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Research on Breaking Away from Land Finance Dependence Under the National Spatial Planning

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Abstract: In the context of the current deep regulation of the real estate market and the frequent introduction of favorable policies, this paper explores how to reduce dependence on land finance within the framework of national spatial planning and promote diversified development of urban economies. By analyzing the current status of land finance, the debt issues of local governments, and the reasons for the reduction in land transfer income and its impact on urban economies, this paper aims to provide theoretical and practical support for national spatial planning.

Keywords: Land Finance; Urban Economy; Economic Development; Property Tax; Local Government Debt

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1. Introduction

In China, the real estate industry has become a core pillar of the national economy, impacting not only the stability of people's livelihoods but also the country's economic and social development strategies. As the economy continues to develop and social systems gradually transform, the issues faced by the real estate sector have become increasingly complex and prominent [1]. This paper aims to explore how to reduce dependence on land finance through national spatial planning, thereby promoting diversified and sustainable urban economic development.

Since the reform and opening-up policy, China's real estate industry has transitioned from a welfare housing system to a market-oriented housing system, significantly expanding the market and improving residents' housing conditions. However, as the market has developed, various problems have emerged [2], such as market imbalances, frequent conflicts, speculative activities, and localized market overheating. Moreover, the 1987 land transfer system reform, despite becoming progressively institutionalized and legalized, has also led to issues related to land finance. Land finance refers to the phenomenon where local governments excessively rely on industries related to land for revenue, which is detrimental to the healthy and stable development of the local economy. To promote the stable development of the real estate market and the sustainability of the local economy, it is imperative to optimize land transfer and real estate-related policies, reduce dependence on land finance, and build a healthier economic structure [3].

Excessive reliance on land finance by local governments leads to unsustainable use of land resources and may jeopardize economic development, especially when land resources are exhausted. Additionally, local governments often use land as collateral for loans, posing significant debt risks if land prices plummet, which would also affect banks and lending institutions. Within the framework of national spatial planning, optimizing the allocation and use efficiency of land resources is a key strategy to break away from land finance dependence [4]. Rational urban and rural spatial planning can prevent overdevelopment and waste of land, ensuring the sustainable use of land resources. Furthermore, delineating ecological protection boundaries ensures that land use aligns with ecological and environmental protection requirements, promoting green development. Strictly controlling land use conversions to prevent land speculation and overdevelopment is essential for ensuring food and ecological security.

This paper deeply examines the roots of the excessive dependence of Chinese local governments on land finance from three perspectives: the tax-sharing reform, the expansion of local government responsibilities, and the problematic performance evaluation system. Rational distribution of land use rights between the central and local governments, ensuring that local governments' land sales activities are supervised by the central government, can prevent indiscriminate land sales and reform the tax-sharing system while expanding local government responsibilities [5]. Reducing reliance on land finance through developing new revenue sources, such as increasing the technological content and added value of local industries, is crucial. Improving the performance evaluation system for local governments to encourage long-term sustainable development investments rather than short-term fiscal revenue increases is also essential. Urban renewal and redevelopment of inefficient land use can enhance land use efficiency and unlock potential land value.

The implementation of these measures will better realize the optimal allocation of land resources, promote the healthy and sustainable development of local economies, and provide support for the stability of the real estate market [6].

2. Issues and Challenges of Dependence on Land Finance

2.1 Definition and Causes of Land Finance Dependence

The concept of land finance dependence became significantly prominent after the 1994 tax-sharing reform. Due to adjustments in the tax system, the tax authority of local governments was reduced, leading to fiscal pressure. Local governments, faced with an imbalance between their administrative responsibilities and financial powers, identified land transfer fees as a source of revenue that did not need to be remitted to the central government. This mechanism addressed the short-term fiscal needs of local governments and supported the substantial demand for funds in the context of rapid urbanization. Land finance has played an indispensable role in driving rapid urbanization and economic development in China [7]. By selling land use rights, local governments could quickly raise substantial funds, often used for urban infrastructure development and public service improvements, thereby attracting more population and business investments and accelerating the urbanization process.

However, this rapid development model has not been sustainable. It has led to a sharp increase in housing prices, overdevelopment of land resources, and a decline in environmental quality. Over time, the problems associated with land finance have become increasingly apparent. Firstly, the rapid rise in housing prices has exacerbated social stratification and inequality [8-9]. Secondly, due to the overreliance on land transfer income, local governments have often favored short-term economic gains over long-term sustainable development in land management and planning. Additionally, as the economic structure adjusts and the real estate market fluctuates, local governments dependent on land finance face increasing fiscal risks.

Currently, faced with the challenges of slowing economic growth and a singular fiscal revenue structure, local governments urgently need to find more sustainable and diversified sources of fiscal revenue. This necessitates profound systemic reforms, such as improving the tax system, enhancing the efficiency of the fiscal system, and achieving economic structural optimization through technological innovation and industrial upgrading [10]. Strengthening national spatial planning to ensure the rational use of land resources and ecological and environmental protection is crucial to alleviating the current predicament of land finance dependence.

2.2 Problems and Risks of Dependence on Land Finance

In the current economic environment, particularly under the influence of national tax reduction and fee reduction policies, Chinese local governments face increasing fiscal pressure and growing debt risks. The dependence of local governments on land finance has become more pronounced. Fiscal data reveal that local government debt grew from approximately 15.41 trillion yuan in 2014 to 25.66 trillion yuan in 2020, with an average annual growth rate of nearly 9%, highlighting the urgency of the local debt situation. During the same period, revenue from the sale of land use rights surged from 3.91 trillion yuan in 2013 to 8.21 trillion yuan in 2020, with an average annual growth rate exceeding 13%, further emphasizing the deepening reliance on land finance [11].

The State Council's 2021 "Opinions on Further Deepening the Reform of the Budget Management System" underscored the necessity of preventing and resolving implicit local government debt risks, noting that reducing government leverage is a key direction for debt management. Over the past decade, the scale of land transfer fees has expanded dramatically, showing an upward trend since 2015, and reaching a historic high of 8.7051 trillion yuan in 2021, accounting for 42.46% of local fiscal revenue. However, it is worth noting that the annual growth rate of land transfer fees has gradually slowed since 2017 [12]. Particularly in 2022, with the cooling of the land market, land transfer prices and transaction volumes have significantly declined. From January to October 2022, land transfer revenue amounted to only 4.4027 trillion yuan, down 25.90% year-on-year, and the proportion of local fiscal revenue fell to 31.02%. This decline is especially noticeable against the backdrop of local state-owned enterprises and urban investment platforms actively intervening in the land market to stabilize market confidence and alleviate fiscal pressure [13].

This reliance on land finance poses challenges to the fiscal sustainability of local governments. In the face of economic fluctuations and the risks they bring, local governments must explore more diversified revenue channels and improve budget management systems, rationally allocate resources, and ensure fiscal health and economic stability [14]. This is not only a necessary adjustment to the current situation but also an important strategy to promote long-term fiscal and economic health.

3. Theories and Practices of Diversifying Local Government Revenues

3.1 The Concept and Significance of Diversifying Local Government Revenues

At the 20th National Congress of the Communist Party of China, it was explicitly stated that "high-quality development is the primary task in the comprehensive construction of a modern socialist country." This strategic shift focuses on the quality and efficiency of economic growth rather than merely the growth rate. With profound changes in the real estate industry's logic, the traditional economic model reliant on land finance has become untenable, prompting local governments to seek diversified revenue streams.

For a long time, local governments in China have heavily depended on land transfer income. This dependency not only exacerbates fluctuations in the real estate market but also challenges rational urban planning and sustainable development. Against the backdrop of economic restructuring and comprehensive deepening of reforms, the original land finance model faces persistent challenges. Furthermore, with the gradual intensification of real estate market regulation policies, local governments urgently need to explore new fiscal revenue channels to ensure the stable development of public services and infrastructure construction [15].

In this process, the role of national spatial planning becomes particularly important. By optimizing land use and improving land use efficiency, the economic value of land resources can be increased, and social capital can be directed towards public infrastructure and services investments, thereby reducing reliance on direct land finance revenue. Additionally, the implementation of property taxes and other sustainable tax systems can provide local governments with more stable sources of fiscal income.

These measures can effectively balance economic development with land resource protection, promoting cities towards more sustainable and intelligent development. Diversifying local government revenues is crucial for adapting to the evolving economic landscape and ensuring long-term fiscal sustainability. It aligns with the strategic goals of high-quality development, enabling a shift from short-term, land-based revenue models to more robust, diversified fiscal frameworks that support enduring economic and social progress.

3.2 Transforming Local Urban Investment Companies for Maximum Efficiency

Local urban investment companies (UCs) face a series of challenges due to their initial establishment purposes and functional limitations, particularly under current financial strain and the risk of defaults. The urgent need for transformation can be analyzed from two main perspectives.

Firstly, active measures must be taken to effectively utilize the idle stock assets held by UCs. According to data from the China Index Academy, in 2021, only 9% of the land supplied by UCs actually entered the market, significantly lower than the 30% for private enterprises and 40% for central state-owned enterprises. This disparity is primarily due to most UCs lacking professional development capabilities, resulting in mere land holding without further development [16]. Even those UCs with some development capacity may choose to delay construction given the current sluggish real estate market. In this context, UCs should consider collaborating with real estate companies for development projects, leveraging the expertise of real estate firms in development operations, talent management, and asset management to develop existing stock assets. This approach is particularly advisable given that real estate companies are reducing land acquisitions due to financing constraints and debt issues. However, it is crucial that such collaborations are limited to existing stock plots to avoid UCs taking on high-risk land holding activities in the future, which could exacerbate financial burdens and debt problems.

Secondly, UCs should initiate market-oriented transformations and gradually transition towards a local state-owned enterprise model. Given that most UCs have limited development capabilities, they must first enhance their development and construction abilities through professional training and talent acquisition. Additionally, considering that some local governments may own multiple UCs, a rational consolidation and restructuring based on the characteristics of each UC could improve overall efficiency and market competitiveness [17]. The core of this transformation should also involve fundamental changes in business models and operational strategies, requiring UCs to identify precise market positioning based on their characteristics and local market conditions. However, market-oriented transformation inevitably involves certain risks. Therefore, during the transformation process, UCs need to closely collaborate with local governments to jointly manage the direction and pace of transformation, ensuring rational resource allocation and effective risk control [18].

This dual approach of optimizing idle assets and pursuing market-oriented transformation, while working closely with local governments, can maximize the efficiency and impact of local UCs. By doing so, they can better support sustainable urban development and adapt to the evolving economic landscape.

3.3 International Experience and Case Analysis: Diversified Revenue Models for Local

Governments

Globally, property tax is a core component of the tax systems in most countries, primarily levied on land and buildings during development, transaction, and holding stages. In contrast, China's property tax reforms have mainly focused on the development and transaction stages, such as the land value-added tax and deed tax, while taxes on property holding are relatively light. These primarily include urban land use tax and property tax on commercial properties, with relatively weak taxation on personal housing holdings [19]. Approximately 187 countries or regions worldwide have implemented property taxes at the housing holding stage, highlighting a significant difference from China's current property tax system.

Since the initiation of China's housing market reform in 1998, urbanization and the real estate market have developed rapidly, with rising housing prices exacerbating wealth inequality and increasing local governments' reliance on land sales revenue. In this context, property tax reform is seen as a key measure to stabilize housing prices and promote social equity and stability. Since 2003, China has been experimenting with personal housing property tax reform, with pilot implementations in Shanghai and Chongqing [20]. Property tax, as a form of property tax, is usually managed by local governments, with only a few countries, such as South Korea, implementing a shared system between central and local governments. In some developed countries, property tax (mainly property tax) accounts for about 10% of total tax revenue and usually exceeds 80% of all property taxes, approaching 100% in some countries (see Table 1). This data underscores that property tax reform is not only a challenge in tax system design but also involves extensive discussions on legal, economic, and social policies.

Advancing property tax reform in China requires addressing significant challenges, including tax legislation, tax system design, and tax utilization. This involves thorough discussions and reasonable arrangements to ensure that the tax reform effectively supports healthy social and economic development. By examining international experiences and case studies, China can gain valuable insights into implementing a diversified revenue model for local governments that can enhance fiscal sustainability and promote balanced economic growth.

Table 1: Property tax as a percentage of total tax revenue in selected countries, 2016-2020 (%)

Nation / year	Japan	Korea	Canada	America	Britain	Australia	France	Singapore	China	Latvia	Chile	Germany
2017	8.19	11.69	11.90	16.10	12.59	10.06	9.18	10.16	8.37	3.31	5.43	2.78
2018	8.09	11.61	11.53	11.82	12.59	9.53	8.66	10.47	8.45	3.03	5.18	2.81
2019	8.18	11.40	11.40	11.48	12.44	9.82	8.63	8.59	6.36	2.98	5.47	2.88
2020	14.26	14.21	12.08	11.93	11.76	—	8.65	—	—	2.96	5.19	3.29

Source: Taxes on property/Total tax revenue based on data from the OECD Statistics database

Property Tax Calculation Bases. The calculation bases for property tax generally include market valuation of assets, rental income, or the actual area of the property. In some cases, a combination of these methods is used to determine the tax base. Among these methods, taxes based on asset market value and rental income are known as ad valorem taxes, whereas taxes based on property area are known as specific taxes. Most countries around the world use the ad valorem tax model, but specific taxes are more common in transitional economies in Eastern Europe, and in certain regions of Africa and Asia.

In practice, for instance, in the United Kingdom and Singapore, property tax rates are typically based on market valuations and are set within a finely tuned progressive tax rate structure, generally ranging from 0.3% to 3%. In contrast, France uses rental income as the basis for its property tax, with a residence tax rate set at 25% and a land tax rate at 38%. Additionally, countries that use land registry value as the tax base may have ostensibly higher tax rates, potentially several times or even dozens of times higher, but overall these remain lower compared to rates based on market assessments.

These varying tax bases and rate settings reveal the broad diversity and complexity of global property tax policies. They also reflect the flexibility of different countries' tax systems in adapting to their unique economic and social structures. This diversity demonstrates the different strategies and economic considerations that countries employ in their property tax policies, as illustrated in Table 2.

Table 2: Tax characteristics of individual housing property tax in some countries (or regions)

Country or region	Tax name	Object of taxation	Tax basis	Tax rate	Collection agency	Evaluation agency	Legislative branch
Britain	Municipal tax	structure	Market value	A-H tax rate, tax progressive 0.3%-1.2%	Local government tax collection department	Assessor's Office, Scottish Jury Society, Land and Property Services	Central government
France	Residence tax Land tax Vacancy tax	structure	Rental value	The residence tax rate is about 25%; The land tax rate is about 38%	Tax collection department of the General Department of Public Finance	The evaluation agency established by the General Administration of Finance and the local direct tax Committee	Central government
Germany	Land tax	Building land	Cadastral value	3.5% of the price is the basic tax, and 1.9% is added to the local tax	Local taxation department	State Public Assessment Commission	Provincial government
America	Real estate tax	Building land	Market value	Regional differential tax rate is adopted, and the actual inter-tax rate is 0.2%-2.5%	Local government	Independent property tax assessment administration	Provincial government
Canada	Property tax	Land building structure	Market value	The provinces make their own, and the property tax	The provincial or territorial government is	The provincial or territorial government is responsible	Provincial government

				is 0.3-3%	responsible		
Australia	Land tax	Land and buildings, etc	Market value	Each state sets its own tax rate between 0.2% and 2.25%	State government	State assessment bureaus	Provincial government
Japan	Fixed assets tax; Town planning tax	Building land	Market value	Fixed assets tax base rate of 1.4%; The town planning tax does not exceed 0.3%	By municipal and village level tax departments	Fixed assets appraiser, mayor	Central government
Korea	Property tax;Comprehensive real estate tax	Land building	Market value	Property tax is 0.2-0.5%; Comprehensive real estate tax 0.5-2%	Property tax shall be levied by local financial collection and administration departments; The comprehensive real estate tax is administered by the National Tax Service		Central government
Singapore	House property tax	Land houses other buildings	Rental value	Self-occupied seven-level progressive 0-16%; Rental for investment or other purposes, tax rate 10%-20%	The collection division of the Internal Revenue Service	The collection division of the Internal Revenue Service	Central government
Hong Kong, China	Rates tax	Land building structures	Rental value	5% since 1999	Hong Kong Rating and Valuation Department		Hong Kong government
Russia	Personal property tax Land tax	Land building	Book value Cadastral value	0.1% to 2% of the appraised value of the property; The land tax for residential land shall not	Tax bureau	Tax bureau	Provincial government

				exceed 0.3%			
Poland	Real estate tax	Land building structures	Market value of area	Land, buildings per square meter 0.45-22.66 zloty /m2, structure market price 2%	State Tax Bureau, local government	Local governments keep statistics on cadastral registries and title registries	Central government
Latvia	Real estate tax	Land building	Cadastral value Market value	< 56,915 euros, 0.2% of the land value; 56,915-106,715 euros, 0.4% of the land value; > 106,715 euros, 0.6% of the land value.	Local government	State taxation Bureau	Central government
Chile	Land tax	Land and its attachments	Area market value 0	2% for homes assessed below $5,49,62 and 1.4%+0.025 % for other homes	Administration by the State Tax Bureau, collection by the Ministry of Finance	State taxation Bureau	Central government
Tanzania	Property tax	Land and its attachments	Market value	Each region sets its own, between 0.1% and 0.5%	Local government	Assessment by the Ardhi Institute of Local Government	Local government

Source: Compiled according to the tax guidelines for Chinese investment in the above countries (regions), the articles in the "International Comparison of Real Estate Tax Articles" series of the Journal International Taxation from October 2014 to April 2015 and other literature.

3.4 Feasible strategies and policy tools for diversifying local government revenue

Since the 19th National Congress of the Communist Party of China, socialism with Chinese characteristics has entered a new era. The central government has clearly emphasized a new orientation for the real estate market: "Houses are for living in, not for speculation." This policy aims to promote a diversified housing supply system, achieve a balance between renting and purchasing, and ensure that everyone has a place to live. To achieve this goal, China is advancing comprehensive reforms in the housing supply system, targeting a balance between renting and purchasing to ensure all citizens can find suitable living accommodations [21]. To realize this objective, the Chinese government is improving the management mechanisms of the real estate market and deeply reforming the housing rental, land policies, financial, and fiscal systems. These efforts aim to establish a long-term mechanism that promotes the healthy and sustainable development of the real estate market. These reforms are crucial for the stability of the real estate market and have direct implications for the stable growth of the national economy, the improvement of people's livelihoods, and overall social harmony.

Given the core role of fiscal and taxation systems in the overall economic structure, this paper focuses particularly on the reform of the fiscal system, especially the adjustment of property taxes, and explores its long-term impact on the real estate market. The development of China's real estate industry can be divided into three stages: The first stage, from 1980 to 1997, marked the transition from the traditional welfare housing allocation system to a commercial housing market; the second stage, from 1998 to 2010, witnessed rapid housing price increases and significant market disparities; and the third stage, from 2010 to the present, has seen policies increasingly focus on fundamentally solving problems with an emphasis on comprehensive governance and deepening reforms. Notably, on January 28, 2011, China began piloting the collection of personal housing property tax in Shanghai and Chongqing, a significant milestone in the reform of China's real estate tax system. The implementation details and effects of these pilot projects provide valuable experience and perspectives for analyzing and predicting the future direction of China's property tax system [22]. This series of reforms and adjustments demonstrates the Chinese government's determination and commitment to promoting the long-term healthy development of the real estate market.

Table 3: Property tax rules of Chongqing and Shanghai

City	Chongqing	Shanghai
Scope of application	Main City District Nine	The administrative area under its jurisdiction
Object of taxation	1. Single-family commercial residences and high-end apartments (including existing stock) with prices reaching more than twice the local average housing price. 2. In Chongqing, newly purchased second or more ordinary residences by individuals without local household registration, fixed income, or permanent residence (referred to as "three no's" personnel).	1. Second and subsequent homes (including second-hand homes) newly purchased by local families in Shanghai. 2. Homes purchased by non-local families (including the first home).
Property tax rate	0.5% — 1.2%	The tax rate for homes priced higher than twice the average price is 0.6%, and for homes priced lower than twice the average price, the tax rate is 0.4%.
Calculation mode	Pay in full	
Duty-free area	A household can only deduct the tax-exempt area for one home. For existing single-family commercial residences, the tax-exempt area is 180 square meters. For newly purchased single-family commercial residences and high-end homes, the tax-exempt area is 100 square meters.	For households, the tax threshold is set at 60 square meters per person.
Tax use	Construction and maintenance of public rental housing	Construction of affordable housing

Although the introduction of this property tax pilot is only a small step in property tax reform, it has already had a significant impact on the reform of China's fiscal and taxation system. In the following sections, the author will review existing research on the effects of property tax reform both domestically and internationally. Based on this foundation, the author will analyze the current problems and potential improvements in the property tax reform at this stage. Finally, considering the current prominent issue of "land finance" for local governments and the urgent need for transformation, the author will analyze the overall approach and policy recommendations for property tax reform in the context of the transformation of local government fiscal systems [23].

4. Property Tax Reform Measures Aimed at Reducing Dependence on Land Finance

4.1 The Necessity and Objectives of Land Finance Reform

Currently, local governments in China generate substantial revenue by transferring state-owned land use rights, resulting in a significant proportion of fiscal income coming from land sales. Despite various measures taken by the central government since 2004, including reforms to the fiscal and taxation systems and income distribution systems, the fundamental issue of "land finance" has not been resolved. Table 4 below reflects the fiscal revenue and expenditure of local governments from 2016 to 2020.

Table 4: Summary of Local Government Fiscal Revenue and Expenditure from 2016 to 2020

Unit: 100 Million Yuan

A given year	2016	2017	2018	2019	2020
Local financial revenue	87239	91448	97903	101081	100143
Tax rebates and transfer payments from the central government to local governments	58030	65650	70344	75399	93915
Revenue from land sale	26722	37170	52532	64767	68594
Local fiscal expenditure	160351	173228	188196	203743	210583

In recent years, local governments have faced increasing fiscal expenditure pressures, which have intensified their reliance on land finance. Data shows that the proportion of land transfer revenue in local fiscal income surged from 30.6% in 2016 to 68.5% in 2020, becoming a significant source of revenue. Currently, local governments participate in revenue distribution through land sales, but this reliance on land sales is unsustainable and leads to various fiscal and social issues, making reform urgent. Literature research indicates that transitioning from "land sale finance" to "land management finance" is a promising approach. The latter improves land asset management and market regulation to achieve economic, social, and ecological benefits from land and promote sustainable development. Under the "land management finance" model, the primary revenue source shifts to property taxes, including both holding and transfer phases, which signifies a significant improvement in the stability and sustainability of local government revenue [24].

(1) Clarifying the Functions and Objectives of Property Tax

As a crucial tax for land holding, property tax reform is key to successful transformation. Property tax reform should follow the principle of benefit, with reasonable system design, and should not be viewed solely as a tool to suppress housing prices. The fundamental purpose of property tax is to improve the real estate tax system and promote the healthy development of the local fiscal and taxation system, which is also one of the key objectives of the "14th Five-Year Plan." Therefore, when carrying out property tax reform [25], it is essential to clarify its objectives and functions, ensuring that reform measures are reasonable and effective, and that they truly achieve the intended policy effects.

(2) Expanding the Scope of Property Taxation

In terms of taxation, the policy direction should follow the central government's principle of "broad tax base, low tax rates, and strict enforcement." This involves expanding the scope of property tax collection from urban areas to cover both urban and rural regions. This includes incorporating rural properties into the tax system. Although public service levels in rural areas are currently lower, the government may initially offer tax incentives for rural properties [26]. This phased implementation strategy aims to gradually apply a unified tax rate to all properties as public services improve, ensuring fairness in taxation and adapting to the country's development stage.

(3) Improving the Basis for Property Tax Assessment

The basis for property tax should be the assessed value rather than the transaction value. This approach ensures that the tax base adjusts in line with fluctuations in the real estate market, thus maintaining the stability of tax revenue. Additionally, using assessed value allows for a more equitable differentiation between taxpayers based on their asset scale, promotes the rational use of resources, and effectively reduces the idleness of real estate and land. This method not only improves land resource utilization but also reflects the ability-to-pay principle.

(4) Reforming Property Tax Rates

Property tax rates should be differentiated to align with the transformation of local government fiscal systems. Implementing proportional tax rates helps enhance public acceptance of the tax and ensures a smooth reform process. Owners of high-value properties will bear a greater tax burden, reflecting fairness in taxation. Given the disparities in economic development across regions, differentiated tax rates can address specific local conditions. The central government should allow local authorities some flexibility during the reform process to set appropriate rates based on local economic conditions. Additionally, property tax should be classified and levied according to different property uses, such as residential, industrial, and commercial buildings.

5. Conclusion

Within the overall framework of transforming local government fiscal and taxation systems, the role of property tax and related real estate taxation systems has become increasingly significant. Property tax is not only a crucial source of revenue for local governments but also a key tool for regulating the real estate market and optimizing resource allocation. However, current implementation challenges such as a narrow tax base, insufficient scientific basis for tax assessment, and issues with the rationality of tax rates limit its potential to promote the healthy development of the real estate industry.

Given these issues, initiating a new round of property tax reform is particularly important. Such reforms can address the shortcomings of existing policies, enhance implementation experiences, and optimize the tax mechanism, allowing property tax to better serve its role in promoting social equity and supporting the transformation of local government fiscal systems. This will not only help strengthen the fiscal autonomy of local governments but also guide the healthy and sustainable development of the real estate market through more scientific and rational tax policies.

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