

# Annex A. Property taxes in China

This annex is based on the OECD Global Revenue Statistics database, accessible at: <https://www.oecd.org/tax/tax-policy/global-revenue-statistics-database.htm>.

## Urban Maintenance and Construction Tax

### *1. Tax collection body*

According to the 1993 Notice on Establishment of Direct Taxation Authorities and Local Taxation Bureaus, the State Taxation Bureaus under central government were collecting Urban Maintenance and Construction Tax (UMCT) from railway companies, as well as headquarters of banks and insurance companies. The Local Taxation Bureaus under local governments were collecting UMCT from other sources (a1; a2).

Since 2018, a reform has been implemented to merge the State Taxation Bureau system and the Local Taxation Bureau system to manage collection for all taxes (b).

### *2. Setting of tax rate and tax base*

China's UMCT is currently governed by the Provisional Regulations of the People's Republic of China on Urban Maintenance and Construction Tax implemented in 1985 (c).

An Urban Maintenance and Construction Tax Law has been drafted by the State Taxation Administration in Beijing and released to the public for comments (d).

Within the Provisional Regulations, details regarding the setting of tax rate and tax base (it is a surtax of VAT, Excise Tax and Business Tax) have been provided. For tax collection, management, exemptions and reductions, UMCT will follow the same regulations as the taxes upon which it is levied. Local governments can decide how to use UMCT revenues as long as they are used for maintenance and construction of public facilities and utility projects. Local governments can draft their own implementation regulations.

In the draft Law, there is no mentioning of local governments' role.

### *3. Attribution of tax revenues*

According to the 1993 State Council Decision, UMCT was a local tax, except for UMCT paid by railway companies, as well as headquarters of banks and insurance companies (e). However, some recent publications treated UMCT as a shared tax due to the allocation of above mentioned exceptions to the central government. Despite this, UMCT revenue was almost entirely received by the local governments. This has not changed based on recent information (f).

#### 4. References

For tax collection

[https://www.czj.sh.gov.cn/zys\\_8908/zcfg\\_8983/zcfb\\_8985/sszc\\_8998/201509/t20150916\\_158303.shtml](https://www.czj.sh.gov.cn/zys_8908/zcfg_8983/zcfb_8985/sszc_8998/201509/t20150916_158303.shtml) (a1: 1993 rule)

<http://www.chinatax.gov.cn/chinatax/n810346/n810825/c101434/c15/content.html> (a2: 1996 Adjustments)

[http://www.gov.cn/guowuyuan/2018-03/17/content\\_5275116.htm](http://www.gov.cn/guowuyuan/2018-03/17/content_5275116.htm) (b: 2018 reform)

For setting of tax rules

[http://www.gov.cn/banshi/2005-08/19/content\\_24817.htm](http://www.gov.cn/banshi/2005-08/19/content_24817.htm) (c: 1985 Provisional Regulations)

<http://www.chinatax.gov.cn/chinatax/n810356/n810961/c3816380/content.html> (d: draft UMCT Law)

For attribution of tax revenues

<http://shanghai.chinatax.gov.cn/zcfw/zcfgk/swzsql/200210/t284358.html> (e: 1993 State Council Decision)

[http://www.stats.gov.cn/tjsj/zbjs/201912/t20191202\\_1713054.html](http://www.stats.gov.cn/tjsj/zbjs/201912/t20191202_1713054.html) (f: 2019 attribution of budget revenues)

## House Property Tax

### 1. Tax collection body

The Local Taxation Bureaus under local governments were the primary tax authorities collecting House Property Tax in China (a1; a2).

Since 2018, a reform has been implemented to merge the State Taxation Bureau system and the Local Taxation Bureau system to manage collection for all taxes (b).

### 2. Setting of tax rate and tax base

China's House Property Tax is currently governed by the Provisional Regulations of the People's Republic of China on House Property Tax implemented in 1986 and revised in 2011 (c).

Within the Provisional Regulations, details regarding the setting of tax rate and tax base, tax exemptions, tax calculation methodology, etc. have been provided. When House Property Tax is levied on the original value of a house, local governments can decide a final depreciation ratio (between 10% and 30%) which will be applied to the original value before calculation of tax payments. When taxpayers have difficulty raising money for House Property Tax, local governments can decide whether tax exemptions or reductions are applicable. This is in addition to other tax exemptions specified by the central government. House Property Tax payments are collected annually by instalments and local governments can decide when to collect them. Local governments can also draft their own implementation regulations.

### 3. Attribution of tax revenues

According to the 1993 State Council Decision, House Property Tax was a local tax (d). This has not changed based on recent information (e).

#### 4. References

For tax collection

[https://www.czj.sh.gov.cn/zys\\_8908/zcfg\\_8983/zcfb\\_8985/sszc\\_8998/201509/t20150916\\_158303.shtml](https://www.czj.sh.gov.cn/zys_8908/zcfg_8983/zcfb_8985/sszc_8998/201509/t20150916_158303.shtml) (a1: 1993 rule)

<http://www.chinatax.gov.cn/chinatax/n810346/n810825/c101434/c15/content.html> (a2: 1996 Adjustments)

[http://www.gov.cn/guowuyuan/2018-03/17/content\\_5275116.htm](http://www.gov.cn/guowuyuan/2018-03/17/content_5275116.htm) (b: 2018 reform)

For setting of tax rules

<http://www.chinatax.gov.cn/chinatax/n810346/n810825/c101434/c28479821/content.html>

(c: 2011 Provisional Regulations)

For attribution of tax revenues

<http://shanghai.chinatax.gov.cn/zcfw/zcfgk/swzsgl/200210/t284358.html> (d: 1993 State Council Decision)

[http://www.stats.gov.cn/tjsj/zbjs/201912/t20191202\\_1713054.html](http://www.stats.gov.cn/tjsj/zbjs/201912/t20191202_1713054.html) (e: 2019 attribution of budget revenues)

## Stamp Tax

### 1. Tax collection body

The Local Taxation Bureaus under local governments were the primary tax authorities collecting Stamp Tax in China (a1; a2; b).

Since 2018, a reform has been implemented to merge the State Taxation Bureau system and the Local Taxation Bureau system to manage collection for all taxes (c).

### 2. Setting of tax rate and tax base

China's Stamp Tax is currently governed by the Provisional Regulations of the People's Republic of China on Stamp Tax implemented in 1988 (d; e).

A Stamp Tax Law has been drafted by the State Taxation Administration in Beijing and released to the public for comments (f).

Within the Provisional Regulations and the draft Law, details regarding the setting of tax rate (provided in a tax rate table) and tax base, tax exemptions, tax calculation methodology, tax collection, etc. have been provided. There is no mentioning of local governments with respect to any tax setting and varying power.

### 3. Attribution of tax revenues

According to the 1993 State Council Decision, Stamp Tax was a local tax (g). This has not changed based on recent information (h).

#### 4. References

For tax collection

[https://www.czj.sh.gov.cn/zys\\_8908/zcfg\\_8983/zcfb\\_8985/sszc\\_8998/201509/t20150916\\_158303.shtml](https://www.czj.sh.gov.cn/zys_8908/zcfg_8983/zcfb_8985/sszc_8998/201509/t20150916_158303.shtml) (a1: 1993 rule)

<http://www.chinatax.gov.cn/chinatax/n810346/n810825/c101434/c15/content.html> (a2: 1996 Adjustments)

<http://www.chinatax.gov.cn/chinatax/n810341/n810765/n812193/n813023/c1204364/content.html> (b: 2004 Notice on Enhancing Stamp Tax Collection Management)

[http://www.gov.cn/guowuyuan/2018-03/17/content\\_5275116.htm](http://www.gov.cn/guowuyuan/2018-03/17/content_5275116.htm) (c: 2018 reform)

For setting of tax rules

<http://www.chinatax.gov.cn/chinatax/n367/c1476/content.html> (d: 1988 Provisional Regulations)

<http://www.chinatax.gov.cn/chinatax/n367/c1477/content.html> (e: Implementation Regulations)

<http://www.chinatax.gov.cn/chinatax/n810356/n810961/c3851221/content.html> (f: draft Stamp Tax Law)

For attribution of tax revenues

<http://shanghai.chinatax.gov.cn/zcfw/zcfgk/swzsgl/200210/t284358.html> (g: 1993 State Council Decision)

[http://www.stats.gov.cn/tjsj/zbjs/201912/t20191202\\_1713054.html](http://www.stats.gov.cn/tjsj/zbjs/201912/t20191202_1713054.html) (h: 2019 attribution of budget revenues)

## Stamp Tax on Securities Transactions

### 1. Tax collection body

The State Taxation Bureaus under the central government were the primary tax authorities collecting Stamp Tax on Securities Transaction (STOST) in China (a1; a2).

Since 2018, a reform has been implemented to merge the State Taxation Bureau system and the Local Taxation Bureau system to manage collection for all taxes (b).

### 2. Setting of tax rate and tax base

Stamp Tax on Securities Transactions was introduced in 1992 and thus not mentioned in the 1988 Provisional Regulations of the People's Republic of China on Stamp Tax. However, it should still be governed by it as STOST is considered part of general Stamp Tax (c; d).

There are specific sections regarding STOST in the draft Stamp Tax Law (e). Within the draft Law, details regarding the setting of tax rate (one in a thousand of transaction value) and tax base, tax exemptions, tax calculation methodology, tax collection, etc. have been provided. There is no mentioning of local governments with respect to any tax setting and varying power.

### 3. Attribution of tax revenues

Stamp Tax on Securities Transactions was one of the three shared taxes between central and local governments mentioned in a 1993 State Council Decision (the other two were Resources Tax and VAT). While STOST was solely collected by the central government (see section 1), 50% of STOST revenue would be given to local governments while 50% are retained by central government (f).

In 1996, the State Council decided to change the sharing ratio for STOST from 50:50 to 80% central and 20% local, starting from 1997 (g). However, in 1997, the State Council also adjusted the STOST rate from 3‰ to 5‰ and allocated all the extra revenues to the central government, making the final sharing ratio 88% central and 12% local.

In 2000, the State Council decided to further adjust the sharing ratio from 88% central and 12% local to 97% central and 3% local gradually over the course of 3 years, more specifically, to 91:9 in 2000, 94:6 in 2001 and 97:3 from 2002 (h).

In 2015, the State Council released yet another Notice to adjust STOST sharing. This time STOST revenue will be fully retained by the central government with no sharing with local governments. This change would start from 2016 (i). Thus Stamp Tax on Securities Transactions went from being a shared tax in 1994 to a central tax in 2016.

#### 4. References

For tax collection

[https://www.cjz.sh.gov.cn/zys\\_8908/zcfg\\_8983/zcfb\\_8985/sszc\\_8998/201509/t20150916\\_158303.shtml](https://www.cjz.sh.gov.cn/zys_8908/zcfg_8983/zcfb_8985/sszc_8998/201509/t20150916_158303.shtml)

(a1: 1993 rule)

<http://www.chinatax.gov.cn/chinatax/n810346/n810825/c101434/c15/content.html> (a2: 1996 Adjustments)

[http://www.gov.cn/guowuyuan/2018-03/17/content\\_5275116.htm](http://www.gov.cn/guowuyuan/2018-03/17/content_5275116.htm) (b: 2018 reform)

For setting of tax rules

<http://www.chinatax.gov.cn/chinatax/n367/c1476/content.html> (c: 1988 Provisional Regulations)

<http://www.chinatax.gov.cn/chinatax/n367/c1477/content.html> (d: Implementation Regulations)

<http://www.chinatax.gov.cn/chinatax/n810356/n810961/c3851221/content.html> (e: draft Stamp Tax Law)

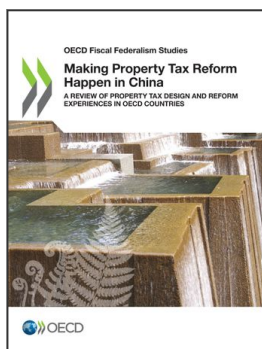
For attribution of tax revenues

<http://shanghai.chinatax.gov.cn/zcfw/zcfgk/swzsql/200210/t284358.html> (f: 1993 State Council Decision)

<http://shanghai.chinatax.gov.cn/zcfw/zcfgk/yhs/200206/t289142.html> (g: 1996 State Council Notice)

<http://finance.sina.com.cn/2000-09-30/15198.html> (h: 2000 State Council Notice news)

[http://www.gov.cn/zhengce/content/2015-12/31/content\\_10543.htm](http://www.gov.cn/zhengce/content/2015-12/31/content_10543.htm) (i: 2015 State Council Notice)



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