
IMPLEMENTATION MEASURES FOR THE COLLECTION OF INDIVIDUAL INCOME TAX ON INTEREST INCOME FROM SAVING DEPOSITS

(Issued by Order No. 272 of the State Council of the People's Republic of China on September 30, 1999, and amended in accordance with Decision of the State Council on Amending the "Implementation Measures for the Collection of Individual Income Tax on Interest Income from Saving Deposits" on July 20, 2007)



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Article 1

The Measures are formulated in accordance with Individual Income Tax Law of the People's Republic of China.

Article 2

Individuals who obtain interest income from Chinese yuan or foreign currency saving deposits in thrift institutions within the territory of the People's Republic of China shall pay individual income tax in accordance with the Measures.

Article 3

The tax basis for calculating the individual income tax on interest income from saving deposits shall be the interest income from Chinese yuan or foreign currency saving deposits derived by a taxpayer.

Article 4

Individual income tax on interest income from saving deposits shall be collected at a reduced proportional tax rate of 5 percent. Any adjustment to the range of tax reduction shall be determined by the State Council.

Article 5

Interest income derived by individuals from educational saving deposits or any other saving deposits or savings-type fund deposits earmarked for special purposes specified by the finance department of the State Council shall be exempt from individual income tax.

The term "educational saving deposits" mentioned in the preceding paragraph refers to the special savings of individuals who open accounts, deposit certain amounts of funds, and use them for educational purposes in a designated bank in accordance with relevant regulations.

Article 6

For interest income from saving deposits, the individual income tax shall be calculated and collected in accordance with the amount of interest income derived each time.

Article 7

Thrift institutions that settle and pay interest shall be the withholding agents and shall withhold and pay the individual income tax on interest income from saving deposits.

Article 8

The withholding agents shall withhold and pay taxes in accordance with the law when settling and paying interest to the depositors.

The term "settling and paying interest" in the preceding paragraph refers to settling and paying interest when the depositors withdraw the money, settling and paying interest for demand deposits on the expiry date for interest, or settling and paying interest when offering automatic rollover service for saving deposits, etc.

The withholding agents shall indicate the amount of tax withheld on the interest settlement and payment note given to the depositors.

Article 9

Taxes withheld by the withholding agent on a monthly basis shall be turned over to the State treasury by the 7th day of the month following that in which it was withheld. The tax return for individual income tax withheld shall also be filed with the tax authority in charge. Where the tax is withheld in a foreign currency other than Chinese yuan, it shall be turned over to the State treasury after being converted into Chinese yuan.

Article 10

A handling fee of 2 percent of the amount of tax withheld shall be paid to withholding agents.

Article 11

Tax authorities shall strengthen the supervision and inspection on the withholding and payment of taxes conducted by the withholding agents. The withholding agents shall cooperate proactively, report information truthfully, provide relevant data, and shall not refuse such supervision and inspection or conceal any information and data.

Article 12

The individual income tax on interest income from saving deposits shall be collected and administered by national tax bureaus in accordance with Tax Collection and Administration Law of the People's Republic of China, Individual Income Tax Law of the People's Republic of China, and the Measures.

Article 13

The term "thrift institutions" mentioned in the Measures refers to commercial banks, urban credit cooperatives, rural credit cooperatives and other

financial institutions that accept public deposits approved by the banking supervisory and regulatory authorities of the State Council.

Article 14

Interest income from saving deposits accrued before October 31, 1999 shall not be subject to individual income tax; interest income from saving deposits accrued from November 1, 1999 to August 14, 2007 shall be subject to individual income tax at a proportional tax rate of 20 percent; interest income from saving deposits accrued after August 15, 2007 shall be subject to individual income tax at a proportional tax rate of 5 percent.

Article 15

The Measures shall enter into force from November 1, 1999.



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