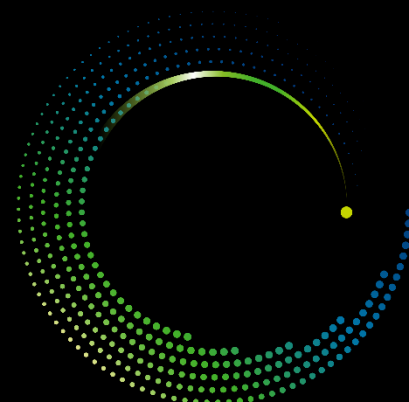


International Tax China Highlights 2025

Updated January 2025



Recent developments

For the latest tax developments relating to China, see [Deloitte tax@hand](#).

Investment basics

Currency: Renminbi (RMB) or Yuan (CNY)

Foreign exchange control: The government maintains strict exchange controls, although the general trend has been toward a gradual liberalization of China's foreign exchange markets and specific controls over companies and individuals.

Accounting principles/financial statements: Accounting standards similar to IFRS are mandatory for publicly held companies listed in China and certain other companies (e.g., banks) and have been widely applied to large and medium-sized enterprises established in China.

Principal business entities: China maintains a matrix of laws and regulations relating to business entities. The main entities are pure domestic enterprises, wholly foreign-owned enterprises, equity joint ventures, holding companies, domestic partnerships, foreign-invested partnerships, trusts, branches, and representative offices. Branches of foreign companies are permitted for a limited number of industries (e.g., banks and insurance companies). An enterprise that is set up as a company may be established as a joint stock company or a limited liability company.

Corporate taxation

Rates	
Corporate income tax rate	25%
Branch tax rate	25%
Capital gains tax rate	25%

Residence: A company is resident in China if it is established in China or if its place of effective management is in China. Effective management is defined as substantial and overall management and control over manufacturing and business operations, human resources, and financial and property aspects of the entity. A nonresident company also will be subject to tax in China if it has an "establishment" in China or, if it does not have an establishment in China, it derives income from China. The definition of an establishment is broad and does not include an exemption for an independent

agent. If a nonresident company has an establishment in China, it will be subject to tax in China on all income effectively connected with that establishment.

Basis: Resident companies are taxed on worldwide income, while nonresident companies are taxed on China-source income and income effectively connected with their establishments (if any) in China. Profits (losses) of a resident company's branches are included in the head office's taxable income. Branches of nonresident companies generally are recognized as establishments in China, and thus all income effectively connected with these establishments will be subject to Chinese income tax.

Taxable income: Taxable income is the amount remaining from gross income in a tax year after deducting allowable expenses and losses, nontaxable and tax-exempt items, and any prior year loss carryforwards. All documented costs incurred in connection with operating activities on a reasonable and actual basis are allowable, except those specifically identified as nondeductible.

Rate

General

The standard enterprise income tax (EIT) rate is 25%. Special rates mainly apply to small-scale enterprises (5% if certain requirements are met), enterprises with new/high-technology status (15%), advanced technology service enterprises that perform qualifying outsourcing services (15%), and enterprises incorporated in certain regions of China and engaged in encouraged business activities (15%). Special rates are available for certain other encouraged businesses (e.g., 10% for certain enterprises in the integrated circuits and software sectors, 15% for qualifying enterprises providing services with respect to pollution prevention and treatment for 2019 through 2027).

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

China supports the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million, but has not announced any specific plan to implement the rules. China also has not announced whether it will adopt a tax intended to be a qualified domestic minimum top-up tax (sometimes referred to as a QDMTT).

Taxation of dividends: An exemption applies for dividends paid by one resident company to another (with certain limits). Dividends received from a foreign entity are included in taxable income and generally are subject to EIT at a rate of 25%, with a tax credit granted for foreign tax paid.

Capital gains: Gains and losses from the transfer of assets generally are combined with other operating income and taxed at the applicable EIT rate.

Losses: Losses may be carried forward for five years, which may be extended to 10 years for qualifying new/high-technology enterprises, small and medium-sized technology enterprises, and qualifying integrated circuit manufacturers, and may be further extended to 13 years for qualifying new/high-technology enterprises, as well as small and medium-sized technology enterprises in Nansha of Guangdong. The tax loss carryforward period has been extended from five to eight years for tax losses incurred in 2020 for businesses severely affected by COVID-19 (e.g., transportation, catering, hospitality, travel, the movie industry). The carryback of losses generally is not permitted.

Foreign tax relief: Foreign tax paid may be credited against Chinese tax on the same profits, but the credit is limited to the amount of Chinese tax payable on the foreign income. If the foreign tax credit exceeds the limit, the excess may be carried forward for five years. An indirect tax credit also is allowed when dividends are distributed to a resident company that holds directly or indirectly at least 20% of the foreign entity (within five tiers) deriving the underlying profits.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: The principal incentives include a 15% preferential EIT rate applicable to new/high-technology enterprises and advanced technology service enterprises, and a 100% super deduction for qualifying R&D expenditure (increased to 120% for certain sectors (e.g., integrated circuit) for 2023 through 2027). Chinese enterprises are allowed to deduct 200% of the amount of the funds they provided to qualifying Chinese institutions for fundamental research purposes.

Certain incentives have been introduced to accelerate or enhance tax depreciation of fixed assets to stimulate capital investments. Notably, enterprises are allowed to claim an immediate deduction without depreciating the amount over the period of useful life for qualifying equipment acquired during the period from 2018 through 2027.

A geographically based incentive that is available to new/high-technology enterprises established as from 2008 provides for a two-year tax holiday, followed by three years at a 12.5% EIT rate (after which time the rate reverts to the 15% rate that generally applies to new/high-technology enterprises). Encouraged industries in western China are subject to a reduced 15% EIT rate until 31 December 2030. Encouraged industries in Pingtan (Fujian), Qianhai and Hetao (Shenzhen), Hengqin (Zhuhai), Nansha (Guangzhou), and Lingang (Shanghai) may be subject to a reduced 15% EIT rate or other incentives (e.g., an extended loss carryforward period for qualifying new/high-technology enterprises in Nansha, an EIT exemption for income from newly increased foreign direct investments by qualifying enterprises in Hengqin).

A series of tax incentives to support the development of the Hainan Free Trade Port (HFTP) were effective through 31 December 2024. These incentives included a reduced 15% EIT rate for encouraged businesses in the HFTP, an EIT exemption for income from newly increased foreign direct investments by qualifying HFTP companies, and an immediate deduction or accelerated depreciation/amortization of qualifying fixed assets and intangible assets by HFTP companies. It is expected that further financial and tax reforms will be implemented from 2025 to 2035.

Tax exemptions and other forms of preferential treatment apply to the agriculture, forestry, animal husbandry, and fishery sectors; software and integrated circuit industries; major infrastructure projects; certain environmental projects; and certain transfers of technology.

Compliance for corporations

Tax year: The tax year is the calendar year.

Consolidated returns: The filing of consolidated returns generally is not permitted; each company must file a separate return.

Filing and payment: Companies must file a provisional income tax return with the local tax authorities within 15 days of the end of each quarter and pay quarterly installments of tax generally based on the profits for the quarter. An annual tax return and final settlement of the tax liability must be made within five months of the end of the tax year.

Penalties: A late payment surcharge will be imposed daily at a rate of 0.05% of the amount of underpaid tax. Penalties may be imposed in addition to the late payment surcharge. An interest-based penalty calculated at the basic RMB lending rate plus five percentage points applies where tax adjustments have been made based on China's transfer pricing, thin capitalization, controlled foreign company (CFC), or general anti-avoidance rules.

Rulings: Advance ruling procedures have not been widely adopted in China, although they have been piloted with respect to certain qualifying enterprises in various locations (e.g., Beijing and Shanghai). Taxpayers normally consult their local tax officials when issues arise. Advance pricing agreements may be concluded with the State Taxation Administration.

Individual taxation

Rates		
Individual income tax rate	Taxable income (RMB)	Rate
Annual comprehensive income (i.e., employment income, income from independent personal services, author's income, and royalties)	Up to 36,000	3%
	36,001–144,000	10%
	144,001–300,000	20%
	300,001–420,000	25%
	420,001–660,000	30%
	660,001–960,000	35%
Annual business income	Over 960,000	45%
	Up to 30,000	5%
	30,001–90,000	10%
	90,001–300,000	20%
	300,001–500,000	30%
Dividends, interest, income from leasing of property, contingency income, and capital gains	Over 500,000	35%
		20%

Residence: The individual income tax (IIT) law provides that an individual is a Chinese resident if they are domiciled in China, or if not domiciled in China, the individual stays in China for 183 days or more in a calendar year. The test for domicile in China generally is whether an individual is habitually residing in China due to their household, family, or economic situation.

Basis: According to the IIT law, a resident is subject to IIT on their worldwide income, while a nonresident is subject to IIT only on China-source income. However, the implementing regulations to the law include a "six-year rule" under which certain foreign-source income of a resident is exempt from IIT (i.e., a nondomiciled resident is exempt from IIT on foreign-source income that is paid by a foreign party, unless the individual has stayed in China for 183 days or more in each calendar year of a period of six consecutive calendar years and has not been absent from China for more than 30 consecutive days in any calendar year during that six-year period).

Taxable income: The IIT law consolidates several categories of income (employment income, income from independent personal services, author's income, and royalty income) into a single category called "comprehensive income." Other

taxable income includes business income, dividend income, interest income, income from the leasing of property, income from the transfer or assignment of property, and contingency income.

Rates: Seven progressive tax rates, ranging between 3% and 45%, are levied on comprehensive income. Dividends, interest, income from leasing property, income from the transfer or assignment of property, and contingency income are taxed at a rate of 20%. A reduced tax rate or tax exemption may apply (e.g., dividends paid to resident individuals by listed companies may be exempt or subject to a reduced effective tax rate) (see “Withholding tax,” below). Interest on bank deposits and Chinese government bonds is exempt from IIT. Business income is taxed at progressive rates ranging from 5% to 35% (for 2023 through 2027, the IIT on the first RMB 2 million of business income is reduced by 50%). Qualified individuals working in the Greater Bay Area, Hengqin, Nansha, Qianhai, or Hetao may enjoy tax incentives for comprehensive income, business income, and certain subsidies, where the lowest effective IIT rate on such income may be reduced to 15% or the tax burden may be limited to the extent of the amount of tax that would have been paid if they had worked in Hong Kong SAR or Macau SAR.

Capital gains: Gains derived from the sale of property, net of relevant expenses and taxes, are subject to tax at a rate of 20%. Individuals generally are exempt from tax on gains from the sale of their sole private residence if they have occupied the residence for at least five years. During the period from 1 October 2022 through 31 December 2025, if an individual sells their private residence and buys a new one in the same city within one year after the sale, the individual may claim a partial or full refund of the IIT on the gains derived from the sale of the private residence.

Deductions and allowances: Deductions and allowances are available, depending on the category of income. Residents are entitled to a fixed annual deduction of RMB 60,000. The IIT law allows residents to claim seven types of additional itemized deductions against their comprehensive income to compute IIT: education expenses for children, continuing education expenses, healthcare expenses for serious illnesses, residential mortgage interest, housing rent, expenses to support elderly parents, and expenses for caring for children under three years old. Through 2027, foreign individuals can enjoy nontaxable benefits in kind (BIK), including housing costs, Chinese language training expenses, and children’s educational expenses. Residents who are foreign individuals can choose to either claim the additional itemized deductions or enjoy the nontaxable BIK. Nonresidents are entitled to a fixed monthly deduction of RMB 5,000 for employment income. Twenty percent of the gross income from personal services and royalty income is deductible, and 44% of the gross amount of author’s income is deductible. Other deductions include personal basic contributions (e.g., housing funds and certain medical insurance, pension, and unemployment insurance payments), and qualifying charitable donations.

Foreign tax relief: Foreign tax paid may be credited against Chinese tax on the same income, but the credit is limited to the amount of Chinese tax payable on the foreign income. If the foreign tax credit exceeds the limit, the excess may be carried forward for five years.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Each taxpayer must report IIT individually; joint filing by spouses is not permitted.

Filing and payment: Comprehensive income derived by residents is assessed on an annual basis, with IIT collected through advance payments withheld and remitted to the tax authorities by the withholding agent (if any) on a monthly or transactional basis. A resident must file an annual tax return for their comprehensive income to make a final reconciliation of any additional tax, unless certain requirements are met (e.g., their annual comprehensive income is not

higher than RMB 120,000 or the additional tax is not higher than RMB 400). The annual return is due between 1 March and 30 June of the year following the calendar year. IIT on employment income, income from independent personal services, author's remuneration, and royalty income derived by nonresidents also is withheld and remitted by the withholding agent (if any) on a monthly or transactional basis, but nonresidents generally are not required to file an annual tax return.

Withholding agents and individuals who file returns must submit the return to the tax authorities and pay the tax to the state treasury within 15 days following the end of the month when the income was derived. In most cases (other than where business income is derived), an employer or a person who pays taxable income to a taxpayer is required to act as a withholding agent and is responsible for filing a tax return and remitting the tax to the tax authorities on behalf of the individual. If there is no withholding agent, the individual must file their tax return and pay the tax assessed.

Penalties: A late payment surcharge will be imposed daily at a rate of 0.05% of the amount of underpaid tax. Penalties may be imposed in addition to the late payment surcharge.

Rulings: Advance ruling procedures have not been widely adopted in China. Taxpayers normally consult their local tax officials when issues arise.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%/20% (a reduced effective tax rate may apply)	10%	20%
Interest	0%	0%/20%	0%/10%	0%/20%
Royalties	0%	20%	10%	3%-45%

Dividends: No withholding tax is imposed on dividends paid to a resident company. A 10% withholding tax, which is lowered from a 20% statutory rate, is imposed on dividends paid to a nonresident company, unless the rate is reduced under an applicable tax treaty. A 20% withholding tax generally is imposed on dividends paid to resident and nonresident individuals, unless (for nonresident individuals) the rate is reduced under an applicable tax treaty, or where a reduced tax rate or tax exemption can be applied (e.g., dividends paid to resident individuals by listed companies may be exempt or subject to a reduced effective tax rate).

As a measure to further promote foreign investment in China, the government has issued rules to provide a deferral of withholding tax on dividends and profits distributed to foreign investors and reinvested into China.

Interest: No withholding tax is imposed on interest paid to a resident company. A 10% withholding tax, which is lowered from a 20% statutory rate, generally applies to interest paid to a nonresident company, unless the rate is reduced under an applicable tax treaty. A 20% withholding tax is imposed on interest (other than interest on bank deposits and Chinese government bonds) paid to resident and nonresident individuals, unless (for nonresident individuals) the rate is reduced under an applicable tax treaty. A 6% VAT generally is imposed.

Bond interest derived by foreign institutional investors from mainland China's bond market is exempt from withholding tax (i.e., from both EIT withholding and VAT withholding) through 31 December 2025.

Royalties: No withholding tax is imposed on royalties paid to a resident company. A 10% withholding tax, which is lowered from a 20% statutory rate, applies to royalties paid to a nonresident company, unless the rate is reduced under an applicable tax treaty. A 20% withholding tax is imposed on royalties paid to resident individuals (which is an advance tax payment). Nonresident individuals are subject to withholding tax on royalties at progressive rates ranging from 3% to 45%, unless the rate is reduced under an applicable tax treaty. A 6% VAT generally is applicable but may be waived when royalties are paid for the transfer of qualified technology.

Fees for technical services: No withholding tax is imposed on fees for technical services paid to a resident company. Technical service fees paid to a nonresident company are subject to the statutory EIT rate (i.e., 25%) on a net-profit basis to the extent the services are rendered in China, unless the tax is reduced under an applicable tax treaty. A minimum 15% deemed profit rate is used where documents substantiating costs and expenses are unavailable. A 20% to 40% withholding tax is imposed on fees for technical services paid to resident individuals (which is an advance tax payment). Nonresident individuals are subject to withholding tax on fees for technical services at progressive rates ranging from 3%-45%, unless the rate is reduced under an applicable tax treaty. A 6% VAT generally will be levied if the recipient of the services is located in China.

Branch remittance tax: There is no branch remittance tax.

Anti-avoidance rules

Transfer pricing: China has transfer pricing rules and has adopted a broad definition of associated enterprises, with an emphasis on control. A related party can include an entity with significant control over the taxpayer's senior management, purchases, sales, production, and the intangibles and technologies required for the business. Accepted transfer pricing methodologies are the comparable uncontrolled price, resale price, cost plus, transactional net margin, profit split, and other methods that comply with the arm's length principle. Contemporaneous documentation is required (with certain exemptions) and cost sharing agreements may be used for developing intangible property or for shared services arrangements. A resident taxpayer that is the ultimate parent of a multinational group with annual consolidated revenue exceeding a threshold amount or that is appointed as the filing entity of a multinational group is required to file a country-by-country report. Advance pricing agreements are available. Simplified procedures for unilateral advance pricing agreements may apply if certain requirements are met. Transfer pricing rules also apply to individual taxpayers.

Interest deduction limitations: Excessive interest expense from related party financing is nondeductible for tax purposes. In general, if an entity's debt-to-equity ratio exceeds 2:1 (5:1 for financial institutions), the excess portion of interest expense will be nondeductible, unless contemporaneous documentation demonstrates the arm's length nature of the expense.

Controlled foreign companies: Resident companies must include in taxable income their relevant share of the undistributed profits of a CFC in certain cases. This rule applies to CFCs incorporated in low-tax jurisdictions where the effective tax rate is lower than 12.5%. The inclusion in income is not required in certain situations (e.g., where the annual profits of a CFC are lower than a threshold amount). CFC rules also apply to individual taxpayers.

Anti-hybrid rules: Payments made by a Chinese enterprise to a foreign investor under a hybrid financial instrument are considered dividends for EIT purposes and, therefore, are not deductible if the payer and the investor are related parties and the payments are considered to be tax-exempt dividends in the investor's jurisdiction. If both conditions are not met, then certain other factors will be considered to determine whether the payments are dividends or interest for EIT purposes.

Economic substance requirements: China does not have economic substance legislation. However, economic substance is an important factor taken into consideration by the tax authorities in anti-avoidance investigations, in assessing whether taxpayers are qualified for certain geographically based income tax incentives (e.g., reduced 15% EIT rate for qualifying businesses in Hengqin and HFTP), and in determining the beneficial owner status in granting relief under a tax treaty.

Disclosure requirements: Resident companies are required to disclose related party transactions in the annual tax return. There are other disclosure requirements for contracting or services provided by nonresident companies, certain foreign investments, etc.

Exit tax: There is no exit tax.

General anti-avoidance rule: A general anti-avoidance rule contained in the EIT law requires a bona fide business purpose for a business arrangement that has the effect of reducing, deferring, or avoiding taxable revenue or taxable income. In the absence of such a purpose, the tax authorities have the power to make adjustments going back 10 years. A similar general anti-avoidance rule is applicable to individuals.

Value added tax

Rates	
Standard rate	13%
Reduced rate	0%/1%/3%/5%/6%/9%

Taxable transactions: VAT applies both to the supply of goods and services and the import of goods.

Rates: The standard VAT rate is 13%, which applies to the supply of most goods, the provision of processing, repair, or replacement services, and the lease of movable and tangible goods; a 9% rate applies to certain goods (e.g., certain foods, books, and utilities), transportation services, construction services, postal services, basic telecommunication services, the lease/sale of real estate, and land use rights; and a 6% rate applies to value-added telecommunication services, financial services, modern services (e.g., technology and innovation), and lifestyle services, and the sale of intangible assets other than land use rights. A transitional 5% reduced rate may apply to certain transactions involving real estate purchased on or before 30 April 2016. A 3% rate applies under the small-scale taxpayer scheme and to certain other transactions. For 2023 through 2027, the 3% rate is reduced to 1% for small-scale taxpayers, and small-scale taxpayers are exempt from VAT if the monthly amount of sales subject to VAT does not exceed RMB 100,000. Certain cross-border taxable activities and exports generally are zero-rated. Other VAT preferential policies in the form of tax exemptions and reduced rates may be available in the financial industry (e.g., VAT exemption for income from selling Chinese Depositary Receipts by managers of public securities investment funds), cultural industry (e.g., VAT exemption for income from film distribution and the transfer of film copyrights), for used car dealers, for domestic manufacturers of anti-AIDS drugs, etc.

Registration: A Chinese company is required to register with the local tax authorities at the time of incorporation to have its status recognized. If the taxpayer is recognized as a general VAT payer, it may calculate VAT payable by crediting input VAT against output VAT. A foreign company generally is not recognized and registered as a general VAT payer.

Filing and payment: VAT returns generally must be filed each calendar month and submitted before the 15th day of the following month. Taxpayers importing goods must pay tax within 15 days after the issuance of the tax payment certificate by the customs authorities. Previously, the refund of unused input VAT generally was not allowed. However, a pilot program allows eligible taxpayers in all industries to obtain a partial refund (with a refund amount cap) of newly

increased unused input VAT. A more favorable refund policy allows taxpayers in certain manufacturing businesses to obtain the refund earlier (and without a cap). Small and micro-scale enterprises, and businesses in certain industries (e.g., manufacturing, scientific research and technology services, software and information technology services, transportation, warehousing and postal, wholesale and retail, agriculture, forestry, animal husbandry and fishery, accommodations and catering) can apply for a one-off refund of the accumulated unused input VAT and refunds of newly increased unused input VAT on a monthly basis.

For the period 2023 through 2027, general VAT payers in certain sectors are granted a “super credit” (i.e., an additional VAT credit), which is a certain percentage (“super credit rate”) of the creditable input VAT. The super credit rate is 5% for manufacturers with new/high-technology enterprise status and 15% for qualifying integrated circuit enterprises.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: The employer is required to contribute approximately 16% of an employee’s basic payroll to the state-administered retirement scheme, as well as to medical insurance, maternity insurance, unemployment insurance, and work-related injury insurance funds. The contribution rates may vary in different locations (e.g., total employer contributions may be up to approximately 28% of the employee’s monthly salary in Shanghai). The employee also is required to contribute a certain percentage of their monthly salary to the above funds. There generally are limits on the total contribution payable if the employee’s salary reaches a threshold set by the local authorities.

Foreign individuals legally working in China (including those locally hired and those seconded from abroad to work) generally are required to participate in the social security scheme unless an exemption applies under a bilateral social security totalization agreement. Both the employer and the employee must contribute to these schemes. However, enforcement may vary in different localities.

Payroll tax: There is no payroll tax.

Capital duty: There is no capital duty.

Real property tax: Real estate tax levied on land and buildings is paid by the owner of real estate at 1.2% per year on the original cost, less a variable allowance depending on the location, or at 12% per year on rental income (the rate may be reduced to 4% for the leasing of residential property by individuals); however, practices may vary across China since the rates are determined by the local authorities.

An urban land usage tax is imposed on the land area occupied at rates ranging from RMB 0.6 to RMB 30 per square meter. Other minor local levies may apply.

Transfer tax: Deed tax is imposed at rates between 3% and 5% on the total value of land use rights or building ownership rights when transferred. A reduced deed tax rate or deed tax exemption may apply to the qualifying purchase of a private residence by individuals. Land appreciation tax is imposed on gains realized on the transfer of real estate. The gain is calculated based on sales proceeds, less certain deductions, and the tax is charged in four bands ranging from 30% to 60%.

Stamp duty: Stamp duty at varying rates applies to contracts, agreements, and certain legal documents. Stamp duty for securities transactions has been reduced by half from the statutory rate. Sales contracts for the offshore resale of businesses signed by enterprises registered in the Shanghai Pilot Free Trade Zone and the Lingang New Area are exempt

from stamp duty. Certain contracts, agreements, and other taxable documents for restructuring (e.g., property transfer agreements for enterprise restructuring and bankruptcy liquidation) may also be exempt from stamp duty from 1 October 2024 to 31 December 2027.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other

Environmental protection tax

Environmental protection tax is collected on taxable pollutants (atmospheric pollutants, water pollutants, solid waste, and noise), which is based on the “pollution emission equivalent amount.”

Consumption tax

Consumption tax applies to alcoholic beverages, luxury cosmetics, diesel fuel, fireworks, jewelry, motorcycles, motor vehicles, petrol, luxury watches, tobacco, golf equipment, yachts, etc., at rates ranging from 1% to 56% of the value of the goods. Consumption tax returns generally must be filed each calendar month and submitted before the 15th day of the following month.

City construction and maintenance tax

City construction and maintenance tax generally is collected along with VAT and consumption tax, and computed as a certain percentage (7%, 5%, or 1%, depending on the taxpayer’s location) of VAT and consumption tax payables. Certain VAT and consumption tax payments (e.g., import VAT) are exempt from city construction and maintenance tax.

Education surcharges

Education surcharges are collected in the same way as city construction and maintenance tax. The surcharges are computed as 5% (i.e., 3% for national surcharge and 2% for local surcharge) of VAT and consumption tax payables.

Resource tax

Resource tax is imposed on entities or individuals engaged in the extraction of various mineral resources (e.g., crude oil, natural gas, coal, metals, and non-metal minerals) in China. The tax is computed based on the price or quantity of mineral resources. As from 1 December 2024, natural water resources are included within the scope of the resource tax, and the water resource fee is abolished accordingly. Entities or individuals who directly use surface water or ground water in China are subject to the resource tax, with the tax rates determined by the local governments.

Tax treaties: China has concluded over 110 tax treaties and arrangements. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for China on 1 September 2022.

For information on China’s tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: Ministry of Finance, State Taxation Administration

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