

### Stamp Tax Computation method

The Stamp Tax is based on the amount of payments, fees or revenue listed on the taxable documents or the number of pieces of the taxable documents, and computed by using the statutory applicable tax rate or amount of tax per unit.

The formula for calculating the amount of tax payable is:

- 1) Tax payable = Amount of payment(or fees or revenue) indicated in taxable documents × Applicable rate
- 2) Tax payable= Number of pieces of taxable documents × Amount of tax per unit

Examples:

1) Two enterprises A and B signed a purchase and sale contract indicating 2 million Yuan purchase and sale. The applicable rate is 0.3 ‰. Thus the amount of Stamp Tax payable by each of the enterprises is computed as:

$$\text{Tax payable} = 2,000,000 \text{ Yuan} \times 0.3 \text{ ‰} = 600 \text{ yuan}$$

2) Except for fund records, some enterprise has 30 other production and operation records and various permits and licenses. The applicable amount of tax per piece is 5 Yuan. Thus the amount of Stamp Tax payable on these records, permits and licenses is computed as:

$$\text{Tax payable} = 30 \text{ pieces} \times 5 \text{ Yuan/ piece} = 150 \text{ Yuan}$$

Where the payment indicated in the taxable documents is in foreign currency, it should be converted into Renminbi according to the exchange rate quoted by the People's Bank of China (or the exchange rate computed according to relevant rules) on the date of signing the documents, and then the amount of tax payable is computed on that Renmibi basis.

In case of the Stamp Tax less than 0.1 Yuan, the tax shall be exempt. Where the tax is over 0.1 Yuan, the odd digit shall be ignored if the odd digit is less than 0.05 Yuan, or the odd digit shall be rounded up to 0.1 Yuan if the odd digit is not less than 0.05 Yuan.

Where one document carries two or more economic items applicable to different taxable items and rates, the Stamp Tax should be separately computed and the totaling shall be the tax payable if the payments are separately listed, or the tax shall be computed by applying the higher rate if the payments are not separately listed.

Where the document increase the payment due to revision of the document after payment of stamp tax, additional tax stamp should be put on the increment of the payment value.

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