

➤ **Q: How to determine the turnover?**

A: Usually, the turnover is composed of the total consideration and all other charges received (including commissions, fund, pool fund, payment received on behalf, and payment made on behalf) from the buyers for the provision of taxable services, transfer of intangible assets and/or sales of immovable properties by the taxpayers.

The turnover shall be computed in RMB. For the turnover settled in foreign currencies, it shall be converted into RMB according to the state official exchange rate quoted on the day of settlement or the first day of that month by the people's bank of China (or the exchange rate worked out in line with relevant regulations), in basis of which the business tax payable is computed and paid.

For financial enterprises settling the turnover in foreign currencies, the conversion shall be made according to the exchange rate quoted on the same day of receiving the foreign exchange or at the end of the quarter by the people's bank of China. For insurance enterprises settling turnover in foreign currencies, the conversion shall be made according to the exchange rate quoted on the same day of receiving the foreign exchange or at the end of the same month by the people's bank of China.

Taxpayers should determine in advance the conversion rate to be adopted. Once determined, no change shall be allowed within one year.

Where the prices of providing taxable services, transferring intangible assets or selling immovable properties by taxpayers are obvious low without any acceptable reason, the competent tax department shall assess the turnover according to the average prices of providing similar taxable services or selling similar immovable properties by the taxpayers in the current month or in recent time or according to the piracies composed of cost plus certain profits, on which the business tax will be levied.

The formula for computing the composite assessable prices is:

Composite assessable price = business cost or engineer cost*(1+cost/profit ratio)/ (1-business tax rate)

The 'cost/profit ratio' in above formula shall determined by the local tax bureaus at provincial level.

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