

ValueAddedTax(VAT)1ACCA\_CAT PDF转换可能丢失图片或格式，建议阅读原文

[https://www.100test.com/kao\\_ti2020/525/2021\\_2022\\_ValueAdded\\_c52\\_525771.htm](https://www.100test.com/kao_ti2020/525/2021_2022_ValueAdded_c52_525771.htm) 1. GENERAL INTRODUCTION OF VAT

Value added Tax is tax on each stage of value added process in the whole series of production or service. The final consumer bears the burden of the tax on the value added for the whole production series.

Although it is the final consumer who bears the tax, the actual tax payment is made by the producer or service provider of each stage to the tax bureau. For general VAT taxpayers, the tax payment is the difference between the VAT paid on the purchase (input VAT) and VAT collected on sales (output VAT). The offset between output VAT and input VAT will be the VAT payable to the tax bureau by the producer of each stage. For example, there is a product called product X, and it is made of chemical Y, which is extracted from raw material Z and the purchases/selling price (excluding VAT) and the tax rate is 17%:

Value Stage	Purchase	Sales	Added	Net tax paid
Material Z - Chemical Y	10	30	20	$20 \times 17\% = 3.4$

Product X 30 110 80 80  $\times 17\% = 13.6$  The producer of the chemical Y needs to pay 1.7 ( $10 \times 1.17$ ) including VAT to its supplier and it can collect 35.1 ( $30 \times 1.17$ ) including VAT from its customer. Among it, 5.1 ( $30 \times 17\%$ ) is collected on behalf of the tax bureau. Since it pays 1.7 VAT during its purchase, it only needs to pay the net VAT  $3.4 = 5.1 - 1.7$  to tax bureau. Similarly, the producer of the product X needs to pay 35.1 ( $30 \times 1.17$ ) including VAT to its supplier and it can collect 128.7 ( $110 \times 1.17$ ) including VAT from its

customer. Among it, 18.7 (110 x 17%) is collected on behalf of the tax bureau. Since it pays 5.1 VAT during its purchase, it only needs to pay the net VAT  $13.6 = 18.7 - 5.1$  to tax bureau. The above is based on the assumption that the producer of each stage does not incur any input VAT except for the purchase of materials. In summary the total tax collection (17) by the tax bureau is the tax on total value added =  $(110 - 10) \times 17\% = 17$  for the two stages.

## 2. SCOPE OF VAT

The sales of taxable goods and services at each stage of production and sales process within China are subject to VAT. Taxable goods refer to tangible goods, waters, newspapers, etc., but exclude immovable assets and intangible assets except sales of software (without transfer of the ownership or copyright) are also subject to VAT. The import of taxable goods is also taxable. However export of goods are generally exempt from VAT. Taxable services refer to the provision of labor services related to the processing of ACCA-2004-China Taxation 36 goods and of repair and replacement. It excludes the provision of processing, repairs and replacement services by the employees of an enterprise for their employers. For service, which is subject to VAT, is not subject to Business Tax. In other word, both VAT and business tax is mutually exclusive.

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