

Relevant Tax Policies to Support the Development of Rural Finance

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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. The collective households of government organs, social organizations, schools, enterprises and public institutions of the state-owned economy within the administrative areas of townships or towns (excluding county towns) and within the administrative villages under the jurisdiction of county towns, and the residents who have registered permanent residence of a locality, but have left hometown with the whole family and have been seeking for a living elsewhere for one year or longer, shall not be considered as farmer households, no matter whether they keep the land contract or not. Farmer households shall be calculated on the basis of households and they may engage in both agricultural production and business operations and non-agricultural production and business operation. The loans for farmer households shall be determined on the basis of whether the borrower is a farmer household when the loans are granted.

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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