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China quintuples arable land use tax


(Xinhua)

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China is set to quintuple tax on the use of arable land for non-farming purposes and charge foreign invested companies as much as their domestic peers in a bid to protect farm land and better control land supply, according to an ordinance released by the State Council on Thursday.

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Signed by Premier Wen Jiabao, the instrument took effect as of December 1 and replaced the 1987 edition which had allowed foreign-invested companies to be exempt from the land use tax.

Sources with the State Administration of Taxation said that the toughened requirements would give taxation a bigger leverage in protecting the country's land for cultivation, which had shrunk 4.6 million mu from the end of last year to 1.827 billion mu, only slightly higher than the danger mark of 1.8 billion mu (120 million

hectares) set by the government to feed its people.

The government has been using land as a crucial macro-economic control measure on top of fiscal and monetary measures to prevent the excessive growth in fixed-assets investment and the sprawling of urbanization.

In the early days of China's economic reforms, local governments were obsessed with attracting foreign investment with cheaper or even free land. As factories and high-rises sprang up while cities and townships sprawled fast, farmers who were not properly compensated for the farmland they lost were outraged.

Under the ordinance, in places where per capita arable land is below one mu (0.067 hectare), investors have to pay a land-use tax of 10 to 50 yuan per square meter (\$1.3 to 6.7) compared with the previous two to ten yuan (27 cents to \$1.35).

Investors will only need to pay six to 30 yuan (81 cents to \$4.05) for each square meter they use if local per capita arable land range from two to three mu.

The lowest tax rates of five to 25 yuan (68 cents to \$3.4) will apply to where per capita arable land stands above three mu.

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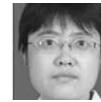
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