

COMPARISON TABLE OF CHINA TAX ISSUES TO HOUSE LEASING

Taxpayers		Value Added Tax	Surcharge Taxes	Property Tax	Stamp Duty	Enterprise Income Tax/ Individual Income Tax	Shenzhen Preferential Policies
Real Estate Development Enterprises (General Taxpayers)	Rent out self-built house properties before April 30, 2016	Simplified Method: Tax Payable = Income (VAT inclusive) ÷ (1+5%) × 5%				Real estate development companies shall incorporate the rental income obtained by house leasing into the total income of the enterprise to calculate and pay enterprise income tax. The general tax rate is 25%.	According to the relevant policies, small and low-profit enterprises can enjoy preferential tax rates from January 1, 2019 to December 31, 2021. Property tax is calculated and paid based on ad valorem.
	Rent out self-built house properties after May 1, 2016	General Method: Tax Payable = Income (VAT inclusive) ÷ (1+9%) × 9%					
General Taxpayers	Rent out house properties which acquired before April 30, 2016	Simplified Method Tax Payable = Income (VAT inclusive) ÷ (1+5%) × 5%				Companies shall incorporate the rental income obtained by house leasing into the total income of the enterprise to calculate and pay enterprise income tax. The general tax rate is 25%.	Tax Payable = Original value of taxable property × 70% × 1.2% ÷ 12 × months due
	Rent out house properties which acquired after May 1, 2016	General Method : Tax Payable = Income (VAT inclusive) ÷ (1+9%) × 9%		Tax basis is the rental income (VAT exclusive).	Shall pay stamp duty at 0.1% of the total rental amount in the lease contract concluded by both parties. The tax amount is CNY1 if the calculation tax amount is less than CNY1.		
Small-scale Taxpayers	Units and individual industrial and commercial households rent out owned non-residential houses	Tax Payable = Income (VAT inclusive) ÷ (1+5%) × 5%	Tax basis is VAT amount, tax rates: Urban maintenance and construction tax: 7% for Shenzhen	Tax payable = Rental Income (VAT exclusive) × 12%		2019.1.1 to 2021.12.31 VAT : monthly sales less than 100,000 (quarterly less than 300,000), exempted Surcharge tax : levied by half Property tax : calculated and paid based on ad valorem. And levied by half Stamp duty : levied by half	
	Individual industrial and commercial households rent out owned residential houses	Tax Payable = Income (VAT inclusive) ÷ (1+5%) × 1.5%	Surcharge for education: 3% Surcharge for local education: 2%				
Individuals	Rent out owned non-residential houses	Tax Payable = Rental Income (VAT inclusive) ÷ (1+5%) × 5%				<u>Monthly rental ≤ 4000</u> : Tax Payable = [Monthly Rental - Deductions - Maintenance Cost (limit to 800) - 800] × 20% <u>Monthly rental > 4000</u> : Tax Payable = [Monthly Rental - Deductions - Maintenance Cost (limit to 800)] × (1-20%) × 20%	<u>Monthly rental ≤ 100,000</u> : VAT and surcharge tax : exempted Property tax : 2% IIT : 1% Stamp duty : levied by half <u>Monthly rental > 100,000</u> : VAT : 5% Surcharge tax : levied by half IIT : 1% Stamp duty : levied by half
	Rent out owned residential houses	Tax Payable = Income (VAT inclusive) ÷ (1+5%) × 1.5%		Tax basis is the rental income (VAT inclusive). Tax payable = Rental Income Excluding VAT × 4%	Exempted	<u>Monthly rental ≤ 4000</u> : Tax Payable = [Monthly Rental - Deductions - Maintenance Cost (limit to 800) - 800] × 10% <u>Monthly rental > 4000</u> : Tax Payable = [Monthly Rental - Deductions - Maintenance Cost (limit to 800)] × (1-20%) × 10%	<u>Monthly rental ≤ 100,000</u> : VAT and surcharge tax : exempted Property tax : 2% IIT : 0.5% <u>Monthly rental > 100,000</u> : VAT : 1.5% Surcharge tax : levied by half Property tax : 2% IIT : 0.5%

【Appendix】
EIT Preferential Policy for Small and Low-profit Enterprises in China

Conditions	Preferential Policy	Regulations
For the period during 1 January 2019 to 31 December 2021, the part of annual taxable income, which is less than RMB1,000,000 (including RMB1,000,000).	25% exemption on the normal chargeable income, and enterprise income tax is charged at 20%	Caishui [2019]No.13
For the period during 1 January 2019 to 31 December 2021, the part of annual taxable income, which is more than RMB1,000,000 and less than RMB3,000,000 (including RMB3,000,000).	50% exemption on the normal chargeable income, and enterprise income tax is charged at 20%	

DISCLAIMER

The contents and views contained in this Article are only for general information sharing. They do not constitute any professional advice. Kaizen shall not be liable for any responsibilities arising from or in reliance upon the contents of this Article.

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited

at www.kaizencpa.com or contact us through the following and talk to our professionals:

Email: info@kaizencpa.com, enquiries@kaizencpa.com

Tel: +852 2341 1444

Mobile : +852 5616 4140, +86 152 1943 4614

WhatsApp/ Line/ Wechat: +852 5616 4140

Skype: kaizencpa