

➤ **Q: How to compute the taxable income in Foreign Enterprise Income Tax?**

A: The formulas for computing the taxable income for Foreign Enterprise Income Tax are:

a. Manufacturing industry:

Taxable income = Sales profit + Other business profit + non-business income-non-business expenses

Sales profit = net sales of the products-Sales cost of products-Tax on sales of products-Sales expenses-administrative expenses-Financial expenses

b. Commerce:

Taxable income = Sales profit + other business profit + Non-business income-Non-business expenses

sales profit = net sales-Cost of sales-Tax on sales-Sales expenses-Administrative expenses-Financial expenses

c. service industry:

Taxable income = Net business income + non-business income – non-business expenses

Net business income = gross business income – tax on business income – business expenses – administrative expenses – financial expenses

The taxes listed in the above formulas do not include the reference to the above formulas.

For foreign air transportation and ocean shipping enterprises engaged in international transportation and shipping business, the taxable income shall be 5% of the gross income generated from transport and shipping services for passengers and cargoes loaded in China.

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