

## Value-Added Tax Time limit and place for tax payment

### The time of the liability arising

a. For sales of goods or taxable services, the time at which a liability to VAT arises is the date on which the sales payment is received or the documented evidence of right to collect the sales sum is obtained. This mainly includes the following circumstances:

■ For sales of goods under the direct payment method, it shall be the date on which the sales sum is received or the documented evidence of the right to collect the sales sum is obtained, and the bills of lading are delivered to purchasers, regardless whether the goods are delivered.

■ For sales of goods where the sales value is entrusted for collection, including where entrusted to banks for collection, it shall be the date on which the goods are delivered and the procedures for entrusted collection are completed.

■ For sales of goods with payment in advance, it shall be the date on which the goods are delivered.

■ For sales of goods on consignment to other taxpayers, it shall be the date on which the detailed list of the consignment sales is received from the consignee.

■ For sales of taxable services, it shall be the date on which the services are provided and the payment is received or the documented evidence of the right to collect the payment is obtained.

b. For importation of goods, it is the date of import declaration.

### Time limit for tax payment

On the basis of the amount of VAT payable, the VAT assessable period may be one day, three days, five days, ten days, fifteen days or one month.

Where taxpayers are unable to assess and pay VAT within the specific time period, the VAT may be assessed and paid on transaction-by-transaction basis.

Taxpayers with one month as an assessable period should report and pay tax within ten days following the end of the period. Taxpayers with one day, three days, five days, ten days or fifteen days as the assessable period should prepay the tax within five days following the end of the period and report and settle the tax payment within ten days from the first day of the following month.

Taxpayers importing goods should pay VAT within seven days after the issuance of the tax payment certificates by the Customs office.

### Place for tax payment

a. Businesses with a fixed establishment should report and pay VAT to the local competent tax offices where the establishment is located. Where the head office and branches are not situated in the same county (or city), they should report and pay VAT separately to their respective local competent tax offices. The head office may, upon the approval of the State Administration of Taxation or its authorized tax department, report and pay VAT on a consolidated basis to the local competent tax office where the head office is located.

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b. Businesses with a fixed establishment selling goods in other county (or city) should apply for the issuance of the tax administration certificate for outbound business activities from the local competent tax offices where the establishment is located. Then they should report and pay VAT to the local competent tax offices where the establishment is located. When necessary to issue VAT special invoices to the purchasers, the taxpayers should come back to the place where the establishment is located for that. For businesses selling goods and taxable services in other county (or city) without the tax administration certificates issued by the local competent tax offices where the establishment is located, they should report and pay VAT to the local competent tax offices where the sales activities take place. The VAT shall be computed on the basis of 4% levying rate. If the taxpayers fail to report and pay VAT to the local competent tax offices of the sales activities, the local competent tax offices of the establishment shall collect the VAT due.

c. Businesses without a fixed base selling goods or taxable services shall report and pay VAT to the local competent tax offices where the sales activities take place. If they sell goods or taxable services in other county (or city) and fail to report and pay VAT to the competent tax offices of the sales activities, the competent tax offices where the businesses are located or residing shall collect the tax from them.

d. For the direct managed chain enterprises cross different regions, that is the chain stores are set up by wholly control or holding by the headquarters, the headquarters may be allowed to report and pay the VAT on consolidated basis to the local tax offices if the chain stores are connected with computer network, uniform purchase and supply of commodities, uniform accounting and uniform management and operation by rules and if they meet the following conditions:

- For the chain enterprises within one province (autonomous region, municipality directly under the State Council, separately listed city), they should report to the VAT office of the province (autonomous region, municipality directly under the State Council, separately listed city) and the financial department of the same level for approval.

- For the chain enterprises within one county (city), they should report to the SAT office of the county (city) and the financial department of the same level for approval.

e. For importation of goods, the importer or his agent should report and pay VAT to the Customs offices where the imports are declared.

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