

## Appendix A: Sample Calculation of Social Benefits, Income Tax and Net Salary

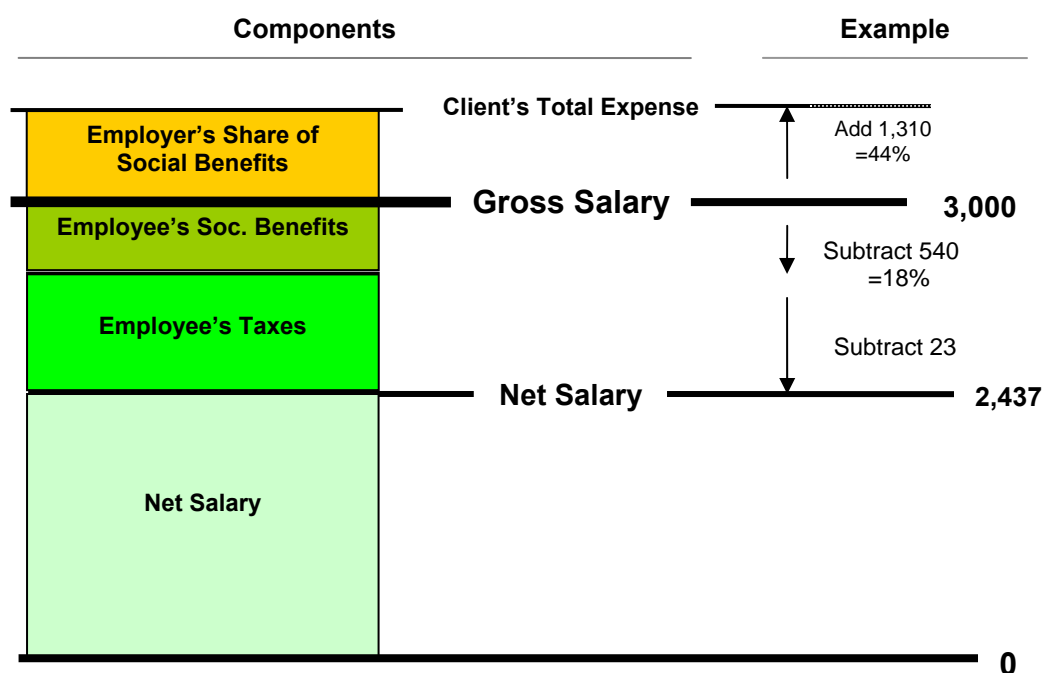
The following illustrates the sample calculation of social benefits, income tax and net salary for an employee earning a gross salary of RMB 3,000. In this example, one clearly notices that the total amount payable by the employer can be significantly higher than the gross salary (44% above the agreed upon salary).

Gross Salary	Company Expenses								
	Social Benefits						Housing Fund <sup>1</sup>	Total	Total Expense
	Pension	Medical Insurance	Unemployment Insurance	Maternity insurance	Workplace insurance	Sub-Total <sup>2</sup>			
	22.0%	12.0%	2.0%	0.5%	0.5%	37.0%	7.0%	44.0%	
	660	360	60	15	15	1,110	210	1,320	4,320

3,000	Employee Expenses							
	Social Benefits				Housing Fund <sup>3</sup>	Income Before Tax	Individual Income Tax <sup>54</sup>	Net Salary
	Pension	Medical Insurance	Unemployment Insurance	Sub-Total <sup>5</sup>				
	8.0%	2.0%	1.0%	11.0%	7.0%			
	240	60	30	330	210	2,460	23	2,437

### Employer's and Employee's Share of Social Benefits and IIT



<sup>1</sup> Maximum Housing Found payment borne by company is  $7392 \times 7\% = \text{¥}517.44$  and Minimum is  $1478 \times 7\% = \text{¥}103.46$

<sup>2</sup> Maximum Social Benefit payment borne by company is  $7392 \times 37\% = \text{¥}2,735.04$  and Minimum is  $1478 \times 37\% = \text{¥}546.86$

<sup>3</sup> Maximum Housing Fund payment borne by individual is  $7392 \times 7\% = \text{¥}517.44$  and Minimum is  $1478 \times 7\% = \text{¥}103.46$

<sup>4</sup> Includes Standard 2,000RMB deduction and Quick Deduction

<sup>5</sup> Maximum Social Benefits payment borne by individual is  $7392 \times 11\% = \text{¥}813.12$  and Minimum is  $1478 \times 11\% = \text{¥}162.58$