

CINA

Corporate Income Tax (CIT) Settlement

As we already knew, annual Corporate Income Tax (CIT) settlement is a statutory procedure every company must comply in China. With the deadline, which is **31 May 2025**, approaching in around just one month's time, here are some key points to be kept in mind in order to be well prepared for CIT settlement.

- **Preferential CIT policy for Small and Low-profit Enterprises**

Till the end of December 2027, Small and Low-profit Enterprises are entitled to enjoy preferential CIT rate of 20% and the taxable income is also reduced at 25% of its annual amount, which means the CIT burden of Small and Low-profit Enterprises is **only 5%**.

- **Retain of Relevant Supporting Vouchers**

Companies that incur expenses should obtain pre-tax deduction vouchers as the basis for deducting relevant expenses when calculating CIT. And these pre-tax deduction vouchers should be obtained before the end of CIT settlement deadline.

The supporting vouchers shall follow the principles of authenticity, legality and relevance.

- **Authenticity** refers to the authenticity of the economic transactions reflected in the pre tax deduction vouchers, and the actual expenditures have already been incurred. To approve the authenticity of supporting vouchers, relevant documents, including but not limited to contracts/agreements, expenditure basis and payment vouchers, should be retained as well.
- **Legality** refers to the form and source of pre tax deduction vouchers comply with relevant laws, regulations and other provisions.
- **Relevance** refers to the proof that the pre tax deduction voucher is related to the expenses reflected in it and has evidential power.

- **Adjustment of Non-deductible Cost/Expenses**

For those proper vouchers cannot be obtained on time or the vouchers obtained are non-compliant ones, the amount cannot be deducted before tax and the taxable income should be increased accordingly.