

LEHMAN, LEE & XU

雷曼律师事务所



PRESS RELEASE

Circular on the adjustment of favorable policies for deed tax and individual income tax in real estate transactions

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The Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development recently promulgated a Circular to adjust favorable policies for deed tax and individual income tax in real estate transactions. The key changes are:

(1) Policies on deed tax:

where an individual purchases ordinary housing which is the only housing for his/her family (including the purchaser and his/her spouse and minor children), the deed tax is reduced by half; if an individual purchases ordinary housing the floor plan of which is under 90 square meters and which is the only housing for his/her family, the deed tax rate is reduced to 1%; and

an individual who purchases ordinary housing outside the aforesaid conditions may not enjoy such favorable policies.

(2) policies on individual income tax:

The taxpayer who purchases housing within one year after selling his/her own housing may not enjoy any reduction and exemption of individual income tax.

“The Circular which came into force on 1 October of 2010 further strengthens the current control on the real estate industry and will affect potential buyers’ decision on purchasing houses on a certain degree, especially those investors”, commented Edward E. Lehman, Managing Director of Lehman, Lee & Xu.

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