

Central government stepped up measures to boost property market

Description

Yesterday, China state cabinet issued the *Several Opinions on Boosting Healthy Development of the Property Market* (the "Opinions"), in a bid to boost the bearish property market which had been the engine industry for the Chinese economy.

The key point in the Opinions that grabs common homeowners'™ attention is the change in policy regarding the time limits and the business tax involved in the sale of property. Now, for an individual homeowner who has held an ordinary house:

(1) if he transfers his property after holding the property for a period of more than two (2) years (inclusive), such transfer will be exempted from business tax; previously, such period of holding has to be five (5) years.

(2) if he transfer his property after holding thereof for less than two (2) years, business tax will be levied on the tax base of the difference between his current income of the transfer and the original price paid by him for the property; previously, in the case of holding a piece of property for a period of less than five (5) years, tax base will be the full amount of consideration received by the seller.

For an individual homeowner who has held a non-ordinary house :

(1) if he transfers his property after holding the property for a period of more than two (2) years (inclusive), such transfer will be subject to business tax with the tax base being the difference between his current income of the transfer and the original price paid by him for the property. Previously, in such case, the holding period will be five (5) years.

(2) If he transfers his property after holding thereof for less than two (2) years, business tax will be levied on the tax base of the full amount of consideration received by the seller. Previously, in such case, the holding period will be five (5) years.

Please note, the Opinions set a life for such new policy, which runs to the end of year 2009.

For more information about the current Chinese property market, please email us to doroto@163.com.

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