

Second home taxation: Effects of the 2015 French reform

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Abstract

Since 2015, French legislation has allowed some municipalities to raise an additional housing tax on secondary homes. We use a synthetic difference in difference approach to assess the impacts of this reform. Our results suggest that the treated municipalities have experienced both a fall in the number of secondary homes and an increase in the tax revenues, compared to the control group. However, property prices have not fallen, contrary to what one might have expected. Analyzing the changes in the occupancy mode and status of second homes, it appears that the apparent fall in the number of secondary homes is essentially due to strategic tax reporting.

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