

➤ **Q: What are the main exemptions and reductions regarding vehicle acquisition tax?**

A: The following items may be exempt from vehicle acquisition tax:

- a. The vehicles used by foreign embassies in China and diplomatic representatives, foreign consuls and consulates in China, and representative offices of international organizations and their officers.
- b. The fixed vehicles for non-transportation purpose ( such as excavators, land levelers, fork cars, loading trucks, cranes, bulldozers).
- c. The vehicles specially used for flood prevention and forestry fire.
- d. The domestic made car purchased in cash of foreign currency by persons coming back after studying abroad for self-use (one car only)
- e. The small cars imported for self-use by foreign experts domiciled in China for long term (one car only).

Other exemptions and reductions for vehicle acquisition tax shall be rules by the state council.

Where the vehicles exempt from or being reduced of vehicle acquisition tax turn to be outside the scope of tax exemption and reduction due to transfer, changed of use, the tax should be paid before the formalities for transfer or registration of change of use of the vehicles. The lowest taxable price for these vehicles is computed by the following formula:

Lowest taxable price = lowest taxable price of new vehicle of same type \* (1-number of years already used / specified use life) \*100%

In above formula, the specified use life of domestic made vehicles is 10 years and that of imported vehicles is 15 years. The vehicles exceeding the use life shall not be taxed.

Where taxpayers have already paid vehicle acquisition tax but need to get back the tax before vehicle registration due to the following reasons, the tax shall be refunded after examination by the previous collection agency of the application of the taxpayers:

- a. Where the vehicle administration division of the public security department refuses to handle the vehicle registration formalities, tax may be refunded based on the evidential documents of the vehicle administration division.
- b. For the vehicles returned due to quality problems, tax may be refunded based on the goods return evidence issued by the sellers.

For the vehicles have already completed vehicle registration formalities, the tax shall be refunded regardless of any reason.

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