

Urban Real Tax Computation Method

1) Tax base

There are two types of tax base: one is based on the price of the house property, and the other is based on the rental income from leasing the house property.

2) Tax rates

Accordingly, there are two rates: one is 1.2% for the tax based on the price of the house property, and the other is 18% for the tax based on the rental income.

3) Computation formula

Tax payable = tax base * applicable tax rate

Examples:

a. some joint venture with Chinese and foreign investment manages a hotel of value 80 million yuan. The applicable rate of Urban Real Estate Tax is 1.2%. Its annual amount of Urban Real Estate Tax payable is computed as:

tax payable = 80 million yuan * 1.2% = 0.96 million yuan

b. some foreign businessman leases a high building and receives rental income of 10 million yuan each year. The applicable tax rate is 1.8%. His tax payable is computed as:

Tax payable = 10 million yuan * 18% = 1.8 million yuan

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