

GAC issues Nationwide Tax Policy Implementation Guidelines Unified Tax System to Balance Urban and Rural Burdens. 31-01-1950

In order to unify the national tax policy, establish a new tax system, and strengthen tax work, the Central People's Government convened the National Tax Conference in November 1949 in Beijing. In accordance with the spirit of the Common Program, Article 40, "The state's tax policy should safeguard the supply for revolutionary warfare, take care of the needs of production recovery and development, and simplify the tax system while implementing a reasonable burden," the following "Nationwide Tax Policy Implementation Guidelines" were formulated:

1. To enhance tax work for the 1950 budget, a unified tax system must be established.
2. The burden on farmers far exceeds that of industrial and commercial workers. To ensure a fair and reasonable burden, urban and rural burdens should be balanced based on the principle of a reasonable burden.
3. The tax policies, types, items, and rates implemented nationwide are highly inconsistent. They should be quickly organized, gradually implemented in the short term, and achieve the unification of the national tax system.
4. The National Tax Conference provisionally designates the following taxes as central and local taxes:
  - (1) Goods Tax
  - (2) Industrial and Commercial Tax (including business and income tax for seat businesses, traders, vendors, and income tax)
  - (3) Salt Tax
  - (4) Customs Duty
  - (5) Income Tax on Salaries and Wages
  - (6) Income Tax on Deposit Interest
  - (7) Stamp Duty
  - (8) Inheritance Tax
  - (9) Transaction Tax
  - (10) Slaughter Tax
  - (11) Property Tax
  - (12) Land Tax
  - (13) Special Consumption Tax (feasts, entertainment, cold food, hotels)
  - (14) License Tax
5. Regarding tax legislation:
  - (1) All national tax regulations and laws shall be uniformly formulated and promulgated by the Central People's Government State Council, and localities shall strictly adhere to their implementation. Suggestions can be made to the central government, but no self-modification or alteration is allowed before central modifications.

(2) Implementation details of various national tax regulations shall be uniformly formulated by the central tax authorities and implemented with the approval of the Ministry of Finance. Regional tax bureaus may formulate collection methods in accordance with the spirit of the central tax laws, subject to approval by the financial department of the major administrative region.

(3) Legislation regarding local taxes within the county's jurisdiction may be proposed by the county people's government for approval by the provincial people's government, then transferred to the major administrative region people's government or military committee for approval and reported to the central government for record. For legislation within the provincial (municipal) scope, it may be proposed by the provincial (municipal) people's government for approval by the major administrative region people's government or military committee and then submitted to the central government for approval.

6. Each region should focus on different tax sources based on different circumstances, with tax authorities at all levels emphasizing urban taxes, paying attention to tax periods, seasons, and timely cash collection to ensure payments and stabilize finances.

7. Paying taxes is the honorable duty of the people. A patriotic concept of paying taxes in accordance with the law should be established among the people. Tax workers should maintain close ties with the government and the people, enhance revolutionary qualities, adhere to a simple and frugal work style.

8. State-owned enterprises must pay taxes in accordance with regulations, using the independent funds of the enterprises as units to pay taxes to the local tax authorities. Cooperatives should also pay taxes to the state, without exception.

9. Foreigners and their enterprises must comply with the laws of the People's Republic of China and pay taxes in accordance with regulations.

10. Regarding cases of violating tax laws and policies, tax authorities may impose penalties and conduct education; arbitrary punishment and confiscation are strictly prohibited.

11. Tax institutions at all levels nationwide, under the dual leadership of higher bureaus and local governments, may allow tax bureau directors to participate in the political affairs meetings of local governments.

12. Regarding several important systems:

(1) Tax authorities at all levels must establish a strict reporting system.

(2) Tax authorities at all levels must strictly implement the tax payment resolution system and deposit funds on time. In areas with banking services, the treasury system should be implemented to timely absorb tax payments.

(3) Tax authorities at all levels should establish systems for accounting, ticketing, tax payment resolutions, inspections, rewards and penalties, meetings, and learning.