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

STATE COUNCIL ORDER OF THE PEOPLE'S REPUBLIC OF CHINA

NO. 826.

The "Implementation Regulations of the Value-Added Tax Law of the People's Republic of China" were adopted at the 75th Executive Meeting of the State Council on December 19, 2025, are hereby promulgated, and shall come into effect on January 1, 2026.

Premier Li Qiang  
December 25, 2025



## **Implementation Regulations of the Value-Added Tax Law of the People's Republic of China**

### **Chapter I: General Provisions**

#### **Article 1**

These Regulations are formulated in accordance with the Value-Added Tax Law of the People's Republic of China (hereinafter referred to as the VAT Law).

#### **Article 2**

The term "goods" as mentioned in Article 3 of the VAT Law includes tangible movable property, electricity, heat, gas, etc.

The term "services" as mentioned in Article 3 of the VAT Law includes transportation services, postal services, telecommunications services, construction services, financial services, as well as information technology services, cultural and sports services, attestation and consulting services, and other production and living services.

The term "intangible assets" as mentioned in Article 3 of the VAT Law refers to assets that do not have physical form but can bring economic benefits, including technology, trademarks, copyrights, goodwill, rights to use natural resources, and other intangible assets.

The term "immovable property" as mentioned in Article 3 of the VAT Law refers to assets that cannot be moved or whose nature or form will change if moved, including buildings and structures.

The competent finance and taxation departments of the State Council shall propose the specific scope of goods, services, intangible assets, and immovable property, and shall publish and implement them after reporting to and approval by the State Council.

#### **Article 3**

The term "units" as mentioned in Article 3 of the VAT Law includes enterprises, administrative organs, public institutions, military units, social organizations, and other units.

The term "individuals" as mentioned in Article 3 of the VAT Law includes individual industrial and commercial households and natural persons.

#### **Article 4**

The term "consumption of services or intangible assets within the territory" as mentioned in Item (4)

of Article 4 of the VAT Law refers to the following circumstances:

Sales of services or intangible assets by overseas units or individuals to domestic units or individuals, except for services consumed on-site overseas;

Services or intangible assets sold by overseas units or individuals are directly related to domestic goods, immovable property, or natural resources;

Other circumstances prescribed by the competent finance and taxation departments of the State Council.

#### **Article 5**

When a taxpayer issues a VAT special invoice, it shall separately state the sales amount and the VAT amount.

#### **Article 6**

Taxpayers applying the general calculation method are general taxpayers.

General taxpayers implement a registration system; specific registration measures shall be formulated by the competent taxation department of the State Council.

#### **Article 7**

Natural persons are small-scale taxpayers. Non-enterprise units that do not frequently engage in taxable transactions and whose main business is not within the scope of taxable transactions may choose to be taxed as small-scale taxpayers.

### **Chapter II: Tax Rates**

#### **Article 8**

The term "exported goods" as mentioned in Item (4) of Article 10 of the VAT Law refers to goods that have actually left the territory upon customs declaration and are sold to overseas units or individuals, as well as goods deemed as exports as stipulated by the State Council.

#### **Article 9**

For the cross-border sale of the following services or intangible assets by domestic units or individuals, the tax rate is zero:

Research and development services, contract energy management services, design services, radio, film and television program production and distribution services, software services, circuit design

and testing services, information system services, business process management services, and off-shore service outsourcing businesses sold to overseas units and completely consumed overseas;

Technology transferred to overseas units and used entirely overseas;

International transportation services, space transportation services, ad outward repair and maintenance services.

#### **Article 10**

The term “taxable transaction” as mentioned in Article 13 of the VAT Law shall simultaneously meet the following conditions:

It includes two or more businesses involving different tax rates or levy rates;

The businesses have a clear principal and ancillary relationship. The principal business holds the dominant position, reflecting the substance and purpose of the transaction; the ancillary business is a necessary supplement to the principal business and occurs on the premise of the principal business.

### **Chapter III: Tax Payable**

#### **Article 11**

The term “VAT credit documents” as mentioned in Article 16 of the VAT Law shall comply with the relevant provisions of the competent taxation department of the State Council, specifically including VAT special invoices, customs import VAT special payment documents, and tax payment certificates, agricultural product purchase invoices, agricultural product sales invoices, and other credit documents that have the function of crediting input tax.

#### **Article 12**

The input tax creditable by taxpayers from the output tax based on VAT credit documents includes:

The VAT amount stated on the VAT special invoice obtained from the seller;

The VAT amount stated on the customs import VAT special payment document obtained from customs;

The VAT amount stated on the tax payment certificate obtained from the purchase of services, intangible assets, or domestic immovable property from overseas units or individuals;

When purchasing agricultural products, except

where a VAT special invoice or customs import VAT special payment document is obtained, the input tax calculated based on the agricultural product purchase invoice or agricultural product sales invoice, unless otherwise stipulated by the State Council;

The VAT amount stated or included on other VAT credit documents obtained from the seller.

#### **Article 13**

For taxpayers calculating and paying VAT according to the general calculation method, if VAT is refunded to the purchaser due to sales discounts, suspensions, or returns, it shall be deducted from the output tax of the current period; if VAT is recovered due to sales discounts, suspensions, or returns, it shall be deducted from the input tax of the current period.

#### **Article 14**

For taxpayers calculating and paying VAT according to the simplified calculation method if the sales amount is refunded to the purchaser due to sales discounts, suspensions, or returns, it shall be deducted from the sales amount of the current period. If there is still overpaid tax after deducting the current period’s sales amount, it may be deducted from subsequent tax payable or refunded upon application in accordance with regulations.

#### **Article 15**

The term “total consideration” as mentioned in Article 17 of the VAT Law does not include the following taxes, fees, or amounts collected by the taxpayer on behalf of others:

Government funds or administrative charges;

Consumption tax arising from processing consigned consumer goods subject to consumptions tax;

Vehicle purchase tax, vehicle and vessel tax;

Amounts collected in the name of and on behalf of the principal when issuing invoices in the principal’s name.

#### **Article 16**

For taxpayers using the method of combining sales amount and VAT amount in pricing, the sales amount is calculated according to the formulas:

Sales amount under the general calculation method = (Tax inclusive sales amount) / ((1 + Tax rate))

Sales amount under the simplified calculation method = (Tax inclusive sales amount) / ((1 + Levy rate))

#### **Article 17**

If a taxpayer settles the sales amount in a currency other than Renminbi, when converting it into Renminbi for calculation, the conversion rate may be chosen as the middle exchange rate of Renminbi effective on the date the sales amount occurs or on the first day of the month. Once the taxpayer determines the conversion rate, it shall not be changed within 12 months.

#### **Article 18**

Where a taxpayer has circumstances stipulated in Article 20 of the VAT Law, the tax authority may determine the sales amount in sequence according to the following methods:

Based on the average price at which the taxpayer sold similar goods, services, intangible assets, or immovable property in the recent period;

Based on the average price at which other taxpayers sold similar goods, services, intangible assets, or immovable property in the recent period;

Based on the composite taxable price. The formula for the composite taxable price is:

Composite taxable price = Cost x (1 + Cost price ratio) + Consumption tax amount

The cost-profit ratio in the formula is 10%. The competent taxation department of the State Council may adjust the cost-profit ratio based on the actual cost-profit situation of the industry.

#### **Article 19**

The term “abnormal losses” as mentioned in Item (3) of Article 22 of the VAT Law refers to losses of goods due to theft, loss, or spoilage caused by poor management, as well as confiscation, destruction, or demolition of goods or immovable property according to law due to violations of laws and regulations.

The term “items of abnormal losses” as mentioned in Item (3) of Article 22 of the VAT Law includes:

Purchased goods suffering abnormal losses, and the related processing, repair, replacement service, and transportation services;

Purchased goods (excluding fixed assets), processing, repair, replacement services, and transportation services consumed by work-in-progress or finished products suffering abnormal losses;

Immovable property suffering abnormal losses, and the purchased goods and construction services consumed by such immovable property;

Purchased goods and construction services con-

sumed by immovable property under construction suffering abnormal losses. Immovable property under construction includes newly built, rebuilt, expanded, repaired, or decorated immovable property by the taxpayer.

The term “goods” in Items (3) and (4) of paragraph 2 of this Article refers to materials and equipment forming the entity of the immovable property, including building decoration materials, water supply and drainage, heating, sanitation, ventilation, lighting, communication, gas, fire protection, central air conditioning, elevators, electrical, photovoltaic power generation, intelligent building equipment, and supporting facilities, etc.

The term “fixed assets” in these Regulations refers to machinery, machinery, means of transport, and other equipment, tools, and appliances related to production and operation with a service life exceeding 12 months.

#### **Article 20**

Entertainment expenses of taxpayers are considered personal consumption as referred to in the VAT Law.

#### **Article 21**

The input tax corresponding to interest expenses on loan services purchased by taxpayers, and fees such as investment and financing advisory fees, service charges, and consultation fees paid to the lender directly related to such loan services, is temporarily not creditable from the output tax.

The competent finance and taxation departments of the State Council shall timely study and evaluate the implementation effects of the policy that the input tax corresponding to interest on purchased loan services and related expense outlays is not creditable from the output tax.

#### **Article 22**

For purchased goods, services, intangible assets, or immovable property used by taxpayers for non-taxable transactions (hereinafter collectively referred to as non-creditable non-taxable transactions) that simultaneously meet the following circumstances, the corresponding input tax shall not be credited from the output tax:

Engaging in operational activities other than those specified in Articles 3 to 5 of the VAT Law, and obtaining monetary or non-monetary economic benefits related thereto;

Not falling under the circumstances stipulated in Article 6 of the VAT Law.

#### **Article 23**

Where general taxpayers purchase goods (excluding fixed assets) and services used for items subject to the simplified calculation method, VAT-exempt items, and non-creditable non-taxable transactions, and the input tax that cannot be credited cannot be clearly allocated, they shall calculate the non-creditable input tax for the current period on a periodic basis based on the sales or revenue proportion, and conduct an annual summary settlement during the tax filing period in January of the following year.

#### **Article 24**

For purchased goods (excluding fixed assets) and services for which input tax has been credited, if circumstances specified in items (3) to (5) of Article 22 of the VAT Law occur, the corresponding input tax shall be deducted from the input tax of the current period; if the corresponding input tax cannot be determined, the input tax to be deducted shall be calculated based on the actual cost of the current period.

#### **Article 25**

Fixed assets, intangible assets, or immovable property (hereinafter collectively referred to as long-term assets) obtained by general taxpayers and used both for items subject to the general calculation method and for items subject to the simplified calculation method, VAT-exempt items, non-creditable non-taxable transactions, collective welfare, or personal consumption (hereinafter collectively referred to as the five types of non-creditable items) belong to long-term assets for mixed use. The corresponding input tax shall be handled in accordance with the VAT Law and the following provisions:

For a single long-term asset with an original value not exceeding 5 million yuan, the corresponding input tax may be fully credited from the output tax;

For a single long-term asset with an original value exceeding 5 million yuan, the input tax shall be fully credited upon purchase, and thereafter, during the period of mixed use, the non-creditable input tax corresponding to the five types of non-creditable items shall be calculated based on the adjustment period and adjusted annually.

Specific operational measure for crediting input tax on long-term assets shall be formulated by the competent finance and taxation departments of the State Council.

### **Chapter IV: Tax Incentives**

#### **Article 26**

The term “agricultural procedures” as mentioned in Item (1) of the first paragraph of Article 24 of the VAT Law refers to units and individuals engaged in agricultural production; “agricultural products” refers to primary agricultural products.

#### **Article 27**

The term “medical institutions” as mentioned in Item (2) of the first paragraph of Article 24 of the VAT Law refers to institutions established according to relevant regulations with the qualification to practice medicine, including medical institutions at all levels of the military and armed police forces, excluding for-profit cosmetic medical institutions.

#### **Article 28**

The term “antique books” as mentioned in Item (3) of the first paragraph of Article 24 of the VAT Law refers to ancient books and old books purchased from the public.

#### **Article 29**

The term “nurseries and kindergartens” as mentioned in Item (7) of the first paragraph of Article 24 of the VAT Law refers to institutions established according to relevant regulations with qualifications for childcare or preschool education, and their VAT-exempt revenue refers to childcare fees or childcare education fees within the relevant charging standards; “elderly care institutions” refers to various elderly care institutions established according to relevant regulations to provide centralized accommodation and care services for the elderly; “disability service institutions” refers to institutions established according to relevant regulations specifically to provide related services for persons with disabilities.

#### **Article 30**

The term “schools” as mentioned in Item (8) of the first paragraph of Article 24 of the VAT Law refers to institutions established according to relevant re-

gulations providing academic education, as well as technical schools, advanced technical schools, and technician colleges.

**Article 31**

The term “ticket revenue” as mentioned in Item (9) of the first paragraph of Article 24 of the VAT Law refers to revenue from first-admission tickets.

**Article 32**

The scope of application, standards, conditions, etc. of VAT preferential policies shall be disclosed to the public promptly in accordance with the law.

**Article 33**

The competent finance and taxation departments of the State Council shall timely study and evaluate the implementation effects of VAT preferential policies. For policies that no longer meet the needs of national economic and social development, they shall promptly report to the State Council for adjustment and improvement.

**Chapter V: Collection and Administration**

**Article 34**

Where a unit operates by means of contracting, leasing, or affiliation, and the contractor, lessee, or affiliated party conducts business externally in the name of the contractor issuer, lessor, or affiliated party, and the contract issuer, lessor, or affiliated party bears the relevant legal liability, the contract issuer, lessor, or affiliated party is the taxpayer; in other circumstances, the contractor, lessee, or affiliated party is the taxpayer.

For taxable transactions occurring during the operation of asset management products, the asset management product manager is the taxpayer. If otherwise provided by law, such provisions shall prevail.

**Article 35**

For natural persons engaging in taxable transactions that comply with regulations, the domestic unit paying the consideration is the withholding agent. Specific operational measures for withholding and remittance shall be formulated by the competent finance and taxation departments of the State Council.

Where an overseas unit or individual leases do-

mestic immovable property to a natural person, if there is a domestic agent, the domestic agent shall declare and pay the tax.

**Article 36**

Unless otherwise stipulated in these Regulations, where the annual taxable sales amount of a unit or individual industrial and commercial household exceeds the standard for small-scale taxpayers, it shall register as a general taxpayer with the competent tax authority and calculate and pay VAT using the general calculation method from the period when the standard is exceeded.

Small-scale taxpayers meeting the conditions specified in the second paragraph of Article 9 of the VAT Law may register as general taxpayers with the competent tax authority and calculate and pay VAT using the general calculation method from the period of registration.

Once a taxpayer registers as a general taxpayer, it may not change back to a small-scale taxpayer.

**Article 37**

Taxpayers engaging in taxable transactions shall issue invoices to the purchaser.

Under any of the following circumstances, VAT special invoices shall not be issued:

The purchaser of the taxable transaction is a natural person;

The taxable transaction is exempt from VAT;

Other circumstances prescribed by the competent finance and taxation departments of the State Council.

**Article 38**

After a taxpayer issues a VAT special invoice for a taxable transaction, if there are errors in the invoice, or sales discounts, suspensions, returns, etc., it shall handle voiding or issue a red-letter VAT special invoice according to the provisions of the competent taxation department of the State Council; if voiding or issuing a red-letter VAT special invoice is not handled as required, the reduction of output tax or sales amount as stipulated in Articles 13 and 14 of these Regulations shall not be allowed.

**Article 39**

The term “receipt of sales proceeds” as mentioned in Item (1) of the first paragraph of Article 28 of the VAT Law refers to the taxpayer receiving payment during or after the occurrence of the taxable tran-

saction; “the date of obtaining evidence to demand sales proceeds” refers to the payment date determined in the written contract; if no written contract is signed or the written contract does not determine the payment date, it refers to the date of completion of the taxable transaction, i.e., the date of dispatch of goods, completion of services, transfer of ownership of financial commodities, completion of transfer of intangible assets, or completion of transfer of immovable property.

#### **Article 40**

The term “the date of completion of the deemed taxable transaction” as mentioned in Item (2) of the first paragraph of Article 28 of the VAT Law refers to the date of dispatch of goods, transfer of ownership of financial commodities, completion of transfer of intangible assets, or completion of transfer of immovable property.

#### **Article 41**

For exported goods by a taxpayer, if the customs declaration export date is earlier than the time when the tax liability arises as stipulated in Items (1) and (2) of the first paragraph of Article 28 of the VAT Law, the time when the tax liability arises is the date of customs declaration for export of the goods.

#### **Article 42**

The term “may, upon approval by the finance and taxation department at or above the provincial level, be reported and paid by the head office on a consolidated basis” as mentioned in Item (1) of Article 29 of the VAT Law means that for taxpayers with fixed production and business premises, if the head office and branches are not in the same province (autonomous region, municipality directly under the Central Government), upon approval by the competent finance and taxation department of the State Council, the head office may file a consolidated tax return to the competent tax authority at the location of the head office; if the head office and branches are in the same province (autonomous region, municipality directly under the Central Government) but not in the same county (city, district, banner), upon approval by the finance and taxation department of the province (autonomous region, municipality directly under the Central Government), the head office may file a consolidated tax return to the competent tax authority at the location of the head office.

#### **Article 43**

The following taxpayers may apply a tax calculation period of one quarter as stipulated in Article 30 of the VAT Law:

Small-scale taxpayers;

Banks, finance companies, trust companies, and credit cooperatives among general taxpayers;

Other taxpayers determined by the competent taxation and finance departments of the State Council.

#### **Article 44**

Taxpayers taxed on a per-transaction basis, whose sales amount reaches the threshold, shall declare and pay tax from the date the tax liability arises until June 30 of the following year.

#### **Article 45**

The following circumstances require advance tax payment according to regulations:

Providing construction services across prefectural-level administrative regions (counties/districts under municipalities directly under the Central Government);

Providing construction services by means of advance receipts;

Selling real estate projects by means of presale;

Transferring or leasing immovable property located in a different county (city, district, banner) from the taxpayer’s institutional location;

Oil and gas field enterprises selling services related to crude oil and natural gas production across provinces, autonomous regions, or municipalities directly under the Central Government.

Specific operational measures for the advance tax payments stipulated in the first paragraph of this Article shall be formulated by the competent finance and taxation departments of the State Council.

#### **Article 46**

For taxpayers reporting and paying tax on a consolidated basis by the head office upon approval by the finance and taxation department at or above the provincial level, the approving department may stipulate that branches make advance tax payments.

#### **Article 47**

For taxpayers exporting goods or cross-border selling services or intangible assets (hereinafter collectively referred to as export businesses) who apply for tax refund (exemption) according to

the provisions of Article 33 of the VAT Law, the refund (exemption) amount is calculated using the “exempt, credit, and refund” method or the “exempt and refund” method based on the export tax refund rate stipulated by the State Council, and tax refund (exemption) is processed after examination and approval by the tax authority.

The “exempt, credit, and refund” method means VAT is exempt at the export stage, and the corresponding input tax is credited against the payable VAT amount, with any uncredited portion refunded; the “exempt and refund” method means VAT is exempt at the export stage, and the corresponding input tax is refunded.

#### **Article 48**

Taxpayers applying for tax refund (exemption) or VAT exemption for export businesses shall declare within the prescribed time limit; if not declared by the deadline, VAT shall be paid according to the provisions for deemed domestic sales.

#### **Article 49**

Taxpayers applying for tax refund (exemption) for export businesses may waive the tax refund (exemption), choose VAT exemption, or pay VAT. From the month following the waiver of tax refund (exemption), export businesses eligible for tax refund (exemption) shall be exempt from VAT or pay VAT according to regulations.

Taxpayers applying for VAT exemption for export businesses may waive the VAT exemption and choose to pay VAT. From the month following the waiver of VAT exemption, export businesses eligible for VAT exemption shall pay VAT according to regulations.

Export businesses for which taxpayers have waived tax refund (exemption) or VAT exemption may not apply tax refund (exemption) or VAT exemption again within 36 months.

#### **Article 50**

If sales discounts, suspensions, returns, etc., occur for export businesses for which tax refund (exemption) has been processed, the taxpayer shall return the tax already refunded (exempted).

#### **Article 51**

Specific operational measures for VAT export tax refund (exemption) shall be formulated by the competent finance and taxation departments of the State Council.

#### **Article 52**

Tax authorities may obtain information related to export tax collection and administration, such as logistics, customs declaration, freight forwarding, and fund settlement, from relevant units and individuals according to law, and the relevant units and individuals shall provide such information. Tax authorities and their personnel shall keep such information confidential and shall not use it for purposes other than tax collection and administration. If otherwise stipulated by laws and administrative regulations, such provisions shall prevail.

#### **Article 53**

Where a taxpayer implements arrangements without reasonable commercial purpose that reduce, exempt, or defer the payment of VAT, or obtain advance or excessive tax refunds, the tax authority may make adjustments according to the provisions of the *Law of the People's Republic of China on the Administration of Tax Collection and relevant administrative regulations*.

### **Chapter VI: Supplementary Provisions**

#### **Article 54**

These Regulations shall come into effect on January 1, 2026.



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