

Preferential EIT Policies in the Transitional Period Specified

Chinese version China's Ministry of Finance and State Administration of Taxation specified in a circular the preferential tax policies during the transitional period. According to the circular, enterprises entitled to the 15% enterprise income tax (EIT) rate in line with related rules and the regular EIT half-deduction in the transitional period shall pay their EIT in half based on their taxable incomes.

The Circular on Issues Relevant to the Implementation of the Transitional Preferential Policies of the State Council of Enterprise Income Tax outlines the specific standards: in 2008, EIT will be collected in half of the taxable incomes calculated at a tax rate of 18%; in 2009, it will be collected in half of the taxable incomes calculated at a tax rate of 20% and at a tax rate of 22% in 2010, at a tax rate of 24% in 2011, and at a tax rate of 25% in 2012 and the subsequence years.

For enterprises that have been approved by local autonomous governments to enjoy the tax deduction and exemption policies, the policies will only be applied to the part of the EIT paid to the local governments rather than the part to the central government.

(Source: State Administration of Taxation)

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