

Provisional regulations governing the urban real estate tax

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(Promulgated on August 8, 1951 by the Administration Council)

[Article 1] The Urban Real State Tax (hereinafter called the Tax), except otherwise stipulated, shall be collected by the tax offices in accordance with the provisions of the Regulations.

[Article 2] The cities where the Tax to be levied, shall be designated by the Ministry of Finance of the Central People's Government. In cities not so designated no such tax shall be collected. (Note 1)

[Article 3] The Tax shall be paid by the owner of the estate. In case the property has been mortgaged, the Tax shall be paid by the mortgagee, in case neither the owner nor the mortgagee lives in the locality, in case the ownership to the property is not yet established, and in case disputes in connection with the tenancy or mortgage of the property are not yet settled, the Tax shall be paid by the custodian or the user of the property on behalf of the owner or mortgagee.

[Article 4] The following categories of real estate shall be exempt from paying the Tax:

- (1) The land and buildings owned and used by military units, government agencies and social organizations;
- (2) The land and buildings owned and used by public schools and registered private schools;
- (3) The land and buildings used for parks, scenic spots, historic sites and for other public purposes;
- (4) The land and buildings used exclusively by mosques or lamaseries;
- (5) The land and buildings used exclusively by temples of other religions, to which tax exemptions are granted by the People's Government at or above the provincial (municipal) level.

[Article 5] The following categories of real estate shall be granted reduction of or exemption from the Tax: (Note 2)

- (1) Newly constructed buildings shall be exempt from paying the Tax for three (3) years beginning from the month in which the construction is completed;
- (2) Renovated buildings of which the renovation expense exceeds one half of the expense of new construction, shall be exempt from paying the Tax for two (2) years beginning from the month in which the renovation is completed;
- (3) For other real estate under special conditions, tax reduction or tax exemption may be granted, subject to approval by the People's Government, at or above the provincial (municipal) level.

[Article 6] The Tax shall be assessed according to the following standards and rates respectively: (Note 3)

- (1) The Tax on buildings shall be levied per annum on the basis of the standard value of a building, the rate being one per cent (1%);
- (2) The Tax on land shall be levied per annum on the basis of the standard value of the land, the rate being one point five per cent (1.5%);
- (3) In cities where it is difficult to differentiate the standard value of the land from that of the building, the Tax may be provisionally levied per annum on the basis of the aggregated standard value of the land and the building, the rate being one point five per cent (1.5%);
- (4) In cities where it is difficult to assess the standard values of land and buildings, the Tax shall be provisionally levied per annum on the basis of the standard rental of the real estate, the rate being fifteen per cent (15%).

[Article 7] The standard values as mentioned in the preceding Article shall be appraised as follows:

- (1) The standard value of buildings shall be appraised according to different categories and grades of buildings, on the basis of general market value and in the light of the current construction cost of buildings in the locality;
- (2) The standard value of land shall be appraised according to different districts and grades of land, on the basis of location of the land, prosperity and communication facilities of the district, and in light of the general market value of land in the locality;
- (3) The aggregate standard value of real estate shall be appraised according to different districts, categories and grades of real estate, on the basis of the locations of the estate and constructional conditions of the buildings, and in light of general aggregate market value of real estate in the locality;
- (4) The standard rental of real estate shall be appraised according to different districts, categories and grades of real estate, on the basis of general aggregate rentals for building and land in the locality.

[Article 8] The Tax shall be paid by instalments, quarterly or semi-annually, as decided by the local tax office.

[Article 9] In cities where the Tax is to be levied, a commission for real estate assessment shall be set up, composed of delegates from the local Conference of the People's Representatives from all walks of life and the governmental agencies in charge of finance, taxation, land administration, civil engineering (construction), industry and commerce and public security etc. The said commission shall be responsible for assessment work under the guidance of the local People's Government.

[Article 10] Real estate shall be assessed once a year. On examination of the original assessed value, should the commission for real estate assessment find a reassessment unnecessary, the term of validity of the assessment in the preceding year may be extended, subject to approval by the local People's Government.

The result of a new assessment or the extension of the terms of validity of the original assessment shall be approved and announced to the public by the local People's Government.

[Article 11] Taxpayers shall, within one month after the announcement of assessment, declare to the local tax office the locations of their real estate, constructional conditions of the buildings, number of rooms, floor spaces, etc. In case of a change in the owner's address, or transfer of ownership, or expansion or renovation of a building thus changing the value of the property, the taxpayer shall also declare to the local tax office within ten (10) days after the change of address, the transfer of ownership or the completion of expansion or renovation.

For real estate exempt from paying the Tax, declarations shall be likewise made in accordance with the aforesaid stipulations.

[Article 12] The tax office shall keep records of the taxation of real estates and draw detailed maps showing grade classification of the land. On the basis of the assessment made by the aforesaid commission as well as the declarations made by the taxpayers, the tax office shall proceed with investigation, registration and verification of the Tax, and issue a tax memo to the taxpayer who shall pay the tax to the state treasury within a time limit. In case the taxpayer disagrees with the assessed value of the property concerned, he shall nevertheless pay the tax and in the meantime may apply to the aforesaid commission for reassessment.

[Article 13] Any taxpayer who fails to make the declaration within the time limit laid down in Article 11, is liable to a penalty up to Five Hundred Thousand Yuan (500,000). (Note 4)

[Article 14] Any taxpayer who attempts to evade the Tax by not declaring his real estate holdings or by making false declaration, shall be ordered to pay the tax thus evaded and shall be liable to a penalty up to five times the amount of the tax payable.

[Article 15] Any one may expose the violation of regulations as enumerated in the two preceding Articles. After the violation is proved and dealt with, the informer shall be awarded a reward amounting to twenty per cent (20%) to thirty per cent (30%) of the penalty while the matter shall be kept in securely. (Note 5)

[Article 16] Any taxpayer who fails to apply the Tax in due course shall, besides effecting the payment in arrears within a time limit, be imposed a late payment penalty of one per cent (1%) per day on the amount of tax in arrears. (Note 6)

[Article 17] Rules and procedures governing the assessment and collection of the Tax shall be drawn up by the provincial (municipal) tax office concerned in accordance with the Regulations, and shall be submitted to the Provincial (Municipal) People's Government for approval and enforcement, and filed with the General Taxation Bureau of the Ministry of Finance of the Central People's Government.

[Article 18] Upon the promulgation of the Regulations, all the separate rules relating to the taxation on real estate in various places shall be annulled.

[Article 19] The Regulations shall come into force from the date of promulgation.

NOTES

NOTE 1.

In the letter No. (53) Cai-Shui-Wu 4, of the Ministry of Finance, dated January 12th, 1955, it is stipulated: From the year 1955, cities where the Tax is to be levied shall be designated by the People's Council of the province (autonomous region) concerned.

NOTE 2.

In the Written Reply No. 18 of the 5th Office of the State Council, dated January 26th, 1957, it is stipulated: From the year 1957, the stipulation shall be annulled concerning the Tax exemption for three and two years respectively applicable to the newly-built and renovated buildings belonging to state enterprises, cooperative enterprises, joint state-private enterprises or real estate administrative agencies. Clauses 1 and 2 under Article 5 of the Regulations are applicable only to general inhabitants, including overseas Chinese, their families and compatriots from Hongkong and Macao.

NOTE 3.

In Clause 5 under Item D of "Notification of Certain Amendments of the Taxation system and the Date of Enforcement" issued by the Financial and Economic Commission of the Administration Council on December 31st, 1952, it is stipulated: The surtax on the Urban Real Estate Tax shall be incorporated into the Tax proper. The rates are accordingly adjusted as follows:

- (1) In case of the tax on buildings levied per annum on the basis of the standard value of the buildings, the rate is one point two per cent (1.2%);
- (2) In case of the tax on land levied per annum on the basis of the standard value of the land, the rate is one point eight per cent (1.8%);
- (3) In case of the tax levied per annum on the basis of the aggregate standard value of the land and buildings, the rate is one point eight per cent (1.8%);
- (4) In case of the tax levied per annum on the basis of the standard rental for the real estate, the rate is eighteen per cent (18%).

NOTE 4.

The amount of Five Hundred Thousand Yuan (500,000), being the old currency, is equivalent to RMB Fifty Yuan (50), the new currency.

NOTE 5.

In Circular No. (54) Cai-Shui-Wu 121, of the Ministry of Finance, dated October 29th, 1954, the provision for rewards is amended as follows: "According to the merits of each case, a reward or other material remuneration, not exceeding thirty per cent (30%) of the penalty, or a commendation shall be awarded."

NOTE 6.

In Circular No. (52) Cai-ji-Shui 594, of the Ministry of Finance, dated July 15th, 1952, it is stipulated: The rate of late of late payment penalty is reduced to one half of one per cent (0.5%).