

# **Comment on the change of business Tax into Value Added Tax (VAT) in China**

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- 中国增值税发展、改革的历史
- 1994-2009-2012-2016 (5.1)
- The course of development and reform of China's VAT
- 1994-2009-2012-2016 ( 5.1 )



- **1. 正面影响**
- **1 The positive impact**
- 1.1 促进了中国税收制度完善
- **1.1 to promote the improvement of China's tax system**
- 1.2 促进了中国经济改革
- **1.2 to promote China's economic reform**
- 1.3 促进了中国企业经济活动更加规范和高效
- **1.3 to promote the economic activities of Chinese enterprises more standardized and efficient**

- 2. 面临的难题
- 2 The problems
- 2.1 对中央和地方政府财力配置的影响
- 2.1 the influence of the financial allocation of the central and local governments
  - Local government's main taxes : business tax, income tax, real estate tax, ...
  - The Central Government's main taxes: Consumption tax, tariff, vat by customs duty on imported,...
  - Share ratio between central government and local government:75%:25% - 50%:50%

- 2.2改革过渡期增值税税率过于复杂
- 2.2 the transition period of the reform of value-added tax rate is too complex

General taxpayer		Small scale taxpayer
Existing tax rates	17%,13%	3%
Tax rates during the reform period	11%,6%,5%	
Total tax rate	17,13%,11%,6%,5%	
<b>All tax rates</b>	<b>17,13%,11%,6%,5%,3%</b>	

- 2.3部分行业的税负会加重
- 2.3 Some industry's tax burden will be increased
- construction industry
  - rate of business tax 3% - rate of vat 11%
- real estate industry
  - rate of business tax 5%-rate of vat 11%



- **3. 建议和改革试点的展望**
- **3. suggestions and Prospects**
  - 3.1 进一步调整、完善中央和地方政府财力配置方案
  - 3.1 Adjust and improve the central and local government financial resources allocation scheme.
  - 3.2 简并、整合增值税税率
  - 3.2 Degenerate VAT rate.
  - 3.3 对部分特殊行业实行过渡政策，逐步实现普遍性增值税制度
  - 3.3 Implement the transition policy in some special industries, and gradually realize the general value-added tax system.