

**The Circular on Tax-Exempt Incomes of NPOs by Ministry of Finance and State  
Administration of Taxation**

Circular [2009] No. 122

11/11/2009

The public finance departments (bureaus) and state taxation departments (bureaus) of all provinces, autonomous regions, municipalities directly under the Central Government, and cities directly under separate state planning, and the Financial Bureau of Xinjiang Production and Construction Corps:

According to §26 of the Law on Corporate Income Tax of PRC and §85 of the Regulation for the Implementation of the Law on Corporate Income Tax of PRC (State Council No. 512), hereby (we) clarify the scope of tax deduction for eligible NPOs:

1. The following incomes of NPOs are deductible:

- (1) income obtained through the donations by other organizations or individuals,
- (2) governmental subsidies other than financial appropriations that are regulated by §7 of the Law on Corporate Income Tax of PRC, excluding income obtained through purchases of services by the governments,
- (3) membership fees that are collected according to regulations promulgated by the department of finance or civil affairs at provincial level or above,
- (4) bank deposits and interests that stem from non-taxable and deductible incomes,
- (5) other incomes that are stipulated by Ministry of Finance and State Administration of Taxation.

2. The Circular shall be implemented as of 1/1/2008.

Ministry of Finance, State Administration of Taxation

11/11/2009