

➤ **Q: Who are taxpayers liable to business tax?**

A: The taxpayers of business tax include: state-owned enterprises, collective enterprises, private enterprises, enterprises with foreign investment, foreign enterprises, joint equity enterprises, other enterprises, administrative units, individual business operators and other individuals engaged in the provision of taxable services, the transfer of intangible assets and/or the sales of immovable properties within the territory of the people's republic of China.

Where units or individuals construct sell buildings, the construction is deemed as provision of taxable labor service.

The transfer of limited property right or permanent use right and the gifting of immovable properties by units to others are deemed as sales of immovable properties.

A sales activity involved both taxable services and goods is regarded as mixed sales. VAT shall be levied in stead of business tax on the mixed sales of the enterprises engaged in production, wholesales or retails of goods, units of enterprise nature and individual business operators (including those mainly engaged in goods production, wholesales or retails and concurrently in taxable services). The mixed sales of other enterprises, units and individuals are seen as provision of taxable services and are subject to business tax.

The taxpayers concurrently engaged in taxable services, goods or nontaxable services should respectively calculate the turnover and sales volume of them. Otherwise, the competent tax department shall levy VAT on all of activities in stead of business tax.

For businesses leased or contracted to others, the leases or the contractors (refer to the leases periodically paying contract fees to the principals, who are independent in business operation and in business accounting.) shall be the taxpayers.

At present, the business tax revenue mostly comes from the state owned enterprises, collectively owned enterprises and the joint equity enterprises that are engaged in finance and insurance, tertiary industry, construction industry, realty industry, transportation industry and post and telecommunication industry.

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