



China Tax Alert

Trusture Business Service Company Limited

Shanghai • China

Revision of Individual Income Tax Law Approved by NPC

Standing Committee of the National People's Congress (the "NPC") approved an amendment to the IIT law on 30 June 2011, which will be implemented from 1 September 2011. The major changes to IIT law are as follows:

- Exemption threshold for salaries or wages are revised to RMB3,500. The taxable income means the balance of monthly salaries or wages after deducting the tax deductible expenses, such as social insurance expenses etc., and exemption threshold of RMB3,500;
- Excess progressive IIT rates applicable to monthly salaries and wages are revised to the range from 3% to 45% by 7 grades as follows:

Grade	Monthly Taxable Income (RMB)	Progressive Tax Rates (%)
1	No more than RMB1,500	3
2	RMB1,500 -- RMB4,500	10
3	RMB4,500 -- RMB9,000	20
4	RMB9,000 -- RMB35,000	25
5	RMB35,000 -- RMB55,000	30
6	RMB55,000 -- RMB80,000	35
7	More than RMB80,000	45

- IIT payment deadline was revised to the 15th day of the following month;

Subsequent to the amendment to IIT law, the IIT Law Implementation Rule was promulgated on 19 July 2011. The revised Implementation Rules specifies that the exemption threshold applicable to non-Chinese residents with income from China is RMB3,500 plus additional deductible surcharges of RMB1,300.

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Jurisdiction

China

Issue / Topic

Individual Income Tax

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