

## Policies Related to Personal Income Tax Preferences for Foreigners

Policy Category	Summary of Preferential Content	Primary Legal Basis (National/Shanghai)	Notes / Application Conditions
Tax-exempt allowances	Housing subsidies, meal allowances, relocation expenses, laundry fees, domestic and overseas business travel allowances, home visit fees, language training fees, children's education fees, and other allowances/subsidies are temporarily exempt from personal income tax for the reasonable portion.	<i>Cai Shui [1994] No. 20</i> <i>Guo Shui [1997] No. 54</i>	Valid supporting documents (such as invoices, receipts, contracts, etc.) must be provided, and the tax authorities will review their reasonableness.
Special Additional Deductions vs Tax-exempt allowances	Foreign individuals who qualify as resident individuals may elect to enjoy either the Special Additional Deductions for Personal Income Tax or the tax-exempt subsidy preferential policies mentioned above, but these two options are mutually exclusive.	<i>Cai Shui [2018] No. 164 Announcement [2023]</i> <i>No. 29 of the Ministry of Finance and the State Taxation Administration</i>	Once selected, the choice cannot be changed within a single tax year. This policy is valid until December 31, 2027.
Lingang New Area Individual Income Tax Incentives	For eligible high-end overseas talents and scarce talents, financial subsidies will be granted for the portion of their personal income tax burden that exceeds 15%.	<i>Shanghai Regional Policies</i>	In essence, it functions as a tax burden subsidy and requires meeting the talent criteria for key industries in the Lingang New Area.

### Important Notes

1. Valid supporting documents are crucial: To enjoy most tax-exempt subsidy policies, it is necessary to provide authentic and valid supporting documents (such as invoices, receipts, contracts, etc.). The tax authorities will review the reasonableness and authenticity of these documents.
2. Determination of resident individual status: Whether a foreign individual has resided in China for a cumulative total of 183 days or more within a tax year is the key factor in determining their status as a "resident individual" or "non-resident individual". This directly affects the preferential policies they can enjoy.
3. Choose between Special Additional Deductions or tax-exempt subsidies: Foreign individuals who qualify as resident individuals must choose one between the Special Additional Deductions and the tax-exempt subsidy preferential policies, and this choice cannot be changed within a tax year. You should calculate which option is more beneficial based on your actual situation.