Social Security Contribution

The contribution base

New employees: the first month’s salary

Old employees: average monthly salary in the last year

According to the *Interim Measures for Special Additional Deductions for Individual Income Tax* implemented by the Chinese government starting from January 1, 2019, expenses on the following six items can be deducted before tax when calculating income tax:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item** | **Scope of Application** | **Deduction (RMB)** | | **Notice** |
| Children’s education | From pre-school education (3 years old) to academic education (Phd) | 12,000/year/child | | 50/50 split between parents or 100% deducted for one parent |
| Continuing education | Academic education | 4800/year (up to 2 years) | |  |
| Vocational education | 3,600/year (on the year of obtaining the certificate) | |  |
| Serious illness care | Expenses exceeding the limit of social medical insurance reimbursement by over RMB 15,000 | Up to 80,000/year, depending on the actual expenses | |  |
| Mortgage interest | Loan interest for the first-time purchase of a home | 12,000/year (up to 20 years) | | 50/50 split between the couple, or 100% deducted by one of them |
| Housing rent | Rental expenses for taxpayers (or the taxpayers' spouses) having no house in the city where they work | Municipalities directly under the central government, provincial capitals, cities under separate state planning | 18,000/year | Couples working in two cities claim the deduction separately.  Housing rent and mortgage interest cannot be deducted simultaneously. |
| Cities with over 1 million people | 13,200/year |
| Other cities | 9,600/year |
| Support for elderly | Expenses for support parents aged 60 or above | 24,000/year (total) | | Taxpayer shall share the total amount with siblings. |

In 2022, other two items were added in the list of pre-tax deductions: The first is “nursing children under 3 years old”. Parents of children under 3 years old can claim a deduction of RMB 12,000 per year for each child. This amount can be either split equally by parents or 100% deducted by one parent. The second is “private pension”. People who have already paid social insurance can invest up to RMB 12,000 per year in their private pension accounts, which can be deducted from income tax. When they start withdrawing money from private pension accounts, the money will be taxed at the lowest individual income tax rate, i.e. 3%.