

China ceases VAT exemption for remote learning

The Chinese Tax Authorities have announced that the VAT concessions advised as part of the response to the COVID-19 pandemic will be ending on 31 March 2021.

30 March 2021

This announcement will mean that from 1 April 2021, Chinese students studying Australian university courses remotely in China will be required to withhold a combined 6.72% of VAT and local charges on any payments to Australian universities.

International students have historically travelled to Australia to study. However, as a result of border closures due to COVID-19, many international students who have not been able to study in Australia have continued to undertake their study in their home country.

In response to the pandemic, China had provided a number of tax exemptions. One of these exemptions covered an exemption of VAT for students studying remotely until 31 December 2020. The Chinese Tax Authorities had verbally advised that this exemption would be extended. However, the Chinese Tax Authorities have now advised that this exemption will now cease from 31 March 2021. Therefore, from 1 April 2021, Chinese students studying Australian university courses remotely in China will be required to withhold 6.72% VAT and local charges on any payments to Australian universities.

Our initial understanding is that the rules should apply on a cash basis. Therefore, as most international students should have paid their annual course fees by the 31 March 2021 census date these fees should not be subject to the combined 6.72% VAT and local charges. However, any fees for courses undertaken after 31 March 2021 will be subject to the 6.72% VAT and local charges.

Actions for Australian universities

Should Australian universities be increasing fees to Chinese students to cover the 6.72% VAT and local charges?

To assist Chinese students to comply with these withholding obligations, Australian universities could appoint a withholding agent responsible for making payments. Any university that wishes to explore this should get in touch with us.

Get in touch

ShineWing Australia can assist with the compliance of withholding obligations and any advice regarding the ending of these VAT concessions.

Reach out to one of our experts below to find out more.



Stephen O'Flynn

Partner, Tax

T +61 3 8635 1986

E soflynn@shinewing.com.au



Steve Allan

Partner, Business & Private Client Advisory

T +61 3 8635 1913

E sallan@shinewing.com.au



Aidi Zhong

Assistant Manager, Tax

T +61 3 8635 1947

E azhong@shinewing.com.au