

Breaking News: Foreign Corporate Owners of China Properties Able to Get Money out of China

Description

I have discussed this topic before: [Foreign Corporate Owners of China Properties: How to Sell Property and Take Money Out of China](#). It has been a true dilemma for many foreign companies, esp those from Singapore, Hong Kong, Malaysia or other ASEAN countries and regions.



Foreign Investment in China Real Estate Markets

I. How the Problem Has Arisen?

Once upon a time, China fervently craved for foreign investments to boost its economy, esp after China entered the WTO. Real estate sector has soon been the heavy weight in luring foreign hot money. One of the policies back then was to allow foreign companies to directly hold titles in Chinese properties, and indeed, many foreign companies did grab the opportunity to tap China property market, which quickly pushed the prices of residential properties out of the reach of ordinary Chinese people and caused social upheavals in China.

So in 2006, China government hit the brake to that policy, and prohibited foreign companies from directly snapping up Chinese properties. However, in the meantime, Chinese government didn't lay out the clear rules for those foreign companies that had bought properties in China to quit Chinese property markets and [take their investment money out of China](#).

The actual problem in practice is that foreign companies cannot open a bank account to receive the sale proceeds, which makes it very difficult to sell properties. From banking perspective, if the seller doesn't have its own bank account, then it may be very difficult for a buyer to take out bank loan, because banks often requires to release loan proceeds only into the bank account of property owners. To add salt on injury, even if the foreign company owner finds a buyer who is willing to pay all cash for the price into a designated China bank account owned by a third party on behalf of foreign owner, the foreign corporate owner finds it impossible to take the money out of China because in foreign exchange practice, this third party who is not the real owner of the sold property is not allowed to [repatriate the money out of China](#)

So it is virtually impossible for foreign company owners to get their sale proceeds out of China.

II. How to Tackle the Problem

As you can see, the problem arises from the fact that the titles of those China properties are owned by foreign companies instead of foreign individuals. [Foreign individuals have no problem of selling their Chinese properties](#) and take sale proceeds out of China.

So the first option is to transfer the corporate title to a foreign individual who is qualified to purchase Chinese properties, and then sell that property again and take the sale proceeds out of China. However, this is a costly way of tackling the problem because of the huge taxes that are affiliated with such two-transfer solution within a short time frame.

Another option is to find a buyer who is willing to pay the price outside China directly to the foreign company owners of the Chinese properties. This is virtually a mission impossible to find such a buyer in today's China property market where few foreign buyers are entering the market.

The best and optimal option is to have a bank that is willing to release loan proceeds to a bank account designated by the foreign corporate owners and agree to repatriate the sale proceeds out of China.

Here comes the breaking news.

III. What is the Breaking News

Yes, we have managed to find a bank office in Shanghai that is willing to help with repatriating China property sale proceeds out of China by foreign company owners via a bank account opened in the name of a director of such foreign company. Further, the bank may also work out the problem of releasing buyer mortgage loan proceeds into such bank account held by director on behalf of the foreign company.

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