Environmental Protection Tax Law of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of protecting and improving the environment, reducing the discharge of pollutants, and promoting the construction of an ecological civilization.

Article 2 — Enterprises, public institutions, and other producers and operators that directly discharge taxable pollutants into the environment within the territory of the People's Republic of China and other sea areas under the jurisdiction of the People's Republic of China are taxpayers of environmental protection tax and shall pay environmental protection tax in accordance with the provisions of this Law.

Article 3 — "Taxable pollutants" as used in this Law refers to air pollutants, water pollutants, solid wastes, and noise as specified in the Table of Taxable Pollutants and Taxable Equivalents appended to this Law and the Table of Taxable Pollutants and Tax Amounts determined by the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government.

Article 4 — Under any of the following circumstances, a taxpayer shall not be required to pay environmental protection tax on the corresponding pollutants: (1) where taxable pollutants are discharged into a legally

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established centralized treatment facility for urban sewage or centralized treatment facility for domestic waste; (2) where taxable pollutants are stored or disposed of at a facility or site that complies with national and local environmental protection standards.

Chapter II — Tax Base and Taxable Amount

Article 5 — The tax payable for environmental protection tax shall be calculated by multiplying the tax base by the applicable tax amount.

Article 6 — The tax base for taxable air pollutants and water pollutants shall be determined by converting the pollution equivalent number of the discharged pollutants, which shall be calculated based on the discharged amounts of taxable pollutants divided by the pollution equivalent values of such pollutants. The specific pollution equivalent values and calculation methods shall be in accordance with the Table of Taxable Pollutants and Taxable Equivalents appended to this Law.

Article 7 — The tax base for taxable air pollutants and water pollutants shall be determined as follows: (1) for each discharge outlet or for each discharge outlet that has no discharge standards applicable, the pollution equivalent numbers of the first three pollutants in descending order shall be used to calculate the tax payable; (2) where the environmental protection authority at or above the provincial level may, based on the actual circumstances, provide for the collection of tax on other pollutants discharged from the same discharge outlet in addition to the pollutants under item (1) of this Article, such provisions shall apply after being submitted to the people's government at the same level for decision and filed with the Standing Committee of the people's congress at the same level.

Article 8 — The tax base for taxable solid wastes shall be the discharged amount of solid wastes. The tax base for taxable noise shall be the number of decibels exceeding the national standard.

Article 9 — The tax amount for taxable air pollutants shall range from RMB 1.2 to 12 per pollution equivalent; the tax amount for taxable water pollutants shall range from RMB 1.4 to 14 per pollution equivalent. The specific applicable tax amounts shall be proposed by the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government, within the range of tax amounts specified in the Table of Tax Amounts for Taxable Pollutants appended to this Law, based on the environmental carrying capacity, the current status of pollutant discharges, and the needs for economic, social, and ecological development, and shall be submitted to the standing committees of the people's congresses at the same level for decision and filed with the Standing Committee of the National People's Congress and the State Council.

Chapter III — Tax Incentives

Article 10 — Environmental protection tax shall be exempted under any of the following circumstances: (1) where taxable pollutants are discharged from agricultural production (excluding large-scale livestock and poultry farming); (2) where taxable pollutants are discharged by motor vehicles, railway locomotives, off-road mobile machinery, vessels, aircraft, and other mobile pollution sources; (3) where taxable pollutants are discharged from the centralized treatment facilities for urban sewage and centralized treatment facilities for domestic waste that meet national or local discharge standards; (4) where solid wastes are comprehensively utilized by taxpayers in a manner that complies with national and local environmental protection standards; (5) where otherwise provided for by the State Council.

Article 11 — Where a taxpayer discharges taxable air pollutants or water pollutants at a concentration lower than 30 percent of the national or local discharge standards, the environmental protection tax shall be reduced by 75 percent. Where a taxpayer discharges taxable air pollutants or water pollutants at a concentration lower than 50 percent of the national or local discharge standards, the environmental protection tax shall be reduced by 50 percent.

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Chapter IV — Collection and Administration

Article 12 — The environmental protection tax authorities shall collect and administer environmental protection tax in accordance with the Law of the People's Republic of China on the Administration of Tax Collection and the relevant provisions of this Law. The competent environmental protection authorities shall, in accordance with this Law and the relevant provisions on environmental protection, be responsible for monitoring and administering the discharge of pollutants.

Article 13 — Taxpayers shall install and use automatic monitoring equipment for pollutant discharges in accordance with the law and ensure its normal operation. Where automatic monitoring equipment is installed, the taxpayers shall truthfully submit the automatic monitoring data to the competent environmental protection authorities. Taxpayers shall keep the original monitoring records of pollutant discharges properly.

Article 14 — The tax authorities and the competent environmental protection authorities shall establish a working cooperation mechanism for the collection of environmental protection tax. The competent environmental protection authorities shall promptly deliver information on the types of taxable pollutants discharged by taxpayers, the discharged amounts, and the discharge standards to the tax authorities. The tax authorities shall promptly deliver the declaration information, tax payment status, and information on tax risks to the competent environmental protection authorities.

Article 15 — Taxpayers shall truthfully file tax returns and pay environmental protection tax with the tax authorities at the place where the taxable pollutants are discharged.

Article 16 — Environmental protection tax shall be calculated on a monthly basis and declared and paid on a quarterly basis. Where a taxpayer cannot compute tax on a fixed period basis, tax may be computed and paid on a transaction-by-transaction basis. A taxpayer that elects to file returns and pay tax on a quarterly basis shall file returns and pay tax within 15 days of the end of each quarter.

Article 17 — A taxpayer shall, when filing an environmental protection tax return, submit to the tax authorities the types and quantities of taxable pollutants discharged, the concentration values of air and water pollutants, and other tax-related information truthfully.

Article 18 — Where the competent environmental protection authorities and the tax authorities discover that a taxpayer's declaration data is abnormal or a taxpayer fails to file a tax return within the prescribed time limit, they may request the taxpayer to provide explanations; where the taxpayer is unable to provide explanations or the explanations provided are unreasonable, the competent environmental protection authorities and the tax authorities may conduct verification.

Article 19 — Where a taxpayer disputes the monitoring data issued by the competent environmental protection authorities, the taxpayer may apply for administrative reconsideration or file an administrative lawsuit in accordance with the law. During the reconsideration or litigation period, the taxpayer shall first pay the tax in accordance with the tax amount determined by the tax authorities, or provide a corresponding guarantee, and the enforcement of tax collection may be suspended only after the tax authorities confirm such payment or guarantee.

Chapter V — Supplementary Provisions

Article 20 — The meanings of the following terms as used in this Law are as defined below: (1) "Pollution equivalent" refers to a comprehensive indicator or measurement unit that reflects the degree of environmental harm caused by different pollutants and the technical and economic feasibility of treatment, based on the investigation of the environmental harm of the pollutants and the relevant toxicological data of the pollutants. (2) "Discharge outlet" refers to a fixed point source where pollutants are discharged into the environment.

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Article 21 — Where a taxpayer engages in maritime engineering projects and discharges taxable air pollutants, water pollutants, or solid wastes into the marine environment, the environmental protection tax shall be levied in accordance with the relevant provisions of this Law.

Article 22 — The State Council shall, in accordance with this Law, formulate implementing regulations.

Article 23 — Where pollutants are discharged directly into the environment for which pollutant discharge fees have been levied prior to the implementation of this Law, the collection of such pollutant discharge fees shall cease simultaneously with the implementation of this Law, and the environmental protection tax shall be levied in accordance with the provisions of this Law.

Article 24 — This Law shall come into force on January 1, 2018.

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