



## Outsourcing newsletter - **Tax preferential policies are announced for 2023**

Dear Madam, dear Sir,

On 9 January 2023, the State Administration of Taxation (SAT) announced tax preferential policies for 2023. We summarize down below key takeaways.

Should you have any questions, please don't hesitate to contact us. We'll be happy to help!

Mazars AOS Team

### VAT rate for small taxpayers

- VAT exemption if monthly sales  $\leq$  100k (or quarterly  $\leq$  300k)
- VAT rate reduced from 3% to 1%

### Additional VAT input deduction

- 5% additional VAT input deduction for taxpayers engaging in livelihood services\* or life services\*\*, whose sales related to those services represent more than 50% of total sales
- 10% additional VAT input deduction for taxpayers engaging in the provision of life services, whose sales related to those services represent more than 50% of total sales

\* Postal services, telecommunication services, modern services (R&D and technical services, information technology services, cultural and creative services, logistics auxiliary services, leasing services, assurance consulting, broadcasting, film, and television services, business auxiliary services).

\*\*Cultural and sport services, education and medical services, tourism and entertainment services, catering and accommodation services, daily service to residents.

### Point of attention

- Special VAT invoices cannot be issued on exempted income

The policy is effective from 1 January 2023 to 31 December 2023.

Should you have questions as to how these measures impact you, please do not hesitate to address your request directly to your Mazars point of contact.

### References:

*Ministry of Finance and State Administration of Taxation, [2023] No.1: Notice on clarifying the Policies of VAT Reduction and Exemption for Small-scale VAT Taxpayers ([link here](#) in Chinese).*

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[1] Where permitted under applicable country laws

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