Tobacco Tax Law of the PRC

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of regulating the collection and administration of tobacco tax, and promoting the sound development of the tobacco industry.

Article 2 — Entities and individuals that purchase dried tobacco leaves within the territory of the People’s Republic of China shall be taxpayers of tobacco tax and shall pay tobacco tax in accordance with the provisions of this Law.

Article 3 — For the purposes of this Law, the term “dried tobacco leaves” means flue-cured tobacco and sun-cured tobacco.

Chapter II — Tax Calculation

Article 4 — Tobacco tax shall be calculated on an ad valorem basis. The formula for calculating the amount of tobacco tax payable shall be: amount of tax payable = the purchase amount of tobacco leaves paid by the taxpayer × the tax rate.

The tax rate for tobacco tax shall be 20 percent.

Article 5 — The purchase amount of tobacco leaves as the basis for calculation of tobacco tax shall include the price of the tobacco leaves paid by the taxpayer to the tobacco leaf seller and the out-of-package subsidy.

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The term “out-of-package subsidy” as used in the preceding paragraph means the subsidy paid by the taxpayer on an ad valorem basis based on a certain percentage of the purchase price of tobacco leaves, which is uniformly set by the local people’s government.

Chapter III — Tax Reduction and Exemption

Article 6 — The State Council may, based on the needs of national economic and social development, provide for the reduction or exemption of tobacco tax, and shall submit such provisions to the Standing Committee of the National People’s Congress for the record.

Chapter IV — Collection Administration

Article 7 — Tobacco tax shall be collected and administered by the tax authorities in accordance with the provisions of this Law and the Law of the People’s Republic of China on the Administration of Tax Collection.

Article 8 — Taxpayers shall pay tobacco tax on a monthly basis and file a tax return with the competent tax authority within 15 days from the end of each month.

Article 9 — The time when the obligation to pay tobacco tax arises shall be the day on which the taxpayer purchases the tobacco leaves.

Article 10 — A taxpayer shall file a tax return and pay the tax with the tax authority at the place where the tobacco leaves are purchased.

Chapter V — Supplementary Provisions

Article 11 — The specific measures for the collection and administration of tobacco tax shall be prescribed by the State Council in accordance with this Law and the Law of the People’s Republic of China on the Administration of Tax Collection.

Article 12 — This Law shall enter into force as of January 1, 2018. The Interim Regulations of the People’s Republic of China on Tobacco Tax promulgated by the State Council on April 28, 2006, shall be repealed simultaneously. This version incorporates amendments adopted at the 2nd Meeting of the Standing Committee of the Twelfth National People’s Congress on November 4, 2017.

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