

Shanghai plans property tax: report

Shanghai, China's wealthiest city, may impose a property tax to curb price gains, the Shanghai Securities News reported, citing unidentified people.

The city government has already completed a basic plan for the tax, which would affect ownership of investment properties, the Shanghai-based newspaper reported, without saying when the charge may be levied. The tax is likely to be applied to existing homes as well as new properties, the report said.

The Shanghai Housing Support and Building Administration Bureau's press officer didn't answer calls to its office.

China's government unleashed a \$1.4 trillion lending boom last year to stimulate the economy and is now trying to slow the surge in property prices. Shanghai posted the biggest gains in luxury home prices last year among 56 markets worldwide studied by Knight Frank LLP, according to a March 23 report from the London-based property broker.

Home prices in 70 major Chinese cities jumped the most in almost two years in February, led by the southern cities of Sanya and Guangzhou. More than 70 percent of Chinese households consider home prices "unacceptably high", a proportion that has climbed for four quarters, the People's Bank of China said in its quarterly survey last month.

Shanghai's property prices may fall as much as 10 percent this year as the government prepares to roll out tightening measures to cool the overheated market, the South China Morning Post reported today, citing Colliers International.

Rate Outlook

Premier Wen Jiabao has pledged to restrain speculation in the housing market and curb land hoarding and excessive price gains in some cities, using tools including tax and credit policies.

China scrapped a tax break on property sales in December and the central bank asked lenders to set aside more deposits as reserves twice this year to curb liquidity while leaving benchmark interest rates unchanged. Morgan Stanley said last month that another increase in the requirements may be "imminent" and rates may rise in April.

The nation's central bank will sell three-year bills today for the first time since June 2008 at a yield of 2.75 percent, according to a survey of traders. Selling higher-yielding bills may be a precursor to the first increase in rates in more than two years and allowing yuan gains, said Jiang Chao, an analyst at Guotai Junan Securities Co, the nation's largest brokerage by revenue.

Source: China Daily/Agencies

(Editor: 祁瀚文)