Relevant Tax Policies to Support the Development of Rural Finance

Zhen Zhong
Assistant Professor
School of Agricultural Economics and Rural Development
Renmin University of China

Introduction: To continue supporting the development of rural finance and resolve the difficulty of farmers in obtaining loans, upon the approval of the State Council, the Ministry of Finance and the State Administration of taxation released a list of relevant policies.

I. From January 1, 2014, to December 31, 2016, the interest income obtained by a financial institution from granting petty loans to farmer households shall be exempted from business tax.

II. From January 1, 2014, to December 31, 2016, 90% of the interest income obtained by a financial institution from granting petty loans to farmer households shall be included in the total income in the calculation of taxable income.

III. From January 1, 2014, to December 31, 2016, 90% of the insurance premium income obtained by an insurance company from providing insurance services for the crop farming industry and breeding industry shall be included in the total income in the calculation of taxable income.

IV. For the purposes of this Notice, “farmer households” means the residents living within the administrative areas of townships or towns (excluding county towns) for a long period (one year or longer), the residents living within the administrative villages under the jurisdiction of county towns for a long period, the residents who have no registered permanent residence of a locality but have lived in the locality for one year or longer, the employees of state-owned farms and rural individual industrial and commercial households.

For the purpose of this Notice, “petty loans” means single loans and the total balance of loans
of the household is 100,000 yuan or less.

For the purpose of this Notice, “premium income” means the balance of the original premium income plus the reinsurance premium income and minus the ceded-out premium.

V. A financial institution shall separately calculate the interest income obtained from granting petty loans to qualified farmer households, and the preferential policies as prescribed in Article 1 and Article 2 of this Notice shall not apply to the interest income which cannot be calculated separately.

Remark: The central importance of rural finance will greatly promote the development of rural finance, and provide more convenience for the financing of agricultural production.

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