PRESS RELEASE

New Regulation on Verification of General VAT Payer Status

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General VAT payer status facilitates business transactions when the business partners are general VAT payer. Meanwhile, it also help to built up business image of “larger size” business and better financial shape.

The Regulation on Verification of General VAT Payer took effect on March 20, 2010 (“VVAT”) requires VAT payer should apply for general VAT payer status to taxation authority if the annual taxable sales exceeds the standard for small-scale VAT tax payer, which is RMB five hundred thousand for manufacturing and processing, repair and replacement services, and RMB eight hundred thousand for wholesale and retail distributors.

VVAT also sets forth that once a company is verified as general VAT payer, it shall not be changed back to small-scale VAT payer status.

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