

Box 1

The Healthy Real Estate Market Plan in Taiwan

In December 2020, the National Development Council under the Executive Yuan proposed the Healthy Real Estate Market Plan, which included two types of measures. The short-term or immediate implementation measures aimed at achieving four major goals, including curbing speculation in the housing market, preventing tax evasion, preventing the housing market from being flooded by capital, and creating quality homes to achieve housing justice. Among them, some measures, such as pre-sold housing audits and mortgage loans related policies, were effective at curbing market sentiment on speculative transactions, while the performance of the other measures would be revealed over time. The mid- and long-term measures are to continue improving the real estate management system so as to foster a sound real estate market. Specific measures of the Healthy Real Estate Market Plan are summarized in Table B1.1.

Table B1.1 Structure of the Healthy Real Estate Market Plan

Short-term/ Mid- and long-term	Goals	Policies	Specific measures
Short-term or immediate implementation	Curbing speculation in the housing market	<ul style="list-style-type: none"> ● Inspecting the housing market situation regularly ● Curbing pre-sold houses and housing market speculation 	<ul style="list-style-type: none"> ● Actual price registration of real estate transaction 2.0 related acts were passed by the Legislative Yuan at the end of 2020 and came into effect on July 1, 2021. ● Amendments to the provisions of the <i>Income Tax Act</i> on the consolidated house and land transaction income tax were passed in April 2021 and came into effect on July 1, 2021. ● Establishing diagnostic indicators to point out whether the real estate market's supply and demand and transactions are healthy. ● Establishing a pre-sold house management team to enhance audits on pre-sold house transactions. ● The Ministry of Finance launched a task force to enhance audits on income from real estate transactions.
	Preventing tax evasion	<ul style="list-style-type: none"> ● Preventing individuals from using companies to evade taxes ● Preventing single units from being divided into separate 	<ul style="list-style-type: none"> ● The amendments to the <i>Basic Income Tax Act</i> were passed by the Legislative Yuan at the end of 2020, reverting to the previous requirement to include income

		properties to evade taxes	<p>from transactions of unlisted stocks in the taxable amount of basic income. The amendments came into effect on January 1, 2021.</p> <ul style="list-style-type: none"> ●The Ministry of Finance proposed the amendments to the <i>House Tax Act</i> to revise the current house value tax exemption standard in March 2021. ●Implementing the auditing project of real estate transactions by profit-seeking enterprises.
	Preventing the housing market from being flooded by capital	<ul style="list-style-type: none"> ●Preventing the housing market from being flooded by capital ●Mortgages should be within borrowers' ability ●Building a sound credit system 	<ul style="list-style-type: none"> ●The Bank revised targeted prudential measures on real estate lending twice (see Chapter 4). ●The capital requirements of real estate loans will adopt a loan-to-value (LTV) approach. ●Adopting targeted examinations to strengthen risk management of financial institutions and financial inspection of real estate lending.
	Creating quality homes to achieve housing justice	<ul style="list-style-type: none"> ●Expanding social housing and rent subsidies 	<ul style="list-style-type: none"> ●Direct construction of 40,168 units of social housing at the end of October 2020. ●Increasing the number of rent subsidy recipients from 60,000 to 120,000 housing units in 2020. ●Providing landlords with incentives to accelerate the implementation of social housing subletting management.
Continued implementation and mid- and long-term discussion		<ul style="list-style-type: none"> ●Preventing actual house usage from violating requirements ●Curbing pre-sold house and housing market speculation ●Setting reasonable house tax ●Establishing a system for approving residential housing purchases by private legal persons 	<ul style="list-style-type: none"> ●Intensifying inspections of house usage and applicable tax rate. ●Deliberating a law amendment to reinforce the management of real estate market information and pre-sold house transactions. ●Continuing to review the house tax rate. ●Deliberating to revise the <i>Equalization of Land Rights Act</i>, adding a system for approving residential housing purchases by private legal persons.

Source: National Development Council.