

➤ **Q: What are the taxable items of business tax? And what are the rates?**

A: There are nine taxable items under business tax for which all are taxed by flat rates as follows:

- a. 3% rate for communications and transportation, including transportation by land, water, and air and pipeline, and loading & unloading and delivery.
- b. 3% rate for construction industry, including construction, installation, repair, decoration and other engineering work.
- c. 7% rate (will be reduced to 6% in 2002 and 5% in 2003) for finance and insurance, including loans making, financial brokerage industry, and other financial and insurance businesses.
- d. 3% for posts and telecommunications
- e. 3% for culture and sports
- f. 5% to 20% rate for entertainment, including dance halls, music tea houses, billiards, golf, bowling and billiards that are subject to 20% rate, the specific applicable business tax rate for other items shall be determined by the people's government of province, the people's government of autonomous region or the municipality directly under the state council by taking into account the practical local conditions within the range specified by tax laws.
- g. 5% rate for service industry, including agency, hotels, catering, tourism, warehousing, leasing, advertising and other services
- h. 5% for transfer of intangible assets, including transfer of land-use rights, patent rights, non-patent technologies
- i. 5% rate for sales of immovable properties, including sales of buildings and other attachments to land.

Any adjustment to business tax taxable items and rates shall be exclusively made by the state council.

Where taxpayers are involved in different items eligible for different tax rates, the taxpayers should respectively calculate the turnover, transfer value and/or sales value (hereinafter referred to as turnover) for different taxable items. Otherwise, the tax department shall apply the highest rate in computing the business tax payable.

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