

China Adds 6% VAT

by Michelle Kelley - Monday, July 29, 2013

The government of China recently announced a new value added tax (VAT).

Beginning August 1, a 6% VAT will be levied on top of every local charge in China.

This charge will be assessed in local currency on that portion of the freight invoice paid in China.

Outbound shipments under prepaid terms and inbound shipments under collect terms, where ocean or air freight is also collected in China, will be subject to this tax at the same rate.

It is recommended that importers and exporters review their Incoterms to determine if such new tax may apply.



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