Stamp Tax Law of the People’s Republic of China

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

Contents

Table of Contents 1

Chapter I — Scope of Taxation 1

Chapter II — Tax Rates and Tax Bases 2

Chapter III — Tax Preferences and Exemptions 2

Chapter IV — Collection and Administration 3

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Table of Contents

- Chapter I — Scope of Taxation
- Chapter II — Tax Rates and Tax Bases
- Chapter III — Tax Preferences and Exemptions
- Chapter IV — Collection and Administration

Chapter I — Scope of Taxation

Article 1. Units and individuals that execute taxable instruments, conduct securities transactions, or are otherwise subject to stamp tax obligations within the territory of the People’s Republic of China shall be taxpayers of stamp tax and shall pay stamp tax in accordance with the provisions of this Law.

Article 2. “Taxable instruments” as used in this Law refers to the documents listed in the Stamp Tax Schedule of Taxable Items and Tax Rates appended to this Law, including written contracts, documents of property transfer, and business account books.

Article 3. Written contracts subject to stamp tax include: purchase and sale contracts; processing contracts; construction project survey and design contracts; construction and installation contracts; property leasing contracts; goods transportation contracts; warehousing contracts; loan contracts; property insurance contracts; technology contracts.

Article 4. Documents of property transfer subject to stamp tax include: documents of transfer of land use rights and of buildings and structures; documents of equity transfer (excluding securities transactions); documents of transfer of exclusive rights, such as trademark rights, copyrights, patent rights, and know-how.

Article 5. Business account books subject to stamp tax are account books recording actually received capital and capital reserves of enterprises.

Article 6. Securities transactions subject to stamp tax refer to the sale, gift, or other transfer of stocks and stock-based depositary receipts traded on legally established stock exchanges or other national securities trading venues approved by the State Council.

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Article 7. The following instruments are not subject to stamp tax: instruments executed by branches of a single legal entity for internal management purposes, unless they constitute independent taxable instruments; instruments executed between a parent company and its wholly-owned subsidiary, or between wholly-owned subsidiaries, that are equivalent to internal management documents; settlement instruments between the People's Court and parties in litigation that do not involve transfer of rights or obligations.

Chapter II — Tax Rates and Tax Bases

Article 8. Stamp tax rates shall be set according to the categories of taxable instruments, and the rates shall be as specified in the Stamp Tax Schedule of Taxable Items and Tax Rates appended to this Law.

Article 9. The stamp tax payable on a written contract shall be calculated on the basis of the amount stated in the contract, at the applicable rate. Where no amount is stated, the tax shall be calculated on the basis of the actual settlement amount. Contracts that state both a VAT-exclusive amount and VAT amount may be taxed on the VAT-exclusive amount.

Article 10. The stamp tax payable on a document of property transfer shall be calculated on the basis of the consideration stated in the document, at the applicable rate.

Article 11. The stamp tax payable on business account books shall be calculated on the basis of the recorded amounts of actually received capital and capital reserves, at the rate of 0.025 percent.

Article 12. Stamp tax on securities transactions shall be calculated on the basis of the transaction amount and levied at the rate of 0.1 percent. The rate may be adjusted by the State Council upon authorization by the Standing Committee of the National People's Congress and reported to the Standing Committee for filing.

Article 13. The rates applicable to principal taxable instruments are: loan contracts: 0.005 percent; technology contracts and construction project survey and design contracts: 0.03 percent; purchase and sale contracts, property leasing contracts, warehousing contracts, and property insurance contracts: 0.03 percent to 0.1 percent; processing contracts and goods transportation contracts: 0.05 percent; construction and installation contracts: 0.03 percent.

Article 14. Where the same taxable instrument involves two or more taxable items and separately records the corresponding amounts, the tax shall be calculated separately; where the amounts are not separately recorded, the higher applicable rate shall apply.

Article 15. Where a taxable instrument is denominated in a foreign currency, the amount shall be converted into Renminbi at the central parity rate published by the People's Bank of China on the date of execution of the instrument.

Chapter III — Tax Preferences and Exemptions

Article 16. The following instruments shall be exempt from stamp tax: duplicates or copies of taxable instruments already subject to stamp tax, provided no further tax is due; instruments executed for non-profit purposes, including those by social welfare institutions, schools, or public research organizations for their charitable activities; instruments executed by branches of foreign governments or international organizations in China for obtaining loans or other financial accommodation, where reciprocal treatment is granted; instruments executed for the purchase or sale of agricultural products by agricultural producers or agricultural cooperatives; interest-free or subsidized loan contracts.

Article 17. Instruments executed for military purposes, for emergency disaster relief, or in connection with social housing for low-income families may be eligible for stamp tax reduction or exemption.

Article 18. The State Council may, within its authority and in accordance with the needs of national economic and social development, provide for stamp tax reductions or exemptions for specific circumstances involving

particular taxpayers or taxable instruments, and shall report such decisions to the Standing Committee of the National People's Congress for filing.

Article 19. Stamp tax on securities transactions may be reduced or exempted by the State Council in accordance with the needs of the national economic situation and the regulation of the securities market, upon reporting to the Standing Committee of the National People's Congress for filing.

Article 20. Small-scale taxpayers of value-added tax, micro and small enterprises, and individual industrial and commercial households may be eligible for stamp tax reduction or exemption in accordance with relevant State provisions.

Chapter IV — Collection and Administration

Article 21. Stamp tax shall be administered by tax authorities. Taxpayers shall declare and pay stamp tax to the tax authorities at the place where the taxable instrument is executed or where the taxpayer is domiciled, in accordance with the periods and methods prescribed by tax authorities.

Article 22. The time when the obligation to pay stamp tax arises is the date of execution of the taxable instrument or the date of the securities transaction.

Article 23. Stamp tax shall be reported and paid on a quarterly, annual, or transaction-by-transaction basis. The specific reporting period shall be determined by the tax authorities based on the taxpayer's circumstances.

Article 24. Taxpayers purchasing and selling securities on a securities exchange shall pay stamp tax on securities transactions through the securities registration and clearing institution acting as withholding agent. Securities registration and clearing institutions shall be the withholding agents for stamp tax on securities transactions.

Article 25. Where a taxable instrument is executed outside China and used within China, the user shall be the taxpayer and shall pay stamp tax on the taxable instrument.

Article 26. Taxpayers shall truthfully declare stamp tax and submit relevant documents. Tax authorities may inspect the taxable instruments, account books, vouchers, and related materials of taxpayers.

Article 27. Where an instrument subject to stamp tax is amended after execution, increasing the stated amount, the additional tax on the increased portion shall be paid. Where the amendment reduces the amount, no tax refund shall be granted.

Article 28. Taxpayers that fail to pay or underpay stamp tax shall pay the tax due plus a late payment surcharge computed at 0.05 percent per day from the date of delinquency. Where the underpayment results from the taxpayer's error, a penalty of not less than 50 percent and not more than five times the underpaid tax may be imposed.

Article 29. The tax authorities and their staff shall maintain the confidentiality of taxpayer information obtained during the course of tax administration and shall not disclose or misuse such information.

Article 30. Disputes concerning stamp tax payment obligations may be raised through administrative reconsideration or administrative litigation. The filing of such disputes shall not suspend the collection of tax, except as provided by law.

Article 31. The Stamp Tax Schedule of Taxable Items and Tax Rates appended to this Law forms an integral part of this Law.

Article 32. Any previous regulations on stamp tax that conflict with this Law shall be superseded. Implementing rules shall be formulated by the State Council.

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Article 53. This Law shall come into effect on July 1, 2022. The Interim Regulations of the People's Republic of China on Stamp Tax promulgated by the State Council on August 6, 1988 shall be repealed simultaneously.

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