

➤ **Q: How to compute consumption tax payable?**

A: The computation of tax payable for consumption tax shall generally follow either the ad valorem and flat rate method or the quantity based method. The former is based on the sales value of the taxable consumer goods and by applying the applicable rate; the latter is based on the sales volume of the taxable consumer goods and by applying the applicable tax amount per unit.

The formulas for computing the tax payable are as follows:

- a. Tax payable = sales value of taxable consumers goods*applicable tax rate
- b. Tax payable = sales volume of taxable consumer goods*applicable tax amount per unit

For compound tax rate (like tobacco and alcohol), it is all right simply by combining the two formulas above.

The formula for computing the tax payable is:

Tax payable = sale volume of taxable consumer goods*applicable tax per unit + sale value of taxable consumer goods* applicable tax rate

Example 1

One cigarette factory has sold 80000 large boxes of cigarettes this month with each box containing 250 cartons. The price of each carton is 60yuan (excluding VAT) and the applicable consumption tax rate is 45%, the consumption tax payable by the factory shall be calculated as follows:

The price of each box = 250 carton*60yuan/carton = 15000yuan

Tax payable = (150yuan/box+15000yuan/box*45%)*80000 boxes = 552000000yuan

Example 2

One beer brewery sells 5000 ton beer for the month with price per ton 2800yuan (excluding VAT). The applicable consumption tax amount per unit is 2200 yuan per ton. Then the tax payable by the factory shall be computed as follows:

Tax payable = 5000 tons*220yuan/ton = 1100000yuan

Example 3

Some motor factory sold 5000 cars in the month. The price of each car is 80000yuan (excluding VAT). The applicable consumption tax rate is 5%. The consumption tax payable for the month is computed as:

Tax payable = 5000cars*80000yuan/car*5% = 20million yuan

For the taxable consumer goods produced from tax-paid consumer goods purchased or

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contract-processed by the taxpayers (such as the cigarettes produced from the tax-paid cut tobacco purchased or contract-processed, the cosmetics produced from the tax-paid cosmetics purchased or contract-processed), the consumption tax already paid on the taxable consumer goods purchased or contract-processed may be credited in computing the consumption tax payable.

In case of taxable consumer goods returned due to quality reason, the consumption tax paid on that returns may be rebated upon approval by the competent tax department.



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