

# Benefits Expected from VAT in Shanghai

## 上海增值稅的預期效益

China's new VAT Pilot Programme is expected to be rolled out in Beijing and Shenzhen next. *The Bulletin* speaks with **Peter Law**, Senior Manager, Tax Advisory Services, Mazars CPA Ltd, for Shanghai, about the pros and cons of the new law

預期北京和深圳將會成為下一個實施營業稅改徵增值稅的試點城市。《工商月刊》訪問了瑪澤會計師事務所有限公司稅務諮詢服務部高級經理羅禮廉，聽他談新法例對上海的利與弊

*Q: What changes will business face with the introduction of the VAT Pilot Programme?*

**Peter Law:** For years, the business tax regime has been criticized for gradually increasing the burden of taxpayers. It is because there are generally no circumstances where deductions are allowed for tax paid by the taxpayers (with only a few exceptions). However for VAT, deductions are allowed and in some cases taxpayers can shift some of the tax burden to their customers. It's a big change. The procedures of issuing VAT invoices are entirely different from the old practices. It may take time, but in the long run, it can be beneficial to all parties.

*Q: Are Shanghai businesses having problems with the new VAT Pilot scheme? If so what are the kind of problems they are facing?*

**PL:** The announcement of this pilot programme was made in mid-November 2011 and the implementation effective from January 1, 2012, which is a little rushed for both tax offices. Problems include the time it takes to amend their accounting system and becoming familiar with the new VAT rules. Any other uncertainties on implementation issues that are not covered in the already issued rules and regulations are being handled by the SAT.

*Q: What seems to be the biggest problem?*

**PL:** The overall plan for VAT is well known by businesses and accounting firms in Shanghai as the local tax department has been hosting Seminars across the city continuously since November. However, one uncertainty we have found is in the subtleties regarding "how to define a service" as VAT covers many different types of service. Some uncertainty exists both at local tax office level and among businesses, so this will need a little more time to be resolved.

The implementation of rules covering the "Zero Tax" treatment, which applies for those service and consulting companies exporting their services to overseas customers has also yet to

be clearly defined, so this we hope will also be cleared up soon as it is an attractive advantage of VAT.

*Q: Among the service industries affected by the new VAT programme, are there any industry sectors that are more affected than others?*

**PL:** Transportation industries may benefit more. They have to incur large amounts of input VAT (such as acquiring vehicles and fuel). In the past, they were unable to set this off against the output VAT. As a VAT payer, they are able to make VAT claims which can dramatically reduce their tax liabilities. Freight forwarders can more easily claim tax deductions under VAT rules than they can on their net income basis under the old business tax regime.

*Q: Who can expect to benefit most from the new VAT programmed? What will those benefits be?*

**PL:** Both service providers and service recipients would benefit. If the service recipients are already general VAT payers e.g. manufacturing firms, they are able to off-set output VAT with input VAT paid. In the past, they could only claim costs against taxable income for income tax purpose.

*Q: Can you give an example of a business benefitting from the new VAT rules?*

**PL:** Actually, the VAT tax system makes the consulting and service industries of Shanghai more competitive than their competitors in Beijing, for example. For example, consulting service providers for manufacturing clients can now provide a VAT invoice that allows for deductions. This is why Beijing and also we believe Shenzhen, have filed applications to be the next cities to participate in the pilot scheme. ✿





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**問：實施增值稅改革試點會為企業帶來甚麼轉變？**

答：多年來，營業稅制度一直被批評為不斷加重納稅人的負擔，因為納稅人的已繳稅款一般都不准扣稅（只有少數例外情況）。然而，增值稅則准予扣稅，而且在某些情況下，納稅人可把部分稅務負擔轉嫁給客戶，這是一大轉變。開具增值稅專用發票的程序，亦與以往截然不同。這個過程或許需時，但長遠來看，對各方都有利。

**問：上海企業在增值稅改革試點上遇到困難嗎？如有，是甚麼困難？**

答：當局於2011年11月中公布這項改革試點，並於2012年1月1日生效，這對稅務機關來說頗為倉促。企業遇到的問題包括更新會計系統需時，以及未熟習增值稅的新規例。在已頒布規條中未有涵蓋的任何不明確部分，現正由國家稅務總局跟進處理。

**問：看來最嚴重的問題是甚麼？**

答：上海的企業和會計公司已清楚了解增值稅的整體計劃，因為地方稅務部門自去年11月起一直在全市舉行座談會，講解有關詳情。然而，我們發現法例在「如何界定一項服務」方面並不明確，因為增值稅涵蓋多種不同服務。無論在地方稅務機關層面和企業之間都出現不明確的地方，所以這個問題還有待解決。

對於服務及諮詢企業向境外客戶提供服務而獲享的「零稅率」待遇，實施細則亦有待清楚界定，故我們希望當局能盡快處理，因為這是增值稅極具吸引力的有利條件。

**問：在受增值稅改革方案影響的服務業當中，哪些行業面臨最大轉變？**

答：運輸業或會得益較多。他們需要產生大量的輸入增值稅（例如購買汽車和燃料），但以往他們不得將之與輸出增值稅互相抵銷。作為增值

稅納稅人，他們現可進行稅務申索，大幅減低其稅務負擔。貨運公司根據增值稅規例申請扣稅，會比舊有的營業稅制度按淨收入計算更加容易。

**問：預期哪些人最能受惠於增值稅改革方案？他們會得到甚麼優惠？**

答：服務供應商和服務使用者都會受惠。假如服務使用者已經是增值稅

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的一般納稅人（如製造業公司），他們可以把輸出增值稅與已繳付的輸入增值稅進行抵銷。以往他們只可就所得稅的應課稅收入申請扣除成本。

**問：你可以說明企業如何從增值稅新例中受惠的例子嗎？**

答：事實上，增值稅制度使上海的諮詢服務業比北京等地的競爭對手更具競爭力。舉例說，為製造業客戶提供諮詢服務的供應商現可提交增值稅專用發票來扣稅。這解釋了為何北京和（我們估計的）深圳已申請成為下一個參與試點計劃的城市。✿