

Provisional Provisions of the PRC on the Collection of Education Surcharge

Dan Young Business Consultancy — www.danyoungcpa.com

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

Promulgated by the State Council on April 28, 1986

Amended for the first time in accordance with the Decision of the State Council on Amending the Provisional Provisions on the Collection of Education Surcharge on June 7, 1990; amended for the second time in accordance with the Decision of the State Council on Amending the Provisional Provisions on the Collection of Education Surcharge on August 20, 2005; amended for the third time in accordance with the Decision of the State Council on Repealing and Amending Certain Administrative Regulations on January 8, 2011

Effective: July 1, 1986

Article 1 — These Provisions are formulated for the purpose of implementing the Decision of the Central Committee of the Communist Party of China on the Reform of the Education System, accelerating the development of local education, and expanding the sources of funds for local education.

Article 2 — All units and individuals that pay consumption tax, value-added tax, or business tax shall pay education surcharge in accordance with these Provisions, with the exception of units that pay the rural education surcharge in accordance with the provisions of the Notice of the State Council on Raising Funds for Running Schools in Rural Areas (Guo Fa [1984] No. 174).

Article 3 — Education surcharge shall be calculated and collected on the basis of the amount of consumption tax, value-added tax, or business tax actually paid by each unit or individual, at the rate of 3 percent, and shall be paid simultaneously with consumption tax, value-added tax, or business tax respectively.

Unless otherwise provided by the State Council, no region or department may raise or lower the education surcharge rate without authorization.

Article 4 — In accordance with the current relevant provisions, except for the business tax of the railway system, the Head Office of the People's Bank of China, the head offices of the various specialized banks, and the head office of the Insurance Company, which shall be turned over to the central finance along with business tax, the business tax of other units and individuals shall be turned over to the local finance. Education surcharge shall be collected by the tax authorities.

Banks at all levels shall establish special accounts for education surcharge for the education administrative departments at the corresponding levels.

Article 5 — The education surcharge turned over to the central finance along with business tax by the railway system, the Head Office of the People's Bank of China, the head offices of the various specialized banks, and the head office of the Insurance Company shall be used by the Ministry of Finance for education; the education surcharge collected by local authorities shall be arranged and used in a unified manner by the local education administrative departments to improve the teaching facilities and conditions of primary and secondary schools, and shall not be used for employee welfare or for the distribution of bonuses.

Article 6 — The education surcharge paid by enterprises shall be disbursed from their sales revenue (or business revenue).

Article 7 — The education surcharge collected by local authorities shall be incorporated into financial administration and used for designated purposes only, in accordance with the relevant provisions on the administration of extra-budgetary funds.

Article 8 — The Ministry of Finance shall be responsible for the interpretation of these Provisions.

Article 9 — These Provisions shall enter into force as of July 1, 1986.

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