



Tax Newsflash

Export VAT refund adjustments introduced

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Starting from April 1, 2026, China's export VAT refund will be eliminated for items from more than 200 tariff codes, including those across the photovoltaic industry chain. The export VAT refund rate for certain battery products will also be reduced. These adjustments mark another round of significant changes to China's export tax refund policy for the photovoltaic and battery sectors, following the previous reduction on the refund rate from 13% to 9%, which took effect on December 1, 2024. Affected enterprises should promptly assess the effect of these changes and take appropriate actions in response.

Overview

On January 8, 2026, the Ministry of Finance and the State Taxation Administration jointly issued Bulletin [2026] No. 2, adjusting the export tax refund policy for products including photovoltaic modules and batteries.

This round of adjustments affects items from 271 tariff codes and will be implemented in phases. Specifically:

- As from April 1, 2026, export VAT refunds for photovoltaic products and other goods will be eliminated, covering the entire photovoltaic industry chain, including silicon wafers, solar cells, modules, as well as electronic and semiconductor materials, chemical and chemical raw materials, glass and glass products, and building materials and stone products—amounting to 249 tariff items. (Please click [here](#) for the full list.)
- From April 1 to December 31, 2026, the export VAT refund rate for battery products will be reduced from 9% to 6%. Relevant export VAT refunds will be fully phased out as from January 1, 2027. These changes affect 22 tariff items, including primary batteries and battery packs, storage batteries, and related components. (Please click [here](#) for the full list.)

Whether the updated policy applies depends on the export date recorded on the customs declaration form for export goods. For products subject to consumption tax, the existing export consumption tax refund (exemption) policy remains unchanged.

Comments

The adjustment of export VAT refund rate is one of the key policy tools used by China to optimize its export product mix and, in turn, guide and promote industrial upgrading. These changes directly affect the cost and profit levels of export enterprises and their products. For products where the export VAT refund is no longer applicable, relevant exports will be subject to VAT calculation, filing, and payment as domestic sales. For products subject to a reduced VAT refund rate, enterprises are required to absorb certain input VAT as their

own cost. These adjustments will exert downward pressure on the profit margins of affected export enterprises.

This update goes beyond a technical adjustment to tax policies—it signals a fundamental strategic shift by the government to advance industrial transformation and channel resources toward high value-added sectors. China's new energy industries, including photovoltaics and batteries, have already established global leadership in terms of technological capability, cost efficiency, and production scale. Against this backdrop, the policy adjustment is not only a necessary step to promote high-quality development of the industries, but also a deliberate move to steer the sector away from low-margin involution.

Amid growing global tariff uncertainty and increasingly complex non-tariff barriers, industries such as photovoltaics and batteries face growing pressure to establish overseas supply chains and enhance the coordination between global and local operations. These adjustments to the export tax refund policy should further prompt enterprises, considering the overall domestic and international environment, to optimize the existing production capacity deployment from a global perspective, and to build more resilient supply chain arrangements.

Affected enterprises should proactively evaluate the potential effect of the export tax refund rate adjustments on profitability, and leverage the resulting opportunities for commercial term revisions and pricing negotiations. A holistic and multi-dimensional solution, across product strategy, supply chain configuration, and industry collaboration, is recommended.

Product strategy

- Conduct a comprehensive review of the export products and precisely quantify the impact on costs, tax liabilities, and profit margins;
- Revisit pricing strategies, and initiate negotiations with overseas buyers on revised price and contract terms, if commercially feasible;
- Improve commodity classification management by dynamically reviewing and standardizing HS code classification to ensure customs compliance; and
- Boost product value through technological innovation and branding, driving a strategic shift from "product export" to "value export."

Supply chain configuration

- Leverage solutions such as processing trade models, group-wide bonded operations, and special customs supervision zones, to mitigate the impact on profit margins and access more streamlined regulatory processes;
- Advance overseas production and supply chain deployment to enhance global operational capabilities and ease profit pressure from exports; and
- Monitor policy changes and assess relevant impact, strengthen supply chain compliance management, and address or substitute critical "bottleneck" links in the supply chain.

Industry collaboration

- Actively engage in industry association communications, tariff schedule research, and policy consultations, providing feedback on the impact of export VAT refund adjustments, and co-developing practical solutions; and
- Collaborate with upstream and downstream partners to explore pathways for high-quality development and drive the industry's transformation toward high-end and intelligent operations through optimized value chain structures and advanced technological innovation.

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