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### China Leviable Rate of VAT and Preferential Policies under Simple Tax Computation Method

The Ministry of Finance and the State Administration of Taxation issued the "Announcement on VAT Policy on the sale of Used Cars" on April 8, 2020 to stipulated that the leviable rate for the taxpayers engaged in the sale of used cars is 3% and levied reduced at 0.5% under simple tax method from May 1, 2020 to December 31, 2023. Kaizen summarizes the applicable leviable rates and related preferential policies for small-scale taxpayers and general taxpayers under the simple tax computation method for our clients' reference.

In accordance with the VAT regulations, in order to reduce the taxpayers' burden, besides mall-scale taxpayers, general taxpayers can also apply simple tax computation method for certain business activities under certain circumstances. The leviable rate of VAT under the simple tax computation method is 3% unless otherwise the leviable rate of 5% stipulated by the Ministry of Finance and the State Administration of Taxation.

#### Business Activities and Applicable Leviable Rate

No.	Business Activity	Leviable Rate
1	Small-scale taxpayers sell goods or processing repairs and replacement services, sales of taxable services and intangible asset.	3%
2	General taxpayers allowed to apply or choose to apply simple tax computation method for specific business activities in accordance with related regulations.	
3	Small-scale taxpayers (excluding individuals) sell their own used fixed assets	3% reduced at 2%
4	Taxpayers sell second-hand goods (excluding the new policy for sale of used cars)	
5	From March 1 to May 31, 2020, except for Hubei Province, small-scale taxpayers in other provinces, autonomous regions, and municipalities	3% reduced at 1%
6	From May 1, 2020 to December 31, 2023, taxpayers engaged in the sales of used cars to sell their purchased used cars.	3% reduced at 0.5%

**Business Activities and Applicable Leviable Rate – Cont'd**

No.	Business Activity	Leviable Rate
7	Small-scale taxpayers sell their self-built or acquired real estate	5%
8	General taxpayers sell real estate under simple tax computation method.	5%
9	Real estate operating lease by small-scale tax payers real estate operating lease (land use right)	5%
10	General taxpayers choose simple tax computation method to calculate real estate operating lease (land use right)	5%
11	Transfer the land use rights acquired before replacing business tax with VAT (before April 30, 2016)	5%
12	Real estate development enterprises sell and lease old project of real estate developed by themselves	5%
13	Eligible real estate financing lease	5%
14	The human resources outsourcing services provided by general taxpayers who choose the simple tax calculation method	5%
15	General taxpayers and small-scale taxpayers provide labor dispatch except for those who choose the difference taxpayer	5%
16	Personal rental housing	5% reduced at 1.5%

**Reference List:**1. [Value-added Tax Rate \(1\)](#)2. [Value-added Tax Rate \(2\)](#)

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at [www.kaizencpa.com](http://www.kaizencpa.com) or contact us through the following and talk to our professionals:

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