

## VALUE-ADDED TAX RATE IN CHINA

*Effective from April 1, 2019*

For the different taxable items of China's value-added tax (VAT) and different types of taxpayers, we classify the VAT rate into the following four categories and list the taxable items of the four categories and the corresponding tax rates respectively.

1. VAT rate applicable to VAT general taxpayers for sales or import of goods, sales of taxable services.
2. VAT rate applicable to all taxpayers for export of goods, services or intangible assets.
3. VAT deducted rate applicable to VAT general taxpayers for purchase of agricultural products.
4. VAT leviable rate applicable to small-scale taxpayers or VAT general taxpayers who allowed to use the simple tax computation method.

Category	Taxpayer	Taxable Items		Tax Rate/Leviable Rate /Deduction Rate
1	VAT general taxpayers	Sales or import of goods, sales of taxable services	Trading/import or export, traffic and transit services, postal services, telecoms services, construction services, financial services, modern service, life services, sales of intangible assets, sales of real estate	13% , 9% , 6%
2	All taxpayers	Export of goods, services and intangible assets		0% , Tax Exempt
3	VAT general taxpayers for purchase of agricultural products	Purchase of agricultural products		9% , 10%
4	Small-scale Taxpayers	Sales of goods or processing repairs and replacement services, sales of taxable services, intangible assets and second-hand goods		3%
	VAT general taxpayers allowed to use simple tax computation method	Taxable activities using simple tax computation method		3% , 5%

## 1. VAT Rate Applicable to VAT General Taxpayers for Sales or Import of Goods, Sales of Taxable Services

No.	Taxable Items	Tax Rate
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### Trading/Import or Export

1	Sales/Import	Sales or import of goods(except for other goods listed below); Sales services.	13%
2	Sales/Import (Special items)	a) Food grains, edible vegetable oils, edible salt; b) Tap water, heating, air conditioning, hot water, coal gas, liquefied petroleum gas, natural gas, methane gas, charcoal products for household use; c) Books, newspapers, magazines, audio-visual products, electronic publicized products; d) Feeds, chemical fertilizers, agricultural chemicals, agricultural machinery, plastic covering film for farming; e) Other goods as stipulated by the State Council.	9%

### Traffic & Transit Services

3	Railway Transport Service	The business activities for goods freight and passengers transport by railway.	9%
4	Road Passengers Transport Service	Road transportation business activities except for the railway goods transport activities, including road transport, cable car transport, cableway transport, subway transport, urban light rail transport.	9%
5	Road Goods Transport Service	Road transportation business activities except for the railway goods transport activities, including road transport, cable car transport, cableway transport, subway transport, urban light rail transport.	9%
6	Waterway Transport Service	Transportation business activities for the transport of goods or passengers through natural or artificial waterways or sea lanes, such as rivers, lakes and rivers, etc. The business of voyage charter and time charter of water transport shall be a water transport service.	9%
7	Air Transport Service	Transportation business activities for the transport of goods or passengers by air routes. The wet lease business of air transport belongs to air transport service. The space transportation service shall be subject to VAT in accordance with air transport service.	9%
8	Pipeline Transport Service	Transportation business activities for the transport of gases, liquids and solids through pipeline facilities.	9%

No.	Taxable Items	Tax Rate
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#### Postal Services

9	Postal Service	China Post Group Corporation and its affiliated postal enterprises provide the basic postal services such as mail posting, postal remittance and confidential correspondence. Including general postal service, special postal service and other postal service.	9%
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#### Telecommunications Services

10	Basic Telecoms Service	Business activities of providing voice calling services by using fixed network, mobile network, satellite and Internet, as well as the business activities of renting or selling network elements such as broadband and wavelength.	9%
11	Value Added Telecoms Service	Business activities of providing short message (SMS) and multimedia message (MMS) services, electronic data and information transmission services and application services, Internet access services and other business activities by using fixed network, mobile network, satellite, Internet and cable TV networks. Satellite TV signal landing and transferring service shall be subject to VAT in accordance with telecommunications service.	6%

#### Construction Services

12	Engineering Service	The engineering operations for the construction or reconstruction of buildings and structures, including the installation for equipment or pillars connected with the buildings and the operation platforms, as well as the engineering operations of various kilns and metal structures.	9%
13	Installation Service	Production equipment, power equipment, lifting equipment, transportation equipment, transmission equipment, medical laboratory equipment and other equipment, facilities assembly, the resettlement assignments, including the workbench, ladders, railings installed engineering assignments which are linked to the installed equipment and the insulation, anti-corrosion, heat preservation, paint and other engineering operations of the installed equipment. The installation fee, initial installation fee, account opening fee, capacity expansion fee and other similar fees charged by operators of fixed telephone, cable TV, broadband, water, electricity, gas and heating to users shall be subject to VAT according to the installation service.	9%
14	Renovation Service	An engineering operation for repairing, reinforcing, maintaining or improving a building or structure to restore its service value or extend its service life.	9%
15	Decoration Service	An engineering operation for decorating, renovating a building or structure to make them beautiful or have specific purposes.	9%

No.	Taxable Items	Tax Rate
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**Construction Services (continue)**

16	Other Construction Service	Other construction services, except for above project assignments of engineering services, such as drilling, demolition of buildings or structures, flat land, landscaping, dredging (not including channel dredging), building moving, scaffolding, blasting, mine perforation, engineering operations of stripping and cleaning for surface attachments (including rock, soil, sand, etc.).	9%
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**Financial Services**

17	Loan Service	Business activities of obtaining interest income by lending money to others. Incomes earned by various occupying and borrowing money, including the interest income (break-even revenue, remuneration, capital cost, compensation, etc.) of financial commodities holding period (including maturity), credit card overdraft, and buying of resold financial commodity and margin charging interest income, as well as financing after-sales leaseback, documentary bills, penalty interest, bills discounting, on-lending interest income, shall be subject to VAT in accordance with the loan service; The fixed profit or guaranteed profit collected from the monetary capital investment shall be subject to VAT in accordance with the loan service.	6%
18	Direct Charging Financial Service	Business activities of charging a fee by providing services for monetary financing and other financial transactions, including currency exchange, account management, electronic banking, credit card, letter of credit, financial guarantee, asset management, trust management, fund management, management of financial trading place (platform), fund settlement, fund clearing, financial payment and so on.	6%
19	Life Insurance Service	The insurance business activities that taking people's life and health as the subject matter of insurance.	6%
20	Property Insurance Service	The insurance business activities that taking property and its related interests as the subject matter of insurance.	6%
21	Financial Assets Transfer Service	Business activities of transferring the ownership of foreign exchange, negotiable securities, non-commodity futures and other financial commodities. The transfer of other financial commodities, including the transfer of various asset management products such as funds, trusts and financial products and the transfer of various financial derivatives.	6%

No.	Taxable Items	Tax Rate
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#### Modern Services-- Research and Technology Services

22	Research Service	Business activities of research and experimental development of new technologies, new products, new processes or new materials and their systems.	6%
23	Energy Performance Contracting Service	The energy conservation service company and the energy consumption unit agree on the targets of energy conservation in the form of contracts, the energy conservation service company shall provide the necessary services, and the energy consumption unit shall pay the reasonable remuneration for the energy conservation effect to energy conservation service company.	6%
24	Engineering Survey and Exploration Service	Before and after mining and engineering construction, the business activities of conducting on-the-spot investigation of the topography, geological structure and underground resources.	6%
25	Technology Service	Meteorological services, earthquake services, Marine services, surveying and mapping services, urban planning, environmental and ecological monitoring services and other special technical services.	6%

#### Modern Services--Information Technology Service

26	Software Service	Business activities of providing software development services, software maintenance services, software testing services.	6%
27	Circuit Design and Testing Service	Business activities of providing integrated circuit and electronic circuit product design, testing and related technical support services.	6%
28	Information System Service	Business activities of providing information system integration, network management, website content maintenance, desktop management and maintenance, information system application, basic information technology management platform integration, information technology infrastructure management, data center, hosting center, information security services, online antivirus, virtual host services, including the network operation service for website game which is not owned by the website.	6%
29	Business Process Management Service	Service activities of providing human resource management, financial and economic management, audit management, tax management, logistics information management, operation information management, call center service.	6%
30	Information System Value Added Service	The use of information system resources to provide additional information technology services to users. Including data processing, analysis and integration, database management, data backup, data storage, disaster recovery services, e-commerce platform.	6%

No.	Taxable Items	Tax Rate
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**Modern Services-- Cultural and Creative Services**

31	Design Service	Business activities of conveying plans and ideas in the form of words, language, pictures, sounds, and vision. Including industrial design, internal management design, business operation design, supply chain design, modelling design, clothing design, environmental design, graphic design, packaging design, animation design, online game design, display design, website design, mechanical design, engineering design, advertising design, creative planning, printing and so on.	6%
32	Intellectual Property Service	Business activities dealing with intellectual property matters. Including registration, appraisal, evaluation, authentication and retrieval of patents, trademarks, copyrights, software and layout-design of integrated circuits.	6%
33	Advertising Service	Business activities using books, newspapers, magazines, radio, television, movies, slideshows, road signs, posters, shop windows, neon lights, light boxes, Internet and other forms for propagating or providing related services for customers' goods, service operation items, cultural and sports programs or announcements, statements and other commissioned matters to publicize. Including advertising agencies and advertising release, broadcast, publicity, display and so on.	6%
34	Conference Exhibition Service	Business activities of various exhibitions and conferences held or arranged for commodity circulation, promotion, exhibition, economic and trade negotiation, non-governmental exchange, enterprise communication and international exchanges.	6%

**Modern Services -- Logistics auxiliary services**

35	Aviation Services	Including aviation ground service and general aviation service. Aviation ground services are the business activities which the airlines, airport, civil aviation authority and terminal providing the ground services to the plane sailing in China or stay in the airport of China and other aircraft, including passenger safety inspection service, parking management services, airport lounge management services, aircraft cleaning and sanitation services, air flight service, aircraft service management, communication services, ground signal service, aircraft flight security services, the runway management services, air traffic management services. General aviation services are the business activities of providing flight services for professional work, including aerial photography, aviation training, aerial survey, aerial exploration, aerial forest protection, aerial hanging and broadcasting, aerial rainfall, aerial meteorological detection, aerial and Marine monitoring, and aerial scientific experiments.	6%
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No.	Taxable Items	Tax Rate
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**Modern Services -- Logistics auxiliary services (Continue)**

36	Port and Wharf Service	Business activities of providing port watercraft scheduling services, watercraft communication services, watercraft management services, waterway management services, waterway dredging services, lighthouse management services, aids to navigation management services, navigation guidance service, tally services, mooring and unmooring services, berthing and shifting services, Marine oil spill clean-up services, waterway traffic management services, ship professional cleaning and sanitation testing services and ships oil spill prevention services. The port facility security fee charged by the port facility operator shall be subject to VAT in accordance with the port and wharf service.	6%
37	Freight and Passenger Station Services	Freight and passenger station providing distribution service, transport organization service, interchange service, vehicle scheduling service, ticketing service, goods packaging sorting service, railway line using service, railway carriage hung service, baggage or parcel railway transport service, railway arrival and interchange service, railway shunting services, vehicle hung service, railway catenary service, and railway locomotive traction service.	6%
38	Salvage and Rescue Service	Business activities of providing salvage services for ship personnel, ship property, water rescue, sunken ships and sunken articles.	6%
39	Loading, Unloading and flitting Service	Business activities of loading, unloading and flitting of goods between loading and unloading sites or between transport and loading and unloading sites by using the tools of loading, unloading and flitting or by human or animal power.	6%
40	Storage Service	Business activities of storing and keeping goods on behalf of customers in warehouses, freight yards or other places.	6%
41	Collection and Delivery Service	Business activities for accepting the entrustment of the sender and completing the mail and parcel collection, sorting and delivery within the promised time. Collection service refers to the business activities of collecting letters and parcels from senders and transporting them to service providers' distribution centres in the same city. Sorting service refers to the business activities of the service provider in its distribution centre to classify and distribute mail and parcels. Delivery service refers to the business activities of a service provider to deliver letters and parcels from its distribution centre to recipients in the same city.	6%

No.	Taxable Items	Tax Rate
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**Modern Services -- Leasing Services**

42	Real Estate Financing Leasing Service	Leasing activity which subject matter is the real estate with financing and ownership transfer characteristics. Namely the lessor buy the immovable property according to the model and function which is required by the lessee and lease the immovable property to the lessee, the ownership of the leased items belongs to lessor during the contract period, and the lessee only has right to use, after the contract expires and complete the rent payment, the lessee has right to buy the leased items according to the residual value to have its ownership. This is a financial lease whether or not the lessor sells the leased item to the lessee. Financing after-sale leaseback is not subject to VAT for this tax items.	9%
43	Real Estate Operating Leasing Service	Business activity of transferring the immovable property to others for use within the agreed time and the ownership of the leased items does not change. For leasing the advertising space of immovable property on buildings and structures to other units or individuals for advertising purposes, VAT shall be paid in accordance with the operating leasing service. Vehicle parking services, road access services (including tolls, bridge tolls, gate fees, etc.), etc. are subject to VAT in accordance with real estate operating leasing services.	9%
44	Tangible Movable Property Financing Leasing Service	Leasing activity which subject matter is a tangible movable property with financing nature and ownership transfer characteristics. Namely the lessor by tangible movable property according to the model and function which is required by the lessee and lease the tangible movable property to the lessee, the ownership of the leased items belongs to lessor during the contract period, and the lessee only has right to use, after the contract expires and complete the rent payment, the lessee has right to buy the leased items according to the residual value to have its ownership. This is a financial lease whether or not the lessor sells the leased item to the lessee. Financing after-sale leaseback is not subject to VAT for this tax items.	13%
45	Tangible Movable Property Operating Leasing Service	Business activity of transferring the immovable property to others for use within the agreed time and the ownership of the leased items does not change. For leasing the advertising space of tangible movable property on aircrafts and vehicles to other units or individuals for advertising purposes, VAT shall be paid in accordance with the operating leasing service. The demise charter business of waterway transport and the dry charter business of air transport are operating leases.	13%



No.	Taxable Items	Tax Rate
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**Modern Services -- Authentication and consulting services**

46	Certificate Service	Business activities for the units which have the professional qualification to prove that products, services and management systems satisfied the related technical specifications, mandatory requirements of technical specifications and standards by testing, inspection, metrology and other technologies.	6%
47	Authentication Service	Business activities for trustees which have professional qualification of verifying relative matters and expressing opinions with probative force. Including accounting authentication, tax authentication, legal authentication, professional skill authentication, engineering cost authentication, engineering supervision, asset appraisal, environmental appraisal, real estate land appraisal, construction drawing examination, medical accident appraisal and so on.	6%
48	Consulting Service	Business activities for providing information, advice, planning, consulting and other services, including finance, software, technology, finance, taxation, law, internal management, business operations, process management, health and other aspects of the consulting. The translation service and market research service shall be subject to VAT in accordance with the consulting service.	6%

**Modern Services -- Radio and television services**

49	Radio, Film and Television Programs Production Services	Business activities of providing radio, film and television programs production services for the production of special programs, special columns, variety shows, sports program, cartoons, radio plays, TV plays, movies and other radio, film and television programs and works. Including the planning, editing, shooting, recording, audio and video text and picture material production, site layout, postprocess, translation (compilation), subtitle production, opening and ending of the film, trailers production, special effects production, film restoration, cataloguing and rights confirmation and other business activities related to radio, film and television programs and production.	6%
50	Radio, Film and Tel-Programs Distribution Services	Business activities for distributing radio, film and television programs (works) and transferring the coverage and broadcasting rights of sports events and other activities to cinemas, radio stations, television stations, websites and other units and individuals by account sharing, buyout and entrustment.	6%
51	Radio, Film and Tel-Programs Broadcasting Services	Business activities for broadcasting film and television programs (works) in cinemas, theatres, video playhouse and other places, and broadcasting film and television programs (works) through radio, television stations, satellite communications, the Internet, cable TV and other wireless or cable devices.	6%

No.	Taxable Items	Tax Rate
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**Modern Services -- Business support services**

52	Corporate Management Service	Business activities including headquarter management, investment and asset management, market management, property management and daily comprehensive management services.	6%
53	Brokerage Agency Service	All kinds of brokerage, agency and intermediary services. Including financial agents, intellectual property agents, freight agents, customs agents, legal agents, real estate agents, employment agents, marriage agents, bookkeeping agents, auction, etc.	6%
54	Human Resource Service	Business activities for providing services such as public employment, labour dispatch, talent recruitment, and labour outsourcing.	6%
55	Security Protection Service	Business activities for the protection of personal safety and property safety and the maintenance of public security. Including security, special security, security system monitoring and other security services.	6%

**Other Modern Services**

56	Other Modern Service	Modern services other than research & development and technical services, information technology services, cultural and creative services, logistics auxiliary services, leasing services, authentication and consulting services, radio, film and television services and business support services.	6%
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**Life Services -- Culture and Fitness Services**

57	Cultural Service	Variety of services provided to meet the needs of the public cultural life. Including literary and artistic creation, artistic performances, cultural competitions, lending of library books and materials, archives management, protection of cultural relics and intangible heritage, organization of religious activities, scientific and technological activities, cultural activities, and tourist sites provided.	6%
58	Fitness Service	Services provided to organize and hold sports competitions, performances and activities, and to provide sports training, guidance and management.	6%

No.	Taxable Items	Tax Rate
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**Life Services -- Culture and Fitness Services (Continue)**

59	Education Service	Business activities for providing academic education services, non-academic education services and educational auxiliary services. Academic education services provided to recruit students and organize education planning according to the confirmation or approval of Educational Administration Department, and to issue the corresponding certificates, including primary education, elementary secondary education, senior secondary education, higher education. Non-academic education services, including pre-school education, various kinds of training, speeches, lectures, presentations, etc. Educational auxiliary services, including educational assessment, examination, enrolment and other services.	6%
60	Medical Service	Providing services in the fields of medical examination, diagnosis, treatment, rehabilitation, prevention, health care, delivery the baby, family planning and epidemic prevention, as well as the business related to such services for providing drugs, medical materials and appliances, ambulances, ward accommodation and meals.	6%

**Life Services -- Tourism and Entertainment Services**

61	Tourism Service	Business activities for organizing and arranging transportation, sightseeing, accommodation, catering, shopping, entertainment, business and other services according to the requirements of tourists.	6%
62	Entertainment Service	Business activities of providing both a place and a service for entertainment activities. Specific including karaoke hall, dance hall, club, bar, billiards, golf, bowling, games (including shooting, hunting, horse racing, game player, bungee, kart, hot air balloon, paramotor, archery, darts).	6%

**Life Services -- Food, beverage and accommodation services**

63	Food and Beverage service	Business activity that provides the food and beverage services and places to consumers.	6%
64	Accommodation Service	Providing accommodation and supporting services and other activities. Accommodation services provided by hotels, lodges, guesthouse, resorts and other operating accommodation establishments.	6%

No.	Taxable Items	Tax Rate
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**Life Services -- Residents' Daily Services**

65	Residents' Daily Service	The services mainly provided to meet the daily needs of residents and their families, including management of city appearance and municipal administration, housekeeping, wedding celebration, pension, funeral, care and nursing, rescue and relief, beauty salon, massage, sauna, oxygen bar, foot therapy, bath, dyeing, photography and other services.	6%
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**Life Services -- Other Life Services**

66	Other Life Service	Life services other than cultural and fitness services, education and medical services, tourism and entertainment services, food, beverage and accommodation services and residents' daily services.	6%
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**Sales of Intangible Assets**

67	Patented or Non-patented technology	Business activities of transferring the ownership or right to use patented or non-patented technology.	6%
68	Trademark and Copyright	Business activities of transferring the ownership or right to use trademarks and copyrights.	6%
69	Land Usage Rights	Business activities of transferring the right to use land.	9%
70	Other Natural Resources Usage Rights	Business activities of transferring the right to the use of natural resources other than the right to use land, including the right to use sea areas, the right of exploration, the right of mining, the right to draw water and the right to use other natural resources.	6%
71	Other Equity Intangible Assets	Business activities of transferring the ownership or right to use other equity intangible assets other than those mentioned above. Including infrastructure assets operation right, public utilities franchising right, quota, management right (including franchise right, chain operation right, other management right), dealership, distribution right, agent right, membership right, seat right, online game virtual props, domain name, name right, portraiture right, naming right, transfer fee, etc.	6%

No.	Taxable Items	Tax Rate
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**Sales of Intangible Assets (Continue)**

72	Sales of Intangible Assets	Business activities of transferring the ownership of immovable property. "Immovable property" means property which cannot be moved, or which will cause a change in nature or shape when moved. Buildings, including residential buildings, commercial buildings, office buildings and other buildings that can be used for living, working or other activities. The transfer of the limited property right or the permanent right to the use of a building, the transfer of the ownership of a building under construction, and the transfer of building with the right to the use of the land occupied by the building, VAT shall be paid in accordance with the sale of the real estate.	9%
73	Sales of Real Estate Structure	Business activity of transferring the ownership of immovable property. "Immovable property" means property which cannot be moved, or which will cause a change in nature or shape when moved. Structures, including roads, bridges, tunnels, dams, etc. The transfer of the ownership of the structures under construction with the right to the use of the land occupied shall be subject to VAT in accordance with the sale of real estate.	9%

**2. VAT Rate Applicable to all Taxpayers for Export of Goods, Services or Intangible Assets**

No.	Taxable Items	Tax Rate
74	Export of goods	0%
75	Cross-border sales of services within the scope of the State Council, intangible assets. Note: You can abandon the applicable VAT zero tax rate, choose to be exempt from tax or pay VAT according to regulations.	0%
76	Sales of goods, services and cross-border taxable behaviour which satisfy the tax-exempt requirements.	Tax Exempt

### 3. VAT Deduction Rate Applicable to VAT General Taxpayers for Purchase of Agricultural Products

No.	Taxable Items	Deduction Rate
77	For the VAT general taxpayer to purchase agricultural products, the original 10% deduction rate is adjusted to 9%.	9%
78	For VAT general taxpayers to purchase agricultural products used for production or entrusted processing of 13% tax rate goods, the deduction rate for input tax amount calculation shall be 10%.	10%

### 4. VAT Leviable Rate Applicable to Small-scale Taxpayers or VAT General Taxpayers Who Allowed to Use the Simple Taxation Method

No.	Applicable Scope	Taxable Items	Leviable Rate
79	Small-scale Taxpayers	Sales of goods or processing repairs and replacement services, sales of taxable services and intangible assets.	3%
80	General Taxpayers	Specific taxable behaviors of apply or choose simplified calculation method in accordance with regulations.	3%
		Human resource outsourcing service.	5%
81	All Taxpayers	Sales of real estate; The real estate operating leasing which meet the criteria (land use rights); Transfer the land use right which is acquired before replacing business tax with VAT; Previous items for real estate development enterprises sell and lease self-developed real estate products; Qualified real estate financing lease; Selection of differential taxation for labour dispatch and security protection services.	5%
		Sales of second-hand goods; Sales of fixed assets used by themselves (excluding individuals).	3% reduced at 2%
82	Individuals	House rental.	5% reduced at 1.5%

*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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