

Abstract:

"Property Taxes and Rental Housing" (joint with Sebastian Sieglöcher)

Although being heavily analyzed and discussed, there is neither a theoretical nor an empirical consensus on the incidence of the property tax. In this study, we exploit the unique and nearly ideal institutional setting of property taxation in Germany to provide a clean estimate of the incidence. Using a panel of roughly 300 communities over 20 years, we show that landlords and tenants share the burden of property taxes. Although the property tax can legally be shifted to 100 % onto tenants, landlords bear a substantial part of the tax burden depending on the construction type, the year of construction and the quality of the apartment.