

1950

Speeches/Documents

**Title: Regulations on the administration of national taxation**

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**Description:**

The CPG, in the interests of unification of the national tax administration, formation of new taxation systems, and strengthening of tax work, held a national taxation conference at Peking in November 1949.

In accordance with the guiding spirit of the Common Program (Article 40)— "The taxation policy of the state shall be based on the principle of ensuring supply for the revolutionary war and taking into account the rehabilitation and development of production and the needs of national construction. The taxation system shall be simplified and just distribution of the burdens effected"—the following twelve provisions on the "national taxation programs" are hereby promulgated:

1. In order to implement the budget estimates of 1950, it is necessary to strengthen the work of taxation and establish a unified system of taxation.
2. The peasants carry a much heavier burden than the industrialists and businessmen. To ensure fair and rational burdens, it is necessary, in line with the principle of rational burdens, to equalize the burdens of urban and rural areas.
3. In the different regions of the nation, the tax administration and the types, classifications, and rates of tax vary a great deal. All these should be reorganized within a short period, so as to achieve gradually the unification of taxation throughout the nation.
4. The national taxation conference therefore temporarily lists the following taxes to constitute the tax revenue of the central and local governments:
  - A. Commodity tax
  - B. Industrial and commercial tax (including business tax and income tax for store owners, itinerant merchants, and stall keepers)
  - C. Salt tax
  - D. Customs duties
  - E. Income tax on wages and rewards [not immediately instituted]
  - F. Tax on bank interest
  - G. Stamp tax
  - H. Inheritance tax [not immediately instituted]
  - I. Transaction tax

^Editor's note: Taxes C and D are collected by the central government;

A, G, I, and F are shared by the central and local governments; J, K, L, K, and U are collected by the local government. Also collected by the local government is the tax on title deeds promulgated on March 31, 1950.

J. Slaughter house tax

K. Real estate (house) tax

L. Land (city) tax

M. Special consumption tax (restaurant, amusement, cafe, hotel)

No Business license tax

#### 5. Provisions on tax legislations

a. All tax regulations and laws of national scope shall be legislated, promulgated, and administered in\* a unified manner by the GAC of the CPG, to be strictly followed and carried out by all localities.

Any suggestions should be submitted to the central government for consideration. There shall be no alterations or revisions before the formal amendment by the central government.

b. All implementation regulations for the taxes of national scope shall be legislated in a unified manner by the central taxation organ, and carried out after the approval of the Ministry of Finance. Regional tax bureaus may draw up tax collection rules in accordance with the principles in the tax regulations promulgated by the central government, and execute them after the approval of the Finance Ministry of the Large Administrative Area [abolished in 1954].

c. Provisions for local taxes which are under the jurisdiction of the hsier. may be proposed by the hsien people's government to the provincial people's government for transmission to the administration of the Large Administrative Area for approval. They should also be submitted for filing to the central government. Taxes to be collected under the provincial or municipal authority should be approved by the central government through the recommendation of the regional office of the large Administrative Area.

6. The various regions should take into consideration the differences in revenue conditions and control the major channels of tax resources. The leading organ of tax administration at all levels should assign emphasis to urban taxes, and pay attention to the seasonal nature of tax collection. Cash receipts collected as tax must be turned in to the national treasury on time to assure government expenditure and to stabilize currency.

7. To pay tax is a glorious duty of the people, and the patriotic concept of paying tax according to law should be established among the people. Tax workers should promote a closer relationship between the government and the people, raise the revolutionary standard, and hold fast to the splendid tradition of frugality and hard work.

8. All publicly operated enterprises must pay tax according to law. Tax payment shall be made to the local tax office, based on the independent [net?] capital of the enterprise. Cooperatives shall also pay tax to the government without exception.

9. Foreign residents and businesses under their management shall pay tax according to the laws of the PRC.

10. In case of violations of tax administration or tax provisions, the tax organs may punish and educate the offenders. Unreasonable punishment and confiscation (of properties) are strictly prohibited.
11. Tax collecting organs at various levels in the nation are under the dual jurisdiction of the tax bureau of the superior level and the government of its own level. The head of the tax bureau may participate in the administrative meetings of the government at its own level.
12. Provisions regarding several important procedures:
  - a. Tax organs at various levels must set up a strict system of reporting to the superior organ and asking for instructions.
  - b. Tax organs at various levels must strictly carry out the system of depositing the tax yields in the national treasury at regular intervals. In localities where there is a people's bank, the cash treasury system should be observed and tax receipts should be absorbed into the treasury regularly.
  - c. Tax organs at various levels must establish the systems of accounting, using (proper) forms, depositing of receipts, inspection, reward and punishment, business meetings, and (spare-time) studies.
  - d. Tax organs at various levels should set up a statistical system and give attention to research and survey work. Such research should center on the current industrial and commercial conditions, the relative weight of the tax burdens, the effect of tax policies on the various forms of economy, and others