Deed Tax Law of the PRC

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of regulating deed tax collection and payment, protecting the lawful rights and interests of taxpayers, and promoting the healthy development of the real estate market.

Article 2 — Units and individuals that transfer the ownership of land or housing within the territory of the People's Republic of China and assume the land or housing ownership shall be taxpayers of deed tax and shall pay deed tax in accordance with the provisions of this Law.

Article 3 — The term "transfer of land and housing ownership" as used in this Law refers to the following acts:

(1) Grant of land use rights;

(2) Transfer of land use rights, including sale, gift and exchange;

(3) Sale, gift and exchange of housing.

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For the purposes of the preceding paragraph, where land use rights are transferred, the scope of land use rights shall not include the right to contracted management of land or the right to management of land for commercial forest. Where land use rights are transferred by means of allocation, appraisal for capital contribution, or other means, deed tax shall be levied in accordance with the provisions of this Law.

Article 4 — The tax base of deed tax shall be determined according to the following provisions:

(1) Where land use rights are granted, transferred, or housing is sold, the tax base shall be the transaction price determined in the contract, including the total price paid in currency and the value of goods in kind and other economic benefits. Where the transaction price is clearly lower than the market price without justifiable reasons, the tax authorities shall assess the tax base with reference to the market price in accordance with the law;

(2) Where land use rights or housing are exchanged, the tax base shall be the price difference between the land use rights or housing being exchanged;

(3) Where land use rights are granted, transferred, or housing is sold by means of auction, the tax base shall be the auction transaction price;

(4) Where land use rights or housing are given as a gift, the tax base shall be assessed by the tax authorities with reference to the market price of the land use rights or housing at the time of the gift.

Article 5 — The tax authorities shall assess the deed tax payable. Where the tax base is assessed by the tax authorities in accordance with the provisions of this Law, the assessment shall be carried out with reference to the market price of the land or housing.

Chapter II — Transfer of Rights

Article 6 — Under any of the following circumstances, deed tax shall be reduced or exempted:

(1) State organs, public institutions, social organizations and military units that assume land or housing for use as office premises, teaching premises, medical premises, research premises or military facilities shall be exempt from deed tax;

(2) Non-profit schools, medical institutions and social welfare institutions that assume land or housing for use as office premises, teaching premises, medical premises, research premises, elderly care facilities or child welfare facilities shall be exempt from deed tax;

(3) Where land or housing is assumed as a capital contribution or for the establishment of a wholly-owned subsidiary by a company, deed tax may be exempted;

(4) Where land or housing is assumed as a result of a company merger or demerger, deed tax may be exempted;

(5) Where a company is liquidated and its land or housing is assumed by its creditors, shareholders or investors to satisfy debts, deed tax may be exempted;

(6) Where land or housing is assumed by an enterprise during its restructuring in accordance with the law, deed tax may be exempted;

(7) Where housing is assumed as a result of inheritance, deed tax shall be exempted;

(8) Where land contracting rights or management rights for land are transferred, deed tax shall be exempted;

(9) Other circumstances prescribed by laws or administrative regulations for reduction or exemption of deed tax.

Article 7 — People's governments of provinces, autonomous regions and municipalities directly under the Central Government may provide for deed tax reduction or exemption in accordance with the provisions of

laws and administrative regulations in light of the actual circumstances of their respective regions. The specific measures shall be submitted by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government to the standing committees of the people's congresses at the same level for decision, and shall be reported to the State Council and the Standing Committee of the National People's Congress for the record.

Chapter III — Tax Rates

Article 8 — Deed tax shall be levied at rates ranging from 3 percent to 5 percent. The applicable tax rates in specific regions shall be determined by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government within the prescribed range. The specific applicable tax rates shall be submitted to the standing committees of the people's congresses at the same level for decision, and shall be reported to the State Council and the Standing Committee of the National People's Congress for the record.

Article 9 — The tax authorities shall, when determining or adjusting the applicable tax rates, comprehensively consider the actual circumstances of the local real estate market and the affordability of taxpayers.

Chapter IV — Tax Reduction and Exemption

Article 10 — Where a taxpayer applies for tax reduction or exemption, it shall submit the relevant supporting materials to the tax authorities. The tax authorities shall process the application in accordance with the provisions of laws and regulations.

Article 11 — Where a taxpayer applies for refund of deed tax already paid on the grounds that the contract for the transfer of land or housing rights has been rescinded, the tax authorities shall handle the refund in accordance with the law.

Chapter V — Collection and Administration

Article 12 — The time of occurrence of the tax liability for deed tax shall be the day on which the taxpayer enters into a contract for the transfer of land or housing ownership, or the day on which the taxpayer obtains a certificate or other document having the nature of a contract for the transfer of land or housing ownership.

Article 13 — Taxpayers shall file a deed tax return and pay the deed tax within the prescribed time limit after the occurrence of the tax liability. The specific time limit for filing and payment shall be prescribed by the tax authorities of provinces, autonomous regions and municipalities directly under the Central Government.

Article 14 — When a taxpayer processes the registration of land or housing ownership, the real estate registration authority shall verify that the deed tax has been paid. Where the deed tax has not been paid, the real estate registration authority shall not process the registration of land or housing ownership.

Article 15 — The real estate registration authority and the tax authorities shall establish a working cooperation mechanism for sharing information on deed tax collection. The real estate registration authority shall promptly provide the tax authorities with information on the registration of land and housing ownership. The tax authorities shall promptly provide the real estate registration authority with information on the payment of deed tax.

Chapter VI — Supplementary Provisions

Article 16 — This Law shall come into force on September 1, 2021. The Interim Regulations of the People's Republic of China on Deed Tax promulgated by the State Council on July 7, 1997 shall be abolished simultaneously.

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