

# **Provisional regulations of the people's republic of china on consumption tax**

State Council: 13 December 1993

## Article 1

All units and individuals engaged in the production, subcontracting for processing or the importation of consumer goods prescribed by these Regulations (hereinafter referred to as 'taxable consumer goods') within the territory of the People's Republic of China are taxpayers of Consumption Tax (hereinafter referred to as 'taxpayers') and shall pay Consumption Tax in accordance with these Regulations.

## Article 2

The taxable items, tax rates (tax amounts) of Consumption Tax shall be determined in accordance with the attached to these Regulations.

Any adjustments to the Consumption Tax taxable items, tax rates (tax amounts) shall be determined by the State Council.

## Article 3

For taxpayers dealing in taxable consumer goods with different tax rates, the sales amounts and sales volumes for the taxable consumer goods shall be accounted for separately. If the sales amounts and sales volumes have not been accounted for separately or if the taxable consumer goods with different tax rates are combined into a whole set of consumer goods for sales, the higher tax rate shall apply.

## Article 4

Taxable consumer goods produced by the taxpayer shall be subject to tax upon sales. For self-produced taxable consumer goods for the taxpayer's own use in the continuous production of taxable consumer goods, no tax shall be assessed; tax shall be assessed when the goods are transferred for other use.

For taxable consumer goods sub-contracted for processing, the tax shall be collected and paid by the sub-contractor upon delivery to the contractor. For taxable consumer goods, sub-contracted for processing used by the contractor for the continuous production of taxable consumer goods, the tax paid can be credited in accordance with the regulations.

Imported taxable consumer goods shall be subject to tax upon import declaration.

#### Article 5

The computation of tax payable for Consumption Tax shall follow either the rate on value or the amount on volume method. The formulas for computing the tax payable are as follows:

The tax payable computed under the rate on value method = Sales amount x Tax rate.

The tax payable computed under the amount on volume method = Sales volume x Tax amount per unit.

For taxable consumer goods sold by taxpayers where the sales amounts are computed in foreign currencies, the taxable amounts shall be converted into Renminbi according to the exchange rates prevailing in the foreign exchange market.

#### Article 6

The "sales amount" as stipulated in Article 5 of these Regulations shall be the total consideration and other charges receivable from the buyer for the taxable consumer goods sold by the taxpayer.

#### Article 7

Self-produced taxable consumer goods for the taxpayer's own use that shall be subject to tax in accordance with the stipulations of the first paragraph in Article 4 of these Regulations shall be assessed according to the selling price of similar consumer goods produced by the taxpayer. If the selling price of similar consumer goods is not available, the tax shall be assessed according to the composite assessable value.

The formula for computing the composite assessable value is as follows:

$$\text{(Cost + profit)}$$

Composite assessable value = -----

$$\text{(1-Consumption Tax rate)}$$

#### Article 8

Taxable consumer goods sub-contracted for processing shall be assessed according to the selling price of similar consumer goods of the sub-contractor. If the selling price of similar consumer goods is not available, the tax shall be assessed according to the composite assessable value.

The formula for computing the composite assessable value is as follows:

$$\text{(Cost of material + Processing fee)}$$

Composite assessable value = -----

(1 - Consumption Tax rate)

Article 9

Imported taxable consumer goods which adopt the rate on value method in computing the tax payable shall be assessed according to the composite assessable value.

The formula for computing the composite assessable value is as follows:

(customs dutiable value + Customs Duty )

Composite assessable value = -----

(1 - Consumption Tax rate)

Article 10

Where the taxable value of the taxable consumer goods of the taxpayer is obviously low and without proper justification, the taxable value shall be determined by the competent tax authorities.

Article 11

For taxpayers exporting taxable consumer goods, the Consumption Tax shall be exempt, except as otherwise determined by the State Council. The measures for exemption of exported taxable consumer goods shall be regulated by the State Administration for Taxation.

Article 12

Consumption Tax shall be collected by the tax authorities. Consumption Tax on the importation of taxable consumer goods shall be collected by the customs office on behalf of the tax authorities.

Consumption Tax on taxable consumer goods brought or mailed into China by individuals shall be levied together with Customs Duty. The detailed measures shall be formulated by the Tariff Policy Committee of

the State Council together with the relevant departments.

Article 13

Taxpayers selling taxable consumer goods and self-producing taxable consumer goods for their own use, except otherwise as determined by the State, shall report and pay tax to the local competent tax authorities governing the taxpayers.

For taxable consumer goods sub-contracted for processing, the Consumption Tax due shall be paid to the local competent tax authorities where the sub-contractors are located.

For imported taxable consumer goods, the tax shall be reported and paid by the importers or their agents to the customs offices where the imports are declared.

Article 14

The Consumption Tax assessable period shall be one day, three days, five days, ten days, fifteen days or one month. The actual assessable periods of the taxpayers shall be separately determined by the competent tax authorities according to the magnitude of the tax payable of the taxpayers; tax that cannot be assessed in regular periods can be assessed on a transaction-by-transaction basis.

Taxpayers that adopt one month as an assessable period shall report and pay tax within ten days following the end of the period. If an assessable period of one day, three days, five days, ten days or fifteen days is adopted, the tax shall be prepaid within five days following the end of the period, and a monthly return shall be filed with any balance of tax due settled within ten days from the first day of the following month.

#### Article 15

Taxpayers importing taxable consumer goods shall pay tax within seven days after the completion and issuance of the tax payment certificates by the customs office.

#### Article 16

The collection and administration of Consumption Tax shall be conducted in accordance with the relevant regulations of the (Law of the People's Republic of China on Tax Collection and Administration) and these Regulations.

#### Article 17

The collection of Consumption Tax from foreign investment enterprises and foreign enterprises shall be conducted in accordance with the resolutions of the Standing Committee of the National People's Congress.

#### Article 18

The Ministry of Finance shall be responsible for the interpretation of these Regulations and for the formulation of the Detailed Rules and Regulations for the Implementation of these Regulations.

#### Article 19

These Regulations shall come into effect from January 1, 1994. The relevant regulations of the State Council regarding the collection of Consumption Tax prior to the promulgation of these Regulations shall be repealed on the same date.

### CONSUMPTION TAXABLE ITEMS AND TAX RATES (TAX AMOUNTS) TABLE

Taxable Items	Scope of charge	Tax Unit	Tax Rate/Amount
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Tobacco		45%
1. Grade A cigarettes	Including Imported cigarettes	
2. Grade B cigarettes		40%
3. Cigars		40%
4. Cut tobacco		30%
Alcoholic drinks and alcohol		
1. White spirits made from cereal		25%
2. White spirits made from potatoes		15%
3. Yellow spirits	ton	240 yuan
4. Beer	ton	220 yuan
5. Other alcoholic drinks		10%
6. Alcohol		5%
Cosmetics	Including cosmetics sets	30%
Skin-care and hair-care products		17%
Precious jewelry and precious jade and stones	Including all kinds of gold, silver, jewelry, and precious stone ornaments	10%
Firecrackers and fire-works		15%

Gasoline                      litre      0.2 yuan

Diesel oil                    litre      0.1 yuan

Motor vehicle tyres                      10%

Motorcycles                                  10%

Motor cars

1. Those with a cylinder  
capacity (i. e. Emission  
capacity) of more than  
2200ml (including 2200ml)                      8%

Those with a cylinder  
capacity of between  
1000-2200ml  
(including 1000ml)                                  5%

Those with a  
cylinder capacity  
of less than 1000ml                                  3%

2. Cross-country vehicles  
(four-wheel drive)

Those with a cylinder  
capacity of more than  
2400ml (including 2400ml)                      5%

Those with a cylinder  
capacity of less  
than 2400ml    3%

3. Minibuses and vans

( less than 22 seats)

Those with a cylinder capacity of more than 2000ml (including 2000ml)	5%
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Those with a cylinder capacity of less	3%
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