

Interim Regulations of the People's Republic of China Concerning Title Deed Taxes

Decree [1997] No.224 of the State Council

"Interim Regulations of the People's Republic of China Concerning Title Deed Taxes" is adopted at the 55th Executive Meeting of the State Council on April 23, 1997, and is promulgated now. This law will be effective as of Oct. 1, 1997.

Premier of the State Council: Li Peng

July 7, 1997

Article 1 Units or individuals to whom titles of land or houses have been transferred within the territory of the People's Republic of China shall be title deed tax payers and shall pay title deed taxes according to the provisions of these regulations.

Article 2 The transfer of titles of land or houses mentioned in the regulations refers to the following acts:

1. Leasing of the right to the use of State-owned lands;
2. Transfer, including sales, donation and exchange, of land use right;
3. House trading;
4. House donation;
5. House exchange.

The transfer of land use right mentioned in the preceding paragraph does not include the transfer of operation right of the rural collective land.

Article 3 Rates of title deed taxes shall be 3%-5%.

The title deed tax rates applied shall be determined by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government according to the actual circumstances of the localities and within the scope prescribed above and reported to the Ministry of Finance and the State Tax Administration for record.

Article 4 Basis for calculating title deed taxes shall be:

1. Transacted prices in leasing of rights to use State-owned lands, sales of land use rights and house tradings;
2. Prices set by the tax authorities according to the market prices of sales of land use rights and house tradings in donation of land use rights or houses;
3. Prices imparities during exchanges of land use rights or houses.

When the transacted prices mentioned in the preceding paragraph is obviously lower than the market prices or the price imparities during exchange of land use rights or houses are significantly unreasonable without justifiable reasons, the tax authorities shall reset the prices according to market prices.

Article 5 The taxable amount of title deed taxes shall be calculated and levied according to the tax rates prescribed in Article 3 of the regulations and provisions of Article 4 of the regulations. The formula for the calculation shall be:

Taxable amount = Basis for tax calculation X tax rates

Taxable amount shall be nominated in Renminbi. In cases in which settlements are made in foreign 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.

currencies in land or house title transfers, the amount shall be converted into Renminbi according to the middle price quoted by the People's Bank of China on the day when the taxes have to be paid.

Article 6 Title deed taxes shall be exempted or reduced for one of the following cases:

1. Title deed tax exemption shall be granted to the transfer of lands or houses to government organs, institutional units, social groups and military units to be used as offices, teaching, medical treatment, research and military installations;
2. Title deed taxes shall be exempted for the purchases of public houses by urban workers and staff members for the first time according to regulations;
3. Title deed taxes shall be reduced or exempted for purchases of new houses in cases of destruction of the original houses by force majeure according to the actual conditions of the cases;
4. Cases for title deed tax exemption or reduction prescribed by the Ministry of Finance.

Article 7 Title deed tax payers enjoying title deed tax exemption or reduction shall no longer be entitled to the said exemption or reduction according to Article 6 of the regulations and shall pay the amount of tax reduced or exempted retroactively upon a change of the uses of the lands or houses.

Article 8 The time for the payment of title deed taxes is the day when the title deed tax payers sign the land or house title transfer contract or the day when title deed tax payers acquire the certificate for land or house title transfers with the same strength as the related contracts.

Article 9 Title deed tax payers shall, within ten days of the occurrence of obligation for title deed tax payments, file tax returns with the title deed tax collection organs in places where the lands or houses are located and pay taxes within the prescribed time limit as set by the title deed tax collection organs.

Article 10 After completing the whole process of title deed tax payments, title deed tax collection organs shall produce tax paid certificates to the taxpayers.

Article 11 Title deed tax payers shall go through the procedures for the alteration of titles of lands or houses with the land or house administrative department by presenting tax paid certificates and other prescribed documents and materials. If a tax payer fails to produce tax paid certificate, the land or house administrative department shall refuse to carry out the process for the alteration of the titles of land or houses.

Article 12 Title deed tax collection organs shall be the financial organs or local tax authorities in the places where the land or houses are located. The specific organs for collecting such taxes shall be determined by the people's governments of provinces, autonomous regions and municipalities.

Land or house administrative departments shall provide related materials to title deed tax collection organs and assist them in collecting title deed taxes.

Article 13 The collection and administration of title deed taxes shall follow the related provisions of the regulations and related laws and administrative decrees.

Article 14 The Ministry of Finance shall formulate the Rules for the Implementation of the Interim Regulations.

Article 15 The Interim Regulations shall enter into force as of October 1, 1997 and the original Interim Regulations of Title Deed Taxes promulgated by the Central People's Government on April 3, 1950 shall be nullified simultaneously.

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