Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China

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Contents

Table of Contents 1

Chapter I — General Provisions 1

Chapter II — Scope of Comprehensive Income 2

Chapter III — Calculation of Taxable Income 2

Chapter IV — Tax Rates 2

Chapter V — Withholding and Tax Payment 3

Chapter VI — Preferential Tax Treatment 3

Chapter VII — Foreign Tax Credit 3

Chapter VIII — Tax Collection Administration 3

Chapter IX — Supplementary Provisions 4

Table of Contents

- Chapter I — General Provisions
- Chapter II — Scope of Comprehensive Income
- Chapter III — Calculation of Taxable Income
- Chapter IV — Tax Rates
- Chapter V — Withholding and Tax Payment
- Chapter VI — Preferential Tax Treatment
- Chapter VII — Foreign Tax Credit
- Chapter VIII — Tax Collection Administration
- Chapter IX — Supplementary Provisions

Chapter I — General Provisions

Article 1 — These Regulations are formulated in accordance with the Individual Income Tax Law of the People's Republic of China.

Article 2 — For the purposes of the Tax Law, an individual who has a domicile in China, or who has no domicile but has resided in China for 183 days or more in a tax year, shall be a resident individual. An individual who has no domicile in China and does not reside in China, or who has no domicile but has

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resided in China for fewer than 183 days in a tax year, shall be a non-resident individual.

Article 3 — A tax year shall begin on January 1 and end on December 31 of the Gregorian calendar.

Article 4 — The term “income sourced within China” as used in the Tax Law means…

Article 5 — Income sourced within and outside China shall be determined respectively in accordance with the provisions of the Tax Law and these Regulations.

Chapter II — Scope of Comprehensive Income

Article 6 — Income from wages and salaries means wages, salaries, bonuses, year-end salary increases, profit shares, allowances, subsidies, and other income related to holding an office or employment obtained by individuals.

Article 7 — Income from remuneration for labor services means income from design, decoration, installation, drafting, laboratory testing, medical treatment, legal services, accounting, consulting…

Article 8 — Income from author’s remuneration means income obtained by individuals from the publication of their works in the form of books, newspapers, or periodicals.

Article 9 — Income from royalties means income obtained by individuals from the provision of the right to use patent rights, trademark rights, copyrights, non-patented technologies, and other franchise rights.

Chapter III — Calculation of Taxable Income

Article 10 — The comprehensive income of a resident individual shall be the balance after deducting 60,000 yuan of basic expenses, special deductions, special additional deductions, and other deductions determined according to law from the income amount in each tax year.

Article 11 — Special deductions include basic old-age insurance, basic medical insurance, unemployment insurance, and housing provident fund paid by individuals in accordance with state regulations.

Article 12 — Special additional deductions include expenditures for children’s education, continuing education, serious illness medical treatment, housing loan interest, housing rent, and support for the elderly.

Article 13 — Specific measures for special additional deductions shall be formulated by the State Council and submitted to the Standing Committee of the National People’s Congress for filing.

Article 14 — For non-resident individuals, income from wages and salaries shall be the taxable income amount after deducting 5,000 yuan of expenses per month from the monthly income amount.

Article 15 — Income from business operations shall be the balance of total income in each tax year minus costs, expenses, and losses.

Article 16 — Income from the transfer of property shall be the balance of the transfer income minus the original value of the property and reasonable expenses.

Article 17 — Income from interest, dividends, and bonuses and income from incidental gains shall be the taxable income based on the full amount of each instance of such income.

Chapter IV — Tax Rates

Article 18 — Comprehensive income shall be subject to progressive tax rates ranging from 3% to 45%.

Article 19 — Income from business operations shall be subject to progressive tax rates ranging from 5% to 35%.

Article 20 — Income from interest, dividends, and bonuses, income from property leasing, income from the transfer of property, and income from incidental gains shall be subject to a proportional tax rate of 20%.

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Chapter V — Withholding and Tax Payment

Article 21 — Income tax shall be withheld at source, with the income payer serving as the withholding agent.

Article 22 — The withholding agent shall declare and remit the full amount of taxes withheld on a monthly or per-occurrence basis to the tax authorities.

Article 23 — The withholding agent shall provide individual taxpayers with their individual income tax withholding statements.

Article 24 — Resident individuals obtaining comprehensive income shall settle and pay their taxes for the year between March 1 and June 30 of the following year.

Article 25 — Where comprehensive income needs to be settled and paid, the taxpayer may entrust the withholding agent or other entities or individuals to handle the settlement.

Article 26 — Non-resident individuals obtaining comprehensive income shall have their taxes withheld at source on a monthly or per-occurrence basis and shall not settle and pay taxes annually.

Article 27 — Taxpayers obtaining income from business operations shall compute and pay taxes on a monthly or quarterly basis and settle and pay taxes annually.

Article 28 — Where taxpayers obtain taxable income not subject to withholding, they shall file tax returns and pay taxes within 15 days after the month following the month in which the income was obtained.

Chapter VI — Preferential Tax Treatment

Article 29 — Income exempted from tax as specified in the Tax Law shall include…

Article 30 — Income on which tax may be reduced as specified in the Tax Law shall include…

Article 31 — The specific measures and scope of tax reduction shall be formulated by the State Council and submitted to the Standing Committee of the National People's Congress for filing.

Article 32 — Additional deductions may be made for the taxable income amount of specific expenditures in accordance with state regulations.

Chapter VII — Foreign Tax Credit

Article 33 — Where a resident individual obtains income sourced outside China and has paid individual income tax outside China, the foreign tax paid may be credited against the tax payable in China.

Article 34 — The amount of foreign tax credit shall not exceed the amount of tax payable in China computed at the tax rates stipulated in the Tax Law on the same income.

Article 35 — Where the foreign tax paid exceeds the credit limit, the excess portion may be carried forward and credited within the following five tax years.

Article 36 — The foreign tax credit may be applied for on a country-by-country basis or may be computed on a combined basis.

Chapter VIII — Tax Collection Administration

Article 37 — Tax authorities shall strengthen the collection and administration of individual income tax.

Article 38 — The relevant departments shall provide tax authorities with information related to individual income tax.

Article 39 — Taxpayers and withholding agents shall cooperate with the tax authorities in tax administration.

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Article 40 — The tax authorities shall establish a credit management system for individual income tax taxpayers.

Article 41 — Withholding agents shall keep tax withholding books and statements in accordance with law.

Article 42 — Taxpayers shall keep tax records such as income certificates, expense vouchers, and tax payment receipts.

Chapter IX — Supplementary Provisions

Article 43 — The State Council may, in accordance with actual needs, adjust the standard expense deduction amount, scope of special additional deductions, and tax rate brackets and submit them to the NPC Standing Committee for filing.

Article 44 — For taxpayers who have no domicile in China and reside in China for an aggregate of 183 days or more in a tax year, the provisions on the calculation of income sourced outside China shall be separately stipulated by the State Council.

Article 45 — These Regulations shall come into force on January 1, 2019.

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