



European Chamber
中国欧盟商会

Updated VAT Regulations: Phase II of Pilot Program

February 27, 2014

What is VAT?

- A pilot initiative to replace Business Tax for select industries.
- It was launched in Shanghai on 1 January 2012 and gradually rolled out in other major cities.
- The rules and regulations regarding the implementation it is changing since its inception (latest update: Circular 106, January 2014).

What are the current VAT regulations?

- Last circular (106) expands the scope of the pilot program to include the postal services industries and railway transportation, completing the coverage for all forms of transportation services.
- The industries defined under the new scope are now subject to VAT at the rate of 6% or 11%.
- The circular also specifies applicable VAT service types and extends VAT exemptions and preferential policies.

Which industry sectors are affected?

- All international goods transportation agency services and financial leasing industries.
- New sub-service types with a VAT rate of 6%, except for aerospace transportation services which has a VAT rate of 11%, include:
 - (1) technical forecasting and technical training services;
 - (2) engineering survey and exploration services provided after mining construction;
 - (3) auditing and tax management based on computer information technology;
 - (4) internal data analysis, internal data extraction, and internal data management based on computer information technology;
 - (5) receipt and distribution services;
 - (6) aviation training services;
 - (7) translation services.



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Thank you