

➤ **Q: What are the tax base and rate of vehicle acquisition tax?**

A: vehicle acquisition tax is based on the taxable price that is determined according to the following rules:

1. The taxable price of the taxable vehicle purchased by taxpayers for self-use is the total payment of price and non-price expenses (including commissions, contribution to funds, indemnity for breaking contracts, package charges, transportation charges, storage charges, payment charged on behalf, payment made on behalf and other charges all of which are collected by the selling party in addition to the price of the vehicle) made by the taxpayers when purchasing the taxable vehicle, but except for VAT.
2. The formula for computing the taxable price of the taxable vehicle imported for self-use is:
Taxable price = custom dutiable price + customs duty + consumption tax
3. The taxable price of the taxable vehicles obtained for self-use by taxpayers by means of self-production, gifting, prize or any other means shall be determined by the competent tax authorities in reference to the lowest taxable price specified by the state administration of taxation.

The state administration of taxation has specified the lowest prices for different types of vehicles on basis of the average market transactional prices.

The lowest taxable price for domestic made vehicles is temporarily determined by concerting from the lowest fee charges as ruled in the notice on levying lowest fees for purchasing sme domestic made vehicles and imported vehicles issued by the ministry of transportation. The converting formula is:

Lowest taxable price = lowest fee charge / 10%

The lowest taxable price for imported vehicles is in line with the catalogue of lowest prices for imported vehicles issued by the state administration of taxation and the ministry of transportation.

The lowest taxable price for imported vehicles by non-trade channel is the lowest price for the new vehicles of the same type.

Where the engines or chassis of the vehicles already paying the tax and being registered are replaced, the lowest taxable price is computed at 70% of the lowest taxable price for the new vehicles of the same type.

For the vehicles the SAT does not specify the lowest taxable price, the collection agency may collect the tax in reference to the vehicles of the same type and the vehicle purchase fee collection department at provincial level shall submit according to the rules procedures the relevant information to the collection office of the ministry of transportation that will put forward the initial suggestions to the SAT an issue for implementation after examination by the SAT.

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Where the taxpayers importing or purchasing the taxable vehicles for self-use declare the taxable vehicles without reasonable reasons, the tax shall be levied according to the lowest taxable price.

Where the taxpayers settle the payment for acquisition of taxable vehicles in terms of foreign currency, the tax shall be computed by converting the foreign currency into RMB at the basic exchange rate promulgated by the people's bank of China on the day of declaration (or the exchange rate worked out according to relevant rules).

The rate of vehicle acquisition tax is 10%. Any adjustment to the tax rate shall be determined and promulgated by the state council.



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China Business Engine

Tel +86 21 52289730

Fax +86 21 5228-9730

Website

China site: www.cbize.com

Globe site: www.cbize.net