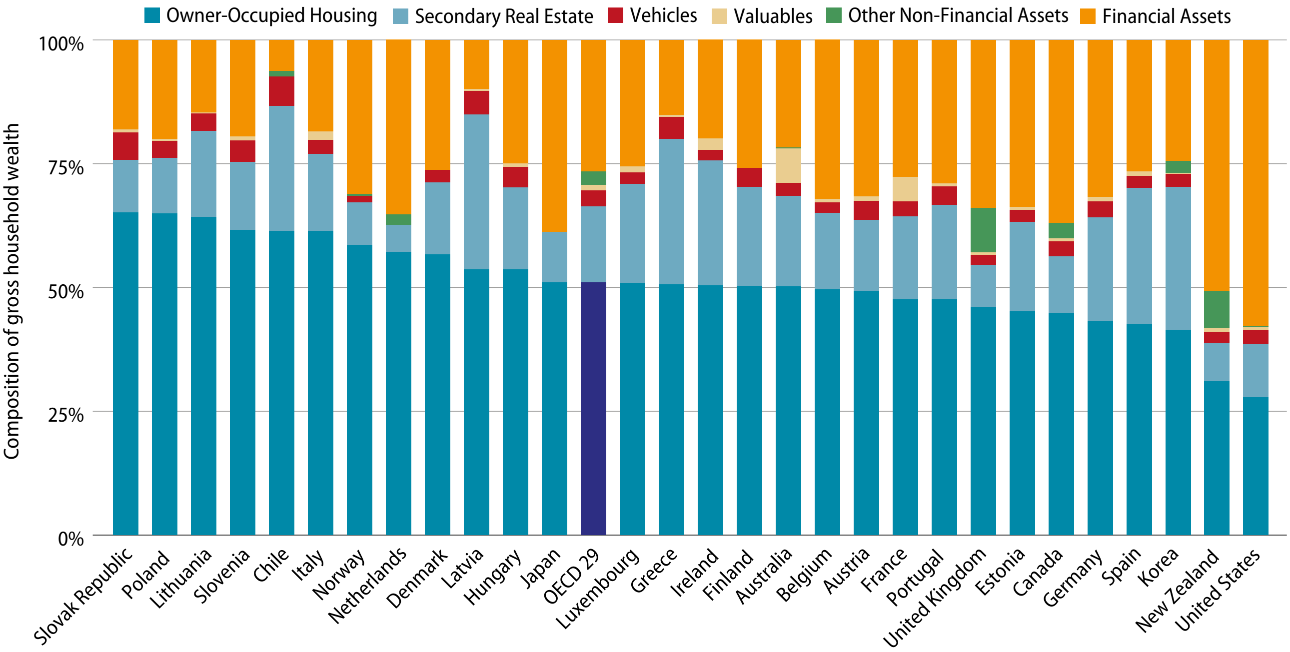
The impact of housing tax reforms across different types of households should also be carefully assessed. Accompanying tax and transfer measures may be needed to mitigate the impacts of some reforms on more vulnerable people and enhance the public acceptability of policy changes.

Housing plays a key role in our lives

Housing plays a central role in our lives. Access to shelter is a basic human need and a key determinant of individual welfare. Access to well-located, quality housing shapes people's social lives as well as their access to health care, education, job opportunities and recreational activities. Housing also affects well-being on a daily basis as the home is the centre of family life and increasingly of professional life, with the widespread adoption of teleworking during the COVID-19 pandemic. Across OECD countries, housing is on average the single-largest expenditure item across all income groups and has accounted for an ever-larger share of total household expenditure in recent years.

Housing also constitutes households' largest lifetime investment and the majority of their wealth, though its significance varies across countries. Housing is a key vehicle for wealth accumulation and is a particularly important asset for middle-class households. In OECD countries, on average, owner-occupied housing accounts for 50% of total household wealth across all households (Figure 1) and for more than 60% of middle-class wealth. However, the importance of housing as a share of household wealth varies widely across countries. For instance, total housing wealth (including both owner-occupied and secondary housing) accounts for at least 80% of total household wealth in Chile, Latvia, Lithuania, and Greece, but less than 40% in the United States and New Zealand.

Figure 1. **Average decomposition of household assets, 29 OECD countries, 2019**



Source: OECD Wealth Distribution Database, oe.cd/wealth.

The residential sector has wide-ranging environmental impacts and a significant carbon footprint. The sector accounts for around 22% of global final energy consumption and 17% of energy-related CO_2 emissions, with the bulk of the housing sector's energy consumption originating from heating. Housing is also a significant source of fine particulate matter. Housing has wider environmental impacts on land use and biodiversity, for instance through the loss of rural lands and the fragmentation of natural habitats, as well as on transport and water consumption.

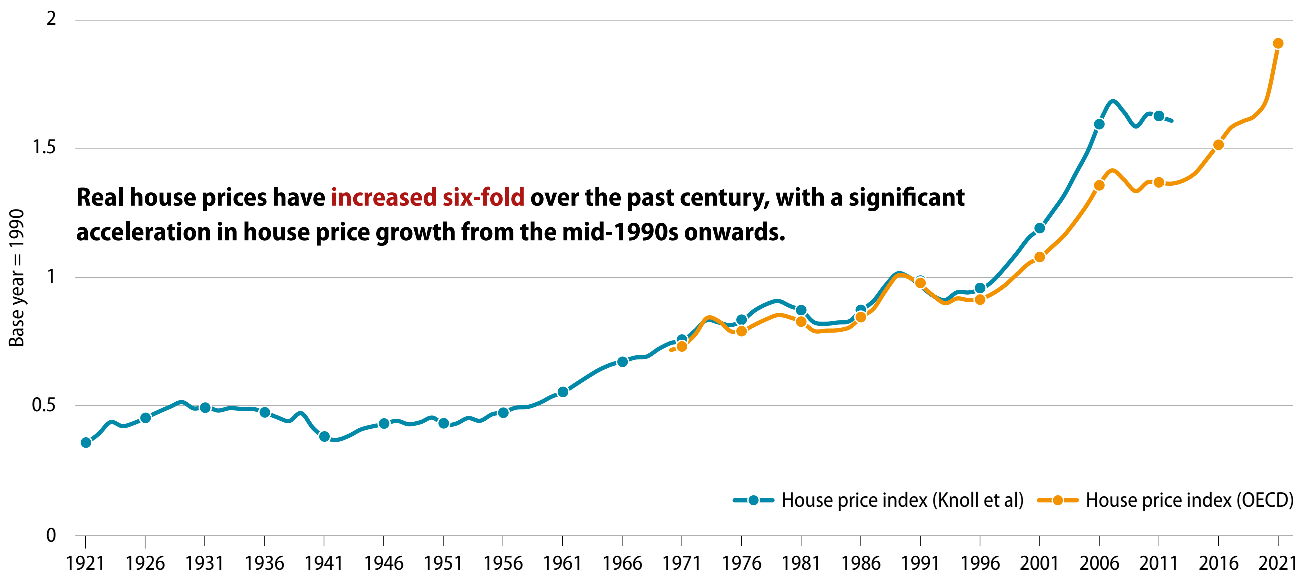
17% **The residential sector accounts for 22% of global final energy consumption and 17% of energy-related CO_2 emissions.**

House prices have been rising and homeownership rates have been falling

Recent decades have seen unprecedented growth in house prices, making housing market access increasingly difficult, especially for younger generations. Despite some fluctuations, house prices have seen a strong and continuous growth over the past century, with a rapid acceleration in house price increases in the last 30 years and even sharper growth during the COVID-19 pandemic (Figure 2).

House price growth has been uneven across regions, however, with much more significant rises in large metropolitan areas. House price inflation, particularly in urban areas, has been driven by a combination of factors constraining housing supply (e.g. limited space in highly urbanised areas, land use and zoning regulations, rising construction costs) and stimulating demand (e.g. demographic changes, low interest rates, globalisation).

Figure 2. **Real house price index, average 14 countries, 1921-2021**

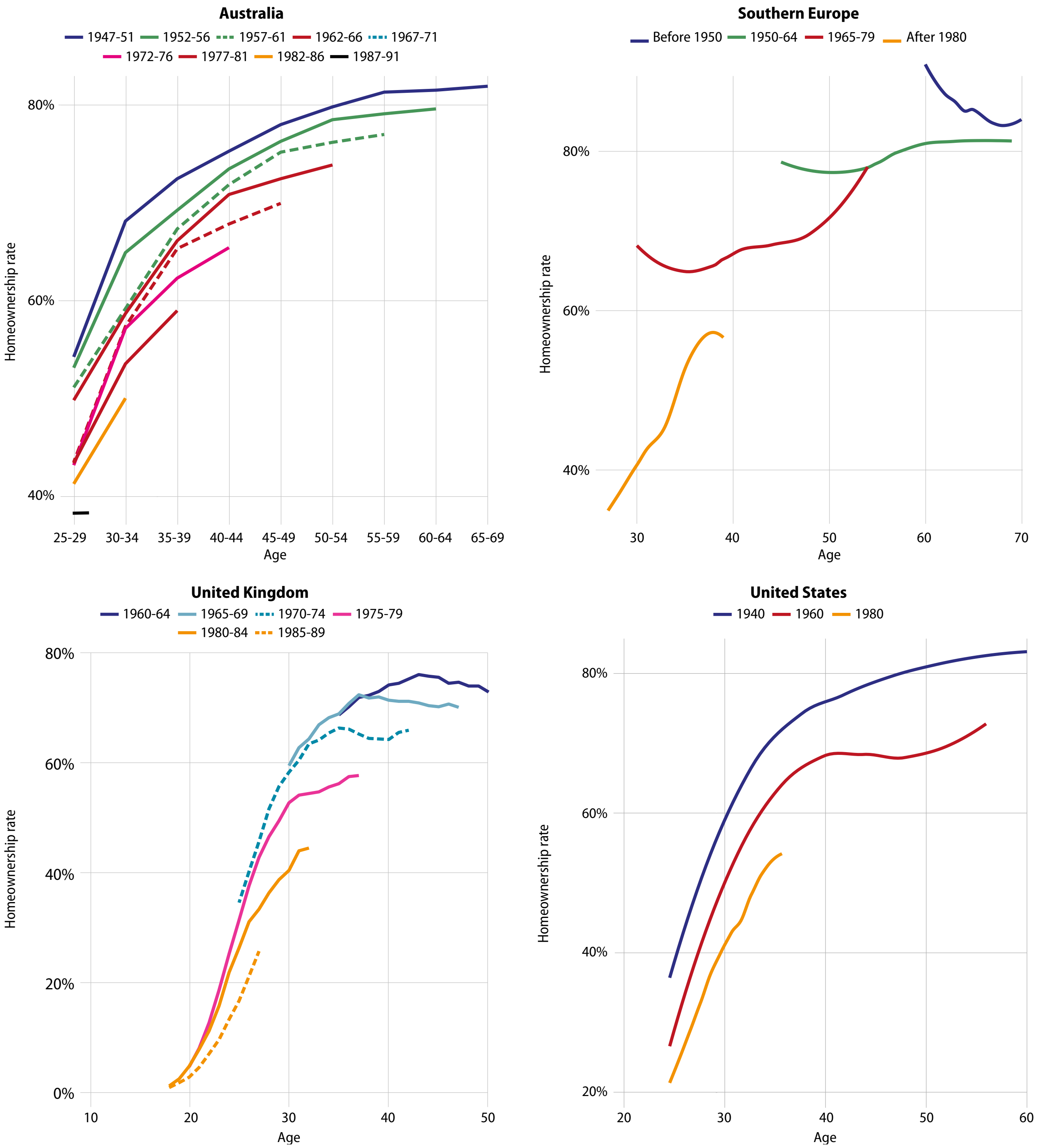


Note: Average for Australia, Belgium, Canada, Denmark, Finland, France, Germany, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States. House prices are adjusted for the Consumer Price Index.

Sources: Knoll, K., M. Schularick and T. Steger (2017), "No Price Like Home: Global House Prices, 1870-2012", *American Economic Review*, Vol. 107/2, p. 353, https://doi.org/10.1257/AER.20150501. OECD (2022), "Prices: Analytical house price indicators", Main Economic Indicators (database), https://doi.org/10.1787/cbcc2905-en.

Declining housing affordability poses a particular challenge to younger households, with evidence that homeownership rates have been declining for younger cohorts over time, particularly among those with lower income and wealth. Across the countries in Figure 3, each generation is less likely to own their homes at a given age than the previous generation. This suggests that a simple focus on average homeownership rates is misleading, as continued high levels of homeownership are partly due to property-owning older cohorts who are living longer.

Figure 3. Homeownership rates over the lifecycle for successive birth cohorts in Australia, Southern Europe, the United Kingdom and the United States



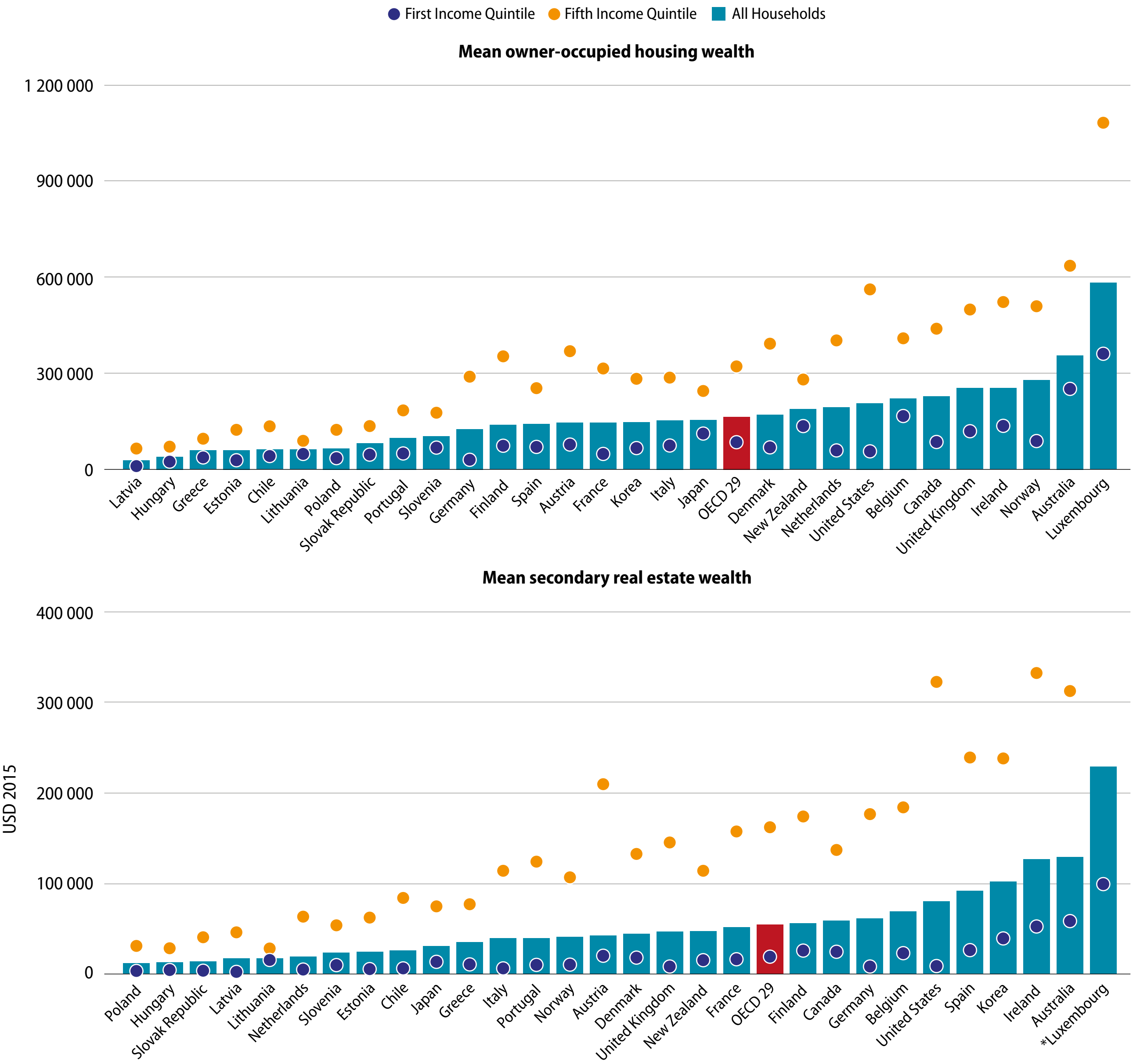
Note: See *Housing Taxation in OECD Countries* for additional information on source data.

Source: The figure for Australia is taken from the Australian Institute of Health and Welfare (2021). The figures for Southern Europe and the United States are taken from Paz-Pardo, G. (2022), "Younger generations and the lost dream of home ownership", *Research Bulletin*, No. 91, European Central Bank, Frankfurt.
The figure for the United Kingdom is taken from Hood, A., J. Hoyle and J. Cribb (2018), *The decline of homeownership among young adults*, Institute for Fiscal Studies, https://doi.org/10.1920/BN.IFS.2018.BN0224.

Housing wealth is concentrated among high-income, high-wealth and older households

While more equally distributed than financial assets, housing wealth remains concentrated among high-income and high-wealth households. Mean housing wealth is systematically higher for top income households and lower for those at the bottom, though housing wealth levels vary substantially across countries. Figure 4 shows that average owner-occupied housing wealth for households in the top income quintile is more than three and a half times higher than the average among the bottom quintile, while average secondary housing wealth for households in the top income quintile is almost nine times higher than the average among the bottom quintile. Housing wealth is even more concentrated across the wealth distribution; high-wealth households own a disproportionately large share of owner-occupied housing wealth and the majority of secondary housing wealth.

Figure 4. **Mean gross wealth in owner-occupied housing and secondary real estate, all households and top and bottom income quintiles, 29 OECD countries, 2019**

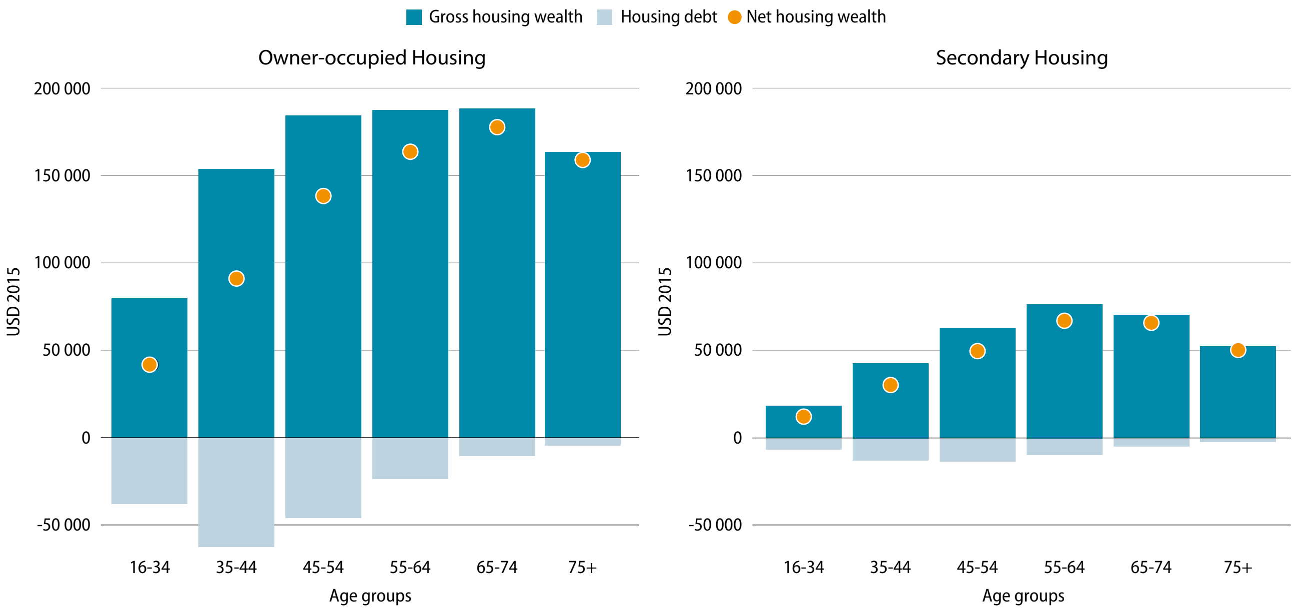


Note: Quintiles range from first (lowest) to fifth (highest). Data from the OECD Wealth Distribution Database are provided in USD 2015.
*The mean level of secondary real estate wealth for the top income quintile in Luxembourg is USD 889 500. This observation was removed for readability.
See *Housing Taxation in OECD Countries* for additional information on source data.

Source: OECD Wealth Distribution Database, oe.cd/wealth.

Homeownership and housing wealth are also strongly associated with age, with older households holding more housing wealth and representing a far greater proportion of homeowners. Figure 5 shows that housing wealth rises steadily with age on average across OECD countries, while mortgage debt is highest as households enter a period of the lifecycle characterised by relatively high earnings. Secondary housing wealth is much lower than owner-occupied wealth and debt peaks slightly later in life, suggesting that households prioritise acquiring housing as their main residence before acquiring other housing.

Figure 5. **Mean value of owner-occupied and secondary housing assets and liabilities by age group of household head, unweighted average, 26 OECD countries, 2019**



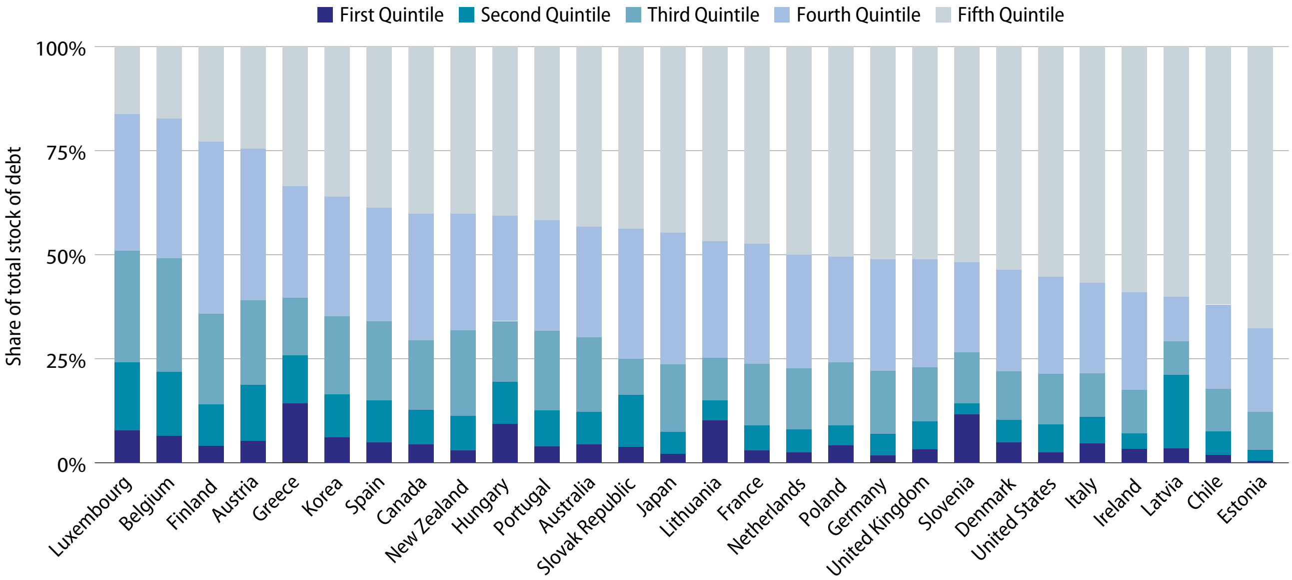
Note: Data from the OECD Wealth Distribution Database are provided in USD 2015. Average for Australia, Austria, Belgium, Canada, Chile, Germany, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Korea, Lithuania, Luxembourg, Latvia, New Zealand, Poland, Portugal, Slovak Republic, Slovenia, Spain, United Kingdom and United States. See *Housing Taxation in OECD Countries* for additional information on source data.

Source: OECD Wealth Distribution Database, oe.cd/wealth.

High-income households hold a disproportionate share of housing debt

Housing debt tends to be disproportionately concentrated in the top income quintile, while low-income households hold relatively little mortgage debt (Figure 6). Across 28 OECD countries, households in the top 20% of the income distribution typically own the largest share of total owner-occupied housing debt. In several countries, the share of debt held by households in the top 20% is close to the combined share of debt held by households in the middle of the income distribution (i.e. the second, third, and fourth income quintiles). In contrast, households in the lowest income quintile hold a very small share of total owner-occupied housing debt.

Figure 6. **Share of owner-occupied housing debt by income quintile, 28 OECD countries, 2019**

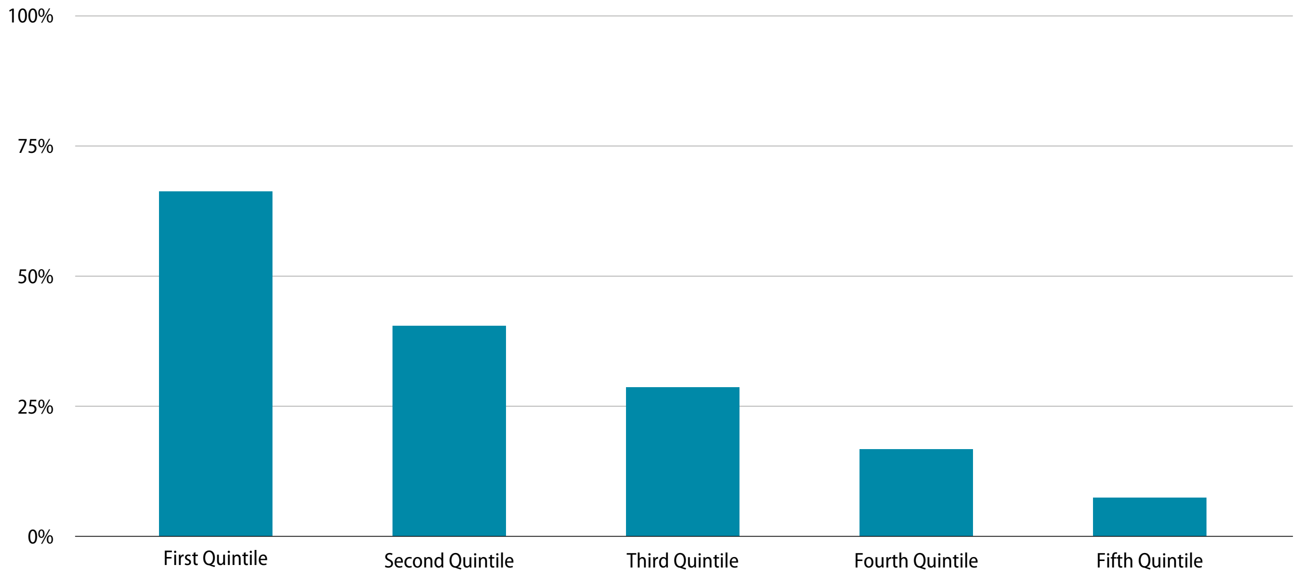


Note: Quintiles range from first (lowest) to fifth (highest). See *Housing Taxation in OECD Countries* for additional information on source data.

Source: OECD Wealth Distribution Database, oe.cd/wealth.

However, low-income households with mortgages tend to face larger relative debt burdens than their high-income counterparts. Figure 7 shows that across 19 OECD countries with available data, two-thirds of mortgage-bearing households in the bottom income quintile face a mortgage debt-to-income ratio greater than three. This percentage declines with each successive income quintile and is less than 10% for mortgage-bearing households in the top income quintile. The distribution of mortgage debt is relevant to assess the distributional effects of mortgage interest relief, which is widely available in OECD countries.

Figure 7. **Proportion of mortgage-bearing households with owner-occupied mortgage debt equal to or greater than three times gross income, unweighted average, 19 OECD countries, 2017**



Note: Quintiles range from first (lowest) to fifth (highest). Average for Austria, Belgium, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain. See *Housing Taxation in OECD Countries* for additional information on source data.

Source: Eurosystem Household Finance and Consumption Survey.

Housing taxes play an important role in OECD countries, but their design and functioning could be improved

Housing taxation plays an important role in the OECD, with countries levying a wide range of taxes on immovable property (Figure 8 and Box 1).

- **At the time of acquisition**, transaction taxes are commonly applied across countries.
- **During the holding period,** recurrent taxes on immovable property are levied in all OECD countries. The income generated by rental property is also commonly taxed, while imputed rents from owner-occupied housing (i.e. the in-kind income earned by owner-occupiers living in their homes) are typically exempt. Mortgage interest relief is also widespread across countries, particularly for rented property.
- **On the disposal of housing**, many countries exempt capital gains on the sale of main residences, while capital gains on secondary properties (e.g rental housing, holiday homes, *pied à terre* in urban centres) are usually taxed. Inheritance and gift taxes may also be levied when immovable property is transferred to heirs.

Figure 8. **Taxation of housing assets over the asset lifecycle**

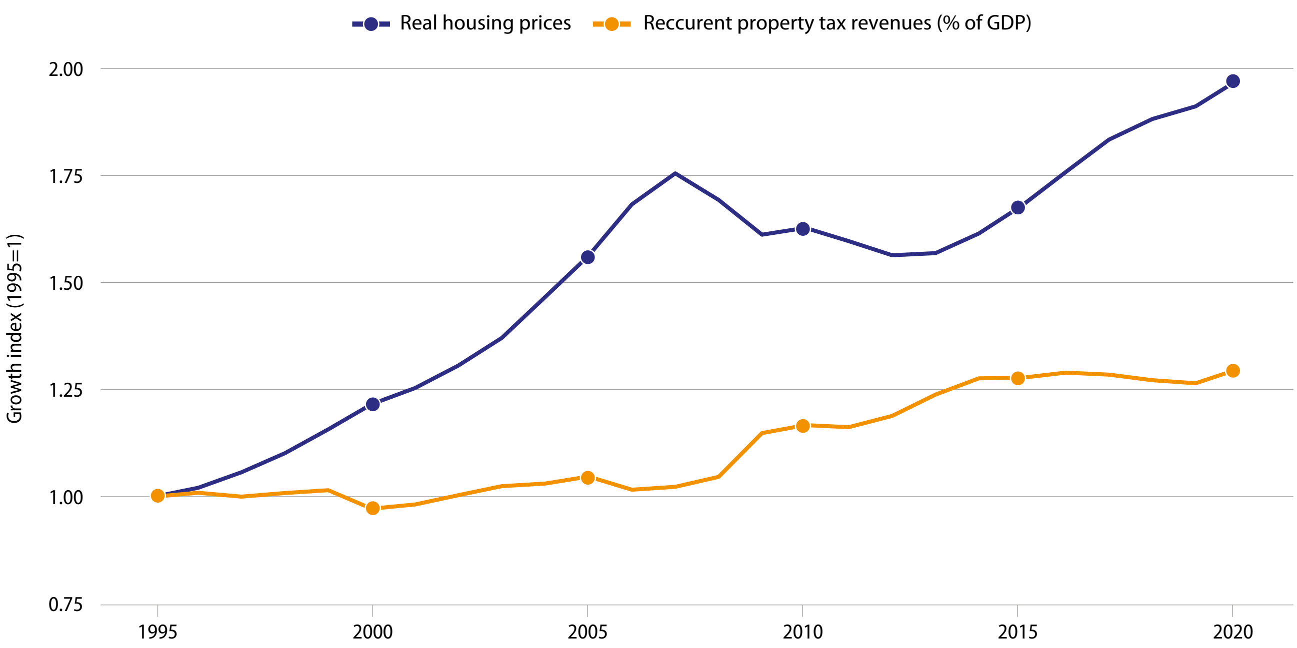
Acquisition	Holding	Disposal
• Transaction taxes • VAT (on sale of new property)	• Recurrent taxes on immovable property • Income taxes • Mortgage interest relief • Real estate wealth taxes • Net wealth taxes	• Capital gains taxes • Inheritance, estate and gift taxes

BOX 1. **KEY FEATURES OF THE TAX TREATMENT OF HOUSING IN OECD COUNTRIES**

- **Transaction taxes:** 30 out of 38 OECD countries apply transaction taxes on housing purchases.
- **Recurrent taxes on immovable property:** All 38 OECD countries (though not all sub-central governments) levy recurrent taxes on immovable property.
- **Rental income taxation:** Income from rental property is taxed in the vast majority of OECD countries, with 34 countries levying personal income taxes (PIT) on rental income.
- **Mortgage interest relief:** 17 OECD members provide a form of mortgage interest relief (via tax deductions or credits) for owner-occupied housing. Mortgage interest relief is more commonly available for rented property, with 26 countries offering a (typically uncapped) tax deduction or credit.
- **Annual net wealth taxes:** 3 OECD countries (Norway, Spain and Switzerland) levy annual taxes on total net wealth (including real estate) above a threshold, though the main residence typically benefits from favourable tax treatment.
- **Capital gains taxes:** Most OECD countries fully exempt capital gains on sales of main residences (20 without any conditions, 9 if certain criteria are fulfilled) or provide other preferential tax treatment. Capital gains tax exemptions or other preferential tax provisions are far less common for sales of secondary housing.
- **Inheritance and estate taxes:** Around half of the 24 OECD countries that levy inheritance or estate taxes apply preferential inheritance or estate tax treatment to the main residence.

Nevertheless, *Housing Taxation in OECD Countries* identifies a variety of ways in which the design and functioning of housing taxes could be improved. In many countries, the design of housing taxes could be reformed to reduce distortions and improve efficiency in the allocation of savings. The report also identifies reform options aimed at supporting greater mobility and attenuating upward pressure on house prices. Reforms could also be considered to strengthen the equity and progressivity of housing taxes while enhancing their revenue potential, in particular by better capturing some of the increases in housing values. Indeed, there is significant scope to enhance the revenue raising potential of housing taxes; for instance, Figure 9 shows that the average growth in real house prices has considerably outpaced the average growth in revenues from recurrent taxes on immovable property as a percentage of GDP in recent decades. The report also provides a number of policy options aimed at limiting tax avoidance and evasion and at reducing the carbon and environmental footprint of the housing sector.

Figure 9. **Mean growth in real housing prices and mean growth in revenues from recurrent taxes on immovable property (% of GDP) over time, 15 OECD countries**



Note: Average for Canada, Colombia, Denmark, Finland, France, Germany, Ireland, Israel, Japan, Netherlands, Norway, Spain, Switzerland, United Kingdom and United States.

Source: The data on real housing prices is taken from the OECD National and Regional House Price Indices dataset. The data on revenues from recurrent taxes on immovable property is taken from OECD (2021), *Revenue Statistics 2021: The Initial Impact of COVID-19 on OECD Tax Revenues*, OECD Publishing, Paris, https://doi.org/10.1787/6e87f932-en.

There is significant scope to enhance the efficiency, equity and revenue potential of housing taxes

Housing Taxation in OECD countries identifies a number of options that governments could consider to reform housing taxes based on an assessment of their efficiency, equity and revenue effects, which includes:

- **Strengthen the role of recurrent taxes on immovable property**, in particular by ensuring that they are levied on regularly updated property values, while lowering housing transaction taxes to increase efficiency in the housing market and improve vertical and horizontal equity.
- **Consider capping the capital gains tax exemption on the sale of main residences** to ensure that the highest-value gains are taxed to strengthen progressivity and reduce some of the upward pressure on house prices, while continuing to exempt capital gains on the main residence for the majority of households.
- **Gradually remove or cap mortgage interest relief for owner-occupied housing.** This would have a positive impact on progressivity, tax revenues and house price affordability.
- **Improve the targeting of tax incentives for energy efficient housing renovations** to ensure that they reach low-income households. This could contribute to greater emissions reductions and enhance the equity of tax incentive schemes.
- **Exercise caution when considering tax incentives to encourage homeownership**; in most cases, encouraging the supply of housing and promoting the more efficient use of existing housing stock through both tax and non-tax measures is likely to have a greater impact on housing affordability.
- **Strengthen reporting requirements**, including third-party reporting to the tax authority and international exchanges of information for tax purposes, are also key to ensuring that housing taxes are enforced properly.

The following pages summarise the assessment of housing taxes across OECD countries and provide more detailed analysis of potential policy options.

Detailed findings and policy options for the reform of

THE REPORT ASSESSES HOUSING TAXES ACROSS OECD COUNTRIES AND FINDS THAT...

Many countries levy recurrent taxes on immovable property on significantly outdated property values. This reduces horizontal equity (as households with properties of similar value may not face similar tax liabilities) and vertical equity (as households with more valuable housing may not pay more taxes). This also provides incentives for people to remain in undervalued housing even if it no longer suits their needs.

Recurrent taxes on immovable property may raise liquidity concerns for low-income households, including retirees.

Property transaction taxes are attractive from an administrative perspective, but they can have adverse efficiency effects by discouraging housing transactions, which can in turn affect residential and labour mobility.

Many OECD countries fully exempt capital gains on the main residence. There is some justification for exempting a portion of the capital gains on sales of main residences, in particular as this may reduce lock-in effects. However, capital gains tax exemptions for main residences create distortions across savings instruments, raise equity issues, reduce tax revenues, and may place upward pressure on house prices.

Rental income is generally taxed at the same rates as other types of personal capital income. The tax base is typically realised net rental income (that is, realised rental income minus costs), but a minority of countries tax imputed rental income (i.e. a deemed return based on the value of the housing).

Some countries apply special tax treatment to short-term rentals (e.g. short-stay housing rented via digital platforms) compared to long-term rentals. While there may be a rationale to apply different tax treatments to short-term and long-term rentals, this creates distortions and risks affecting the supply of affordable long-term residential housing.

There is evidence that tax incentives for energy-efficient housing renovations (i.e. retroffiting) encourage households to undertake such renovations. However, tax incentives for retrofitting often subsidise, at least partially, investments that would have occurred anyway. In addition, the disproportionate uptake of these tax incentives by high-income households has raised concerns over their equity and effectiveness.

While mortgage interest relief is intended to support homeownership, empirical evidence suggests that it fails to raise homeownership rates and contributes to higher house prices where housing supply is constrained. Uncapped mortgage interest relief on owner-occupied housing is also regressive and represents a significant fiscal cost.

Evidence suggests that tax measures to support homebuyers may be limited in their effectiveness and contribute to increased house prices where there are housing supply constraints. However, in areas where housing supply can increase, these tax incentives may be more effective.

In the context of declining housing affordability, some cities have introduced recurrent taxes on vacant homes to encourage the return of these dwellings to the rental or housing market. Analyses of existing vacant home taxes suggest that some taxes have been successful in increasing housing supply, while others have had a limited impact.

Aggressive tax avoidance exploits loopholes in the tax system, for example, through the use of sophisticated structures. Individuals may also illegally evade taxes on housing, for instance by under-declaring housing values or through complex schemes obfuscating asset ownership.

housing taxation

GOVERNMENTS COULD CONSIDER A VARIETY OF HOUSING TAX REFORM OPTIONS…

- Regularly updating property values is key to the efficiency, equity and revenue potential of recurrent taxes on immovable property. Countries relying on outdated values and wishing to set up a system of regular valuations could consider embedding such a reform in a more comprehensive property tax overhaul, with measures to mitigate potential increases in tax liabilities.
- Providing tax deferral for certain taxpayers can help alleviate liquidity issues.
- There is a strong case for reducing or removing transaction taxes, but it is essential that this be done gradually and accompanied by other tax reforms (e.g. shifts towards recurrent taxes on immovable property) to avoid increases in house prices and windfall gains for existing homeowners.
- Consider capping the capital gains tax exemption on the sales of main residences to ensure that the highest-value gains are taxed would strengthen progressivity, reduce some of the upward pressure on house prices, reduce the incentive to overinvest in owner-occupied property and raise revenue, while continuing to exempt capital gains on the main residence for the majority of households.
- Requiring taxpayers to declare all rental income and related costs (including mortgage interest payments) and taxing rental income with total income (in countries with a comprehensive tax system) or capital income (in countries with a dual or semi-dual tax system) would strengthen efficiency and equity.
- Countries should ensure that short-term rental income is properly declared and is not taxed more favourably than long-term rental income.
- Tax incentives for energy efficient housing renovations could be better targeted to ensure that they reach low-income households. This could enhance the equity of tax incentive schemes and contribute to greater emissions reductions, given that lower-income households are more likely to occupy dwellings with greater scope for reductions in energy use.
- Gradually removing or capping mortgage interest relief for owner-occupied housing would have positive impacts on progressivity, reduce upward pressure on house prices, and increase tax revenues. Phasing out mortgage interest relief could also reduce indebtedness and incentives to overinvest in owner-occupied housing.
- Caution should be exercised when considering tax incentives to encourage homeownership; in most cases, encouraging the supply of housing and promoting a more efficient use of the existing housing stock through other measures is likely to have a greater impact on housing affordability.
- When considering taxes on vacant homes, it is important to first establish that local housing concerns are driven by excess vacancies and would not be better addressed through alternative policies. Where governments decide to introduce these taxes, it is crucial that these policies include credible measures to monitor compliance.
- Reducing the attractiveness of holding housing through corporate structures or trusts can help minimise tax planning. Increased detection efforts and strengthened reporting requirements, including third-party reporting to tax authorities and the exchange of information for tax purposes, are also key to ensuring tax compliance.

Housing tax reforms should consider the broader tax and non-tax context and impacts across households

Housing taxes are of growing importance given the pressure on governments to raise revenues, improve the functioning of housing markets, and combat inequality. As they emerge from the COVID-19 pandemic, many countries are considering ways to raise tax revenues while supporting the economic recovery. Many governments are also under increasing pressure to address rising inequality and declining housing affordability, which is more acutely affecting low-income and young households. In addition, the growing international mobility of both capital and people may encourage governments to raise more revenues from less mobile tax bases, in particular real estate. This increased attention on housing taxes reinforces the need to design them effectively and fairly.

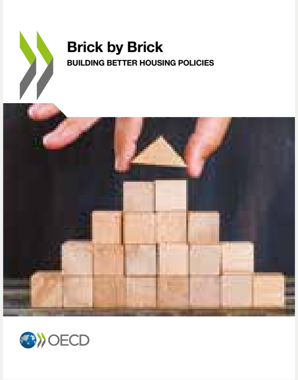
Overall, successful housing tax reform requires:

- **Taking a holistic view of the interactions between tax policies:** Interactions between different housing tax policies should be carefully assessed. For instance, residential mobility will be affected directly by both transaction taxes and capital gains taxes, and indirectly by the design of recurrent taxes on immovable property. Reforms aimed at enhancing mobility should therefore consider all three taxes.
- **Considering interactions between tax and non-tax policies:** There may be cases where non-tax policies may provide a more effective and equitable alternative to tax measures, especially when the goal is to promote housing affordability. There may also be cases where the success of tax measures depends on other policy settings or housing market conditions.
- **Carefully timing housing tax reforms and adapting to the broader economic environment:** Governments considering housing tax reforms should be mindful of the evolution in the macroeconomic environment, in particular changes in interest rates and their potential impact on housing markets and households. A gradual implementation of reforms may also help prevent negative macroeconomic shocks and alleviate potential adverse effects of reforms.
- **Considering the impact of reforms across different households and accompanying housing tax reforms with other tax or transfer measures:** As housing tax reforms can have a sizeable impact on households, it is essential to carefully assess how they affect different types of households. Packaging reforms with other tax and transfer measures may help mitigate the impacts of some reforms on more vulnerable people and enhance the public acceptability and political feasibility of policy changes.

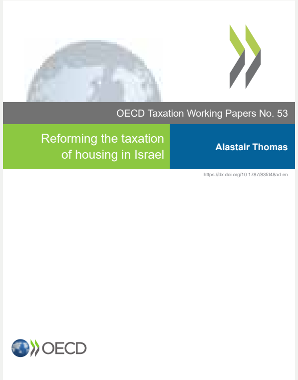
Further reading

HOUSING TAXATION AND POLICIES

Millar-Powell et al. (2022), **Measuring the Effective Taxation of Housing: Building the Foundations for Policy Reforms**
OECD Publishing, Paris
https://doi.org/10.1787/0a7e36f2-en



OECD (2021), **Brick by Brick: Building Better Housing Policies**
OECD Publishing, Paris
https://doi.org/10.1787/b453b043-en



Thomas (2021), **Reforming the Taxation of Housing in Israel**
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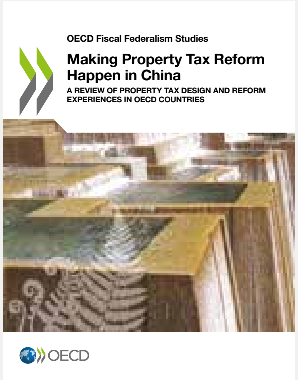

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HOUSEHOLD SAVINGS AND CAPITAL TAXATION

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OECD (2018), **Taxation of Household Savings**
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Housing Taxation in OECD Countries provides a comparative assessment of housing tax policies in OECD countries and identifies options for reform. The study starts with an overview of recent housing market trends and challenges and an analysis of the distribution of housing assets. It then examines the different types of taxes that are levied on housing in OECD countries, assessing their efficiency, equity and revenue effects. It also evaluates the role of specific tax policy instruments in addressing current housing challenges. Based on the assessment, the study outlines a number of reform options that governments could consider to enhance the design and functioning of their housing tax policies.

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