

➤ **Q: What activities are mixed sales? And what tax is levied?**

A: If a sale activity involves both goods and non-taxable labor service (e.g., sell and transport the goods), the activity is called mixed sale. The mixed sales in goods manufacturing, wholesaling and retailing (including the activities centered in goods manufacturing, wholesaling and retailing and concurrently involved in non-taxable services) are deemed as sales of goods, and are subject to VAT on the total sales revenue. Business Tax is levied instead of VAT on the mixed sales of other enterprises, units and individuals.

For the VAT taxpayers concurrently engaged in non-taxable labor services, the sales values of goods, taxable services and non-taxable services should be accounted respectively (hereinafter referred to as sales values). If the taxpayers fail to separately or precisely account their sales values, the competent tax authorities shall request the taxpayers to pay VAT on their non-taxable services together with goods and taxable services, and the tax rate on non-taxable services will be the highest one.



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