

➤ **Q: What are the rates of deed tax? How to calculate the amount of tax payable?**

A: Deed tax adopts flat rates, ranging between 3% and 5%. The specific applicable rates shall be determined by the people's government at provincial level within the above range in consideration of the practical conditions, and submitted to the ministry of finance and the state administration of taxation for records. At present, 3% rate is adopted in Tianjin, Inner Mongolia, Shanghai, Zhejiang, Fujian, Shandong, Guangdong, Guangxi, Hainan, Chongqing, Yunnan, Guizhou, Shaanxi, Jiangsu, Anhui, Jiangxi, Henan, Hubei, Hunan, Sichuan, 3.5% rate is adopted in Gansu, 5% rate in Liaoning, and 3% on private purchase of self-use residence and 5% on other items in Heilongjiang and Jilin. This tax is not levied in Tibet up to now.

Tax payable = Tax base \* applicable rate

The tax payable is computed in terms of Renminbi. The payment in foreign currency for transfer of land and house titles should be converted into Renminbi at the exchange rate quoted on the day when the tax liability arises.

**Example 1:**

An enterprise bought the use right of a piece of land, and the concluded price was 20 million yuan. The local applicable tax rate is 3%. The tax payable is computed as:

Tax payable = 20 million yuan \* 3% = 600000yuan

**Example 2:**

Mr. He and Mr. Wu exchanged houses, and Mr. He paid 40000 yuan price difference to Mr. Wu. The local tax rate is 5%. The tax payable by Mr. He is computed as:

Tax payable = 40000 yuan \* 5% = 2000yuan

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