

# Individual Income Tax Law of the People's Republic of China

(On September 10, 1980, the Third Session of the Fifth National People's Congress passed the "On the Amendment of the "Personal Income Tax Law of the People's Republic of China" on the basis of the Fourth Session of the Standing Committee of the Eighth National People's Congress on October 31, 1993. The first amendment was based on the second amendment of the Decision on Amending the "Personal Income Tax Law of the People's Republic of China" at the 11th meeting of the Standing Committee of the Ninth National People's Congress on August 30, 1999. On the 27th, the 18th meeting of the Standing Committee of the Tenth National People's Congress "The Decision on Amending the "Personal Income Tax Law of the People's Republic of China"" was amended for the third time according to the Standing Committee of the Tenth National People's Congress on June 29, 2007. The 28th meeting of the Committee "Decision on Amending the "Personal Income Tax Law of the People's Republic of China"" was amended for the fourth time based on the 31st meeting of the Standing Committee of the Tenth National People's Congress on December 29, 2007. The Fifth Amendment to the "Decision of the Individual Income Tax Law of the People's Republic of China" was based on the "About Amending the "Individual Income Tax Law of the People's Republic of China" at the 21st Meeting of the Standing Committee of the Eleventh National People's Congress on June 30, 2011. The sixth amendment of the Decision is based on the seventh amendment of the Decision on Amending the "Personal Income Tax Law of the People's Republic of China" at the Fifth Session of the Standing Committee of the Thirteenth National People's Congress on August 31, 2018)

**Article 1** An individual who has a domicile in China or has no domicile and has accumulatively stayed in China for a total of 183 days within a tax year is a resident individual. Resident individuals' income derived from within and outside China is subject to personal income tax in accordance with the provisions of this Law.

An individual who has no residence and does not live in China, or who has no residence and

has lived in China for less than 183 days within a tax year is a non-resident individual. Non-resident individual income from China shall be subject to personal income tax in accordance with the provisions of this Law.

The tax year is from January 1 to December 31 of the Gregorian calendar.

**Article 2** The following personal income shall be subject to personal income tax:

- (1) Income from wages and salaries;
- (2) Income from labor service remuneration;
- (3) Proceeds from remuneration;
- (4) Income from royalties;
- (5) Operating income;
- (6) Interest, dividends, and bonus income;
- (7) Income from property lease;
- (8) Income from property transfer;
- (9) Accidental income.

Resident individuals obtain the income from items 1 to 4 of the preceding paragraph (hereinafter referred to as comprehensive income), and calculate their personal income tax in accordance with the tax year; Calculate personal income tax. Taxpayers who obtain income from items 5 to 9 of the preceding paragraph shall separately calculate personal income tax in accordance with the provisions of this Law.

**Article 3** Personal income tax rate:

- (1) For comprehensive income, an excess progressive tax rate of 3% to 45% is applicable (the tax rate table is attached);
- (2) The excess progressive tax rate of 5% to 35% is applicable to the income from operations (the tax rate table is attached);
- (3) Interest, dividends, dividend income, property lease income, property transfer income and accidental income are subject to a proportional tax rate of 20%.

**Article 4** The following personal income shall be exempted from personal income tax:

- (1) Science, education, technology, culture, health, sports, environmental protection and

other awards issued by the provincial people's government, ministries and commissions of the State Council and units above the Chinese People's Liberation Army, as well as foreign organizations and international organizations;

- (2) Interest on national bonds and financial bonds issued by the state;
- (3) Subsidies and allowances issued in accordance with the unified regulations of the state;
- (4) Welfare fees, pensions and relief funds;
- (5) Insurance compensation;
- (6) Service transfer fees, demobilization fees, and retirement fees for military personnel;
- (7) Settlement fees, resignation fees, basic pension or retirement fees, retirement fees, and retirement subsidies paid to cadres and employees in accordance with the unified regulations of the state;
- (8) The income of diplomatic representatives, consular officials and other personnel of embassies and consulates of various countries in China that are exempt from tax in accordance with relevant laws;
- (9) Tax-free income specified in international conventions and agreements signed by the Chinese government;
- (10) Other tax-free income specified by the State Council.

The tenth tax exemption provision of the preceding paragraph shall be reported by the State Council to the Standing Committee of the National People's Congress for the record.

**Article 5** In any of the following circumstances, personal income tax may be reduced. The specific range and duration shall be prescribed by the people's government of the province, autonomous region, or municipality directly under the Central Government, and reported to the standing committee of the people's congress at the same level for record:

- (1) The income of disabled, lonely and old people and martyrs;
- (2) Suffering major losses due to natural disasters.

The State Council may stipulate other tax reduction situations and report them to the Standing Committee of the National People's Congress for the record.

**Article 6** Calculation of taxable income:

- (1) For the comprehensive income of individual residents, the taxable income shall be the

balance of income for each tax year after deduction of expenses of RMB 60,000 and special deductions, special additional deductions and other deductions determined according to law.

(2) For non-resident individuals' salary and salary income, the balance of monthly income after deducting the fee of 5,000 yuan is the taxable income; the labor service income, manuscript income, royalties income, and each income amount It is the taxable income.

(3) The operating income shall be the taxable income based on the total income of each tax year minus costs, expenses and losses.

(4) For income from property leasing, if the income does not exceed RMB 4,000 each time, the fee shall be reduced by RMB 800; if the income exceeds RMB 4,000, the fee shall be reduced by 20%, and the balance shall be the taxable income.

(5) The income from the transfer of property shall be the amount of taxable income based on the balance of the income of the transferred property minus the original value of the property and reasonable expenses.

(6) For the income from interest, dividends, dividends and accidental income, the amount of each income shall be the taxable income. The income from labor service remuneration, manuscript remuneration and royalties is the income after deducting 20% of the income. The amount of income received from manuscripts is reduced by 70%.

Individuals donate their income to charitable causes such as education, poverty alleviation, poverty alleviation, etc. The portion of the donated amount that does not exceed 30% of the taxable income declared by the taxpayer can be deducted from their taxable income; the State Council stipulates The full pre-tax deduction for donations to charitable causes shall be governed by the provisions.

The special deductions specified in paragraph 1 of paragraph 1 of this article include basic pension insurance, basic medical insurance, unemployment insurance and other social insurance premiums and housing provident funds paid by residents in accordance with the scope and standards prescribed by the state; special additional deductions, including children's education The specific scope, standards and implementation steps of continuing education, serious illness medical care, housing loan interest or housing rent, and support for the elderly are determined by the State Council and reported to the Standing Committee of the National People's Congress for the record.

**Article 7** The income of a resident individual obtained from outside China may be deducted from the taxable amount of personal income tax already paid abroad, but the credit shall not exceed the taxable amount of the taxpayer's overseas income calculated in accordance with this Law .

**Article 8** In any of the following situations, the tax authority has the right to make tax adjustments in accordance with reasonable methods:

(1) The business transaction between an individual and its related parties does not comply with the principle of independent transactions and reduces the taxable amount of the person or its related parties, and there is no legitimate reason;

(2) Enterprises controlled by resident individuals, or jointly controlled by resident individuals and resident enterprises and established in countries (regions) where the actual tax burden is obviously low, have no reasonable business needs, and no or reduced distribution of profits should be attributed to resident individuals ;

(3) Individuals obtain improper tax benefits by implementing other arrangements that have no reasonable business purpose. Tax authorities make tax adjustments in accordance with the provisions of the preceding paragraph, and if it is necessary to replenish the tax, the tax shall be repaid and interest shall be added according to law.

**Article 9** Individual income tax is based on the income taxpayer, and the unit or individual paying the income tax is the withholding agent. If the taxpayer has a Chinese citizenship number, the Chinese citizenship number shall be used as the taxpayer identification number; if the taxpayer does not have a Chinese citizenship number, the taxation authority shall give the taxpayer identification number. When the withholding agent withholds tax, the taxpayer shall provide the withholding agent with the taxpayer identification number.

**Article 10** In any of the following situations, taxpayers shall handle tax declaration in accordance with law:

(1) To obtain comprehensive income, it is necessary to apply for settlement and settlement;

(2) There is no withholding agent for obtaining taxable income;

(3) Obtaining taxable income, the withholding agent fails to withhold tax;      (4) Obtaining overseas income;

(5) Cancellation of Chinese household registration due to immigration; (6) Non-resident individuals receive wages and salaries from more than two locations in China;

(7) Other circumstances prescribed by the State Council. The withholding agent shall handle the full withholding declaration in accordance with national regulations, and provide taxpayers with information on their personal income and withholding tax.

**Article 11** Resident individuals who obtain comprehensive income shall calculate their personal income tax annually; if there is a withholding agent, the withholding agent shall withhold the prepaid taxes on a monthly or monthly basis; The income shall be settled and settled within March 1 to June 30 of the following year. The withholding and prepayment methods shall be formulated by the taxation department of the State Council.

If a resident individual provides special additional deduction information to the withholding agent, the withholding agent shall deduct the prepaid tax on a monthly basis in accordance with the regulations, and shall not refuse it.

Non-resident individuals receive wages, salary income, labor remuneration income, manuscript remuneration income and royalties income, if there are withholding agents, the withholding agents shall withhold taxes on a monthly or monthly basis, and no settlement Liquidation.

**Article 12** Taxpayers obtain business income, and calculate personal income tax on an annual basis. The taxpayer shall submit a tax return to the tax authority within 15 days after the end of the month or quarter, and pay the tax in advance; Settlement and settlement shall be made before the 31st of the month.

Taxpayers obtain interest, dividends, dividends income, property lease income, property transfer income and accidental income, and calculate personal income tax on a monthly or monthly basis. If there is a withholding agent, the withholding agent shall be withheld on a monthly or monthly basis. Pay taxes.

**Article 13** Taxpayers who obtain taxable income without a withholding agent shall submit a tax return to the tax authority within 15 days of the month after the income is obtained and pay the tax.

If the taxpayer obtains taxable income and the withholding agent fails to withhold the tax, the taxpayer shall pay the tax before June 30 of the following year when the income is obtained;

if the tax authority notifies the deadline to pay, the taxpayer shall pay the tax within the time limit Taxes.

Residents who obtain income from outside China shall declare and pay taxes within March 1 to June 30 of the following year. Non-resident individuals who obtain wages and salaries from two or more places in China shall declare and pay taxes within 15 days of the month following the income.

Taxpayers who cancel their Chinese household registration due to emigration shall go through tax clearance before canceling their Chinese household registration.

**Article 14** The tax withheld or withheld by the withholding agent shall be paid into the national treasury within 15 days of the following month, and the tax withholding individual income tax return shall be submitted to the tax authority.

If the taxpayer handles the settlement and refund of the tax or the withholding agent handles the settlement and refund of the tax for the taxpayer, the tax authority shall handle the tax refund in accordance with the relevant provisions of the treasury management.

**Article 15** Public security, people's banks, financial supervision and management and other relevant departments shall assist tax authorities in confirming the identity of taxpayers and financial account information. Relevant departments such as education, health, medical security, civil affairs, social security of human resources, urban and rural construction of housing, public security, the People's Bank, and financial supervision and management should provide tax authorities with education of children of taxpayers, continuing education, medical treatment of serious illnesses, interest on housing loans, housing Special additional deduction information for rent, support for the elderly, etc. If an individual transfers real estate, the tax authority should verify the personal income tax payable based on real estate registration and other relevant information. When the registration agency handles the transfer registration, it should check the tax payment certificate of the personal income tax related to the real estate transfer. If the individual transfers the equity and handles the change registration, the market entity registration authority shall examine the tax payment certificate of the personal income tax related to the equity transaction. Relevant departments shall incorporate taxpayers and withholding agents' compliance with this law into the credit information system, and implement joint

incentives or punishments.

**Article 16** The calculation of each income shall be in RMB. If the income is in a currency other than RMB, the central parity of the RMB exchange rate shall be converted into RMB for tax payment.

**Article 17** The withholding agent shall pay a handling fee of 2% in accordance with the tax withheld.

**Article 18** The levy, reduction and suspension of personal income tax on savings deposit interest income and their specific measures shall be stipulated by the State Council and reported to the Standing Committee of the National People's Congress for the record.

**Article 19** Where taxpayers, withholding agents and tax authorities and their staff members violate the provisions of this Law, they shall be investigated for legal responsibility in accordance with the "Tax Collection and Administration Law of the People's Republic of China" and relevant laws and regulations.

**Article 20** The collection and management of personal income tax shall be implemented in accordance with the provisions of this Law and the "Law of the People's Republic of China on Tax Collection and Administration".

**Article 21** The State Council shall formulate implementation regulations in accordance with this Law.

**Article 22** This Law shall come into force on the date of promulgation.

Personal income tax rate table 1

Series	Annual taxable income	Tax rate(%)
1	Not more than 36,000 yuan	3
2	More than 36,000 yuan to 144,000 yuan	10
3	More than 144,000 yuan to 300,000 yuan	20
4	More than 300,000 yuan to 420,000 yuan	25

5	More than 420,000 yuan to 660,000 yuan	30
6	More than 660,000 yuan to 960,000 yuan	35
7	More than 960,000 yuan	45

(Note 1: The annual taxable income referred to in this table refers to the comprehensive income obtained by individual residents in accordance with the provisions of Article 6 of this Law. Balance after other deductions

Note2: Income from wages and salaries, remuneration for service, author's remuneration and royalties derived by non-resident individuals shall be calculated on the basis of monthly conversion in accordance with the present table.)

## Personal income tax rate table 2

(Applicable to operating income)

Series	Annual taxable income	Tax rate(%)
1	Not more than 30,000 yuan	5
2	More than 30,000 yuan to 90,000 yuan	10
3	More than 90,000 yuan to 300,000 yuan	20
4	More than 300,000 yuan to 500,000 yuan	30
5	More than 500,000 yuan	35

(Note 1: The term "the taxable income" of all years as mentioned in this form refers to the balance after deducting costs , expenses and losses from the total income of each tax year according to the provisions of article 6 of this law.)