

(Translation)

Supplementary Notice on Tax Refund Policies

(2017) Li Zi No. 202

The Protocol Department of the Ministry of Foreign Affairs of the People's Republic of China presents its compliments to the Diplomatic Missions and Offices of International Organizations in China (hereinafter referred to as "the missions"), and has the honor to draw attention to the following matters regarding tax refund:

The Supplementary Notice of the Ministry of Finance and the State Taxation Administration on Matters Relating to Value-Added Tax Refund Policies on Goods and Services Purchased by Diplomatic (Consular) Missions and Their Staff in China (Cai Shui (2017) No. 74) and the Announcement of the State Taxation Administration and the Ministry of Foreign Affairs on Matters Relating to Regulation on Value-Added Tax Refund on Goods and Services Purchased by Diplomatic (Consular) Missions and Their Staff in China have entered into force (see attached files).

The adjustment on the tax refund for the missions is as follows:

I. As of October 1, 2017, the sales amount (tax inclusive) for tax refund declaration shall not exceed RMB 180,000 per person per year. The sales amount (tax inclusive) for 2017 shall not exceed RMB 135,000 (i.e., RMB 30,000 per quarter or RMB 120,000 per year for the first three quarters and RMB 45,000 per quarter or RMB 180,000 per year for the fourth quarter).

II. For the goods and services purchased by diplomatic (consular) missions and their staff, the value-added tax refund amount is the tax amount indicated on the invoice. If no tax amount is indicated on the invoice, the tax refund amount will be calculated based on the levy rate

of 3%. However, for the invoice on the purchase of electricity, gas, gasoline or diesel, if no tax amount is indicated, the tax refund amount will be calculated based on the tax-exclusive sales amount and the value-added levy rate of the relevant products. It is calculated according to the following formula:

Value-added tax refundable = the invoice amount (value-added tax inclusive) ÷ (1 + value-added tax levy rate) × value-added tax levy rate

For example, the refundable tax amount of an electricity invoice with a face value of RMB 1,000 with no tax rate indicated thereon is:

$RMB\ 1000 \div (1+17\%) \times 17\% = RMB\ 145.29$

III. The current value-added tax rates applicable to relevant products are 17% for electricity, 11% for gas, 17% for gasoline and 17% for diesel, which have been updated accordingly in the foreign missions affairs management system. In the event of any change in the aforementioned tax rates going forward, the announcements made by the financial and taxation authorities shall prevail.

The Protocol Department of the Ministry of Foreign Affairs of the People's Republic of China avails itself of this opportunity to renew to the diplomatic missions and offices of international organizations in China the assurances of its highest consideration.

(Seal) The Protocol Department of
The Ministry of Foreign Affairs of
The People's Republic of China

Beijing, November 14, 2017

Diplomatic Missions and Offices of International Organizations in China,
BEIJING

Annex 1

Supplementary Notice of The Ministry of Finance and the State Taxation Administration on Matters Relating to Value-Added Tax Refund Policies on Goods and Services Purchased by Diplomatic (Consular) Missions and Their Staff in China

Cai Shui (2017) No. 74

The following supplementary notice is hereby made on the matters relating to the Notice of the Ministry of Finance and the State Taxation Administration on Value-Added Tax Refund Policies on Goods and Services Purchased by Diplomatic (Consular) Missions and Their Staff in China (Cai Shui (2016) No. 51):

I. For the goods and services purchased by the staff of diplomatic (consular) missions, except for vehicles and housing rentals, the sales amount (tax inclusive) for tax refund declaration shall not exceed RMB 180,000 per person per year.

II. For the goods and services purchased by diplomatic (consular) missions and their staff, the value-added tax refund amount is the tax amount indicated on the invoice. If no tax amount is indicated on the invoice, the tax refund amount will be calculated based on the tax-exclusive sales amount and the value-added tax levy rate. In the purchase of electricity, gas, gasoline or diesel, if no amount of tax is indicated on the invoice, the tax refund amount will be calculated based on the tax-exclusive sales amount and the value-added tax levy rate of the relevant products.

III. This notice will enter into force as of October 1, 2017. It will apply to tax refund declarations made as of that date. Paragraph (2) of Article III and Article IV in the Notice of the Ministry of Finance and the State Taxation Administration on Value-Added Tax Refund Policies on Goods

and Services Purchased by Diplomatic (Consular) Missions and Their Staff in China (Cai Shui (2016) No. 51) shall become nullified concurrently.

(Seal) The Ministry of Finance of
The People's Republic of China
(Seal) The State Taxation Administration of
The People's Republic of China

September 29, 2017

Annex 2

**Announcement of the State Taxation Administration and
The Ministry of Foreign Affairs on
Matters Relating to the Regulation on Value-Added Tax Refund on
Goods and Services Purchased by
Diplomatic (Consular) Missions and Their Staff in China**

(2017) No. 39

Pursuant to the Supplementary Notice of the Ministry of Finance and the State Taxation Administration on Matters Relating to Value-Added Tax Refund Policies on Goods and Services Purchased by Diplomatic (Consular) Missions and Their Staff in China (Cai Shui (2017) No. 74), the matters relating to the value-added tax refund on goods and services purchased by the diplomatic (consular) missions and their staff in China are hereby announced as follows:

I. For the goods and services purchased by the staff of diplomatic (consular) missions, except for vehicles and housing rentals, the value-added tax refund policies shall not apply to the portion that exceeds RMB 180,000 per person per year in the sales amount (tax inclusive) of goods and services.

II. For the electricity, gas, gasoline or diesel purchased by the diplomatic (consular) missions and their staff, if no tax amount is indicated on the invoice, the value-added tax refund amount will be calculated based on the tax-exclusive sales amount and the value-added levy rate of the relevant products according to the following formula:

Value-added tax refundable = the invoice amount (value-added tax inclusive) \div (1 + value-added tax levy rate) \times value-added tax levy rate

III. This notice shall enter into force as of October 1, 2017. It will apply to tax refund declarations made as of that date. Paragraph (3) of Article II

of the Regulation on Value-Added Tax Refund on Goods and Services Purchased by Diplomatic (Consular) Missions and Their Staff in China (No. 58 Announcement released by the State Taxation Administration and the Ministry of Foreign Affairs in 2016) shall become nullified concurrently.

(Seal) The State Taxation Administration of
The People's Republic of China

(Seal) The Ministry of Foreign Affairs of
The People's Republic of China

October 31, 2017