



Outsourcing newsletter - **Tax preferential policies summary - VAT small taxpayers**

Several tax relief policies will expire on 31 December 2022 for VAT small taxpayers.

We summarize them and other tax preferential policies that may apply to VAT small taxpayers below.

Tax / Fee	Policy	Valid until	How to enjoy	Points of attention
Value-Added Tax (VAT)	VAT exemption if monthly sales ≤ 150k (or quarterly ≤ 450k)	31 December 2022	Automatic	<ul style="list-style-type: none"> VAT special invoice cannot be issued on exempted income
	VAT exemption for the sales with levy rate at 3%	31 December 2022	Automatic	<ul style="list-style-type: none"> VAT special invoice cannot be issued on exempted income VAT cannot be exempted for the sales with levy rate at 2% and 5%
“Six taxes, Two fees”	50% cost reduction	31 December 2024	Automatic	<ul style="list-style-type: none"> For VAT small taxpayers and small and micro enterprises
Cultural undertaking development fee	Exemption if monthly sales ≤ 20k (or quarterly ≤ 60k)	No date	Automatic	<ul style="list-style-type: none"> Applicable to taxpayers rendering advertising services

VAT Small Taxpayers

- Companies are born as small taxpayers
- VAT payable = levy rate × total turnover
- VAT input is not deductible
- Can issue deductible VAT invoices to clients (provided client is a general taxpayer), but VAT input (for the customer) will only be deductible at 3%

Point of attention

- VAT small taxpayer can apply and switch to VAT general taxpayer even if sales do not exceed RMB 5M
- If sales exceed RMB 5M for 12 consecutive months, the company will have to switch to general taxpayer status

Should you have questions regarding the potential impact of these measures on you, please reach out to your usual point of contact at Mazars.

References:

- Ministry of Finance and State Administration of Taxation, [2021] No.11: Notice on clarifying VAT Exemption Policies for VAT Small-scale Taxpayers (link [here](#) in Chinese);
- Ministry of Finance and State Administration of Taxation, [2022] No.15: Notice on the exemption of VAT for Small-Scale Taxpayers (link [here](#) in Chinese);
- Ministry of Finance and State Administration of Taxation, [2022] No.10: Notice on further implementing the policy of “Six taxes and Two fees” for small and micro-sized enterprises (link [here](#) in Chinese);
- Ministry of Finance and State Administration of Taxation, [2016] No.25: Notice on Issues Relating to Cultural Undertaking Development Fee Policies and Administration of Levying and Collection Relating to Levying VAT in place of Business Tax (link [here](#) in Chinese).

Contacts

Shanghai

8th Floor, One Lujiazui,
68 Middle Yin Cheng Road, Pudong District
200120 Shanghai
Tel.: (+86 21) 6168 1088

Thomas Chen
Partner
thomas.chen@mazars.cn

Guangzhou

1308, Grand Tower
228 Tianhe Road, Tianhe District
510620 Guangzhou
Tel.: (+86 20) 3833 0235

Joan Wu
Partner
joan.wu@mazars.cn

Beijing

Floor 16, Tower A, Borui Building,
26A East 3rd Ring Road N, Chao Yang District
100020, Beijing
Tel.: (+86 10) 8429 8078

Julia Zhen
Partner
julia.zhen@mazars.cn

Disclaimer

In the context of this publication, China, Mainland China or the PRC refers to the People's Republic of China but excludes Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region.

This publication contains general information and is not intended to be comprehensive nor to provide financial, investment, legal, tax or other professional advice or services. This publication is not a substitute for such professional advice or services, and it should not be acted on or relied upon or used as a basis for any investment or other decision or action that may affect you or your business. Before taking any such decision, you should consult a suitably qualified professional adviser. While reasonable effort has been made to ensure the accuracy of the information contained in this publication, this cannot be guaranteed and neither Mazars nor any of their subsidiaries or any affiliates thereof or other related entity shall have any liability to any person or entity which relies on the information contained in this publication, including incidental or consequential damages arising from errors or omissions. Any such reliance is solely at the user's risk.

© MAZARS – All Rights reserved

About Mazars

Mazars is an international, integrated and independent firm, specialising in audit, advisory, accountancy, tax and legal services [1]. With a presence in over 90 countries and territories across the world, Mazars brings together the expertise of 44,000 professionals – 28,000 in our integrated partnership and 16,000 in the United States and Canada via the Mazars North America Alliance – to serve clients of all sizes at every stage of their development.

[1] Where permitted under applicable country laws

www.mazars.cn

Follow Mazars on: 