

### **China takes steps to curb speculation in real estate market**

May 30, 2006 (China Knowledge) – China's State Council has announced that it will raise housing down payment requirements and introduce transaction taxes on real estate properties sold within five years of purchase in an attempt to reduce speculation and curb surging prices.

The minimum down payment for a new apartment larger than 90 sq m will be raised from 20% to 30% while the ratio for an apartment smaller than 90 sq m will remain unchanged at 20%, in order to cater to the needs of middle- and low-income groups, according to a statement issued by the State Council yesterday, effective Thursday.

Also, a transaction tax will be levied on people who resell their properties within five years of purchase, up from the current period of two years. The tax rate will stay unchanged at 5.5% of the sale value.

Prices of property in China's major cities have skyrocketed in recent years, and there have been fears that the property market is overheating.

The recent initiatives are an elaboration on the general guidelines that were laid down by the State Council on May 17.

Copyright 2006 [www.chinaknowledge.com](http://www.chinaknowledge.com)