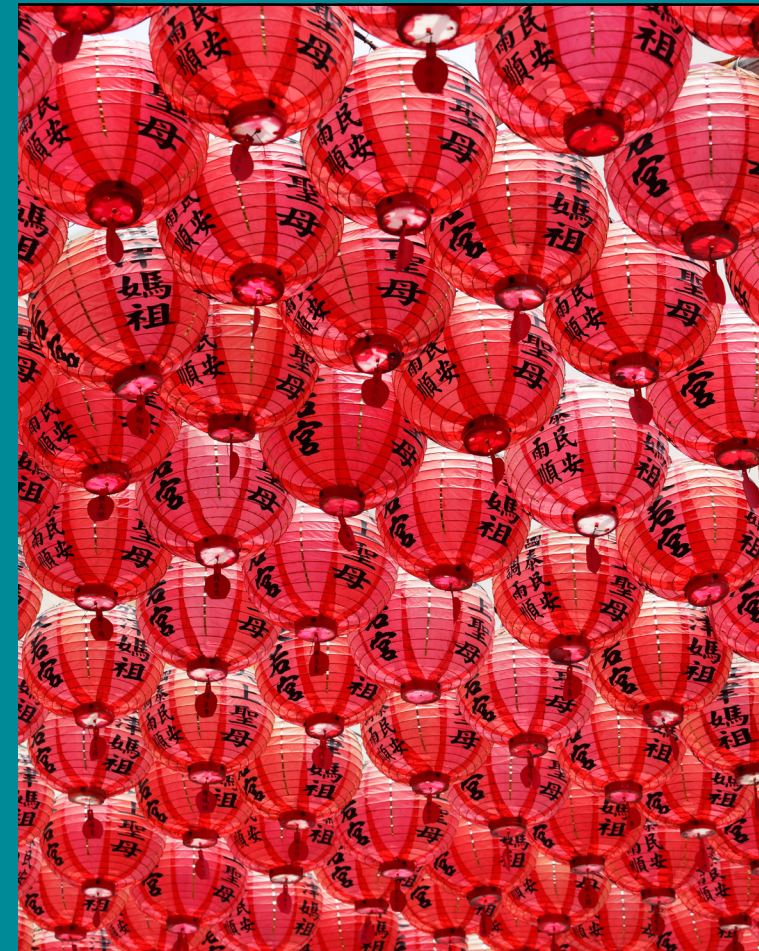


Observing details

KEY TAX DATA FOR
EXPATRIATES IN CHINA
2019/2020



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IIT TREATMENT OF INVESTMENT INCOME

Bank interest is exempted from IIT.

Dividend income derived from foreign invested enterprises in China is IIT exempted, from overseas listed shares of Chinese domestic companies is taxed according to Double Tax Agreement („DTA“) or taxed at 20% if no DTA applies, from trust is taxed at 20%.

Capital gains on assignment of A or B shares are exempted from IIT, of other shares of Chinese tax resident enterprises are taxed at 20%.

TAX ON DISPOSAL OF IMMOVABLE PROPERTIES

IIT	Gains on disposal of immovable properties are taxed at 20% after deduction of original costs of the immovable properties. <i>Local regulations may apply.</i>
Value added tax („VAT“)	Generally taxed by 5%, may be applicable to preferential treatment depending on location, holding period and size of property.

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INDIVIDUAL INCOME TAX (IIT) FOR COMPREHENSIVE INCOME OF RESIDENT TAXPAYERS (RATES I)			
Ranking	Annual taxable income (RMB)*	Tax rate in %	Fast calculating deduction (RMB)
1	0 ~ 36,000	3	0
2	36,000 ~ 144,000	10	2,520
3	144,000 ~ 300,000	20	16,920
4	300,000 ~ 420,000	25	31,920
5	420,000 ~ 660,000	30	52,920
6	660,000 ~ 960,000	35	85,920
7	Over 960,000	45	181,920

*Comprehensive income includes wages and salaries, labor remuneration, author remuneration and royalties.

Annual taxable income is annual income after standard deduction of RMB 60,000, employee's portion of China social security contribution and special additional deductions.

Annual IIT = annual taxable income × tax rate - fast calculating deduction

New special additional deductions	Deductible amounts
School and Higher Education for Children	RMB 12,000 per year for each child (RMB 1,000 per month)
Continuing education with degree	RMB 4,800 per year (RMB 400 per month)
Advanced Vocational Training	RMB 3,600 per year (only deductible in the year of obtaining certificate)
Medical treatment of critical illnesses	Deduction based on actual amount for expenses over RMB 15,000 that are borne by the taxpayer. Upper limit is RMB 80,000 per year.
Interest expense of housing loan for first-time buyers	RMB 12,000 per year (RMB 1,000 per month)
Rental expense	RMB 9,600 ~ 18,000 per year (varying among cities)
Caring for parents (older than 60 years)	RMB 24,000 per year (RMB 2,000 per month)

IIT exempted benefits	Remark
Housing	In reasonable amount with valid rental contract and invoices
Home leave	Up to two round trips per year, for employee only, with valid payment invoices
Meal and laundry	In reasonable amounts with valid payment invoices
Relocation upon commencement or end of PRC assignment	In reasonable amounts with valid payment invoices
Children's education incurred in PRC	In reasonable amounts with valid payment invoices
Chinese language training	In reasonable amounts with valid payment invoices

ATTENTION - Tax residents have an option. Either the IIT exempted benefits can be applied, or the new special additional deductions in the table above. The decision may not be changed during the year.

IIT FOR WAGES AND SALARIES, LABOR REMUNERATION, AUTHOR REMUNERATION AND ROYALTIES OF NON-RESIDENT TAXPAYERS (RATES II)

Ranking	Monthly taxable income (RMB)*	Tax rate in %	Fast calculating deduction (RMB)
1	0 ~ 3,000	3	0
2	3,000 ~ 12,000	10	210
3	12,000 ~ 25,000	20	1,410
4	25,000 ~ 35,000	25	2,660
5	35,000 ~ 55,000	30	4,410
6	55,000 ~ 80,000	35	7,160
7	Over 80,000	45	15,160

*Monthly taxable income is monthly income after deduction of RMB 5,000 (for wages and salaries), 20% deduction of gross income (for labor remuneration and royalties) or 44% deduction of gross income (for royalties).
Monthly IIT = monthly taxable income × tax rate - fast calculating deduction

IIT ON ANNUAL BONUS / MULTI-MONTHLY BONUS	
Resident taxpayers	Taxed separated from other comprehensive income, divided by 12 to determine the applicable tax rate in accordance with IIT rates II
Non-resident taxpayers	Taxed separated from wages and salaries, divided by 6 to determine the applicable tax rate in accordance with IIT rates II

IIT ON SHARE-BASED INCENTIVES
Taxed separated from other comprehensive income, subject to IIT rates I

IIT ON SEVERANCE PAYMENT
Three times of local annual average salary of last year is IIT exempted. Exceeding amount is taxed separated from other comprehensive income, subject to IIT rates I

IIT PAYMENT OBLIGATION ON WAGES AND SALARIES FOR EXPATRIATES WHO HOLDS OVERSEAS POSITION

PRC days in a calendar year	China-sourced income		Non China-sourced income	
	Borne by PRC entities	Borne by overseas entities	Borne by PRC entities	Borne by overseas entities
< 90 days	taxable	PRC entities	not taxable / *taxable	not taxable
90 - 183 days	taxable	taxable	not taxable / *taxable	not taxable
> 183 days without six-year record	taxable	taxable	taxable	not taxable
> 183 days with six-year record	taxable	taxable	taxable	taxable

*It is for senior management personnel in a Chinese resident enterprise without considering tax treaty benefit. The situation will be more complicated when taking treaty benefit into consideration.