

➤ **Q: Who are the individuals liable to Individual Income Tax?**

A: The taxpayers of Individual Income Tax are the income earners, which can be divided into the following two situations:

- a. Individual Income Tax shall be paid on their world wide income by the individuals who have domicile in China (refer to individuals who by reason of their family registration administration, family or economic interests habitually reside in China) or who, though without domicile in China, have resided in China for one year or more.

For the income derived from sources outside china by individuals not domiciled in China, they may upon approval by the competent tax department, pay Individual Income Tax only on the income paid by the enterprises and other economic organizations or individuals within China provided they reside in China for a period between one year and five years. Those with residing period longer than five years in China should pay Individual Income Tax on all of their foreign income starting from the sixth year.

- b. Individuals who are neither domiciled nor resident in China or who do not have domicile and are resident for less than one year in China shall pay Individual Income Tax only on the income obtained from sources within China.

For individuals having no domicile in China and residing in China continuously or cumulatively for less than 90days in one tax year, the part of their income from China which is paid by overseas employers and is not borne by the employers' establishment or places in China shall be exempt from Individual Income Tax.

Residing in China for one year means residing in China for 365 days in one tax year. No deductions days shall be made from the number of days for temporary trips out of China for not more than 30 days during a single trip or not more than 90 days on accumulative basis over a number of trips within the same tax year.

The tax year starts from January 1 and ends on December 31 under Gregorian calendar.

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