

Consumption Tax Taxpayers

Consumption Tax is levied on some specific consumer items, which is a very popular tax in the world. The current “Provisional Regulations of the People’s Republic of China on Consumption Tax” was promulgated by the State Council on December 13, 1993 and came into effect from January 1, 1994.

Consumption Tax is administered by the offices of SAT (the tax on import stage is collected and administered by the Custom on behalf), and the revenue from it all belongs to the Central Government. It is the second largest revenue source for the fiscal revenue of the Central Government. In 2004, the revenue from Consumption Tax is 153.96 billion Yuan, accounting for about 6.6% of the total tax revenue of China.

The taxpayers of Consumption Tax include the State-owned enterprises, the collective enterprises, the private enterprises, the private enterprises, the enterprises with foreign investment, the foreign enterprise, the joint equity enterprises, other enterprises, the administrative units, institutions, military units, social organizations, other units, individual business operators and other individuals engaged in production or importation of the taxable consumer goods within the territory of the People’s Republic of China. Enterprises, units and individuals engaged in sub-contracting for processing of taxable consumer goods or selling some taxable consumer goods in retail stage are also taxpayers of Consumption Tax.

At present, the revenue from Consumption Tax mostly comes from the State owned enterprises, joint equity enterprises and the enterprises with foreign investment that are engaged in production of beverages (mainly alcohol making), tobacco processing (mainly cigarette production), the production of traffic transportation facilities (mainly the manufacturing of cars and motorcycles), and petroleum processing (mainly gasoline and diesel oil).

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