

Value-Added Tax reductions and exemptions

The following items may be free from VAT:

a. The agricultural production materials like seeds, seedling plants, farming plastic films and the specified agricultural machines, chemicals, pesticides, feeds and others, the self-produced primary agricultural products sold by agricultural producing units (including planting, breeding, forestry, animal husbandry, aquatic industry) and individuals.

b. Exported goods under contract processing.

c. The following equipment and the relevant technology, accessories and parts together with the equipment imported for self-use by enterprises (projects):

- That imported by the foreign investment projects and domestic investment projects encouraged and supported by the State within the total investment sum.

- That imported by enterprises for producing the products listed in the State High and New Technology Products Catalogue.

- That imported by enterprises of software.

- That imported by the enterprises with foreign investment of the encouraged type and of the restricted type B, the research and development centers with foreign investment, and the enterprises with foreign investment of advanced technology and of export-orient for technical transformation out of the self-owned fund beyond the total investment and within the approved scope of production and business operation.

- That imported by the research and development centers with foreign investment out of the total investment.

- That imported by the projects in conformity with the catalogue of advantageous industry and projects for introducing foreign capital in middle-west provinces, autonomous regions and municipalities directly under the State Council and out of the total investment (Certain tax incentives may also be enjoyed if it is imported by use of the self-owned fund beyond the total investment).

d. The integrated circuit equipment and apparatus imported by the integrated circuit manufacturing enterprises due to importation of integrated circuit technology and whole set of production equipment, and the raw materials and consumables imported for self-use by the integrated circuit manufacturing enterprises in conformity with the State stipulations

e. The payment on software paid abroad by the enterprises to import the advanced technology listed in the State High and New Technology Products Catalogue.

f. The equipment imported by use of the loans of foreign governments and international financial organizations.

g. Contraceptive medicines and devices.

h. Antique books purchased from the public.

i. The articles of science research and teaching, which can not be made at home, imported by the science and research organizations and schools as specified by the State for the direct use in science research and teaching within the reasonable amount.

j. The imported equipment and facilities directly use for agricultural science research and

The copyright and/or other intellectual property rights of China Business Engine including related text, images, charts, sound, animation, and videos, and their arrangement on the China Business Engine website, are protected by copyright and other protective laws.

experiments.

k. The imported materials and equipment for free assistance from the foreign governments and international organizations

l. The materials imported by donations by overseas natural persons, legal persons and other organizations by rules for the use of poverty support, charity cause.

m. The teaching equipment, books, materials and articles for normal study donated by overseas donators for direct use in the various types of vocational schools, high schools, secondary schools, primary schools and/or kindergartens.

n. The articles directly imported by the organizations of the disabled especially for you by the disabled.

o. Goods used and sold by individuals, the fixed assets of goods nature used and sold by units and individual household managers, but exclusive of motor vehicles, motorcycles and yachts whose selling price is over the original value (those over the original value should be subject to half of the VAT levying rate of 4%).

p. The military and police use articles produced by military industry enterprises, the enterprises of armed forces, police department and justice department and the normal enterprises.

q. Artificial limb, wheel chairs and orthopaedic tools for special use by the disabled.

r. Processing, repairs and replacement services provided by handicapped individual business operators.

s. The construction materials produced from waste residue in accordance with the State rules.

t. The clinical blood provided by the blood stations to the medical institutions.

u. The preparation self-produced for self-use by the non-profit medical institutions. The preparation self-produced for self-use by the profitable medical institutions that use the profit obtained directly in improving the medical and health condition may be exempt from VAT for three years starting from the date of obtaining the business licenses.

v. The waste and used material re-collected by the waste and used material collection enterprises.

w. Exported goods self-produced by small taxpayers.

x. The importation VAT may be exempt for the living goods imported by the border residents through border trade up to the limit of RMB 3000 Yuan per day per person.

In addition, certain VAT incentives (e.g., periodical tax reduction or exemption, or payment of tax first and then refund of the tax) may also be available for the newspapers and magazines of the Chinese Communist Party and the democratic parties, the governments, the NPC, the People's Political Consultative Committee, the workers unions, the Communist League, the Women Association, News Agency, the army and the governmental departments; for the textbooks used in universities, high schools and primary schools; for the newspapers and magazines exclusively published for young readers; for the books and magazines of science and technology; for the publications sold by the Xinhua Bookstores below county level and the supply store in countryside; for the film copies sold by the film enterprises; for gold and

The copyright and/or other intellectual property rights of China Business Engine including related text, images, charts, sound, animation, and videos, and their arrangement on the China Business Engine website, are protected by copyright and other protective laws.

platinum; for the software products and integrated circuits developed or produces and sold by the taxpayers; anti-aids medicines; for the civil and welfare production enterprises; and for the national trade enterprises.



The copyright and/or other intellectual property rights of China Business Engine including related text, images, charts, sound, animation, and videos, and their arrangement on the China Business Engine website, are protected by copyright and other protective laws.

China Business Engine

Tel +86 21 52289730

Fax +86 21 5228-9730

Website

China site: www.cbize.com

Globe site: www.cbize.net