China poised to end the exemption of individual income tax on dividends received by foreign individual investors

Description

From early nineteen nineties, China has kept the favourable tax treatment for foreign individual investors pursuant to which dividends received by such individual foreign investors is exempted from paying China's individual income tax, a strong incentive to encourage foreigner to invest in China.

On February 3, China cabinet announced its plan for reforming China's income distribution in the society in a bid to redress the imbalance of allocation of social wealth and overwhelming social inequality. In paragraph 14, it said the favourable tax treatment shall be abolished.

So it is anticipated that China's state tax administration will soon follow up with announcement of termination of this tax exemption available to foreigner investors for over a decade.

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