

➤ **Q: How many rates are there in VAT? To what goods and services is each of them applicable?**

A: There are 3 rates in VAT: 0%, 13%, and 17%.

- a. 0% rate applies to exported goods, except for the goods in aid of foreign countries and the goods prohibited by the Central Government for exportation (presently including natural bezoar, musk, copper, copper alloy, platinum and etc.).
- b. The 13% rate applied to the following goods:
Agricultural products, including grains, vegetables, tobacco (excluding re-cured tobacco), tea, horticulture plants, oil plants, fibre plants, sugar plants, forestry products, other plants, aquatic products, animal husbandry products, animal skins, animal hairs, and other animal tissues.
 - ◆ Edible vegetable oil and food grains.
 - ◆ Tap water, heating, air conditioning, hot water, coal gas, liquefied petroleum gas, natural gas, methane gas, coal/charcoal products for household use.
 - ◆ Books, newspapers, magazines (excluding newspapers and magazines issued by post and telecommunication departments).
 - ◆ Feeds, chemical fertilizers, agricultural chemicals, agricultural machinery and covering plastic film for farming.
 - ◆ Dressing metal mineral products, dressing non-metal mineral products, coal.
 - ◆ Crude oil, mine salt and goods other than those mentioned above, and services of processing, repairs and replacement are subject to the 17% rate.

Any adjustment to the VAT rates shall be determined by the State Council.

If one taxpayer operates business of both goods and taxable services which are subject to different VAT rates, then the sales values should be accounted separately for goods and services. If not, the tax department shall apply the higher rate at all.

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