



Outsourcing newsletter - **The extension of the preferential policy for individual income tax**

Dear Madam, dear Sir,

On 16 January 2023, the State Administration of Taxation (SAT) announced the tax preferential policy for individual income tax aiming at the equity incentives will be extended to December 31st, 2023.

We summarize down below key takeaways.

Should you have any questions, please don't hesitate to contact us. We'll be happy to help!

Mazars AOS Team

Application scope

Equity incentives

- Mainly including stock options, stock appreciation rights, restricted stocks, and equity rewards
- Resident individual: the equity incentives shall be separately taxed on the basis of the full amount
- Non-Resident individual: the equity incentives shall be amortized in six months for tax calculation, without deductions

Point of attention

- To enjoy this preferential policy, the Company shall apply for registration with local tax

bureau (assuming employees as China tax resident individuals).

- The previous announcement from SAT regarding the preferential tax rate on Annual One Lump Sum Bonuses ([link](#) here for reference) still applied until end of December 2023.

If you need further information or assistance, please don't hesitate to contact us. We'll be happy to help!

Mazars team would like to seize this opportunity to wish you a very happy Chinese New Year!

References:

Ministry of Finance and State Administration of Taxation, [2023] No.2: Notice on the continuation of the implementation of the relevant individual income tax preferential policies ([link](#) here in Chinese).

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