

6. Form of the subsidy

Tax and tariff refund.

7. To whom and how the subsidy is provided

For raw materials, spare parts, assemblies and packing materials imported for the purpose of processing and assembling for overseas clients or manufacturing products for export, tariffs shall be exempted, or in the case that tariffs have been collected, refund of the collected tariffs shall be made, according to quantities of the final products exported.

For agricultural products subject to the official value-added tax rate of 10%, the refund rate is 3%.

For products subject to the official value-added tax rate of 13%, including industrial products which take agricultural products as their raw materials, the refund rate is 6%.

For other products subject to the official value-added tax rate of 17%, the refund rate is 9%.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it

1985 -

10. Statistical data permitting an assessment of the trade effects of a subsidy

Not available.

XII. TARIFF AND IMPORT DUTIES REDUCTION AND EXEMPTION FOR ENTERPRISES

1. Title of the subsidy program

Tariff and import duties reduction and exemption for enterprises.

2. Period covered by the notification

1985 - 2000.

3. Policy objective and/or purpose of the subsidy

To attract foreign investment, to encourage technology renovations in domestic enterprises, and to promote such trade forms as border trade, processing trade, compensation trade etc..

4. Background and authority for the subsidy

Taxation and customs authorities.

5. Legislation under which it is granted

Regulation of import and export tariff of the People's Republic of China.

6. Form of the subsidy

Tariff and import duties reduction and exemption.

7. To whom and how the subsidy is provided

China adopted new taxation system on April 1, 1997. Under this new system, all domestic enterprises and institutes shall be subject to tariff and import duties in accordance with official rate except for the following few cases where tariff and import duties reduction and exemption are still applied:

1. Goods imported for embassies, and offices of international organizations in China, donations from foreign governments and international organizations, and goods imported by Chinese diplomats, Chinese students studying abroad and etc. for personal consumption.

2. Imports into the Yangpu Economic Development Area in Hainan Province, a bonded area.
3. Equipment and materials imported during the period of 1996 to 2000 for drilling, petroleum and natural gas exploitation.
4. Aircraft imported by domestic civil airlines during the period of 1996 to 2000.
5. Spare parts of cars, of which tariff and import duties reduction and exemption shall be determined according to the localization rate.
6. Materials imported for domestic manufacturing of aircraft.

Tariff and import duties reduction and exemption before April 1, 1996 of imported equipment and materials for foreign invested enterprises, for domestic technology renovation and infrastructure construction projects, for Special Economic Zones and Economic and Technology Development Areas, and for border trade, processing trade and compensation trade, shall be terminated except for the following transitional period:

1. For foreign invested enterprises with total investment less than US\$ 30 million approved before April 1, 1996, tariff and import duties reduction and exemption of their imported equipment and materials shall remain valid within the transitional period till December 31, 1996; for those enterprises with total investment more than US\$ 30 million, the transitional period shall end on December 31, 1997.
2. For industrial projects in such areas as energy, transportation, metallurgical industry with total investment more than RMB 50 million, and for technology renovation projects in manufacturing industries with total investment more than RMB 30 million, when approved before April 1, 1996, tariff and import duties for their equipment importation shall be subject to 50 per cent reduction within the transitional period till December 31, 1997.
3. Goods imported into the five Special Economic Zones of Shenzhen, Zhuhai, Shantou, Xiamen, Hainan, as well as those into the Pudong area in Shanghai and the Industrial Development Zone in Suzhou, shall be subject to tariff and import duties after April 1, 1996 in accordance with the official tariff and import duties rates. However, refund of the tariff and import duties will be applied within the transitional period from 1996 to 2000, with the volume decreasing annually. The refund will terminate after the year 2000.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it
1985 - 2000.

10. Statistical data permitting an assessment of the trade effects of a subsidy
Not available.

XIII. PROVISION OF LOW-PRICE INPUTS FOR SPECIAL INDUSTRIAL SECTORS

1. Title of the subsidy program

State low pricing for certain percentage of coal for electricity generating, and for certain percentage of crude oil.

2. Period covered by the notification

1987 - now.

3. Policy objective and/or purpose of the subsidy

State pricing for certain percentage of the industrial inputs is to maintain the overall price level stable.

4. Background and authority for the subsidy

Reform of China's planning economic system began first with the reform of the pricing system, and

by now 95 per cent of the commodities and services in China have already been determined by the market forces. State pricing remains only for certain percentage of those crucial products to maintain the ability of the government to curb the overall price level in emergent cases.

5. Legislation under which it is granted

Provisional regulation of the People's Republic of China on Pricing.

6. Form of the subsidy

State low pricing for inputs of certain industrial sectors.

7. To whom and how the subsidy is provided

37 per cent of coal in 1995 was subject to state pricing, and 70 per cent of the land oil production was subject to state pricing, price of the remaining 30 per cent as well as of all the off-shore oil production was determined by the market.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it

1987 -

10. Statistical data permitting an assessment of the trade effects of a subsidy

Not available.

XIV. SUBSIDY TO CERTAIN ENTERPRISES IN THE FORESTRY INDUSTRY

1. Title of the subsidy program

Subsidy to the forestry industry.

2. Period covered by the notification

1994 - now.

3. Policy objective and/or purpose of the subsidy

To encourage full utilization of forest resources.

4. Background and authority for the subsidy

State Administration of Taxation and local taxation authorities.

5. Legislation under which it is granted

Provisional regulation of the People's Republic of China on Value added Tax.

6. Form of the subsidy

Refund of value-added tax.

7. To whom and how the subsidy is provided

For certain enterprises in the forestry industry, when their products are based on the utilization of deficient timber resources, the collected value-added tax shall be refunded.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available as the quantity is minimal.

9. Duration of the subsidy and/or any other time-limits attached to it
1994 -

10. Statistical data permitting an assessment of the trade effects of a subsidy
Not available.

XV. PREFERENTIAL INCOME TAX TREATMENT TO HIGH-TECH ENTERPRISES

1. Title of the subsidy program
Preferential Income tax treatment to high-tech enterprises.

2. Period covered by the notification
1994 - now.

3. Policy objective and/or purpose of the subsidy
To accelerate the development of high-tech industries.

4. Background and authority for the subsidy
State Administration of Taxation and local taxation authorities.

5. Legislation under which it is granted
Provisional regulation of the People's Republic of China on Enterprises Income Tax.

6. Form of the subsidy
Income tax reduction and exemption.

7. To whom and how the subsidy is provided
For high-tech enterprises in the high-tech development zones approved by the State Council, the income tax rate applied shall be reduced to 15 per cent; for newly-established high-tech enterprises, income tax shall be exempted for the first two years since the operation.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy
No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it
1994 -

10. Statistical data permitting an assessment of the trade effects of a subsidy
Not available.

XVI. PREFERENTIAL INCOME TAX TREATMENT TO ENTERPRISES IN CERTAIN SERVICES INDUSTRIES

1. Title of the subsidy program
Preferential Income tax treatment to enterprises in certain services sector.

2. Period covered by the notification
1994 - now.

3. Policy objective and/or purpose of the subsidy
To accelerate the development of the services industries.

4. Background and authority for the subsidy

State Administration of Taxation and local taxation authorities.

5. Legislation under which it is granted

Provisional regulation of the People's Republic of China on Enterprises Income Tax.

6. Form of the subsidy

Income tax reduction and exemption.

7. To whom and how the subsidy is provided

1. For service suppliers in rural areas providing facilitations to agricultural production, for example, township or village level agri-technology extension stations, vegetation protection stations, water conservancy stations, forestry stations, husbandry and veterinary stations, fishery stations, seed and grain stations, agri-machinery stations, meteorology stations and farmers' association on agriculture technologies, as well as for other institutes at the township level providing such technological services, their income from the services shall be subject to provisional income tax exemption.
2. For science and technology institutes, universities and colleges, their income from such services as technology transfer, technical training and etc. shall be subject to provisional income tax exemption.
3. For newly-established enterprises or institutes (with separate business accounting) in such sectors as consultancy (including science and technology consultancy, legal consultancy, accounting consultancy, auditing consultancy, taxation consultancy, etc.), information services and technology services, income tax shall be exempted for the first two years since their operation.
4. For newly-established enterprises providing transportation services and telecommunication services, their income tax shall be exempted for the first year since their operation, and that of the second year shall be reduced by 50 per cent.
5. For newly-established enterprises or institutes (with separate business accounting) in such sectors as public utilities, commerce and trade, tourism, warehousing services, restaurant services, cultural and education services, community services, health services, etc., income tax for the first year since their operation may be reduced or exempted, subject to their application to and approval from local taxation authorities.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it

1994 -

10. Statistical data permitting an assessment of the trade effects of a subsidy

Not available.

XVII. PREFERENTIAL INCOME TAX TREATMENT TO ENTERPRISES UTILIZING WASTE

1. Title of the subsidy program

Preferential income tax treatment to enterprises utilizing waste.

2. Period covered by the notification

1993 - now.

3. Policy objective and/or purpose of the subsidy

To encourage resources recycle.

4. Background and authority for the subsidy

Local taxation authorities.

5. Legislation under which it is granted

Provisional regulation of the People's Republic of China on Enterprises Income Tax.

6. Form of the subsidy

Income tax reduction and exemption.

7. To whom and how the subsidy is provided

For enterprises utilizing waste gas, waste water and solid waste as major production inputs, income tax shall be reduced or exempted for five years.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it

1993 -

10. Statistical data permitting an assessment of the trade effects of a subsidy

Not available.

XVIII. PREFERENTIAL INCOME TAX TREATMENT TO ENTERPRISES IN POVERTY STRICKEN REGIONS

1. Title of the subsidy program

Preferential Income tax treatment to enterprises in poverty stricken regions

2. Period covered by the notification

1993 - now.

3. Policy objective and/or purpose of the subsidy

To alleviate poverty.

4. Background and authority for the subsidy

State Administration of Taxation and local taxation authorities.

5. Legislation under which it is granted

Provisional regulation of the People's Republic of China on Enterprises Income Tax.

6. Form of the subsidy

Income tax reduction and exemption.

7. To whom and how the subsidy is provided

For newly-established enterprises in remote regions, poverty stricken regions, and regions with ethnic groups residence, income tax shall be reduced or exempted for three years.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it
1993 -

10. Statistical data permitting an assessment of the trade effects of a subsidy
Not available.

XIX. PREFERENTIAL INCOME TAX TREATMENT TO ENTERPRISES TRANSFERRING TECHNOLOGIES

1. Title of the subsidy program
Preferential Income tax treatment to enterprises transferring technologies.

2. Period covered by the notification
1993 - now.

3. Policy objective and/or purpose of the subsidy
To encourage technology transfer and extension.

4. Background and authority for the subsidy
State Administration of Taxation and local taxation authorities.

5. Legislation under which it is granted
Provisional regulation of the People's Republic of China on Enterprises Income Tax.

6. Form of the subsidy
Income reduction and exemption.

7. To whom and how the subsidy is provided
For income of enterprises generated from transferring technologies, or from such relevant services as technology consultancy, training and etc., income tax shall be exempted when such annual net income is below RMB 300 thousand; however, in the case that the income exceeds RMB 300 thousand, for the part which exceeds RMB 300 thousand, income tax shall be applied as usual.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy
No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it
1993 -

10. Statistical data permitting an assessment of the trade effects of a subsidy
Not available.

XX. PREFERENTIAL INCOME TAX TREATMENT TO DISASTER STRICKEN ENTERPRISES

1. Title of the subsidy program
Preferential Income tax treatment to disaster stricken enterprises

2. Period covered by the notification
1993 - now.

3. Policy objective and/or purpose of the subsidy

To bring down disaster losses.

4. Background and authority for the subsidy

State Administration of Taxation and local taxation authorities.

5. Legislation under which it is granted

Provisional regulation of the People's Republic of China on Enterprises Income Tax.

6. Form of the subsidy

Income tax reduction and exemption.

7. To whom and how the subsidy is provided

In case that enterprises suffer from such disasters as fire, flood, tornado, earthquake and etc., income tax shall be exempted for one year subject to application to and approval from local taxation authorities.

8. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy

No specific statistics available.

9. Duration of the subsidy and/or any other time-limits attached to it

1993 -

10. Statistical data permitting an assessment of the trade effects of a subsidy

Not available.

XXI. PREFERENTIAL INCOME TAX TREATMENT TO ENTERPRISES WHICH PROVIDE JOB OPPORTUNITIES FOR THE UNEMPLOYED

1. Title of the subsidy program

Preferential income tax treatment to enterprises which provide job opportunities for the unemployed

2. Period covered by the notification

1993 - now

3. Policy objective and/or purpose of the subsidy

To increase job opportunities.

4. Background and authority for the subsidy

Local taxation authorities.

5. Legislation under which it is granted

Provisional regulation of the People's Republic of China on Enterprises Income Tax.

6. Form of the subsidy

Income tax reduction and exemption.

7. To whom and how the subsidy is provided

For newly-established township enterprises, in case that the new jobs they provide in one certain year exceed 60 per cent of their total jobs, income tax shall be exempted for a period of three years, subject to their application to and approval from local taxation authorities. In the same year when the three year exemption period expires, in case the enterprises provide another 30 per cent more job