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Property Tax Practices in Japan:

The Case of Yokohama City



Introduction

Today, cities are under enormous pressure to respond to various infrastructure and public service demands, ranging from affordable housing and disaster-resilient public facilities to solid waste management, sewage systems, and quality public transport systems. Cities, however, often do not have large enough budgets to undertake these public works projects at a sufficient level because they often rely on revenues from intergovernmental fiscal transfers and other fluctuating financial resources. To make cities livable and sustainable, cities must find ways to secure recurrent financial resources to carry out public works and provide quality public services.

Property tax is widely recognized as a stable source of municipal revenue and serves as a key local tax in many cities across developed countries. In contrast, property tax systems in developing countries are often in the early stages of implementation or not yet fully established. Even in cities where tax systems are in place, challenges such as limited collection efficiency and incomplete land records can impair revenue generation. Recognizing these challenges, city leaders and officials in developing countries are actively exploring strategies to enhance property tax systems, improve revenue collection, and strengthen this critical source of funding for local governments.

Japan is one of the world's leading countries in the successful implementation of a property tax system. Although the national average collection rate of property taxes fell below 90 percent in the early 2000s, the rate has steadily improved over the years, reaching over 95 percent in 2020.¹ Hence, it is worthwhile to examine initiatives taken by Japanese municipalities to gain insights into property tax administration. The objective of this paper is to identify and explain the key steps and methods for collecting property tax using the example of a major Japanese municipality. In particular, Yokohama City serves as the case study in this paper because it adheres to Japan's general property taxation framework while offering distinctive tax reduction programs for specific properties, such as newly constructed homes, energy-efficient buildings, and earthquake-resistant structures.² The paper introduces how the city calculates the land value and determines the tax amount, collects property taxes, discloses tax collection information, and engages in dispute resolution.

In what follows, the paper first gives an overview of property tax and the city planning tax (which are levied together) in Japan and then examines property tax practices in Yokohama. A conclusion summarizes the observations.

¹ Natsumi Tamura, "Kotei shisangei no choshu wo meguru kadai—Kansai chiho ni okeru tekisei na choshu ni muketa torikumi—(genchi chosa hokoku)" [Issues surrounding collection of property tax: Action on appropriate collection in the Kansai Region]. The Reference 877 (2024): 53–65, <https://dl.ndl.go.jp/view/prepareDownload?itemId=info:ndljp/pid/13212003>.

² Yokohama City, "Reiwa 7 nen do kotei shisangei no aramashi" [Summary of fixed asset tax for fiscal year 2025], 2025, https://www.city.yokohama.lg.jp/kurashi/koseki-zei-hoken/geikin/koho/geimu/aramashi.files/0014_20250326.pdf.

Overview of Property Tax and the City Planning Tax in Japan

In Japan, property tax (*koteishisan-zei*) is levied on the basis of the assessed value of fixed properties—land,³ buildings,⁴ and depreciable assets⁵—as of January 1 each year.⁶ Municipalities identify owners of land and houses using the registry or (land or house) supplemental taxation ledger and use the depreciable asset taxation ledger to identify owners of depreciable assets.⁷ Regardless of the type of property, the owner must pay the amount of property tax set by the municipality in which the property is located.

As in other countries, property tax in Japan is viewed as a form of benefit tax based on the idea that taxes should be levied in proportion to the benefits of government services. In other words, owners of land, houses, and depreciable assets are expected to pay property tax in return for the benefits they receive in the form of increased property values from infrastructure development (road construction, water and sewerage system development, and so on) and public services (waste disposal, firefighting, and so on) provided by the municipality.⁸

How do municipalities collect property taxes from property owners? Simply speaking, each municipality assesses the value of each fixed asset within urbanized areas and calculates the tax base amount on the basis of that value. The taxpayer's tax amount is then determined by multiplying this tax base amount by the tax rate set by the municipality—the standard tax rate for fixed assets is defined by the Japanese local tax law as 1.4 percent. However, if the tax base of the land, building, or depreciable asset owned by the owner is less than the taxable value thresholds, no property tax is imposed. Once the tax amount is determined, the municipality sends a tax notice to the asset owner, who needs to pay the property tax in a lump sum or in several installments.

Some municipalities levy a city planning tax, in addition to the property tax, which is imposed on land and houses located in urban zones. Such a tax was first implemented in 1956 to deal with the strain on urban infrastructure during high post-war economic growth.⁹ This tax aims to finance expenses associated with urban planning projects and land readjustment projects carried out according to the Urban Planning Act. Property owners within a city planning area are required to pay the tax because the value of their land and houses could increase as a result of municipal projects.¹⁰

Note that the municipality decides whether to impose a city planning tax and determines the applicable rate—the standard tax rate is 0.3 percent—on the basis of the actual status of urban planning projects in the area. Because they need to establish urbanization zones in the first place, only about one-third of all municipalities in Japan introduce a city planning tax. Table 1 contrasts the characteristics of property tax and the city planning tax.

³ According to Article 341 of the Local Tax Law, which defines terms related to property taxes, land includes rice fields, farms, residential land, mineral springs, ponds and swamps, forests, stock farms, wasteland, and land for other purposes.

⁴ Article 341 stipulates buildings as follows: residential buildings, stores, factories (including power stations and substations), warehouses, and buildings for other purposes.

⁵ Depreciable assets include business property such as structures, machinery, equipment, vessels, aircrafts, tools, instruments, and fixtures.

⁶ Ministry of Internal Affairs, "Kotei shisangei no gaiyo" [Overview of property tax], 2009, https://www.soumu.go.jp/main_sosiki/jichi_geisei/cgaisei/cgaisei_seido/149767_08.html.

⁷ Kaguhihiko Ambe, Saishin hanrei de tsukamu kotei shisangei no jitsumu [Understanding property tax practice with the latest judicial precedents] (Tokyo: Seibunsha, 2017).

⁸ Ambe, Saishin hanrei de tsukamu kotei shisangei no jitsumu.

⁹ Andrew Dewit, "Japan: Challenges to a Mature Property Tax System," in *Property Tax in Asia: Policy and Practice*, ed., William McCluskey, Roy Bahl, and Riel Frangsen (Cambridge, MA: Lincoln Institute of Land Policy, 2022).

¹⁰ Ministry of Internal Affairs, "Toshi keikaku zeii" [City planning tax], 2009, https://www.soumu.go.jp/main_sosiki/jichi_geisei/cgaisei/cgaisei_seido/150790_16.html.

Table 1 Comparison between Property Tax and the City Planning Tax

	Property tax	City planning tax
Taxable assets	Land, building, depreciable assets	Land and building
Type of tax	Ordinary tax with no specified use	Earmark tax to finance city planning and land adjustment
Tax base	Price of taxable assets, with land and buildings being assessed every three years	Price of taxable assets in accordance with property tax
Taxpayer	Registered owners of land, building, and depreciable assets in the cadastre as of January 1	Registered owners of land and building in the cadastre as of January 1
Tax rate	Standard tax rate: 1.4%	Up to 0.3%
Tax value thresholds	Land: 300,000 yen (US\$1,973) Buildings: 200,000 yen (US\$1,315) Depreciable assets: 1.5 million yen (US\$9,868.4)	Land: 300,000 yen (US\$1,973) Buildings: 200,000 yen (US\$1,315) Depreciable assets: n.a.
Total tax revenues	9.5 trillion yen (US\$62.62 billion)	1.357 trillion yen (US\$8.93 billion)

Source: Kaguhihiko Ambe. "Property Tax in Japan—Policy and Practice." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Note: Exchange rate: US\$1 = 152 yen. n.a. = not applicable.

Given Japan’s law, it’s important to know how local government officials in Japan determine the amount of fixed assets owned by each property owner, calculate the amount of property tax, and collect the tax. The following section presents a practical example of property tax calculation and collection, using Yokohama City as a case study.

Yokohama City

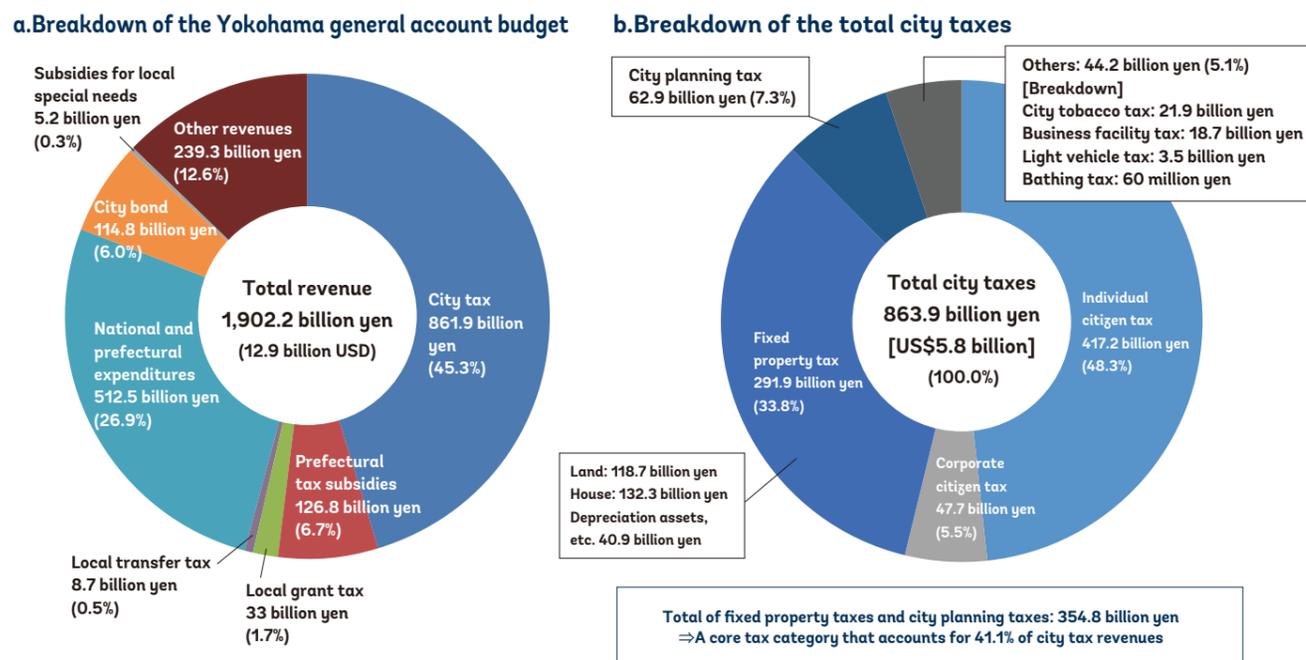
Yokohama is the central city of Kanagawa Prefecture, adjacent to Tokyo, with a population of 3.77 million. The city is conveniently accessible by public transport from central Tokyo and is 30 minutes from Tokyo International Airport (Haneda Airport). Its size makes it the most populous municipality in Japan, excluding the 23 wards of Tokyo. Commercial and corporate research facilities are concentrated around the city’s waterfront, and Yokohama has been voted the most desirable place to live in the Tokyo metropolitan area.

Overview of property tax and the city planning tax

Yokohama’s annual budget is 1,902.2 billion yen (fiscal year [FY]2023) [approximately US\$12.5 billion (US\$1 = 152 yen)], of which 45.3 percent, or 861.9 billion yen (US\$5.6 billion), is municipal tax revenue. In addition to municipal tax revenues, a prefectural tax grant—a portion of prefectural tax revenues granted to municipalities by Kanagawa Prefecture—accounts for 6.7 percent of the city’s annual budget. Subsidies and contributions from the national and prefectural governments also account for 26.9 percent of the annual budget (figure 1a).

Figure 1b shows the breakdown of municipal taxes. The largest amount is the individual citizens’ tax of 417.2 billion yen (US\$2.7 billion), accounting for 48.3 percent of municipal tax revenues. In the case of Yokohama, individual citizens’ taxes account for a large proportion owing to the large population and the high income bracket of residents. Property tax is the next largest, at 291.9 billion yen (US\$1.9 billion), accounting for 33.8 percent of municipal tax revenues. In addition, the city planning tax, which is collected with the property tax, amounts to 62.9 billion yen (US\$0.41 billion) and accounts for 7.3 percent of municipal taxes. The combined property tax and city planning tax, therefore, amounts to 354.8 billion yen (US\$2.33 billion) and is an important core tax item, accounting for 41.1 percent of municipal taxes.

Figure 1 Yokohama City General Account Budget and Taxes for FY23



Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.
 Note: FY = fiscal year; US \$ = US dollar.

As with many municipalities in Japan, Yokohama City assesses the value of its fixed assets using the “fixed asset valuation standards” set by the Minister of Internal Affairs and Communications. Ideally, the city should determine the market value of fixed assets annually; however, to do so is very challenging in practice. Therefore, the value of land and houses will be re-evaluated every three years, with the price remaining unchanged in the year immediately following the re-evaluation and in the subsequent year. As the tax calculation method for each type of fixed asset varies, the following section focuses mainly on residential land and explains the valuation method and revaluation process within the confines of limited space.

Valuation method for residential land

Residential land is commonly valued through the Urban Residential Land Valuation (URLV) method, which uses the road tax rating (*rosenka*). The value of residential land is usually around 70 percent of the official or publicly announced land prices. This method determines the unit price per square meter of land by considering the road tax rating, the shape of the land, and other environmental and administrative factors. The final value is then calculated by multiplying the unit price by the lot size. Figure 2 shows the flow of the URLV method.

Figure 2 Flow of Residential Land Evaluation



Source: Original illustration for this paper.

The first step is the classification of use districts. Grouping land according to residential, commercial, and industrial use improves land efficiency and the district environment in a city. Therefore, municipalities in Japan classify land according to its intended use, and building rules such as the building-to-land ratio and floor-area ratio are stipulated (see figure 3).

The use districts are then divided into condition similarity areas where price-forming factors are generally considered equivalent. These areas are determined by the price level of standard residential land and consider various factors that affect land prices, such as the width of streets, proximity to the nearest train station, surrounding environment, and administrative conditions (such as floor-area ratio regulations and height regulations).

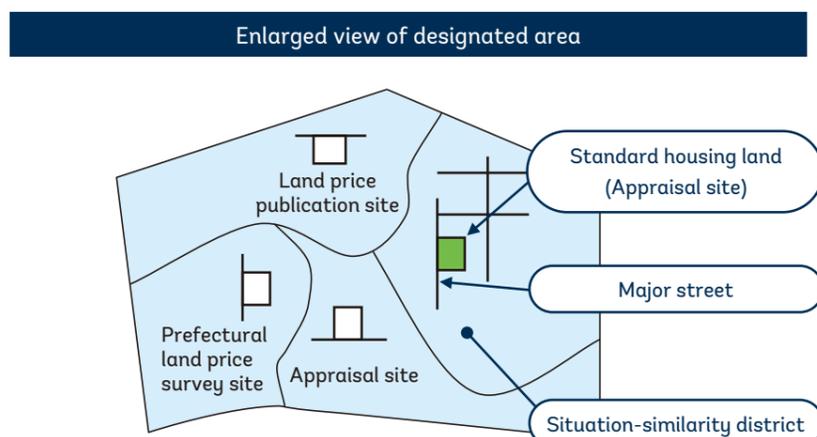
According to the price level of standard residential land, prices tend to vary within 30 percent above or below in commercial areas and within 20 percent above or below in residential and industrial areas.

Figure 3 Classification of Use Districts



Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Figure 4 Selection of Major Streets and Standard Housing Land



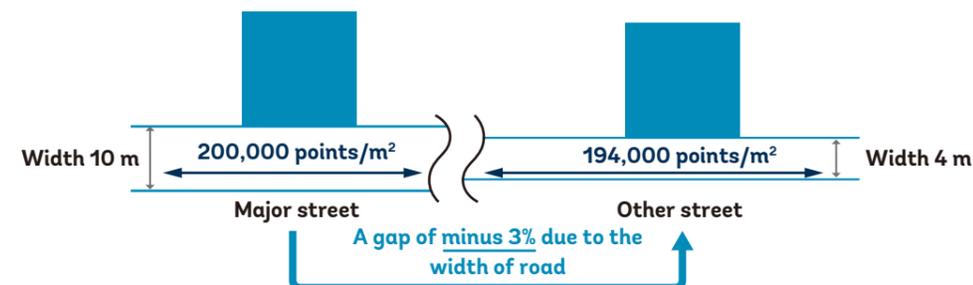
Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

For each condition similarity area, a municipality identifies a major street and standard housing land (figure 4). In Yokohama City, approximately 3,500 sites are considered standard housing land. To calculate the fair market value of the standard housing land price, the city considers the official standard land price set by the national government and the price of the prefectural land price survey standard land. If there is no such benchmark for certain standard housing land, a real estate appraiser commissioned by the city will calculate its value.

In accordance with the national government's fixed asset valuation standards, the fair market value of standard residential land must be determined by applying 70 percent of the value obtained from one of the three aforementioned methods. Therefore, if the price of plot A is 100,000 yen (US\$656.60) per square meter, the fair market value of standard housing land in the property assessment will be 70,000 yen (US\$460.50) per square meter. The road tax rating for major streets is always the same as the fair market value of the standard housing land, which is also 70,000 yen per square meter.

After the price of a standard residential lot is determined, it is necessary to calculate the price of each parcel. However, this is a complex task because each parcel's depth, frontage, and shape vary. Thus, Yokohama City and other local governments in Japan first attach road tax ratings to all streets, calculate the grade per square meter, and multiply this by the area of the land to calculate the price of the land.

Figure 5 Approach to Confirm the Street Value for Non-major Streets



Other routes	12 m or more	8 m to less than 12 m	6 m to less than 8 m	5 m to less than 6 m	4 m to less than 5 m	3.5 m to less than 4 m	3 m to less than 3.5 m	2.5 m to less than 3 m	1.8 m to less than 2.5 m	Less than 1.8 m
Major route										
12 m or more	0	-1	-2	-3	-4	-7	-9	-11	-13	-17
8 m to less than 12 m	1	0	-1	-2	-3	-7	-8	-10	-12	-16
6 m to less than 8 m	2	1	0	-1	-3	-6	-8	-9	-11	-15
5 m to less than 6 m	3	2	1	0	-2	-5	-7	-9	-10	-15
4 m to less than 5 m	4	3	3	2	0	-3	-5	-7	-9	-13
3.5 m to less than 4 m	8	7	6	5	4	0	-2	-4	-5	-10
3 m to less than 3.5 m	10	9	8	7	6	2	0	-2	-4	-8

Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Yokohama City uses several land price comparison tables to calculate all street values. For example, to calculate the value of a lot fronting a narrow alley, a table like the one included in figure 5 is used to calculate the disparity ratio between the width of the main street and the width of the alley adjacent to the lot. (In the example in figure 5, the main street is 10 meters wide and the other streets are 4 meters wide, so "-3" is calculated from the table. This means that the street value of the narrow street must be calculated as 3 percent lower than the main street value.) Apart from the width of the road, the city also considers the distance between the land and the nearest train station, the prosperity of the stores in the surrounding area, and the floor-area ratio of the buildings in the vicinity to determine an accurate street value. Calculating the value of roadside land is complicated because of the many requirements that must be met. Thus, the city uses a database to calculate and manage land values accurately and leverages a geographic information system (GIS) to classify use districts, identify condition similarity areas, select standard housing land, and calculate the street value (figure 6).

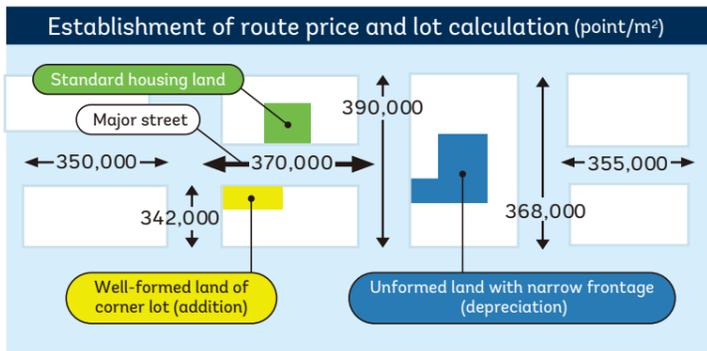
Figure 6 Images of Systems Used to Determine Land Values

- a. Information system used to calculate the street value
- b. GIS system used for land evaluation



Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Figure 7 Establishment of the Street Value and Lot Calculation (point per square mile)



Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Subsequently, the grade point per square meter is calculated by multiplying the street value and the correction rate that reflects depth, frontage, and shape (figure 7). For instance, a depreciation correction is applied if a property has a long depth (distance) from the road, a narrow frontage to the road, or an unfavorable shape. This is because the property's value as a residential lot is expected to decrease.

After the process is completed, the area of the land is multiplied by the grade point per square meter to determine the price of the land. If a significant decline in land value is found after the base date of the revaluation, the assessed value of the land will be revised by multiplying the price revision rate. The mayor then determines the final assessed value by March 31 of each year, and the final price is registered in the fixed property tax register.

Tax calculation in Yokohama

The value of fixed assets calculated in accordance with the land value determination method presented in the previous section is the tax base amount.¹¹ The tax amount to be paid by the landowner (taxpayer) is calculated by multiplying the tax base amount by the tax rate. In Yokohama City, the property tax rate is 1.4 percent and the city planning tax rate is 0.3 percent.

Note that there are also exemptions for property tax and the city planning tax. For example, if a portion of the owned land is a road or setback that is accessible to an unspecified number of people, the property is exempt from property tax and the city planning tax. Yokohama City also offers a unique tax reduction initiative for qualified green areas with a site area of 500 square meters or more. In this case, the city allows for a reduction of one-fourth of the property tax amount for green areas that exceed the standard greening rate by at least 5 percent, with the condition that the green area be preserved for 10 years. The city also offers a 50 percent reduction in the city planning tax for the first three to five years for houses that meet the criteria for "certified long-term excellent housing," "certified low-carbon housing," or "ZEH-level energy-saving housing."¹²

Payment of property tax and the city planning tax

In Japan, the property tax and the city planning tax are calculated for individuals who own fixed assets as of January 1 each year. It is the responsibility of the municipality to prepare and issue tax notices and tax statements to the person responsible for paying the taxes. Yokohama City still prepares paper tax notices and tax statements, sending them out on April 1 each year (figure 8). Taxes are due four times a year, with due dates varying from municipality to municipality. In Yokohama City, the first due date is the last day of April, the second due date is the last day of July, the third due date is the last day of October, and the fourth due date is the last day of February. If the last day falls on a Saturday or a holiday, the due date is the following business day. In the event of an earthquake or other widespread disaster, the city may extend the payment deadline by designating an area and date.

¹¹ However, in the case of residential land, the special rate is multiplied by the taxable value, depending on its size. For example, for small residential areas not exceeding 200 square meters, the special rate is 1/6; for general residential areas exceeding 200 square meters, the special rate is 1/6 up to 200 square meters, and 1/3 for areas exceeding 200 meters. (Yokohama City, "Overview of FY2025 Property Taxes." https://www.city.yokohama.lg.jp/kurashi/koseki-gei-hoken/geikin/koho/geimu/aramashi.files/0014_20250326.pdf.)

¹² ZEH stands for zero energy house. It refers to a house designed to achieve a net-zero energy balance over the course of a year. This means that the total amount of energy consumed by the house is roughly equal to the amount of renewable energy generated on-site.

Previously, tax payments could only be made in person at financial institutions or by direct deposit. However, with advancements in technology, taxpayers can now pay their taxes through various methods such as by using smartphone payments, credit card payments, Pay-easy payments, or account transfers or by using a payment notice at a convenience store.

Figure 8 Images of Tax Documentation

a. Tax notice for land and house



Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Note: The tax notice consists of two sections. On the left, it displays the taxpayer's name and address. On the right, it provides details about the property tax and city planning tax for the land and house, including the total value, tax rate, and overall amount of the two taxes. The table at the bottom indicates the four payment cycles, the amount of tax due, and the respective due dates.

b. Tax statement

<Tax statement of City of Yokohama: example of house description>

Location and lot number
It represents the location of the house.
*It is different from the address in the addressing system.

Taxable floor area
It is the floor area of the house subject to taxation.

Tax amount equivalent to reduction and reason for reduction
It represents the amount of tax equivalent to the reduction for newly built houses that meet certain requirements.
The upper two digits are the code number representing the reason for the reduction.

Major reduction reason codes
General new housing
6A, 6B
Newly constructed certified low-carbon housing
6C, 6D
Certified long-term excellent housing
7K, 7L
Rental housing for the elderly with services
66, 67, 6H
Housing with seismic retrofitting
7F
Housing with barrier-free renovation
7G
Housing with energy-saving renovation
7Y

Taxable floor area
It represents the type and structure of the house.
(Structure of the house)
SRC: Steel reinforced concrete
RC: Reinforced concrete
S: Steel construction
レンガ: Brick/Stone
CB: Concrete block construction
LGS: Light gauge steel

Price
The assessed value of the house.

Tax base amount (left), amount equivalent to tax (right)
The amount equivalent to tax on the right side (14 and 15) is obtained by multiplying the tax base amount on the left side (12) and (13) by the tax rate (fixed property tax: 1.4%, city planning tax: 0.3%).
*Due to rounding, it does not match the actual tax amount.

Source: Shiro Oride. "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Disclosure of information on property tax

To ensure that the property tax and city planning tax serve as stable financial resources for the city, citizen understanding of the process is essential. Officials can promote this understanding by disseminating tax-related information to the public. Yokohama City actively discloses and disseminates information on property tax and the city planning tax in various ways.

Issue of Tax Statements

In Japan, tax statements have been regulated by local tax law since 2002. However, Yokohama City has been issuing tax statements since 1989. For land, a tax statement includes the location, land category, taxable area, value, tax base, and tax equivalent for each asset (see figure 8b). A tax statement for a house includes information such as the house's location, house number, floor area, type of house, structure, value, tax base, and tax equivalent for each asset. If a reduction is applied, the statement will indicate the reason and the amount of the reduction.

Publication of Fixed Asset Street Values

Yokohama city publishes a map on the city's website that displays the location of major streets and other streets within the city, their respective street values, and the types and locations of standard residential lots. A hard copy of this map can be viewed at the Citizens Information Center at City Hall.

Inspection and Publication of the Fixed Asset Tax Ledger

In Japan, local governments are obligated to maintain a ledger of fixed asset taxation. This ledger helps determine the tax levied on fixed assets and their current value. Furthermore, if taxpayers request it, the local government must allow them to inspect the ledger and must provide a certificate verifying its information (see figure 9).

Figure 9 Images of Tax Ledgers

a. Land tax ledger



b. House tax ledger



Source(s): Source: Shiro Oride, "Fixed Property Tax and City Planning Tax Practices in City of Yokohama." PowerPoint presentation at World Bank Tokyo Development Learning Center, Japan, September 12, 2023.

Public Inspection of Property Tax Inspection Ledgers

To enable taxpayers to determine whether their property is properly valued, a system is available to enable them to inspect the value of other owners' land and houses. For this purpose, the municipality must prepare an inspection book that describes the area and value of the assets and make it available for taxpayers to inspect. In Yokohama City, the public inspection is conducted from April 1 to the end of April, coinciding with the first payment due date each year.

Property tax appeal system

There are two ways to make property tax appeals: (1) to the Fixed Property Assessment Review Committee and (2) to the mayor. Taxpayers unsatisfied with the "value" registered in the Property Tax Assignment Register can file an application for examination with the Property Assessment Committee. The committee is independent of the mayor and, in the case of Yokohama City, comprises professionals such as attorneys, tax accountants, real estate appraisers, or architects. Around 30 cases are filed in the year of revaluation, while about 10 cases are filed in other years. In most cases, the committee upholds the appraisal as appropriate, but sometimes it requests that the city revise the valuation of the applicable fixed asset.

Taxpayers can also "request for examination against the mayor," which is an appeal system concerning administrative dispositions in general. In this system, an application for examination can be filed against the mayor for matters other than price, such as tax exemptions, taxpayer certification, tax reduction measures, and other tax-related issues. If the examination result remains unsatisfactory, the appeal can be taken to court.

Challenges

As of May 2022, Yokohama's collection rate for FY2021 was 99.6 percent for property tax and 99.5 percent for the city planning tax, indicating that most property owners are paying their taxes. However, even in Yokohama City, which boasts such a high collection rate, various issues concerning property taxes arise. One issue is that land identified as residential land is subject to lower property tax rates than nonresidential land, making it more difficult for land to be cleared or converted to other uses. As a result, houses without occupants are often left vacant instead of being demolished. Additionally, the method of determining property tax amounts has become overly complex, and there have been cases of calculation errors. An overcharge of approximately 710 million yen (about US\$4.67 million) over a period of 12 years, from FY2006 to FY2017,¹³ was due to the misapplication of property tax rates. For mixed-structure buildings with steel-framed reinforced concrete and steel-framed composite structures, tax was assessed using the higher tax rate applicable to buildings with steel-framed reinforced concrete structures only. Unfortunately, these cases undermined citizens' confidence in the property tax system. They also highlight the need to simplify the tax system and improve transparency through more intensive application of information technology.

Conclusion

Property tax is a significant source of revenue for Japanese cities, alongside the individual citizens' tax. To maintain its reliability, city officials systematically evaluate all land in the city, determine the tax amounts, notify citizens of tax payments, disclose related information, and create opportunities for appeal. By steadily implementing these initiatives, cities like Yokohama foster trust in the tax system and achieve high rates of property tax and city planning tax collection.

The use of databases and GIS to assess and track the value of fixed assets has been instrumental in streamlining tax operations, enabling efficient and accurate property evaluation. While property tax calculations can sometimes be complex, ongoing efforts to enhance transparency and simplify administrative processes help ensure fairness for all citizens. As Yokohama continues to refine its approach, its system may serve as an example of effective urban tax management, offering insights for other municipalities worldwide.

¹³ Nihon Keigai Shimbun, "Yokohama shi ga 7okuen kadai chogei: Ofisu biru no kotei-shisangei" [Yokohama City collects 700 million yen too much in fixed asset tax on office buildings], NIKKEI.com, January 25, 2018, <https://www.nikkei.com/article/DGXMZ026134970V20C18A1CC1000/>.

This article was prepared by Shin Tanabe (Knowledge Management and Learning Analyst, World Bank) under the guidance of Christopher Pablo (Team Lead, Tokyo Development Learning Center, World Bank). It drew from the presentation materials provided by Shiro Oride (Director of the Property Tax Division, Taxation Department, Finance Bureau, City of Yokohama), during the Property Tax and Land-Base Financing Technical Deep Dive (TDD) held in September 2023. The author extends gratitude to Mr. Oride and the City of Yokohama for sharing their insights with the TDD participants.