

➤ **Q: What income is included in the production and business operation income earned by Individual Industrial and Commercial Households?**

A: The income from production or business operation derived by Individual Industrial and Commercial Households includes the following items:

- a. Income derived by Individual Industrial and Commercial Households from engagement in industry, handicrafts, construction, transportation, commerce, catering industry, service industry, repair industry and production and business in other industries.
- b. Income derived by individuals from engagement, with approval from the relevant governmental department and after having obtained licenses, in the provision of educational, medical, advisory and other service activities for charges.
- c. Income derived by other individuals from engagement in individual industrial and commercial production and business.
- d. All taxable income related to production and business of the above Individual Industrial and Commercial Households and individuals.
- e. Income derived by Individual Industrial and commercial House hold and individuals solely engaged in plantation, breeding, feeding and fishery whose the operational items as above are not included in the scope of Agriculture Tax or Animal Husbandry Tax should be subject to individual Income Tax (For example, the Local Tax Bureau of Hebei province stipulates that the income earned by people specialized in breeding of chicken, ox and/or sheep which is not covered by Agriculture Tax should be taxed under Individual Income Tax in reference to the tax on income of Individual Industrial and Commercial Households.). Those concurrently engaged in the above industries should pay tax in reference to the specialized households if they separately account for each industry. Otherwise, all of their income should be taxed in Individual Income Tax.

The Individual Industrial and Commercial Households obtaining production and business income from more than one source should aggregate their income for computation and payment of Individual Income Tax.

Profits derived by Individual Industrial and Commercial Households from joint operation with enterprises shall not be taxed as the items mentioned above and shall be taxed in line with dividends, interests and bonuses.

The copyright and/or other intellectual property rights of China Business Engine including related text, images, charts, sound, animation, and videos, and their arrangement on the China Business Engine website, are protected by copyright and other protective laws.