

➤ **Q: What is output tax? How to compute it?**

A: For taxpayers selling goods or taxable services, the output tax shall be the vat computed and charged to the purchasers on the basis of the sales values and the applicable tax rates.

The formula for computing the output tax is as follows:

Output tax = Sales value * applicable tax rate

Example:

A steal company sold to a machinery company a certain quantity of steal worth of 5 million yuan. The applicable vat rate is 17%. The output tax charged to the machinery company by the steal company shall be computed as follows:

Output tax = 5 million yuan * 17% = 85000 yuan



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