

# Preferential Tax Policies

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### 1. Corporate Income Tax Law of the People's Republic of China

Pursuant to the Corporate Income Tax Law of the People's Republic of China, the following corporate income items are exempt from tax:

- (1) Interest income from treasury bonds;
- (2) Equity investment income, such as dividends and bonuses, paid between eligible resident enterprises;
- (3) All equity investment income, such as dividends and bonuses, obtained from resident enterprises by non-resident enterprises which have set up offices or establishments in China in effective connection with the said offices or establishments;
- (4) Income received by qualified non-profit organisations.

In addition, pursuant to the Corporate Income Tax Law of the People's Republic of China, enterprises may enjoy corporate income tax exemption or reduction for the following incomes:


- (1) Income obtained from agriculture, forestry, animal husbandry and fishery activities;
- (2) Income obtained from investing in or operating state-supported major public infrastructure projects;
- (3) Income obtained from qualified environment protection,

water conservation or energy conservation projects;

(4) Income obtained from qualified technology transfers;

(5) Income described in Paragraph 3 under Article 3 of Corporate Income Tax Law of the People's Republic of China.

Corporate income tax rate shall be reduced to 20% for eligible small and low-profit enterprises. Moreover, corporate income tax rate shall be reduced to 15% for state-supported high and new technology enterprises.


For the full text of the Corporate Income Tax Law, please refer to the official website of the  [State Taxation Administration](#).

## **2. Circular of Ministry of Finance and State Taxation Administration on Preferential Individual Income Tax Policies for Guangdong-Hong Kong-Macao Greater Bay Area**

Pursuant to the “Circular on Preferential Individual Income Tax Policies for Guangdong-Hong Kong-Macao Greater Bay Area” jointly issued by the Ministry of Finance and the State Taxation Administration, Guangdong Province and Shenzhen Municipality shall grant a subsidy to overseas (including Hong Kong, Macao and Taiwan) top-notch talent and scarce talent

working in the Greater Bay Area. This subsidy, equivalent to the individual income tax difference between Mainland China and Hong Kong, exempt the overseas talents from individual income tax.

The scope of application includes the nine Pearl River Delta cities of the Greater Bay Area, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing of Guangdong Province.


For the full text of the Circular, please refer to the official website of the  [State Taxation Administration](#).

### **3. Circular on the Implementation of Value-added Tax Policies in Guangdong-Hong Kong-Macao Greater Bay Area**

Pursuant to the “Circular on the Implementation of Value-added Tax Policies in Guangdong-Hong Kong-Macao Greater Bay Area” jointly issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration:

1. Between 1 October 2020 and 31 December 2023, value-added tax shall be exempted for the income obtained from the provision of international shipping insurance services by Guangzhou-registered insurance companies to companies registered in the Nansha Free Trade Zone.
2. Starting 1 October 2020, the departure port tax rebate policy shall be implemented for container goods that are

declared for export by eligible export enterprises from the designated departure ports, carried by eligible transport enterprises and transited between customs directly by water to the Guangzhou Nansha Bonded Port Area or Shenzhen Qianhai Bonded Port Area for departure from China.


For the full text of the Circular, please refer to the official website of the  [State Taxation Administration](#).

## **4. Circular of the Department of Finance of Guangdong Province and the Guangdong Provincial Tax Service of the State Taxation Administration on Implementing Preferential Individual Income Tax Policies in the Guangdong-Hong Kong-Macao Greater Bay Area**

Pursuant to the “Circular of the Department of Finance of Guangdong Province and the Guangdong Provincial Tax Service of the State Taxation Administration on Implementing Preferential Individual Income Tax Policies in the Guangdong-Hong Kong-Macao Greater Bay Area”:

For the part of individual income tax which is paid by overseas top-notch professionals and scarcely-available professionals working in the Greater Bay Area and which exceeds 15% of their taxable income, a subsidy shall be granted by the Municipal People's Government of the nine Pearl River Delta cities and the subsidy exempt the abovementioned subjects from the individual income tax.

The subsidy shall be granted in a lump sum calculated based on the individual taxable incomes (consolidated income shall be calculated on a consolidated basis) and paid once a year.

For the full text of the Circular and the conditions for determining overseas high-end talent and scarcely-available talent working in the Greater Bay Area, please refer to the official website of the  [Department of Finance of Guangdong Province](#).

## Other relevant taxation policies and regulations

 [Guangdong-Hong Kong-Macao Greater Bay Area Portal](#)

Click "Policy" – "Financial and Taxation Support", and then search by city.

 [Guangdong Enterprise Policy Connect](#)

Click "Policy Library", select "Financial and Taxation Support" as the theme of policy, and then search by city.

Source: The State Taxation Administration, the Department of Finance of Guangdong Province, the Guangdong-Hong Kong-Macao Greater Bay Area Portal, the Guangdong Enterprise Policy Connect