City Maintenance and Construction Tax Law of the PRC

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Chapter I — General Provisions

Article 1 — This Law is enacted in accordance with the Constitution for the purposes of regulating the collection and administration of city maintenance and construction tax, raising urban maintenance and construction funds, and maintaining and constructing urban public facilities.

Article 2 — Entities and individuals that pay value-added tax and consumption tax within the territory of the People's Republic of China are taxpayers of city maintenance and construction tax, and shall pay city maintenance and construction tax in accordance with the provisions of this Law.

Article 3 — City maintenance and construction tax shall be calculated on the basis of the amount of value-added tax and consumption tax actually paid by the taxpayer in accordance with the law.

Article 4 — The specific tax rates of city maintenance and construction tax, the calculation of tax payable, tax reductions and exemptions, collection and administration, and other matters shall be implemented in accordance with the provisions of this Law.

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Article 5 — The State Council shall be responsible for the formulation of the implementation measures for city maintenance and construction tax and shall report the same to the Standing Committee of the National People's Congress for record.

Chapter II — Tax Rates

Article 6 — The tax rates for city maintenance and construction tax are as follows:

(1) For taxpayers located in urban areas, the tax rate shall be 7%;

(2) For taxpayers located in county seats or organized towns, the tax rate shall be 5%;

(3) For taxpayers not located in urban areas, county seats, or organized towns, the tax rate shall be 1%.

The location of a taxpayer referred to in the preceding paragraph shall be the place of domicile of the taxpayer or other place determined in accordance with the provisions of the State Council.

Article 7 — Where a taxpayer is located in an area administered by a municipality directly under the Central Government, the applicable tax rate shall be 7% for the urban districts of such municipality and the applicable tax rate for the counties and towns under the jurisdiction of such municipality shall be 5% or 1% respectively, depending on whether they are county seats, organized towns, or other areas.

Chapter III — Calculation of Tax Payable

Article 8 — The amount of city maintenance and construction tax payable shall be calculated according to the following formula:

Tax Payable = (Amount of Value-Added Tax Actually Paid + Amount of Consumption Tax Actually Paid) × Applicable Tax Rate

Article 9 — The city maintenance and construction tax payable by a taxpayer shall be calculated on the basis of the value-added tax and consumption tax actually paid by the taxpayer in the current period.

Where value-added tax or consumption tax is subject to the withholding and remittance obligation, the city maintenance and construction tax shall be withheld and remitted by the withholding agent, and the amount of tax withheld and remitted shall be calculated on the basis of the amount of value-added tax and consumption tax withheld and remitted by the withholding agent.

Where a taxpayer is subject to an assessment of additional value-added tax and consumption tax by the tax authorities, the city maintenance and construction tax corresponding to the additionally assessed amount shall be paid simultaneously.

Article 10 — The tax basis for city maintenance and construction tax shall be determined by multiplying the amount of value-added tax and consumption tax actually paid by the taxpayer by the applicable tax rate, and shall not include the amount of value-added tax refunds or consumption tax refunds received by the taxpayer.

Chapter IV — Tax Reductions and Exemptions

Article 11 — City maintenance and construction tax shall be exempted under any of the following circumstances:

(1) Where the amount of value-added tax or consumption tax payable is exempted or reduced in accordance with the provisions of laws and regulations, the corresponding city maintenance and construction tax shall be exempted or reduced simultaneously;

(2) Where the value-added tax refund policy for comprehensive utilization of resources or for the immediate refund upon collection of value-added tax is applied, the corresponding city maintenance and construction

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tax shall be reduced or exempted in accordance with the provisions of the State Council;

(3) Other circumstances as prescribed by the State Council.

Article 12 — City maintenance and construction tax may be reduced or exempted under any of the following circumstances:

(1) Where the taxpayer is a small-scale value-added tax payer and the monthly sales amount does not exceed the threshold specified by the State Council, the city maintenance and construction tax shall be exempted;

(2) Where the taxpayer experiences severe difficulties in production and operation, the city maintenance and construction tax may be reduced or exempted upon approval by the tax authorities at or above the provincial level;

(3) Where the taxpayer is an individual or individually-owned business whose monthly sales amount does not exceed the threshold determined by the tax authorities at or above the provincial level;

(4) Other circumstances as prescribed by laws and administrative regulations.

Chapter V — Collection and Administration

Article 13 — City maintenance and construction tax shall be collected by the tax authorities and shall be administered in accordance with the provisions of this Law and the Law of the People's Republic of China on the Administration of Tax Collection.

Article 14 — City maintenance and construction tax shall be declared and paid together with value-added tax and consumption tax at the same place.

Article 15 — The tax period for city maintenance and construction tax shall be the same as the tax period for value-added tax and consumption tax.

Article 16 — The measures for the administration of collection of city maintenance and construction tax in connection with the importation of goods and the provision of services by overseas entities or individuals within the territory of China shall be separately formulated by the State Council.

Chapter VI — Supplementary Provisions

Article 17 — The State Council may, in light of the needs of economic and social development, propose adjustments to tax rates and tax reduction and exemption policies for city maintenance and construction tax, and implement the same upon approval by the Standing Committee of the National People's Congress.

Article 18 — This Law shall come into force on September 1, 2021. The Interim Regulations of the People's Republic of China on City Maintenance and Construction Tax promulgated by the State Council on February 8, 1985 shall be repealed simultaneously.

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