

China Individual Income Tax Specific Additional Deduction Criteria

January 1, 2019

Deduction Items	Scope of Application		Deduction Methods	Deduction Criteria		Deduction Period	Deduction Subject	Backup Data	Remarks				
Children's Education	Pre-school Education Expenditure	3 years old to the age before preliminary school	Quota Deduction	RMB1,000 per child per month	RMB12,000 per child per year	From the month the child reaches 3 years old to the month before preliminary school	1. Parents (legal guardians) with 50% deduction each; or 2. One selected parent with full amount deduction; 3. Deduction subject cannot be changed within one taxation year.	For children studying abroad, relevant educational materials like letter of admission and visa for study abroad shall be kept.	1. Education place includes China and oversea countries and jurisdictions; 2. Education period includes winter and summer vacations and suspension of schooling caused by illness or other non-subjective reasons with the name kept on the books.				
	Formal Schooling Expenditure	Full-time schooling, including preliminary school, junior and senior middle school, secondary vocational school, technician school, junior colleague, undergraduate, postgraduate and doctoral education				From the month of enrolling to the month education ended							
Continuing Education	Continuing Formal Schooling Expenditure	Continuing education attended in China	Quota Deduction	RMB400/month	RMB4,800/year	From the month of enrolling to the month education ended, for the same degree education, the deduction period cannot be longer than 48 months.	1. Educatee obtaining continuing education; 2. For undergraduate and lower levels of continuing education, the educatee's parents could enjoy the deduction.						
	Skilled Staffs Occupational Qualifications Continuing Education Expenditure	The year the occupational qualification certificate obtained								RMB3,600/year	The year the occupational qualification certificate obtained	Staff obtaining the certificate	Occupational Qualification Certificates
	Professional Technicians Occupational Qualifications Continuing Education Expenditure												
Critical Illness Medical Expenses	Basic medical insurance related medical expenditure to be borne by the patient after deduction of the part reimbursed by medical insurance		Deducted as incurred with the limits		The limit is RMB80,000/year. Within the limit, deducted as incurred.	The year medical expenditure incurred and recorded by medical insurance system	1. Patient or his/her spouse; 2. Critical illness medical expenses paid for underaged children shall be deducted by one parent.	Original and copies of medical expenditure bills and medical insurance reimbursement receipts, or detailed list of medical expenditure	Declared and deducted during the annual income clearance made during 1st March to 30th June of the following year				

China Individual Income Tax Specific Additional Deduction Criteria –Cont’d

Deduction Items	Scope of Application		Deduction Methods	Deduction Criteria		Deduction Period	Deduction Subject	Backup Data	Remarks
Housing Mortgage Interest	Interest paid for commercial mortgage or housing provident fund mortgage used for purchasing first house property by taxpayer or his/her spouse in China		Quota Deduction	RMB1,000/month	RMB12,000/year	1. From the month of repayment as stipulated by the mortgage agreement to the month the mortgage is repaid in full amount or the termination of mortgage agreement; 2. The deduction period shall be no more than 240 months.	1. Borrower (if single); 2. Husband and wife with 50% deduction each or one selected party with full amount of deduction; 3. Deduction subject cannot be changed within one taxation year.	Mortgage agreement, mortgage repayment expenditure vouchers.	Special deduction for housing mortgage interest and housing rents cannot be enjoyed simultaneously.
Housing Rent	Housing rents expenditure incurred in the main working city (or habitual residence city) where the taxpayer owns no house property	Big city	Quota Deduction	RMB1,500/month	RMB18,000/year	From the month the rent period as stipulated by lease starts to the month the lease expires. In case lease is terminated before its expiry, deduction shall refer to the actual rent period.	1. Tenant (if single); 2. Tenant if the husband and the wife's main working city is the same; 3. deducted separately if the husband and the wife's main working city is different.	Lease Agreements or Contracts	
		Medium-size city		RMB1,100/month	RMB13,200/year				
		Small city		RMB800/month	RMB9,600/year				
Elderly Care	1. One or more parents at the age of 60 years or older; 2. Expenses used to care the elderly whose children are dead	Single child	Quota Deduction	RMB2,000/month	RMB24,000/year	From the month the dependent reaches 60 years old to the end of year the support duty terminated.	The supporter		
		Non-single child		No more than RMB1,000 per month per supporter	No more than RMB12,000 per year per supporter				

Remarks: Timeline for submission of deduction data and application of specific additional deduction by taxpayers

No.	Item	Time for Submission of Deduction Data and Application for Deduction
1	Taxpayers enjoying specific additional deduction other than deduction for critical illness medical expenses	a. Provide deduction data to the withholding agent and apply for accumulated deduction when handle monthly tax withholding and prepayment; or b. Submit deduction data to the competent tax authority directly and handle the deduction application by the taxpayers themselves during the annual income tax clearance to be done from 1 st March to 30 th June of the following year.
2	Taxpayers not enjoying or not enjoying in full amount of specific additional deduction at tax withholding and prepayment step	a. Provide deduction data to the withholding agent and apply for supplementary deduction in the remaining months of the year when handle tax withholding and prepayment; or b. Submit deduction data to the competent tax authority directly and handle the deduction application by the taxpayers themselves during the annual income tax clearance to be done from 1 st March to 30 th June of the following year.
3	a. Taxpayers enjoying specific additional deduction for critical illness medical expenses; b. Taxpayers obtaining income from remuneration as labor service providers or authors, or from royalties with no salaries or wages income, who enjoy specific additional deductions; c. Taxpayers unwilling to submit specific additional deduction data to the employing companies	Submit deduction data to the competent tax authority directly and handle the deduction application by the taxpayers themselves during the annual income tax clearance to be done from 1 st March to 30 th June of the following year.