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A KPMG newsletter for corporates in China and Hong Kong

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Export Value-added Tax (“VAT”) Refund Rates Adjusted

The Ministry of Finance (“MOF”) and the State Administration of Taxation (“SAT”) jointly issued a notice, Caishui (2003) No. 222, (“Notice 222”) on 13 October 2003 in respect of adjustments to VAT refund rates for export sales.

Unless otherwise specified in Notice 222, VAT refund rates for all export products will be reduced by 2 to 4% as follows:

- Products currently eligible for export VAT refund rates of 17% and 15% will be subject to a reduced refund rate of 13%.
- Products currently subject to a VAT rate of 13% and an export VAT refund rate of 13% will be subject to a reduced refund rate of 11%.

The refund rates for products otherwise specified in Notice 222 are outlined below.

Products with no change in the export VAT refund rate

Export VAT refund rates for the following products will remain unchanged under Notice 222:

- Agricultural products currently eligible for an export VAT refund rate of 5% or 13%.
- Unless otherwise specified in Notice 222:
 - industrial products made from agricultural products, which are currently eligible for an export VAT refund rate of 13%; and
 - products currently subject to a VAT rate of 17% and eligible for an export VAT refund rate of 13%.
- Products listed in Appendix 1 of Notice 222 and currently subject to an export VAT refund rate of 17%. The products listed in Appendix 1 include, but are not limited to, certain types of ships, motor vehicles and their key components and parts, certain engineering, construction and exploration machinery and equipment and certain medical equipment.

Products with an increase in the export VAT refund rate

The export VAT refund rate for certain agricultural and poultry products (listed in Appendix 2 of Notice 222) will be increased from 5% to 13%. Since most of these products are currently subject to a VAT rate of 13%, the export of these products will effectively be zero-rated after the implementation of their new VAT refund rate.

Products with a decrease in the export VAT refund rate

Export VAT refund rates for the following products are reduced to 5%, 8% or 11%.

Major items	Current refund rate (%)	New refund rate (%)
Gasoline (tariff code 27101110), zinc (tariff code 7901)	13, 15, 17	11
Aluminium, phosphorus, nickel, certain alloys of iron	13, 15, 17	8
Certain chemical products and minerals listed in Appendix 5	13, 15, 17	5

Products with the export VAT refund abolished

Products listed in Appendix 3 of Notice 222, consisting of 46 categories of products, are no longer eligible for any export VAT refund. Those products are currently eligible for export VAT refund rates of 5%, 13%, 15% and 17%.

If the above products are subject to Consumption Tax, the refund of Consumption Tax will likewise be abolished. The following are some of the major products that will see their VAT refund rates reduced to zero.

Items	Current refund rate (%)	New refund rate (%)
Crude oil	13	0
Wood	5	0
Paper, paper pulp	13	0
Aluminium oxide	15	0
Lubricating oil	13	0
Light diesel oil	13	0

The notice will take effect on 1 January 2004, i.e. products declared to Customs on or after 1 January 2004 for export will be subject to the new export VAT refund rates.

However, Notice 222 provides grandfathering relief to allow the application of old export VAT refund rates to certain whole sets of equipment and large machinery and electrical products, the export VAT refund rates of which have been reduced by 2 to 4% under Notice 222. Such machinery and equipment will be eligible for the old export VAT refund rates upon approval by the MOF and the SAT, provided that all of the following conditions are satisfied:

- The export value of the set of equipment is USD 2 million or above, or the unit value of the electrical or electronic product is USD 1 million or above.
- The contracts are signed before 15 October 2003 and the prices are unalterable.
- The export dates stipulated in the contracts are after 1 January 2004.
- The case is registered with the relevant local tax authorities in charge of export VAT refund, upon production of the original and copies of the contracts in question, before 15 November 2003 and is examined and verified by the provincial tax authorities and reported to the State Administration of Taxation before 30 November 2003.

For cases and export contracts not registered on time, the machinery and equipment exported on or after 1 January 2004 will be subject to the new and lower export VAT refund rates.

Should you require further information on this issue, please contact our PRC professionals (see below) or your usual KPMG contacts.

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二零零三年十月 第九期

出口货物增值税退税率的调整

2003 年 10 月 13 日，财政部、国家税务总局联合颁布了关于调整出口货物退税率的通知 - 财税 [2003] 第 222 号（222 号文）。

除了 222 号文有特别规定外，出口货物的增值税退税率降低了 2% 至 4%:

- 凡现行出口退税率为 17% 和 15% 的货物，其出口退税率一律调低至 13%
- 凡现行征税率和退税率均为 13% 的货物，其出口退税率一律调低至 11%

下列货物维持现行出口退税率不变

根据 222 号文的规定，下列货物的出口退税率维持不变

- 现行出口退税率为 5% 和 13% 的农产品；
- 222 号文另有规定的除外：
 - 现行出口退税率为 13% 的以农产品为原料加工生产的工业品；
 - 现行税收政策规定增值税征税率为 17%、退税率为 13% 的货物；
- 222 号文附件一中所列的现行出口退税率为 17% 的货物。附件一列明的货物，包括但不限于船舶，汽车及其关键件零部件，工程用机械，建筑、采矿用机械 以及医疗设备。

下列货物出口退税率有所提高

小麦粉、玉米粉、分割鸭、分割兔等 222 号文附件二所列明的货物的出口退税率，由 5%调高到 13%。由于大部分附件二中的产品目前的增值税税率为 13%，在实行了新的增值税退税率后，这些出口货物的实际税率为零。

下列货物的出口退税率有所调低

以下产品的出口退税率降到 5%, 8% 或 11%。

主要商品	目前退税率 (%)	新退税率 (%)
汽油（商品代码 27101110）、未锻轧锌（商品代码 7901）	13, 15, 17	11
未锻轧铝、磷、铁合金	13, 15, 17	8
附件五所列明的化工产品及其矿产品	13, 15, 17	5

取消出口退税的货物

222号文附件三所列明的四十六类商品, 不再享受出口退税。这些商品目前的出口退税率分别为5%, 13%, 15% 和 17%。如果这些商品须要缴纳消费税, 消费税的退税也将同样被取消。以下商品的出口退税率将被降为零。

商品	目前退税率 (%)	新退税率 (%)
原油	13	0
木材	5	0
纸、纸浆	13	0
氧化铝	15	0
润滑油	13	0
轻柴油	13	0

222号文将于二零零四年一月一日生效，即在二零零四年一月一日或以后向海关申报出口的商品将适用调整后的出口退税率。

但是，222号文对若干出口退税率下调2%至4%的成套设备及大型机电产品提供了延长优惠。对于同时满足以下条件的机器设备,在经过国家税务总局和财政部批准后,将依照调整前的退税率办理退税:

- 出口价值在200万美元以上的成套设备或单台、件价值在100万美元以上的机电产品,
- 在2003年10月15日前已对外签订的、价格不可更改的出口合同,
- 按合同规定的出口日期在2004年1月1日以后出口的,
- 在2003年11月15日前到主管退税机关登记备案并提供合同正副本,经省级国家税务局审核后,在2003年11月30日前将符合条件的出口合同及有关资料报国家税务总局。

对未能及时登记备案的成套设备和大型机电产品的出口合同,如在二零零四年一月一日或以后出口的,一律按调整后的退税率办理出口退税。

若 阁下需要进一步资料,请与我所的下列中国税务专家或与 阁下一贯联络的毕马威会计师事务所职员联系。

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