

**PROVISIONAL REGULATIONS OF THE PEOPLE'S REPUBLIC OF CHINA ON BUSINESS TAX**

(State Council: 13 December 1993)

Whole Doc.

**Article 1**

All units and individuals engaged in the provision of services as prescribed in these Regulations (hereinafter referred to as 'taxable services'), the transfer of intangible assets or the sale of immovable properties within the territory of the People's Republic of China shall be taxpayers of Business Tax (hereinafter referred to be 'taxpayers'), and shall pay Business Tax in accordance with these Regulations.

**Article 2**

The taxable items and tax rates of Business Tax shall be determined in accordance with the attached to these Regulations. Any adjustments to the taxable items and tax rates shall be determined by the State Council. The specific tax rates applicable to taxpayers engaged in entertainment businesses shall be determined by the People's governments of the provinces, autonomous regions and municipalities directly under the central government within the range prescribed by these Regulations.

**Article 3**

For taxpayers engaged in taxable activities under different tax items, the turnover, transfer and sales amounts (hereinafter referred to as 'turnover') under different taxable items shall be accounted for separately. If the turnover has not been accounted for separately, the higher tax rate shall apply.

**Article 4**

For taxpayers providing taxable services, transferring intangible assets on selling immovable properties, the tax payable shall be computed according to the turnover and the prescribed tax rates. The formula for computing the tax payable is as follows:

Tax payable = Turnover x Tax rate

The tax payable shall be computed in RMB, The turnover of the taxpayer settled in foreign currencies shall be converted into RMB according to the exchange rate prevailing in the foreign exchange market.

**Article 5**

The turnover of the taxpayers shall be the total consideration and all other changes receivable from the payers for the provision of taxable services transfer of intangible assets or sales of immovable properties by the taxpayers, except for the following situations:

- (1) For transportation enterprises which carry passengers or cargoes from the territory of the People's Republic of China to over seas locations and trans-ship passengers or cargoes to other transportation enterprises overseas, the turnover shall be the balance of transport charges for the whole journey less the transport charges paid to the sub-contracted transportation enterprises.
- (2) For travel enterprises which organize tourist groups to travel outside the territory of the People's Republic of China and sub-contract to other travel enterprises overseas, the turnover shall be the balance of the tourist charges for the whole journey less the payments made to those sub-contracted travel enterprises.
- (3) For the main contractors in the construction business who sub-contract work to others, the turnover 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.

shall be the balance of the total contract sum less the payments made to the sub- contractors.

(4) For re-lending businesses, the turnover shall be the balance of interest on lending less the interest on borrowing.

(5) For businesses buying and selling foreign currencies, marketable securities and futures, the turnover shall be the balance of the selling prices less the buying prices.

(6) Other situations as regulated by the Ministry of Finance.

#### Article 6

The following items shall be exempt from Business Tax:

(1) Nursing services provided by nurseries, kindergartens, homes for the aged, welfare institutions for the handicapped, matchmaking and funeral services.

(2) Services provided on individual basis by the disabled.

(3) Medical services provided by hospitals, clinics and other medical institutions.

(4) Educational services provided by schools and other educational institutions; and services provided by students participating in work-study programs.

(5) Agricultural mechanical ploughing, irrigation and drainage, prevention and treatment of plant diseases and insect pests, plant protection, insurance for farming and animal husbandry, and related technical training services; breeding and the prevention and treatment of diseases of poultry, livestock and aquatic animals.

(6) Admission fees for cultural activities conducted by memorial hall, museum, cultural centre, art gallery, exhibition hall, academy of painting and calligraphy, library and cultural protective units; admission fees for cultural and religious activities conducted at places of religious worship. Except as stipulated in the above paragraphs, the Business Tax exemption and reduction items shall be regulated by the State Council. Local governments or departments shall not regulate any tax exemption or reduction items.

#### Article 7

For taxpayers engaged in tax exempt or tax reduced items, the turnover shall be accounted for separately. If the turnover has not been separately accounted for, no exemption or reduction is allowed.

#### Article 8

For taxpayers whose turnover has not reached the Business Tax minimum threshold stipulated by the Ministry of Finance, the Business Tax shall be exempt.

#### Article 9

The time at which a liability to Business Tax arises shall be the date on which the business proceeds are received or documented evidence of right to collect business proceeds is obtained by the taxpayer.

#### Article 10

Business Tax shall be collected by the tax authorities.

#### Article 11

Business Tax withholding agents are as follows:

(1) For financial institutions entrusted to grant loans, the entrusted financial institutions shall be the withholding agents.

(2) For sub-contracting of construction and installation business, the main contractors shall be the withholding agents.

(3) Other withholding agents as stipulated by the Ministry of

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Finance.

Article 12

The place for the payment of Business Tax is as follows:

- (1) Taxpayers providing taxable services shall report and pay tax to the local competent tax authorities where the taxable services take place. Taxpayers engaged in the transportation business shall report and pay tax to the local competent tax authorities where the business establishment is located.
- (2) Taxpayers transferring land use rights shall report and pay tax to the local competent tax authorities where the land is located. Taxpayers transferring other intangible assets shall report and pay tax to the local competent tax authorities where the establishment is located.
- (3) Taxpayers selling immovable properties shall report and pay tax to the local competent tax authorities where the immovable properties are located.

Article 13

The Business Tax assessable period shall be five days, ten days, fifteen days or one month. The actual assessable period of taxpayers shall be determined by the competent tax authorities according to the magnitude of the tax payable of the taxpayers; tax that cannot be assessed in regular periods may be assessed on a transaction-by-transaction basis. Taxpayers that adopt one month as an assessable period shall report and pay tax within ten days following the end of the period. If an assessable period of five days, ten days or fifteen days is adopted, the tax shall be prepaid within five days following the end of the period and a monthly tax return shall be filed with any balance of tax due settled within ten days from the first day of the following month.

The tax payment deadlines for withholding agents shall be determined with reference to the stipulations of the above two paragraphs.

Article 14

The collection and administration of Business Tax shall be conducted in accordance with the relevant regulations of the Republic of China on Tax Collection and Administration and these Regulations.

Article 15

The collection of Business Tax from foreign investment enterprises and foreign enterprises shall be conducted in accordance with the resolutions of the Standing Committee of the National People's Congress.

Article 16

The Ministry of Finance shall be responsible for the interpretation of these Regulations and for the formulation of the Detailed Rules and Regulations for the Implementation of these Regulations.

Article 17

These Regulations shall come into effect from January 1, 1994, The promulgated by the State Council on September 18, 1984 shall be repealed on the same date.

**BUSINESS TAX TAXABLE ITEMS AND TAX RATES TABLE**

Taxable  
items Scope of charge Tax Rate %

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1. Communications  
and transportation Transportation by land, water, 3  
air and pipeline, loading  
unloading and delivery
  2. Construction Construction, installation,  
repair, decoration and other  
engineering work 3
  3. Finance and insurance 5
  4. Posts and  
telecommunications 3
  5. Culture and sports 3
  6. Entertainment Singing bars, dance halls, 5-20  
karaoke lounges, commercial  
music halls, musical tea  
houses, billiards, golf,  
bowling and amusement  
facilities
  7. Servicing Agency, hotel, catering, 5  
tourism, warehousing,  
leasing, advertising and  
other services
  8. Transfer of  
intangible assets Transfer of land-use rights, 5  
patent rights, unpatched  
technologies, trade marks,  
copyrights and goodwill
  9. Sale of immovable  
properties Sale of buildings and other 5  
attachments to land
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