

China continues incentives to spur business growth

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In brief

- » Various tax and financial incentives and grants, varying in focus and magnitude, are introduced by local governments around China to support the post-pandemic business recovery and expansion.
- » Business analysis and incentive application should be planned ahead, especially those businesses seeking to expand or relocate.



Feedback

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In detail

Since the start of 2023 after a three-year combat against the COVID-19 pandemic, various provinces and municipalities in China have kept launching a flurry of initiatives to reinvigorate investments. Some are tax and financial supports while others are administrative facilitation measures. We have highlighted some examples below.

1. Shanghai city
» Tax optimization
1) Simplifying cross-provincial enterprise relocation in the Yangtze River Delta region. Qualified enterprises can resume operation before a tax de-registration is done in the original location.
» Financial support
1) Subsidy up to CNY 100K for Shanghai-qualified new "specialized, refined, featured and new" small-and-medium-sized enterprises;
2) Subsidy up to CNY 300K for state-qualified new "little giant" enterprises;
3) Subsidy up to CNY 500K, or 5% of R&D expenses of the previous year, for four types of high-tech firms (large scale enterprises in manufacturing, construction, retailing, servicing, real estate);
4) Subsidy up to CNY 1 million for retailing enterprises leading industrial innovations or market growth;
5) Subsidy up to CNY 500K for catering enterprises leading industrial innovations or market growth.
2. Ningbo city
» Financial supports
1) Subsidy up to CNY 50 million for new foreign investments in promoted industries;
2) Subsidy up to CNY 5 million for new foreign investments in financial sector (e.g. banking, insurance, securities, QFLP);
3. Heilongjiang province
» Financial supports
1) Subsidy up to CNY 300K for qualified enterprises in wholesale, retail, accommodation, and catering.
2) Subsidy up to CNY 500K per quarter, or 1% of its quarterly incremental revenue, for enterprises achieving a quarterly revenue of CNY 10 million or above and a year-on-year growth of 10% or above, until 30 June 30 2023.
3) Subsidy up to CNY 2 million per year, or maximum 5% of its yearly incremental revenue volume, for online retailing e-commerce enterprises achieving an annual revenue of CNY 30 million or above and a year-on-year growth of 10% or above and pays tax in its registration location.
4. Henan province
» Financial supports
1) Subsidy up to CNY 5 million, or 30% of its investment in equipment and software, for state-qualified new "little giant" enterprises;
2) Subsidy for export insurances:
> Full premium subsidy for enterprises with annual export under USD 3 million, insured by the government-authorized blanket insurance platform;
> 80% premium subsidy for enterprise with annual export between USD 3 million and 6 million, insured by the government-authorized blanket insurance platform;
> 50% premium subsidy for enterprises purchasing their own export credit insurances.
3) Subsidy up to CNY 5 million, or maximum 80% of legal expenses incurred by enterprises for their trade disputes which have reached adjudications.
4) Subsidy of CNY 1 million for talent incubation platforms in provincial cross-border e-commerce parks.
5) Subsidy up to CNY 5 million for province-qualified overseas warehousing enterprises;
6) Subsidy up to CNY 500K for province-qualified foreign trade comprehensive servicing enterprises;
7) Subsidy up to CNY 10 million, on a CNY 100K per USD 1 million paid-in capital basis, for new foreign investments including incremental investments.

WTS China's observation

Post-pandemic business-supporting incentive programs abound in diverse formats and names. An incentive application will usually incur a rigorous collection of documentation proof, be based on contractual performance benchmarks and also subject to a deadline. The maximum benefits will go to the early birds. The management of companies is advised to consider the worthiness of assigning a business evaluation and an application for the benefits in the locality of their operation in China.

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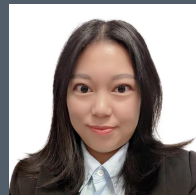
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