Stamp Tax Law of the PRC

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Contents

Table of Contents 1

Chapter I — Taxpayers, Scope of Taxation, and Tax Rates 1

Chapter II — Calculation of Tax Payable 2

Chapter III — Stamp Tax Preferential Policies 2

Chapter IV — Collection and Administration 2

Chapter V — Supplementary Provisions 3

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Table of Contents

- Chapter I — Taxpayers, Scope of Taxation, and Tax Rates
- Chapter II — Calculation of Tax Payable
- Chapter III — Stamp Tax Preferential Policies
- Chapter IV — Collection and Administration
- Chapter V — Supplementary Provisions

Chapter I — Taxpayers, Scope of Taxation, and Tax Rates

Article 1 — This Law is enacted for the purposes of strengthening the administration of stamp tax, protecting the lawful rights and interests of taxpayers, and promoting the sound development of the market economy. Entities and individuals that execute taxable certificates or conduct securities trading within the territory of the PRC shall be taxpayers of stamp tax and shall pay stamp tax in accordance with the provisions of this Law. Entities and individuals that execute taxable certificates outside the territory of the PRC and use such certificates within the territory of the PRC shall also pay stamp tax in accordance with the relevant provisions of this Law.

Article 2 — "Taxable certificates" as used in this Law means the certificates listed in the Schedule of Stamp Tax Items and Tax Rates annexed to this Law. The Schedule of Stamp Tax Items and Tax Rates shall be adjusted by the State Council and submitted to the Standing Committee of the National People's Congress for filing.

Article 3 — Stamp tax shall be calculated based on the tax items listed in the Schedule of Stamp Tax Items and Tax Rates. Where a taxable certificate for a contract is executed, stamp tax shall be paid for the amount stated in the contract, unless the contract price is separately stated from the value-added tax amount, in which case the contract price shall be the amount excluding the value-added tax amount. Where no amount

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is stated in a taxable certificate for a contract, the stamp tax shall be calculated and paid on an actual settlement basis. Where the tax basis is determined by the actual settlement amount after tax payment, the taxpayer may apply for a refund of the tax paid in excess of the amount payable. Where the taxable amount for securities trading shall be calculated, stamp tax shall be paid for the transaction amount.

Article 4 — The tax rates for stamp tax shall be as set forth in the Schedule of Stamp Tax Items and Tax Rates. Where the same taxable certificate is executed by two or more parties, each party shall pay stamp tax in full for the amount attributable to each party. Where the same taxable certificate is stated with two or more tax items and amounts, the tax payable shall be calculated separately for each item; where the amounts are not separately stated, the higher tax rate shall apply.

Chapter II — Calculation of Tax Payable

Article 5 — The amount of stamp tax payable shall be calculated by multiplying the tax basis by the applicable tax rate. The amount of stamp tax payable for a taxable business account book shall be a fixed amount per item. The tax payable for a taxable certificate without a stated amount shall be a fixed amount per item. The specific amounts and items shall be as set forth in the Schedule of Stamp Tax Items and Tax Rates annexed to this Law. Where the amount of stamp tax payable is less than one jiao, the stamp tax shall be exempted. Where the amount of stamp tax payable is between one jiao and one yuan, it shall be rounded to one jiao. The amount of stamp tax payable for securities trading shall be calculated by multiplying the transaction amount by the applicable tax rate. Where the transaction amount of securities with no transfer price for transactions such as gifts or inheritance is calculated, it shall be calculated based on the market price on the date before the transfer registration formalities are handled, subject to the provisions of the State.

Chapter III — Stamp Tax Preferential Policies

Article 6 — The following certificates shall be exempt from stamp tax: (1) duplicates or copies of taxable certificates; (2) receipts for donations of property to the government, schools, social welfare institutions, or charitable organizations executed by such entities; (3) certificates executed by non-profit-making social organizations for the operation of their public welfare activities; (4) purchase and sale contracts for agricultural products and agricultural means of production executed by individual farmers or family farms; (5) interest-free loan contracts or loan contracts with interest subsidies; (6) contracts for the lease of housing executed by individuals; (7) certificates for which stamp tax is exempted as prescribed by the State Council.

Article 7 — Certificates related to military supplies shall be exempt from stamp tax. The specific measures thereof shall be formulated by the State Council in accordance with the provisions of this Law. Stamp tax on certificates related to the transfer or donation of property by non-profit-making social organizations shall be exempted in accordance with the provisions of the State Council.

Article 8 — Where stamp tax on a taxable certificate has been paid outside the territory of the PRC in accordance with the law, the stamp tax paid outside the territory may be deducted from the amount of tax payable. The specific measures shall be formulated by the tax authority under the State Council.

Article 9 — The State Council may, based on the needs of national economic and social development, formulate stamp tax reduction or exemption policies and submit them to the Standing Committee of the National People's Congress for filing. Based on the needs of national economic and social development, the State Council may exempt or reduce stamp tax on securities trading and submit such exemption or reduction to the Standing Committee of the National People's Congress for filing.

Chapter IV — Collection and Administration

Article 10 — Stamp tax shall be collected and administered by the tax authorities in accordance with the provisions of this Law and the Law on the Administration of Tax Collection of the PRC. Stamp tax on

securities trading shall be withheld by the securities registration and settlement institution. The securities registration and settlement institution as the withholding agent shall lawfully perform the obligation of withholding and collecting stamp tax and shall truthfully provide the tax authorities with the information necessary for the administration of the collection of stamp tax on securities trading.

Article 11 — Stamp tax on taxable certificates shall be paid by the taxpayer. Where a taxable certificate is executed by the taxpayer and the funds are settled online, the tax may be paid through an online tax system. Taxpayers shall declare and pay stamp tax on a quarterly, annual, or per-transaction basis. The specific tax payment period shall be prescribed by the tax authority under the State Council.

Article 12 — Where stamp tax on securities trading is withheld by a securities registration and settlement institution, the withholding agent shall declare and pay the tax withheld to the competent tax authority at the place where the institution is located on a weekly basis.

Article 13 — Taxpayers and withholding agents shall lawfully keep tax-related account books, certificates, and other materials as required to preserve their integrity for inspection by the tax authorities.

Article 14 — The tax authorities may, in conjunction with the relevant departments, establish a mechanism for the sharing of information on stamp tax collection. The relevant departments shall provide the necessary information in accordance with regulations.

Chapter V — Supplementary Provisions

Article 15 — The State Council may, based on the needs of national economic and social development, adjust the specific applicable circumstances of tax items, tax rates, or tax bases for stamp tax within the scope of the Schedule of Stamp Tax Items and Tax Rates as specified by this Law and submit such adjustments to the Standing Committee of the National People's Congress for filing. The State Council shall formulate detailed rules and regulations for the implementation of this Law.

Article 16 — The State Council may, in accordance with the principles of this Law, formulate measures for the collection of stamp tax for the trading of securities and futures products traded on national unified trading venues established with the approval of the State Council, as well as the trading of equity interests, and submit such measures to the Standing Committee of the National People's Congress for filing.

Article 17 — Where the relevant provisions of the State Council on stamp tax formulated before the implementation of this Law conflict with the provisions of this Law, the provisions of this Law shall prevail.

Article 18 — The tax authorities may, in accordance with the needs of the collection and administration of stamp tax, formulate specific measures for the administration of the collection of stamp tax and submit them to the tax authority under the State Council for approval.

Article 19 — Where the State Council or the tax authorities are authorized by this Law to formulate specific provisions, such provisions shall be implemented after approval, publication, and filing. Such provisions shall not be delegated or re-delegated.

Article 20 — This Law shall come into force on July 1, 2022, upon which the Provisional Regulations of the PRC on Stamp Tax promulgated by the State Council on August 6, 1988 shall be repealed simultaneously.

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