

An Introduction to VAT Export Refund Rules in China

中国出口退税简介

The VAT paid for the purchase of export goods in the Chinese market, or for purchases used in the manufacture of export goods, can be refunded in whole or in part, given that the following requirements are satisfied: -

1. The goods are subject to VAT or consumption taxes under the Chinese tax rules;
2. The nature of the export transaction must be treated as sales, not the disposal of fixed assets, in the books of accounts for the exporter;
3. The goods must have physically left the country (except for that shipped to export processing zones);
4. The exporter has to produce evidence showing that the foreign exchange verification procedure governing the export collections has been completed.

符合下列条件，出口商可以申请全部或部分退还在国内采购出口货物，或者使用国内材料生产出口成品，而支付的增值税及消费税：

1. 该货物属于增值税或消费税条例的征税商品范围；
2. 该货物的有关交易在财务上须作为销售货物（不是固定资产）处理；
3. 除付运到出口加工区之外，有关货物必须离开中国国境；
4. 出口商必须提供已经完成有关货物出口收汇程序的证明。

To the individual exporter, the goods it buys for purpose of export and VAT rebates should not fall outside the scope of its business as approved by the Chinese government. The exporter should possess the general taxpayer status under the PRC VAT tentative regulations first. The taxpayer needs to submit the application for export rebates within 90 days of the export declaration. If the taxpayer fails to submit the application within the 90-day period, the tax rules deem all the export to be domestic sales and VAT is payable on export accordingly. The taxpayer should produce the following documentary proofs to the tax bureau in order to get the export refunds: -

1. Special Invoice for export goods;
2. Customs declaration for export goods;
3. Foreign exchange verification notes for export collections;
4. VAT invoice for purchase of export goods;
5. Paid tax payment demand note;
6. VAT declaration forms.

对个别出口商来说，其在国内采购出口商品是否可以退税，仍然需要按外经贸部核定的经营范围执行。退税申请人必是已取得增值税一般纳税人身份的纳税人，退税申请须在出口报关当日的90天内提出，纳税人超过90天期限而没有申请的，其所有出口销售视为内销征税。申请出口退税需提供以下单据和证明：

1. 出口货物专用发票；
2. 出口货物报关单；
3. 出口货物收汇核销单；
4. 购进出口货物的增值税专用发票；

5. 税收缴款书;
6. 增值税纳税申报表。

Computations for VAT exempt-credit-refund

免低退税计算方法

The exempt-offset-refund method shall apply in the computation of export refunds for exporter of self-produced goods. In respect of export sales as from 1st January 2002, all production type enterprise exporting products made from local materials or bonded materials shall adopt the “exempt-offset-refund” method in the computation of disallowed credit, VAT payable, VAT offsettable, and the VAT refundable. “Exempt” here refers to the exemption of VAT for the export sales; “offset” here means the input VAT paid on purchase in the manufacture of export sales shall be used to offset the output VAT collected on local sales; and “refund” here means if the amount of input VAT is bigger than the VAT payable for the current period (i.e. a debit balance), the excess is refundable.

从 2002 年开始，所有生产企业执行免低退计算方法。实行免、抵、退税办法的“免”税，是指对生产企业出口的自产货物，免征本企业生产销售环节增值税；“抵”税，是指生产企业出口自产货物所耗用的原材料、零部件、燃料、动力等所含应予退还的进项税额，抵顶内销货物的应纳税额；“退”税，是指生产企业出口的自产货物在当月内应抵顶的进项税额大于应纳税额时，对未抵顶完的部分予以退税。

According to the origination of the input materials, the export goods may be made from bonded materials (the BM), locally manufactured materials (the LM), or a combination of both. A disallowed credit should be deducted from the input VAT paid on the LM, and the VAT payable and VAT refundable needs to be adjusted accordingly:

- Disallowed credit for current period = (Export sale – BM) x (Standard rate – refund rate); and
- VAT payable for current period = Output VAT on local sales – (Input VAT on LM – disallowed credit)
- VAT refundable = (Export sale – BM) x (refund rate)

制造出口成品可以使用进口保税料件、本地生产的材料、或者同时使用进口保税料件和本地生产材料。按照国家规定，需要从当期进项减去“免抵退税不得免征和抵扣税额”。

- 当期免抵退税不得免征和抵扣税额 = (当期出口销售额 - 当期免税料件金额) x (征税率 - 退税率)；
- 当期应纳税额 = 当期内销货物的销项税额 - (当期进项税额 - 当期免抵退税不得免征和抵扣税额)
- 当期免抵退税额 = (当期出口销售额 - 当期免税料件金额) x 退税率

The amount of purchased BM may consist of (i) the amount of tax-exempt materials bought in domestic market, and (ii) the amount of bonded materials (BM) imported under export processing agreement. Tax-exempt materials here refer to the goods that are specifically exempt from VAT under the PRC Tentative VAT regulations and Implementation Rules. Bonded materials here refer to those directly imported under export processing contracts, those obtained from bonded warehouse or imported from free trade zones, and those transferred or purchased from other export processing enterprises (the EPE) for further and substantive processing. Purchased BM is given a notional input VAT on the dutiable value of the imported materials for purpose of computing VAT export refunds and disallowed credits. Note that the notional input credit is not granted automatically. The taxpayer has to submit an application for a tax exemption certificate for the inclusion of bonded materials into the VAT refund computation. Otherwise, the amount of purchased BM shall be excluded from the computation. A few illustrations may help:

当期免税料件金额包括从国内购进免税原材料和进料加工免税进口料件，其中进料加工免税进口料件的价格为组成计税价格。进料加工免税进口料件的组成计税价格=货物到岸价+海关实征关税和消费税。保税原材料是指以进料加工方式直接免税进口材料、从保税仓或者保税区进口、及以转厂方式免税进口料件。需注意当期免税料件金额是一项虚拟的进项额，纳税人要向税务机关提出申请，取得“进料加工免税证明”，才能从当期出口销售额扣减该虚拟进项金额。

Example (1): Assuming that the EPE exports all the finished goods made of 100% local materials. There are no local sales. For simplicity, the following example excludes the computation of VAT export refunds on the purchase and consumption of water and electricity in the manufacture of the export goods:

例一：出口加工厂成品全部出口，原材料全部在国内购买，没有内销。不考虑制造出口加工成品所消耗的水电费用可以享受的退税金额。

Local materials (LM) 本地材料	70,000	VAT paid (17%) 进项税	11,900
Bonded materials (BM)	0	VAT paid	0
Local sales	0	VAT collected	0
Export sales 出口销售额	100,000	VAT collected 销项税	0 免

Disallowed credit = (Export sales – Bonded materials) x (standard rate – refund rate)
免抵退税不得免征和抵扣税额 = (出口销售额 - 保税料件金额) x (征税率 - 退税率)

$$= (100,000 - 0) \times (17\% - 13\%) = 4,000$$

VAT payable = VAT on local sale – (VAT on LM – Disallowed credit)

$$\text{应纳税额} = \text{内销货物的销项税额} - (\text{进项税额} - \text{免抵退税不得免征和抵扣税额}) \\ = 0 - (11,900 - 4,000) = -7,900$$

VAT refundable = export sales x refund rate – BM x refund rate
 当期免抵退税额 = (出口销售额 - 保税料件金额) x 退税率
 = 100,000 x 13% - 0 x 13% = 13,000.

Note that since the VAT payable is in the negative and shown as a debit balance in the accounting ledger, the FIE is eligible for an export refund. The amount of refundable VAT is restricted to the lesser of “VAT refundable” and the absolute amount of VAT payable. Since the maximum amount of VAT refund (13,000) is bigger than the absolute amount of VAT payable (7,900), the amount of final refundable VAT for current period is 7,900. The amount of VAT offsettable is 5,100 (=13,000 – 7,900). 应纳税额是负数，可以退税；而且退税额绝对值不超过 13000 的最高退税额。当期免抵税额是 5,100 (=13,000 – 7,900)。

Example (2A): The export processing enterprise exports goods made from both local materials (LM) and bonded materials (BM); there is no local sale.

例二（一）：出口加工厂成品全部出口，原材料部分在国内购买部分保税进口，没有内销。

Local materials (LM) 本地材料	40,000	VAT paid (17%) 进项税	6,800
Bonded materials (BM) 保税材料	30,000	VAT paid 进项税	0 免
Local sales	0	VAT collected	0
Export sales 出口销售额	100,000	VAT collected 销项税	0 免

Disallowed credit = (Export sales – BM) x (standard rate – refund rate)
 免抵退税不得免征和抵扣税额 = (出口销售额 - 保税料件金额) x (征税率 - 退税率)

= (100,000 – 30,000) x (17% - 13%) = 2,800

VAT payable = VAT on local sale – (VAT on LM – Disallowed credit)
 应纳税额 = 内销货物的销项税额 – (进项税额 – 免抵退税不得免征和抵扣税额)
 = 0 – (6,800 – 2,800) = - 4,000

VAT refundable = export sales x refund rate – BM x refund rate
 当期免抵退税额 = (出口销售额 - 保税料件金额) x 退税率
 100,000 x 13% - 30,000 x 13% = 9,100

VAT cost = VAT paid on LM + VAT payable – VAT collected = 6,800 – 4,000 = 2,800.

VAT 成本 = 本地材料进项税 + 应纳税额 – 销项税 = 6,800 – 4,000 = 2,800

Bonded materials are eligible for a notional input VAT on the dutiable value of the imported materials, according to the document Guo Shui Fa 11 (2002) issued by the State Administration of Taxation. Note that since the VAT payable is in the negative,

the FIE is eligible for an export refund. The amount of refundable VAT is restricted to the lesser of “VAT refundable” amount and the absolute amount of VAT payable. VAT refundable = export sales x refund rate – BM x refund rate = 100,000 x 13% - 30,000 x 13% = 9,100. Since the maximum amount of VAT refund (9,100) is larger than VAT payable (2,800), the amount of final refundable VAT for current period is 2,800. The amount of VAT offsettable is 6,300 (=9,100 – 2,800).

进口保税料件金额可以计算虚拟进项税。应纳税额是负数，可以退税；而且退税额绝对值不超过 9100 的最高退税额（9100 = 100,000 x 13% - 30,000 x 13%）。当期免抵税额是 6,300 (=9,100 – 2,800)。

The export enterprise is eligible for export refund of VAT paid on the domestically purchased materials used in the manufacture of export goods. Where the export goods are produced from both domestically purchased and imported materials, the amount of imported materials will not be eligible for export refunds given that they are exempted from VAT. Export processing enterprise exporting finished goods using bonded materials is not entitled to export refund treatment because the bonded materials are imported tax-exempt.

制造出口成品使用了本地料件和进口料件。生产出口商品使用的进口保税料件是免税进口商品，不具备申请退税条件。

Example (2B): The export processing enterprise exports goods made from bonded materials (BM); there is no local sale.

例二（二）：出口加工厂成品全部出口，原材料全部保税进口，没有国内采购。

Local materials (LM) 本地材料	0	VAT paid (17%) 无	0
Bonded materials (BM) 保税材料	70,000	VAT paid 进项税	0 免
Local sales	0	VAT collected	0
Export sales 出口销售额	100,000	VAT collected 销项税	0 免

Disallowed credit = (Export sales – BM) x (standard rate – refund rate)

免抵退税不得免征和抵扣税额 = (出口销售额 - 保税料件金额) x (征税率 - 退税率)

= (100,000 – 70,000) x (17% - 13%) = 1,200

VAT payable = VAT on local sale – (VAT on LM – Disallowed credit)

应纳税额 = 内销货物的销项税额 – (进项税额 – 免抵退税不得免征和抵扣税额)

= 0 – (0 – 1,200) = 1,200

VAT cost = VAT paid on LM + VAT payable – VAT collected = 0 + 1,200 – 0 = 1,200.

VAT 成本 = 本地材料进项税 + 应纳税额 – 销项税 = 0 + 1,200 = 1,200

Example (3A): The export processing enterprise sells in both the domestic and overseas market using both bonded materials (BM) and local materials (LM) in the final products.

例三（一）：出口加工厂成品部分出口部分内销，原材料部分保税进口部分国内采购。

Local materials (LM) 本地材料	40,000	VAT paid (17%) 进项税	6,800
Bonded materials (BM) 保税材料	30,000	VAT paid 进项税	0 免
Local sales 本地销售额	60,000	VAT collected (17%) 销项税	10,200
Export sales 出口销售额	40,000	VAT collected 销项税	0 免

We first work out the amount of disallowed credit; the portion of input VAT that is neither creditable nor exemptible. Disallowed credit, VAT payable and VAT cost are computed as follows: -

不得免征和抵扣税额、应纳税额、免抵退税额计算如下：

Disallowed credit = (Export sales – BM) x (standard rate – refund rate)

免抵退税不得免征和抵扣税额 = (出口销售额 - 保税料件金额) x (征税率 - 退税率)

= (40,000 – 30,000) x (17% - 13%) = 400

VAT payable = VAT on local sale – (VAT on LM – Disallowed credit)

应纳税额 = 内销货物的销项税额 - (进项税额 - 免抵退税不得免征和抵扣税额)

= 10,200 – (6,800 – 400) = 3,800

VAT cost = VAT paid on LM + VAT payable – VAT collected = 6,800 + 3,800 – 10,200 = 400, which is the same as the disallowed credit. 以上例子的应纳税额是正数，没有退税。增值税成本：本地材料进项税 + 应纳税额 – 国内销项税 = 6,800 + 3,800 – 10,200 = 400，刚好等于不得免征和抵扣税额。

Example (3B) There is no refund in example 3A because the VAT payable is positive. Let us see how a negative VAT payable case works. Suppose that the sale mix has been changed, and that the purchase mix also changed.

例三（二）：出口加工厂成品部分出口部分内销，原材料部分保税进口部分国内采购。

Local materials (LM) 本地材料	50,000	VAT paid (17%) 进项税	8,500
Bonded materials (BM) 保税材料	20,000	VAT paid 进项税	0 免
Local sales 本地销售额	30,000	VAT collected (17%) 销项税	5,100

Export sales 出口销售额	70,000	VAT collected 销项税	0 免
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Disallowed credit = (Export sales – BM) x (standard rate – refund rate)
免抵退税不得免征和抵扣税额 = (出口销售额 - 保税料件金额) x (征税率 - 退税率)

$$= (70,000 - 20,000) \times (17\% - 13\%) = 2,000$$

VAT payable = VAT on local sale – (VAT on LM – Disallowed credit)

应纳税额 = 内销货物的销项税额 - (进项税额 - 免抵退税不得免征和抵扣税额)
= 5,100 - (8,500 - 2,000) = -1,400

VAT refundable = export sales x refund rate – BM x refund rate

当期免抵退税额 = (出口销售额 - 保税料件金额) x 退税率
= 70,000 x 13% - 20,000 x 13% = 6,500

The amount of VAT payable is in the negative. Therefore the taxpayer is entitled to tax refund. Since the maximum amount of VAT refund (6,500) is larger than the absolute amount of VAT payable (1,400), the amount of final refundable VAT for the period is 1,400. The amount of VAT offsettable is 5,100 (=6,500-1,400).

由于应纳税额是负数，可以申请退税。最高退税金额(6,500)大于应纳税额的绝对值(1,400)，退税额是 1,400。免抵税额是 5,100 (=6,500-1,400)。

Analysis

分析

(I) In comparing the examples (1) with (2)A and 2(B) above, the VAT costs as represented by the portion of input VAT that are neither creditable nor exemptible decrease from 4,000 to 2,800 to 1,200. The VAT cost is a function of the input mix. The higher (lower) the LM contents in the input mix, the higher (lower) the disallowed credit and the cost of sales will be. The export enterprise can avoid the VAT cost if it is located in the export-processing zone, where the enterprises engaged in export processing activities are exempted from VAT.

(II) It is held that raising (lowering) the export FOB price will result in bigger (smaller) amount of VAT export refund (assuming that there is a special relationship between the shipper and the consignee, and that the Chinese customs do not challenge the price so fixed). In fact it is not. If we try to lower the export FOB prices in the above examples, we can get a bigger amount of export VAT refund!

(一) 例一与例二(一)和例二(二)比较，增值税成本 4,000 降到 2,800 再降到 1,200。可以见到，使用本地料件比例越高(越低)，转入生产成本的增值税额就越高(越低)。在出口加工区免征增值税，在出口加工区设立企业可以降低增值税成本。

(二) 一般人以为提高(降低)出口商品离岸价可以获得多(少)一点退税(假设发货人和收货人之间存在特殊关系而海关也没有质疑申报的成交价)，其实不然；如果将以上例子的出口商品离岸价调抵，所获得的退税额会比原来的要多！