

## Letter to High-end and Urgently-needed Talent in Hainan Free Trade Port

Dear Mr. /Ms. \_\_\_\_\_:

Greetings!

As the year 2020 marks the inauguration of Hainan Free Trade Port (Hainan FTP), we'd like to thank you for all your contribution to the construction of Hainan FTP.

In accordance with the Overall Plan for the Construction of Hainan Free Trade Port issued by the CPC Central Committee and State Council, the Circular (No.32 [2020]) on the Provisions Regarding Taxation of High-level and Urgently-needed Talent jointly issued by the Ministry of Finance and the State Taxation Administration (STA), and the Tentative Measures for the Management of the List of High-end and Urgently-needed Talent Eligible to Preferential Individual Income Tax Rate in Hainan Free Trade Port (No.41 [2020]) issued by the Hainan Provincial People's Government, it's stipulated that:

- The maximum individual income tax (IIT) rate for high-end and urgently-needed talent working in Hainan FTP is 15%;
- The income herein refers to salaries or wages, remuneration for providing services, and royalties, and business income earned in Hainan FTP and government-approved allowances received from Hainan FTP;
- This preferential tax rate is applicable for tax returns filed in Hainan;
- This policy is effective from January 1, 2020 to December 31, 2024. From 2025 on, it will be replaced by a three-tiered progressive individual income tax system, at 3%, 10%, and 15%, for more taxpayers.

Based on preliminary evaluation, you fall in the category of high-end or urgently-needed talent in Hainan FTP (i.e. you are accredited talent by the competent provincial talent administration, your annual income reaches RMB 300,000 before tax, or you are on the list of urgently-needed talent in Hainan FTP). Hence, you are eligible to tax refund (which will be returned to your bank account, if any) after you file your tax return in the next year, provided that:

- You have signed a one-year or longer-term employment agreement with an enterprise or entity registered and de facto operating in Hainan FTP; and
- You have paid social insurances tax for at least six consecutive months (incl. December 2020); and
- Your pre-tax annual income earned in Hainan FTP exceeds RMB 425,000 (excl. Tax deductions like expenses for supporting parent(s) over 60-year-old); or
- The payable tax of your annual business income exceeds RMB 210,000.

You do not need to apply for the tax return. Your tax information will be shared with competent agencies, and you will be included on the list of taxpayers entitled to the favorable individual income tax rate. In case you are worried that you may not be included on the list, you may submit supporting materials either online via the one-stop provincial talent service platform (<https://wssp.hainan.gov.cn/hnwt/>) or offline at the Hainan Provincial Government Service Center (2<sup>nd</sup> Floor, No.3 Wuzhishan South Road, Meilan District,

Haikou) during the following designated period of time for filing your tax return:

- **Time to file your Business Income Tax Return:** January 1 to March 31, 2021.
- **Time to file your Individual Income Tax Return:** March 1 to June 30, 2021.

*N.B. You are recommended to file your tax return either in a local tax service hall or electronically on the IIT tax App of the STA or the website: <https://etax.chinatax.gov.cn/>*

In case of any questions, please contact the Talent Development Bureau of the CPC Hainan Provincial Committee by phone: +86 898-66501217, or Hainan Provincial Tax Service by phone: 12366 for more information.

Wish you good health and prosperity!

Talent Development Bureau of the CPC Hainan Provincial Committee

Hainan Provincial Tax Service, State Taxation Administration

\_\_\_ (MM)/\_\_\_ (DD)/2020