

Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting the Value-Added Tax Rate No. 32, Caishui [2018]

The finance departments (bureaus), state taxation bureaus, and local taxation bureaus of all provinces, autonomous regions, municipalities directly under the Central Government, and cities under separate state planning, and the Finance Bureau of Xinjiang Production and Construction Corps:

In order to improve the value-added tax system, the relevant policies for adjusting the value-added tax rate are hereby notified as follows:

1. When a taxpayer engages in VAT taxable sales or imports goods, where the originally applicable tax rates of 17% and 11% are adjusted to 16% and 10% respectively.

2. For taxpayers purchasing agricultural products, if the original deduction rate of 11% is applicable, the deduction rate will be adjusted to 10%.

3. When taxpayers purchase agricultural products for production, sale or commissioned processing of goods subject to a tax rate of 16%, the input tax shall be calculated at a deduction rate of 12%.

4. For export goods that were originally subject to a tax rate of 17% and the export tax refund rate is 17%, the export tax refund rate will be adjusted to 16%. For export goods and cross-border taxable activities that were originally subject to a tax rate of 11% and the export tax refund rate was 11%, the export tax refund rate was adjusted to 10%.

5. If a foreign trade enterprise exports goods covered by Article 4 before July 31, 2018, and sells cross-border taxable activities covered by Article 4, if value-added tax has been levied at the pre-adjusted tax rate at the time of purchase, the pre-adjusted export tax rate will apply. Refund rate; if value-added tax has been levied at the adjusted rate at the time of purchase, the adjusted export rebate rate will apply. For goods covered by Article 4 exported by manufacturing enterprises before July 31, 2018, and for cross-border taxable activities covered by Article 4 of sales, the export tax refund rate before adjustment shall be applied.

The implementation time for adjusting the tax refund rate for export goods and the time for exporting goods shall be based on the export date indicated on the customs declaration form for export goods. The implementation time for adjusting the tax refund rate for cross-border taxable activities and the time for cross-border taxable sales shall be based on The date of issuance of

the export invoice shall prevail.

6. This notice shall be effective from May 1, 2018. If the previous relevant regulations are inconsistent with the VAT rate, deduction rate, and export refund rate stipulated in this notice, this notice shall prevail.

7. All localities must attach great importance to the adjustment of the VAT rate, and make preparations before implementation as well as monitoring, analysis, publicity and explanation during the implementation process to ensure that the adjustment of the VAT rate proceeds smoothly and orderly. If you encounter any problems, please report them to the Ministry of Finance and the State Administration of Taxation in a timely manner.

Finance

Administration of Taxation

Ministry of

State

April 4, 2018