



Weekly Express



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WEEKLY EXPRESS – INFORMATIONS JURIDIQUES

CHINA

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[NATIONAL] Breaking news: Tax preferential treatment for foreign employees' allowances extended to the end of 2023, same for annual bonus

The Chinese Ministry of Finance issued, on December 31st, 2021, a long-awaited announcement confirming that the individual income tax ("IIT") exemption for the foreign employees' allowances will be extended to December 31st, 2023.

As a reminder, since a long time, the allowances granted to foreign employees in relation to children's school fees, rent, meals, language courses, home travel expenses, laundry expenses and moving costs are, under certain conditions, fully exempt from the IIT. As a part of 2019 IIT reform, it was announced that this preferential regime should be cancelled as from January 1st, 2022. The two-year extension is obviously welcome news for foreign employees and their employers.

The same happens to the annual bonus for which the preferential tax treatment was expected to be abolished as from January 1st, 2022. The government announced, on December 29th, that the current preferential treatment for annual bonus will continue to apply until the end of 2023.

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