

Export VAT Refund in China: What Exactly Is Refunded



Node 1 — Purchase within China

The supplier issues a special VAT fapiao, rate on the invoice 13% or 3% — this is input VAT, already paid into the state budget



Node 2 — Export

Export customs declaration, VAT rate on export 0% — there is no output tax to offset it against



Node 3 — Refund

Claim in the refund system — part of the input tax is credited to your account, the amount set by the refund rate for the HS code

This is not a government subsidy — it is the refund of tax already paid into the budget on this shipment.

Eligibility for a Refund

Three Conditions Checked at the Same Time

Step 1

Jurisdiction

A Chinese legal entity. A foreign company cannot file the claim

Step 2

Tax status

General VAT Taxpayer, revenue threshold CNY 5 million per year. Below the threshold — Small-scale Taxpayer, 3% rate, generally no refund

Step 3

Registration

Registration as a foreign trade operator, enrolment in the refund system, the export declaration filed in the name of that same entity

The Refund Bypasses You

Exporting through someone else's agent: the goods are yours, the declaration is theirs — and so is the refund.

How Much Comes Back: Fapiao Rate vs. Refund Rate

You cannot recover more than was actually paid into the budget on that supply. The refund rate is tied to the HS code and can be 13%, 9%, 6%, 5% or 0%.

A

Fapiao 13% → code 13%

13% is refunded — the full input tax

B

Fapiao 13% → code 9%

9% is refunded, the difference stays in the budget

C

Fapiao 3% → code 13%

3% is refunded — the cap is set by the invoice, not the code

Rule

Check the refund rate for your HS code before signing the contract. Once the declaration has been released, the code cannot be rewritten.

Two Refund Methods: The Exporter's Status Determines the Arithmetic

Foreign trade company

Method: "exempt and refund". Calculation base — purchase cost excluding VAT.
Formula: $\text{base} \times \text{refund rate}$. The money is paid straight into the account

Manufacturing enterprise

Method: "exempt, credit, refund" (Exempt-Credit-Refund). Input tax is first offset against output VAT on domestic sales. Only the uncovered balance is refunded in cash

Calculation example

¥1,130,000

Purchase

¥130,000

Input VAT on invoice
(13%)

¥90,000

Refund to account
(9% rate)

¥40,000

Remains in cost of
goods

VAT Refunds in China

About Three Months from Invoice to Payout

Segment 1 — Document collection ~1 week



If the primary documents are ready

Segment 2 — Fapiao verification up to 2 months



Starts only once the supplier has issued the invoice

Segment 3 — Filing and payout ~1 week



Segment 4 — Add-on for a first-time claim ≈ +3 weeks



Unannounced on-site office inspection: signage at the registered address, the lease and its fapiao, staff, office equipment

Three months is not a delay, it is the norm. This timeframe belongs in the financial model, not in the footnotes.

Refund Rates 2024–2027

What Announcements No. 15/2024 and No. 2/2026 Changed

1 Dec 2024

Announcement No. 15/2024

Refunds discontinued for a number of items, rate cut from 13% to 9%

8 Jan 2026

Announcement No. 2/2026 published

Ministry of Finance of the PRC and State Taxation Administration of the PRC

1 Apr 2026

Annex 1: refunds abolished entirely

Photovoltaic products and a number of other goods

1 Apr – 31 Dec 2026

Battery products

Rate cut from 9% to 6%

1 Jan 2027

Refunds for batteries are abolished completely

The applicable rate is set by the export date in the customs declaration. The contract, payment and shipment dates are not taken into account. The announcements did not change the consumption tax refund rules.

Six Reasons an Export VAT Refund Is Denied

- ⚠ The product description differs between the fapiao, the declaration and the bill of lading
- ⚠ Gross or net weight does not match across documents
- ⚠ An error in the contract or B/L number when transferred to the declaration
- ⚠ The export price is below the purchase price excluding VAT
- ⚠ The FX proceeds came from a third party rather than the buyer under the contract
- ⚠ An incorrect or outdated HS code in the declaration

Reconcile the full document set against a single master register of details before filing — not after the tax office's query.

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