



November 2011

Macao

## NEW LAWS IMPACTING ON REAL ESTATE PROPERTY IN MACAO

In order to minimize the effects of inflation in housing costs and to control real estate speculation in the Special Administrative Region of Macao, the Macao Legislative Assembly approved in the first semester of 2011 the Law no. 1/2011, which entered into force on 8th March 2011, with effects on the urban rental income earned in the year of 2010, and Law no. 6/2011, which entered into force on 14th June 2011 and applies to real estate transmissions made within one or two year after the previous transmission.

On the other hand, in order to solve the disputes related to building management, the Government created the Arbitration Centre for Building Management Affairs, by the Executive Order No. 66/2011, operating since 7th June 2011.

### 1. CHANGES OF THE REAL ESTATE TAXES

The Real Estate Tax decreased to 6% over the taxable income of the non-leased units and to 10% over the taxable income of leased units. The payment of the acknowledgement duty is no longer due.

### 2. NEW SPECIAL STAMP DUTY

For the purpose of the Special Stamp duty the law considers as sources of the transmission of real estate or rights over the real estate all the documents, papers or acts that incorporate a transmission or the promissory of transmission of the right over the property or other rights of use of real estate property for residential purposes, or the transmission or promissory of the right of use and fruition of such real estate.

As an example of transmission sources for the purpose of this special stamp duty, the purchase and sale contract, donation or exchange, assignment of contractual position, pre-emption agreements, long term lease or sublease transmission (more than 15 years) and the assignment of more than 80% of the company capital of the shareholders which company owns real estate or rights in real estate, among others.

Owners who sell a residential unit or property under construction within the first year of buying will be required to pay an extra tax worth 20 percent of the transmission price. The levy will be 10 percent if the property is sold within the second year after it was acquired.

Exemptions will be given if the property is transferred between spouses, immediate and second-generation family members and in-laws; between spouse due to divorce, marriage cancellation or legal separation of goods, inheritance and transmission between heirs of the goods which are object of the state, upon a court judgment as a result of bankruptcy, insolvency or enforcement for the payment of a certain amount, reimbursement of debts to banks, or as made by entities exempted from stamp duty for transmission of goods according to the law.

The law will be considered for revision within two years, upon follow-up of the market developments and rates.



### 3. ARBITRATION CENTRE FOR BUILDING MANAGEMENT AFFAIRS

Now it is possible to submit a claim to this arbitration centre to solve disputes related to the management of buildings, emerging from the management of condominiums, particularly the validity of the decisions of the general assembly of unit owners and management fees.

The Arbitration Centre is formed by the Information and Mediation Team and the Arbitration Committee, and it is supported technically and administratively by the Housing Bureau.

The submission of disputes for hearing and decision by the Arbitration Centre is voluntary – it depends on a written agreement of the parties, and the process is free. The arbitration decision has identical effects as a decision of the Macao Court of First Instance.

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Avenida da Liberdade 224, 1250 -148 Lisboa, Portugal (headquarters)  
T. (+351) 213 197 347 . F. (+351) 213 197 400 . www.plmj.com

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Av. da Praia Grande 409, Edifício China Law, 16o andar, Macau (headquarters)  
T. 853 2822 3355 . F. 853 2872 5588 . www.dsl-lawyers.com

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