

Vessel Tonnage Tax Taxpayers and Tax base

China's Vessel Tonnage Tax is a tax levied on specified vessels. According to the approval by the Financial and Economic Committee of the Administrative Council of the Central Government, the State General Administration of Customs promulgated the Provisional Method of the People's Republic of China on Customs promulgated the Provisional Method of the People's Republic of China on Customs Vessel Tonnage Tax on September 29, 1952, and it was effective as of the same date. Upon the approval by the Financial and Economic Committee of the Administrative Council, the Ministry of Foreign Trade and Economic cooperation revised some articles of this Method respectively in 1954 and 1974. The current tax rate table was implemented as of March 15, 1994. the vessels subject to vessel tonnage tax are free from Vehicle and Vessel Usage Tax or VVULPT.

The Vessel Tonnage Tax is administered by the State General Administration of Customs and the revenue from it belongs to the Central Government. In 2004, the revenue from it was only 1.15 billion yuan.

The taxpayers of Vessel Tonnage Tax are the users or their entrusted foreign vessel agent companies of the following vessels:

- 1) The foreign vessels going within China's harbor.
- 2) Chinese vessels chartered to foreign businessmen.
- 3) The Chinese or foreign vessels used by Chinese-foreign joint operation enterprises.
- 4) The foreign vessels chartered to China sailing overseas or both sailing overseas and engaged in domestic coastal trade.

The above vessels do not include the Chinese vessels transporting foreign goods by one-way leasing.

The taxable vessels are divided into motored vessels and non-motored vessels. The tax is based on the registered net tonnage capacity of the vessels. The odd amount of the net tonnage less than 0.5 ton shall be ignored, and that over 0.5 ton shall be computed as 1 ton. Small size vessels with net tonnage less than 1 ton shall be computed as 1 ton.

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