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HONGKONG SHENZHEN SHANGHAI BEIJING SINGAPORE TAIWAN[www.bycpa.com](http://www.bycpa.com)**KAIZEN CERTIFIED PUBLIC ACCOUNTANTS LIMITED**  
ROOM 2101-2103, FUTURA PLAZA, 111 HOW MING STREET  
KWUN TONG, HONG KONG  
TEL: +852 23411444  
FAX: +852 23411414  
EMAIL: INFO@BYCPA.COM**Shenzhen Office, China**  
Room 2508, Shenhua Comm.  
Bldg., 2018 Jiabin Road,  
Luohu District, Shenzhen  
Tel: +86 755 8268 4480  
Fax: +86 755 8268 4481**Shanghai Office, China**  
Room 1022, Yunsun Tower  
2025 Zhongshan Road West  
Xuhui District, Shanghai  
Tel: +86 21 6439 4114  
Fax: +86 21 6439 4414**Beijing Office, China**  
Room 402, Beijing Aerospace  
Building, 30 Haidian South Road  
Zhongguancun, Beijing  
Tel : +86 10 6874 8420  
Tel : +86 10 6874 8421**Singapore Office**  
9 Penang Road  
#07-15 Park Mall  
Singapore 238459  
Tel: (+65) 6883 1061  
Fax: (+65) 6883 1024**Taiwan Office**  
10/F., No. 143 Keelung  
Road, Sec. 1, Taipei,  
Taiwan  
Tel: +886 2 2747 8353  
Fax: +886 2 2747 8373

## **Provisional Regulation on the Collection of Educational Surcharges**

GUO WU YUAN LING [60]1986

Amended by Order of the State Council [1990] (No. 60)

Amended by Order of the State Council [2005] (No. 448)

**Article 1** These regulations were specially formulated to support the implementation of "Regulations of the Communist Party Central Committee Concerning Reform of the Educational System", to speed up development of local Educational affairs and to expand the sources of funds for local Educational outlays.

**Article 2** All units and individuals who pay Commodity Tax, Value Added Tax and Business Tax must now pay the Educational Surcharge, according to these regulations, except for units who pay the rural Educational Affairs Fee Supplement according to regulations in "Announcement by the Central Government Concerning the Collection of Funds for Educational Outlays by Rural Schools", Decree No. 174 (1984) issued by the Central Government.

**Article 3** The basis on which the Educational Surcharge is calculated is the actual amount of Valued Added Tax, Business Tax and Consumption Tax paid by a unit or individual; the Educational Surcharge rate is 3%, levied separately from, and paid at the same time as, Commodity Tax, Value Added Tax and Business Tax.

Except where it is so stipulated by the Central Government, no locality or department may take it on themselves to raise or lower the Educational Surcharge rate.

**Article 4** According to currently implemented regulations, the Educational Fee Supplement payable by all units and individuals shall be paid to their local Public Finance Office, except for the Educational Surcharge of Railway systems, the People's Bank of China Head Office, the Head Office of any Special Bank and the Head Office of Insurance Companies, which are paid to the Central Public Finance Office where they pay Business Tax.

**Article 5** Collection of the Educational Surcharge is the responsibility of the Taxation Authorities.

When the Educational Surcharge is under Budget management, it should be in the form of special Educational funds, used and managed following the principle of "do not spend funds until received, and maintain lists of income and expenditure to keep the two in balance". All levels of local People's Government shall now follow relevant State regulations and gradually increase the Educational affairs fees in their budgets, but not reduce Educational affairs grants because the Educational Surcharge is now a special item of budget funds under their management.

**Article 6** Management of collection of the Educational Surcharge will be handled according to relevant regulations from the Commodity Tax, Value Added Tax and Business Tax.

**Article 7** The Educational Surcharges paid by enterprises, are all paid as an expense out of sales income (or business income).

**Article 8** Railway systems, the Head Office of the People's Bank of China, the head offices of all Special Banks and the head offices of insurance companies shall pay their Educational Surcharge with their Business Tax; these funds will be distributed by the State Educational Committee on an annual basis and with the agreement of the Treasury to use in programmes for laying a foundation for weak links in the Educational system.

**Article 9** The Educational departments at all levels, shall, at a set time each year, make a report on the collection and expenditure of the Educational Surcharge to the local People's Government, to their next level management department and to the public finance department.

**Article 10** All units which operate schools for the children of their employees, shall take the initiative to pay the Educational Surcharge according to these regulations. The Educational Department may take into consideration the situation in which the school is operated, and return the funds to the unit, as a subsidy to pay Educational expenses. The unit operating the school shall not use the payment of the Educational Surcharge as an excuse to close down or amalgamate a school or to reduce its scale.

**Article 11** After collecting the Educational Surcharge, no local Educational department or school at any level shall, under any pretext, collect funds from the head of student households or their work units, or use disguised forms of collecting funds, and shall use no excuse to prohibit students from going to school.

For those who violate the regulations in the above paragraph, their immediate superiors shall stop them, and the directly responsible persons shall be given administrative punishment. Units and individuals have the right to refuse to make the payments requested by these persons.

**Article 12** Interpretation of these regulations is the responsibility of the Ministry of Finance. Each province, autonomous region and municipality directly under the Central Government, may take into account the locality's actual conditions to formulate a method for their implementation.

**Article 13** These regulations come into effect as of July 1, 1986.