# Vehicle Purchase Tax Law of the PRC

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## Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of regulating the administration of vehicle purchase tax collection, promoting the development of the automobile industry and related sectors, and ensuring the revenue of the State.

Article 2 — Units and individuals that purchase, import, produce on their own, receive as a gift, win as a prize, or otherwise acquire and use taxable vehicles within the territory of the People's Republic of China shall be taxpayers of vehicle purchase tax and shall pay vehicle purchase tax in accordance with the provisions of this Law.

Article 3 — For the purposes of this Law, "taxable vehicles" means automobiles, trams, trailers, and motorcycles with an engine cylinder capacity of over 150 milliliters.

Article 4 — The tax rate for vehicle purchase tax shall be ten percent (10%).




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Article 5 — The amount of vehicle purchase tax payable shall be calculated on an ad valorem basis. The formula for calculating the tax payable shall be:

Tax payable = Taxable price × Tax rate

Article 6 — The taxable price of a taxable vehicle shall be determined in accordance with the following provisions:

(1) For taxpayers purchasing a taxable vehicle for their own use, the taxable price shall be the total amount of all prices and out-of-pocket expenses paid by the taxpayer to the seller, excluding value-added tax;

(2) For taxpayers importing a taxable vehicle for their own use, the taxable price shall be the sum of the customs dutiable value, customs duty, and consumption tax;

(3) For taxpayers producing a taxable vehicle for their own use, the taxable price shall be determined based on the selling price of similar taxable vehicles, excluding value-added tax;

(4) For taxpayers acquiring a taxable vehicle as a gift, winning it as a prize, or otherwise acquiring and using a taxable vehicle for their own use, the taxable price shall be determined based on the price stated in the relevant vouchers at the time of acquisition, excluding value-added tax.

Article 7 — Where a taxpayer declares the taxable price of a taxable vehicle to be obviously low and without justifiable reason, the tax authorities shall determine the tax payable in accordance with the provisions of the Law of the People's Republic of China on the Administration of Tax Collection.

Article 8 — Where a taxpayer purchases a taxable vehicle from a seller in an arms-length transaction and obtains a uniform invoice for the sale of motor vehicles, the taxable price declared by the taxpayer shall be the price stated in the uniform invoice for the sale of motor vehicles (excluding value-added tax). The vehicle purchase tax payable shall be calculated on the basis of such invoice price, and a tax payment certificate shall be issued accordingly.

Article 9 — Vehicle purchase tax shall be exempted for the following vehicles:

(1) Vehicles used by foreign embassies, consulates, and the offices of international organizations in China and their personnel, for which tax exemption is granted under the relevant laws and regulations;

(2) Vehicles installed with fixed equipment for non-transportation use, such as vehicles used exclusively by the Chinese People's Liberation Army and the Chinese People's Armed Police Force for equipment purposes;

(3) Non-transportation special operation vehicles such as fire trucks, ambulances, engineering rescue vehicles, and other similar vehicles;

(4) Vehicles for public transportation powered by new energy sources, such as urban buses, as determined by the State Council.

Article 10 — The State Council may provide for vehicle purchase tax reduction or exemption for other vehicles in accordance with the needs of national economic and social development, and may report such measures to the Standing Committee of the National People's Congress for filing.

## Chapter II — Taxable Items and Tax Rates

Article 11 — The taxable items of vehicle purchase tax are: automobiles, trams, trailers, and motorcycles.

Article 12 — The tax rate for vehicle purchase tax is 10%.

## Chapter III — Calculation of Tax Payable



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Article 13 — The amount of vehicle purchase tax payable shall be calculated by multiplying the taxable price by the tax rate.

Article 14 — The taxable price shall be the consideration for the taxable vehicle (exclusive of value-added tax). Where there is no consideration or the consideration is obviously low without justifiable reason, the tax authorities shall determine the taxable price in accordance with law.

Article 15 — Taxpayers of imported vehicles shall calculate the amount of tax payable based on the composite assessable price, which shall be the sum of the customs dutiable value, customs duty, and consumption tax.

## Chapter IV — Reduction and Exemption of Tax

Article 16 — The State shall exempt or reduce vehicle purchase tax in accordance with the provisions of this Law and the provisions of the State Council.

Article 17 — The State Council may, in light of the requirements of national economic and social development, prescribe reduction or exemption of vehicle purchase tax for vehicles in specific categories, regions, periods, or for other specific circumstances, and shall report such measures to the Standing Committee of the National People's Congress for filing.

Article 18 — Where the purpose of a tax-exempt or tax-reduced vehicle is changed and the vehicle no longer falls within the scope of tax exemption or reduction, the taxpayer shall pay vehicle purchase tax before the change of use. The taxable price shall be determined by multiplying the taxable price at the time of initial tax declaration by a percentage equal to (1 minus the quotient of the number of years of use divided by the specified service life), with the specified service life for taxable vehicles being 10 years.

## Chapter V — Collection and Administration

Article 19 — Vehicle purchase tax shall be collected by the tax authorities. The specific measures for collection and administration shall be formulated by the competent tax department under the State Council.

Article 20 — Vehicle purchase tax shall be paid on a one-time basis. Where a taxpayer transfers a used vehicle for which vehicle purchase tax has already been paid, vehicle purchase tax shall no longer be levied.

Article 21 — The tax authorities shall, when collecting vehicle purchase tax, issue a vehicle purchase tax payment certificate. Where vehicle purchase tax is exempted or reduced, a vehicle purchase tax exemption or reduction certificate shall be issued.

Article 22 — The public security authorities responsible for vehicle administration shall, when processing vehicle registration, verify the vehicle purchase tax payment certificate or exemption or reduction certificate. No vehicle registration shall be processed for a vehicle for which vehicle purchase tax has not been paid or for which no exemption or reduction certificate has been issued.

Article 23 — The tax authorities and public security authorities shall establish a working coordination mechanism for the collection of vehicle purchase tax and for vehicle registration, and shall strengthen the sharing of information on vehicle purchase tax collection and vehicle registration administration.

## Chapter VI — Supplementary Provisions

Article 24 — The State Council shall formulate implementing regulations in accordance with this Law.

Article 25 — This Law shall come into force on July 1, 2019. The Provisional Regulations of the People's Republic of China on Vehicle Purchase Tax promulgated by the State Council on October 22, 2000 shall be repealed simultaneously.



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