

UNAVOIDABLE EXPENDITURE IN CHINA

TAXES AND FEES AND THE RATES

VALUE-ADDED TAX

Depending on the scale of your enterprise, the VAT can be 13%, 9%, or 6%. It's also worth noting there is a trend of lowering VAT for the past decades.

CORPORATE INCOME TAX

25% of a company's net gain will be taxed.

REAL ESTATE TAX

For corporations that rent an office, such tax is levied at 12% of the rent fee every year.

For corporations buying the 40-year ownership of lands, the tax rate will be 1.2% of the purchasing prices.

WITHHOLDING TAX

Dividends, rents, interests are taxed at 10%.

CONSUMPTION TAX

Consumable products are generally taxed in China. The rate differs. Certain types of tobacco is taxed at 56% while economical cars are taxed at 1%.

Examples:

Tobacco: Cigarettes 36% or 56% depending on strength, cigars 35%

Alcohol: Beer 220-250RMB/ton, white spirits 20%, others 10%

Gasoline: 1.52 RMB/litre

Cars: 1% to 40% based on engine cylinder size

Motorcycles: 3% to 10% based on engine cylinder size

Luxury watches: 20%

Golf equipment: 10%

Yachts: 10%

Wooden flooring 5%

Lead batteries: 4%

Paints: 4%

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LAND VALUE APPRECIATION TAX

This starts at 30% tax for an appreciation of less than 50%, and increases to 60% tax for an appreciation in excess of 200%. Costs incurred in the transfer, and also in development of the land during ownership, can be deducted.

STAMP TAX

0.005% to 0.1% depending on the contract type.

YANGHE, A WINERY, WAS TAXED OVER 1 BILLION RMB IN 2018

See below a distribution of its taxes.

