

➤ **Q: How to determine the time period for computing the taxable income for Foreign Enterprise Income Tax?**

A: The taxable income of Foreign Enterprise Income Tax is computed on the accrual basis. The income derived by taxpayers from the following businesses may be computed by period, on which the taxable income shall be calculated:

- a. For sales of products or commodities by installment payment, the realization of sales revenue may be determined on the date of invoice issuance upon delivery of goods, or the date agreed in the contracts for the purchases to make payment.
- b. For constructions, installations, assembling and provision of labor services, which last more than one year, the realization of revenue may be determined according to the progress of the projects or the amount of work completed.
- c. For processing, manufacturing large machinery equipment and vessels for others consecutively for more than one year, the realization of revenue shall be determined according to the progress or the amount of work completed.

For Sino-foreign co-operative enterprises sharing their products, the time of obtaining the shared products shall be time of revenue realization. The revenue should be valued in line with the sales price to the third party or the market price at that time.

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