



# People's Republic of China

## Tax Guide

### **Corporate Income Tax**

- Tax Rate
- Holding rules
- Tax Losses

### **Income Tax Treaties for the Avoidance of Double Taxation**

#### **Indirect Tax**

#### **Personal taxation**

#### **Top Rate**



# Corporate Income Tax (CIT)

**Tax Rate:** 25%

15% - only applies to Chinese enterprises with “New and High Technology” status or to enterprises operating in the western region of China.

**Holding Rules:** Dividend distribution from a resident of People’s Republic of China enterprise to another PRC resident enterprise is exempt from Corporate Income Tax.

Dividend distribution from a non-resident entity to a PRC resident entity is subject to Corporate Income Tax (25%). However, foreign tax credits may be available.

Capital gains derived by a PRC resident enterprise are subject to Corporate Income Tax (25%). No exemption for PRC.

**Tax Losses:** Enterprises may carry tax losses forward for 5 years.

No carry-back is allowed.



# Income Tax Treaties for the Avoidance of Double Taxation

Australia  
Canada  
Hong Kong  
India  
Indonesia  
Japan  
Korea  
Macau  
Malaysia  
Philippines  
Singapore  
Thailand

Find the full list at [http://www.ird.gov.hk/eng/tax/dta\\_inc.htm](http://www.ird.gov.hk/eng/tax/dta_inc.htm)



# Indirect Taxes

## Value Added Tax (VAT)

VAT is imposed on sales of goods and maintenance/repair services on movable goods.

**VAT Rate:** 17%  
13% reduced rate may be available for sales of certain goods

Exports attract a zero rate of VAT. A refund of input VAT incurred on materials purchased domestically for the export of goods is available and varies from 0% - 17%.

A full refund of input VAT is not available for certain products.

VAT returns are usually filed on a calendar month basis.

# Personal Taxation

## Individual Income Tax

**Top Rate:** The top rate for individuals' employment income is 45% (for salary income of greater than RMB 80,000)

The tax rates depend on the source of income.

Contact:

Startupr Hong Kong Limited

No. 5, 17/F Bonham Trade Centre | 50 Bonham Strand | Shueng Wan | Hong Kong

Phone: +852 266 10847 | Email: [info@startupregistry.hk](mailto:info@startupregistry.hk)