

an effective way to bypass real estate purchase restriction on foreigners

Description

As we all know, foreigners are restricted to purchase real estate property in China. Now if your spouse is a local Chinese person (take Shanghai as example, you have a Shanghai husband or wife), now you can buy as many property as you wish so long as you have sufficient cash.

A couple of days ago, China National Administration of Taxation issued a new circular saying that where a spouse turns his or her pre-marriage real property into community property or co-owned properties by adding the other spouse's name on the title deed, deed tax is exempted. Under an old circular, deed tax is also exempted if a co-owned marital real property is agreed to be owned by one spouse upon divorce.

Given that, a foreigner that cannot buy property is now able to buy as many as he or she wants by doing the following:

Assuming a foreigner that is not qualified to buy a property at all is married to Shanghainese who has one or more apartments, during marriage, they can apply to transfer all the properties into the name of foreign spouse without paying any taxes. If the foreign spouse wants more properties, he or she can then have a divorce after all the properties are transfered under his or her name, then his or her Shanghainese spouse will be eligible to buy at least one house again since there is no property in the name of the local spouse. After the local spouse buys new property, they can then marry each other again. By repeating the process, this foreigner can buy as many as he or she wants. Of course, I have not taken into account the foreign exchange and mortgage loan issues.

What do you think? Don't have a Shanghai wife? Go get one. It is easy.

Date Created

November 2011

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