



Press release

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Less income from municipal taxes due to changes in property tax

In 2006 The Dutch municipalities will receive 8.9 percent less from municipal taxes than in 2005. This is due to the abolition of property tax for the occupants of dwellings. The loss in property tax income is compensated by central government with an extra contribution from the Municipal Fund. The yields from property tax for owners and from sewage charges will increase. This is shown by the figures that Statistics Netherlands compiled on the basis of the municipal budget.

Municipalities will receive over 0.8 billion euro less in property tax

On balance the yields of property tax will decrease in 2006 with over 0.8 billion euro. The abolition of property tax for occupants means a municipal loss of close to 0.9 billion euro. However, property tax for owners will increase by almost 0.1 billion euro. Moreover, property tax for occupants of non-dwellings was not abolished.

The yield from property tax for owners is due to increase because of the expected growth in the number of dwellings and commercial property and rate increases. Moreover the basis for the calculation of property tax changed due to a belated change to the new values from the WOZ (the Dutch real estate appraisal act).

Extra contribution from central government as compensation

Municipalities have the municipal taxes as one major source of income, and general contributions from central government from the Municipal Fund as another major source. The municipalities forecast an income of over 12.8 billion euro from the general contributions in 2006. This is almost 1.2 billion euro more than in 2005. The increase is mainly a compensation for the loss of income due to the abolition of property tax for the occupants of dwellings.

Higher sewage charges

The yield from sewage charges is expected to increase by 7.9 percent to nearly 1.0 billion euro. This is mainly due to a rates increase. Furthermore several municipalities newly introduced sewage charges in 2006. There is an increase in the costs for laying and improving sewage systems. Moreover, several municipalities use part of the property tax for the maintenance of the sewage system.