Vessel Tonnage Tax Law of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

Adopted at the 25th Session of the Standing Committee of the 12th National People's Congress on December 25, 2016
Effective: January 1, 2018

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Article 1 — This Law is enacted for the purposes of regulating the collection of vessel tonnage tax and promoting the development of the shipping industry.

Article 2 — Vessels entering the ports within the territory of the People's Republic of China from outside the territory of the People's Republic of China (hereinafter referred to as "taxable vessels") shall pay vessel tonnage tax (hereinafter referred to as "tonnage tax") in accordance with the provisions of this Law.

Article 3 — The tax amount of tonnage tax shall be determined according to the net tonnage of the vessel. The net tonnage shall be calculated according to the net tonnage specified in the vessel's tonnage certificate and the relevant provisions. For tugboats, the tax amount shall be calculated at 50 percent of the engine power converted into net tonnage. For non-motorized vessels, the tax amount shall be calculated at 50 percent of the tax amount of motorized vessels.

Article 4 — The tax amount of tonnage tax shall be set by categories: (1) the applicable tax amount for an ordinary tax period (30 days) shall be determined according to the net tonnage of the vessel; (2) the applicable tax amount for a 90-day tax period shall be determined according to the net tonnage of the vessel; (3) the applicable tax amount for an annual tax period shall be determined according to the net tonnage of the vessel. The specific applicable tax amounts shall be specified in the Vessel Tonnage Tax Items and Tax Amounts Table attached to this Law. The applicable tax amount for a vessel with a net tonnage not exceeding 2,000 shall be set at a discounted rate. The applicable tax amount for a vessel with a net tonnage exceeding 10,000 shall be set at a standard rate, and a preferential rate may apply to vessels with a net tonnage exceeding 10,000 that meet certain conditions.

Article 5 — The tonnage tax payable shall be the net tonnage of the vessel multiplied by the applicable tax amount. The tax basis for tonnage tax shall be the net tonnage of the vessel.

Article 6 — The following vessels shall be exempted from tonnage tax: (1) vessels with a taxable amount not exceeding the threshold amount as prescribed by the State Council; (2) vessels of the military, armed police forces, or dedicated vessels of the people's governments at or above the county level; (3) police vessels; (4) foreign embassies and consulates in China, representative offices of international organizations in China, and vessels owned by relevant personnel and used for personal purposes; (5) vessels specially designed for port operations, including tugboats and push boats used for loading and unloading purposes only; (6) vessels specially designed for offshore engineering operations, including crane vessels, dredgers, pile drivers, and pipe-laying vessels; and (7) other vessels exempted from tax as prescribed by the State Council.

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Article 7 — Tonnage tax shall be levied by the customs authorities. When a taxable vessel enters a port, the vessel's operator or its agent shall declare and pay tonnage tax to the customs authorities at the port of entry, and shall obtain the tonnage tax payment certificate. Customs shall issue a vessel tonnage tax license after verifying that the tonnage tax has been paid. When a taxable vessel leaves the port, it shall present the vessel tonnage tax license.

Article 8 — Taxable vessels that have paid tonnage tax for an ordinary tax period (30 days) or a 90-day tax period shall not be subject to tonnage tax again during the validity period of the tax license when entering the port. Where a taxable vessel has paid tonnage tax for an annual tax period, it shall not be subject to tonnage tax again within one year from the date of issuance of the vessel tonnage tax license.

Article 9 — This Law shall come into force on January 1, 2018. The Interim Regulations of the People's Republic of China on Vessel Tonnage Tax promulgated by the State Council on December 5, 2011, shall be repealed simultaneously.

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