
VALUE-ADDED TAX LAW OF THE PEOPLE'S REPUBLIC OF CHINA

Central People's Government of the People's Republic of China

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Value-Added Tax Law of the People's Republic of China
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Table of Contents:

Chapter I: General Provisions

Chapter II: Tax Rates

Chapter III: Tax Payable

Chapter IV: Tax Incentives

Chapter V: Collection and Administration

Chapter VI: Supplementary Provisions

Chapter I: General Provisions

Article 1

This Law is enacted to improve the value-added tax system conducive to high-quality development, regulate the levy and payment of value-added tax, and protect the lawful rights and interests of taxpayers.

Article 2

Value-added tax work shall implement the Party and state's guidelines, policies, and decisions and deployments, and serve the national economy and social development.

Article 3

Units and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, and immovable property (hereinafter referred to as taxable transactions) within the territory of the People's Republic of China (hereinafter referred to as within the territory) and import goods are value-added taxpayers and shall pay value-added tax in accordance with this Law. Selling goods, services, intangible assets, and immovable property refers to the compensated transfer of ownership of goods and immovable property, the compensated provision of services, and the compensated transfer of ownership or use rights of intangible assets.

Article 4

A taxable transaction occurring within the territory refers to any of the following circumstances:

1. For the sale of goods, the place of shipment or location of the goods is within the territory;
2. For the sale or lease of immovable property, or transfer of the right to use natural resources, the location of the immovable property or natural resources is within the territory;
3. For the sale of financial commodities, the financial commodities are issued within the territory, or the seller is a unit or individual within the territory;
4. For the sale of services and intangible assets, other than those specified in items (2) and (3) of this Article, the services or intangible assets are consumed within the territory, or the seller is a unit or individual within the territory.

Article 5

Under any of the following circumstances, the tran-

saction is deemed a taxable transaction and value-added tax shall be paid in accordance with this Law:

1. Units and individual industrial and commercial households use self-produced or consigned processed goods for collective welfare or personal consumption;
2. Units and individual industrial and commercial households transfer goods without compensation;
3. Units and individuals transfer intangible assets, immovable property, or financial commodities without compensation.

Article 6

Under any of the following circumstances, the transaction does not constitute a taxable transaction and value-added tax is not levied:

1. Employees provide services to their employing unit or employer to obtain wages or salaries;
2. Collection of administrative fees or government funds;
3. Obtaining compensation due to expropriation or requisition in accordance with legal provisions;
4. Obtaining deposit interest income.

Article 7

Value-added tax is an ex-tax tax. The sales amount of a taxable transaction does not include the value-added tax amount. The value-added tax amount shall be separately stated on the transaction document as stipulated by the State Council.

Article 8

Taxpayers engaged in taxable transactions shall calculate and pay value-added tax according to the general calculation method, which determines the tax payable by deducting input tax from output tax, unless otherwise provided in this Law.

Small-scale taxpayers may calculate and pay value-added tax according to the simplified calculation method, which determines the tax payable based on the sales amount and the levy rate.

The calculation methods for value-added tax on the Sino-foreign cooperative exploitation of offshore petroleum and natural gas, etc., shall be implemented in accordance with the relevant provisions of the State Council.

Article 9

"Small-scale taxpayers" as mentioned in this Law

refer to taxpayers whose annual taxable sales amount of value-added tax does not exceed five million yuan.

Small-scale taxpayers with sound accounting systems capable of providing accurate tax information may register with the competent tax authority and calculate and pay value-added tax according to the general calculation method stipulated in this Law.

Based on the needs of national economic and social development, the State Council may adjust the standard for small-scale taxpayers and report it to the Standing Committee of the National People's Congress for the record.

Chapter II: Tax Rates

Article 10

Value-added tax rates:

Article 4 A taxable transaction occurring within the territory refers to any of the following circumstances:

1. For taxpayers selling goods, processing, repair, and replacement services, tangible movable property leasing services, and importing goods, except as specified in items (2), (4), and (5) of this Article, the tax rate is 13%.
2. For taxpayers selling transportation, postal, basic telecommunications, construction, and immovable property leasing services, selling immovable property, transferring land use rights, selling or importing the following goods, except as specified in items (4) and (5) of this Article, the tax rate is 9%:
 1. Agricultural products, edible vegetable oil, edible salt;
 2. Tap water, heating, cooling, hot water, gas, petroleum liquefied gas, natural gas, dimethyl ether, biogas, coal products for residential use;
 3. Books, newspapers, magazines, audiovisual products, electronic publications;
 4. Feed, chemical fertilizers, pesticides, agricultural machinery, agricultural film.
3. For taxpayers selling services and intangible assets, except as specified in items (1), (2), and (5) of this Article, the tax rate is 6%.
4. For taxpayers exporting goods, the tax rate is zero, unless otherwise stipulated by the State Council.

5. For domestic units and individuals selling services and intangible assets cross-border within the scope stipulated by the State Council, the tax rate is zero.

Article 11

The levy rate for calculating and paying value-added tax using the simplified calculation method is 3%.

Article 12

Where a taxpayer engages in two or more taxable transactions involving different tax rates or levy rates, the sales amounts applicable to different tax rates or levy rates shall be accounted for separately; if not separately accounted for, the higher tax rate shall apply.

Article 13

Where a single taxable transaction involves two or more tax rates or levy rates, the tax rate or levy rate applicable to the main business of the taxable transaction shall apply.

Chapter III: Tax Payable

Article 14

For taxpayers calculating and paying value-added tax using the general calculation method, the tax payable is the balance after deducting the current period's input tax from the current period's output tax.

For taxpayers calculating and paying value-added tax using the simplified calculation method, the tax payable is the current period's sales amount multiplied by the levy rate.

For imported goods, value-added tax is calculated and paid by multiplying the composite taxable price stipulated by this Law by the applicable tax rate. The composite taxable price is the customs dutiable value plus customs duties and consumption tax; if the State Council stipulates otherwise, such provisions shall prevail.

Article 15

For overseas units and individuals engaged in taxable transactions within the territory, the purchaser is the withholding agent; except where it is stipulated by the State Council to entrust a domestic agent to declare and pay tax.

Withholding agents withholding and remitting tax

in accordance with this Law shall calculate the amount to be withheld by multiplying the sales amount by the tax rate.

Article 16

“Output tax” refers to the value-added tax amount calculated by multiplying the sales amount by the tax rate stipulated in this Law for taxable transactions conducted by the taxpayer.

“Input tax” refers to the value-added tax amount paid or borne by the taxpayer for purchasing goods, services, intangible assets, and immovable property.

Taxpayers shall deduct input tax from output tax based on value-added tax credit documents stipulated by laws, administrative regulations, or the State Council.

Article 17

“Sales amount” refers to the consideration obtained by a taxpayer from a taxable transaction, including the total consideration corresponding to monetary and non-monetary economic benefits, excluding the output tax calculated under the general calculation method and the tax payable calculated under the simplified calculation method.

Article 18

The sales amount is calculated in Renminbi. If a taxpayer settles the sales amount in a currency other than Renminbi, it shall be converted into Renminbi for calculation.

Article 19

For deemed taxable transactions as specified in Article 5 of this Law and where the sales amount is in non-monetary form, the taxpayer shall determine the sales amount based on the market price.

Article 20

Where the sales amount is obviously low or high without justifiable reason, the tax authority may determine the sales amount in accordance with the Law of the People’s Republic of China on the Administration of Tax Collection and relevant administrative regulations.

Article 21

For the portion where the current period’s input tax exceeds the current period’s output tax, the taxpayer may, as stipulated by the State Council,

choose to carry it forward to the next period for continued deduction or apply for a refund.

Article 22

The following input tax of a taxpayer shall not be deducted from its output tax:

1. Input tax corresponding to items subject to the simplified calculation method;
2. Input tax corresponding to items exempt from value-added tax;
3. Input tax corresponding to abnormal loss items;
4. Input tax corresponding to goods, services, intangible assets, and immovable property purchased and used for collective welfare or personal consumption;
5. Input tax corresponding to catering services, residents’ daily services, and entertainment services purchased and directly used for consumption;
6. Other input tax stipulated by the State Council.

Chapter IV: Tax Incentives

Article 23

For small-scale taxpayers engaged in taxable transactions, if the sales amount does not reach the threshold, value-added tax is exempt; if the threshold is reached, value-added tax shall be calculated and paid in full in accordance with this Law.

The threshold standard specified in the preceding paragraph shall be stipulated by the State Council and reported to the Standing Committee of the National People’s Congress for the record.

Article 24

The following items are exempt from value-added tax:

1. Self-produced agricultural products sold by agricultural producers; agricultural machinery plowing, irrigation and drainage, pest and disease control, plant protection, agricultural and animal husbandry insurance and related technical training; breeding and disease prevention for poultry, livestock, and aquatic animals;
2. Medical services provided by medical institutions;
3. Antique books; items sold by natural persons that they have used themselves;
4. Imported instruments and equipment directly used for scientific research, scientific experi-

ments, and teaching;

5. Imported materials and equipment as gratuitous aid from foreign governments and international organizations;
6. Items imported directly by organizations of persons with disabilities for the exclusive use of persons with disabilities; services provided by individuals with disabilities;
7. Rearing services provided by nurseries, kindergartens, elderly care institutions, and disability service institutions; matchmaking services; funeral and interment services;
8. Academic education services provided by schools; services provided by students through work-study programs;
9. Ticket income from cultural activities held by memorial halls, museums, cultural centers, management agencies of cultural relics protection units, art galleries, exhibition halls, painting and calligraphy institutes, and libraries; ticket income from cultural and religious activities held by religious venues.

Specific standards for the tax-exempt items specified in the preceding paragraph shall be stipulated by the State Council.

Article 25

Based on the needs of national economic and social development, the State Council may formulate special value-added tax preferential policies to support the development of small and micro enterprises, foster key industries, encourage innovation, entrepreneurship, and employment, donations for public welfare undertakings, etc., and report them to the Standing Committee of the National People's Congress for the record.

The State Council shall conduct timely assessments and adjustments of value-added tax preferential policies.

Article 26

Where a taxpayer concurrently operates value-added tax preferential items, the sales amounts of such items shall be accounted for separately; items not accounted for separately shall not enjoy tax incentives.

Article 27

Taxpayers may waive value-added tax incentives; those who waive an incentive shall not enjoy that tax incentive within 36 months, except for small-scale taxpayers.

Chapter V: Collection and Administration

Article 28

The time when the obligation to pay value-added tax arises is determined according to the following provisions:

1. For taxable transactions, the obligation arises on the day when sales proceeds are received, or the sales amount is obtained or a voucher is obtained; if an invoice is issued first, it is the day the invoice is issued.
2. For deemed taxable transactions, the obligation arises on the day the deemed taxable transaction is completed.
3. For imported goods, the obligation arises on the day the goods are declared for import.
4. The time when the obligation to withhold value-added tax arises is the day when the taxpayer's obligation to pay value-added tax arises.

Article 29

The place for paying value-added tax is determined according to the following provisions:

1. Taxpayers with fixed production and business premises shall declare and pay tax to the competent tax authority at the location of their institution or residence. If the head office and branches are not in the same county (city), they shall declare and pay tax separately to the respective competent tax authorities at their locations; upon approval by the finance and tax authorities at or above the provincial level, the head office may declare and pay tax on a consolidated basis to the competent tax authority at the location of the head office.
2. Taxpayers without fixed production and business premises shall declare and pay tax to the competent tax authority at the place where the taxable transaction occurs; if tax is not declared and paid, the competent tax authority at the location of their institution or residence shall collect the tax.
3. Natural persons selling or leasing immovable property, transferring the right to use natural resources, or providing construction services shall declare and pay tax to the competent tax authority at the location of the immovable property, natural resources, or place where the construction service occurs.
4. Taxpayers importing goods shall declare and pay tax at the location stipulated by customs.

5. Withholding agents shall declare and pay the withheld tax to the competent tax authority at the location of their institution or residence; if the institution or residence is overseas, they shall declare and pay the withheld tax to the competent tax authority at the place where the taxable transaction occurs.

Article 30

The tax calculation periods for value-added tax are ten days, fifteen days, one month, or one quarter. The specific tax calculation period for a taxpayer shall be determined by the competent tax authority based on the amount of tax payable. Taxpayers who do not frequently engage in taxable transactions may be taxed on a per-transaction basis. Taxpayers using one month or one quarter as a tax calculation period shall declare and pay tax within fifteen days from the expiration of the period; those using ten days or fifteen days as a tax calculation period shall declare and pay tax within fifteen days from the first day of the following month. Withholding agents shall settle and pay tax in accordance with the tax calculation periods and declaration deadlines specified in the preceding two paragraphs. Taxpayers importing goods shall declare and pay tax within the time limit stipulated by customs.

Article 31

Taxpayers using ten days or fifteen days as a tax calculation period shall make an advance tax payment within five days from the expiration of the period. If laws or administrative regulations have other provisions regarding advance tax payments by taxpayers, such provisions shall prevail.

Article 32

Value-added tax is collected by tax authorities; value-added tax on imported goods is collected by customs on behalf. Customs shall provide tax authorities with information on the value-added tax collected on its behalf and goods export declarations. The method for calculating value-added tax on articles carried or mailed into the territory by individuals shall be formulated by the State Council and reported to the Standing Committee of the National People's Congress for the record.

Article 33

Taxpayers exporting goods or selling services or in-

terable assets cross-border that are subject to a zero tax rate shall apply to the competent tax authority for tax refund (exemption). Specific measures for export tax refund (exemption) shall be formulated by the State Council.

Article 34

Taxpayers shall issue and use value-added tax invoices in accordance with the law. Value-added tax invoices include paper invoices and electronic invoices. Electronic invoices have the same legal effect as paper invoices. The state actively promotes the use of electronic invoices.

Article 35

Tax authorities shall establish information sharing mechanisms and cooperation mechanisms for value-added tax-related information with industry and information technology, public security, customs, market supervision administration, the People's Bank of China, and financial supervision and management departments. Relevant departments shall, in accordance with laws and administrative regulations and within their respective duties, support and assist tax authorities in carrying out value-added tax collection and administration.

Article 36

The collection and administration of value-added tax shall be carried out in accordance with this Law and the Law of the People's Republic of China on the Administration of Tax Collection.

Article 37

If taxpayers, withholding agents, tax authorities, or their personnel violate the provisions of this Law, legal liability shall be pursued in accordance with the Law of the People's Republic of China on the Administration of Tax Collection and relevant laws and administrative regulations.

Chapter VI: Supplementary Provisions

Article 38

This Law shall come into effect on January 1, 2026. The Interim Regulations of the People's Republic of China on Value-Added Tax are simultaneously repealed.



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