

**A Brief Introduction to the  
Policies on the Development  
of New and High Tech  
Industries in Zhongguancun  
Science Park**



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## **A Brief Introduction to the Policies on the Development of New and High Tech Industries in Zhongguancun Science Park**

### **Chapter 1 - Policies on talented people**

**1)** Subject to approval of personnel departments, personnel with professional skills and managerial personnel of other provinces and municipalities needed by new and high tech enterprises and projects for the industrialization of new and high tech achievements affirmed by the departments concerned of the municipal government shall be issued boarding ID cards and enjoy the treatment for the citizens of this Municipality. With recommendation by relevant employing units and examination and approval of the departments concerned, those who have worked for three full years may go through the formalities of registering their residence in Beijing.

-- **Article 1**, *Some Policies of the Beijing Municipality on Further Promoting the Development of New and High Tech Industries (No. Jing Zheng Fa [1999] 14)*

**2)** Returned Chinese scholars and scientific research and managerial personnel needed for the development of Zhongguancun Science Park shall be introduced. They may be issued boarding ID cards or register permanent residence in accordance with the relevant provisions of this Municipality, without being subject to limits of the quota on the number of people registering residence in Beijing. Graduating students of colleges and universities and scientific research institutes in the administrative area of this Municipality who have been employed in the new and high tech enterprises in Zhongguancun Science Park may directly register permanent residence in this Municipality.

-- **Article 32**, *Regulations on Zhongguancun Science Park*

**3)** Foreign personnel and personnel from Hong Kong, Macao and Taiwan are allowed to assume the posts of directors, supervisors and managers of domestic-funded new and high tech enterprises.

-- **Article 6** in the *Attachment to the Notice of the Beijing Municipal Administration for Industry and Commerce Concerning the Printing and Distribution of "the Proposals on Some Questions for Improving the Work of Enterprise Registration and Promoting the Development of New and High Tech Enterprises"* (No. Jing Gongshang Fa [1999] 117)

**4)** Special funds to be arranged in the municipal financial budget shall be used for setting up new and high tech enterprises by senior managerial personnel and technical personnel in software enterprises or increasing the capital input in the enterprises or for giving financial subsidies for purchasing personal residence or car for the first time, but the subsidy shall not exceed 80% of the individual income tax paid in the previous year.

-- **Article 18**, *the Proposals of the People's Government of Beijing Municipality for the Implementation of Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Jing Zheng Fa [2001] 4)*

5) Award in the form of stock equity shall be given to the scientific and technological personnel and business management personnel who make outstanding contribution to the growth of the enterprise.

-- **Article 3**, *Notice of the Economic Restructuring Office of the People's Government of Beijing Municipality and Beijing Municipal Bureau of Finance Concerning the Circulation of the Procedures of Stock Option Award Experiment in Hi-tech Enterprises Based in Zhongguancun Science Park (No. Jing Zheng Tigai Fa [2001] 30)*

6) Honorary titles shall be conferred on the professional technicians and management personnel who make great contribution to the commercialization of the new and high tech achievements, and prize money thus acquired shall be exempted from the income tax.

-- **Article 7**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Industries (No. Jing Zheng Fa [2001] 38)*

7) If the new and high tech achievements are transferred to company with limited liability or non-corporate firms as investment share, its appraised amount can account for up to 35% of the registered capital of that company or firm, unless otherwise prescribed.

-**Article 18**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries (No. Jing Zheng Fa [2001] 38)*

8) In the case of commercialization of the job-related scientific achievement made in R&D institutes or institutions of higher learning, awards shall be given, in accordance with the law, to the achievement-makers and other personnel that make major contribution to its commercialization. Should such achievements be transferred to other persons for commercialization, no less than 20% of the net income acquired as a result of transfer of technology can be taken as a one-off award to the achievement-makers and those who make major contribution to its commercialization. For those who carry out commercialization alone or in cooperation with others, the R&D institutes and institutions of higher learning can set aside no less than 5% of the net annual income acquired as a result of the commercialization for awarding purpose for 3-5 years running after the project's successful mass production. On the basis of that percentage, they should be given one-off award. Those joint stock firms can be awarded with stocks equivalent to no less than 20% of the value of their scientific achievements invested as shares, and the shareholder in question should enjoy the earning in proportion with his/her share. No less than 50% should go to those personnel that have made major contribution to the R&D as well as commercialization.

-- **Article 9**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries (No. Jing Zheng Fa [2001] 38)*

## **Chapter 2 - Tax policies**

## **(1) Policies on reduction and exemption of corporate income tax**

**1)** Corporate income tax for new technology enterprises in Zhongguancun Science Park shall be collected at a reduced rate of 15%. On the output value of export products of an enterprise that account for over 40% of the total output value of current year, subject to verification of the taxation authorities, the income tax shall be collected at a reduced rate of 10%.

-- **Article 5**, *Provisional Regulations of Beijing Municipality on the Experimental Zone for the Development of New Technology Industries (No. Jing Zheng Fa [1988] 49)*

**2)** Beginning from the date of its establishment, a new technology enterprise shall be exempted from income tax for three years. Subject to approval of the departments appointed by the People's Government of Beijing Municipality, the income tax shall be collected at a reduced rate of 50% of the tax rate laid down in the above item for the period from the fourth year to the sixth year.

-- **Article 5**, *Provisional Regulations of Beijing Municipality on the Experimental Zone for the Development of New Technology Industries (No. Jing Zheng Fa [1988] 49)*

**3)** Subject to examination and approval of financial and taxation departments, the current year expenses arisen from the research and development of new products, new technologies and new processes by new and high tech enterprises and the expenses for purchasing key equipment and testing instruments for that purpose may be disbursed in full from the cost; and if the actual amount arisen in the current year increases by 10% or more over the previous year, 50% of the actual amount arisen in the current year may be directly deducted from the current year taxable income.

-- **Article 15**, *Some policies of Beijing Municipality on Further Promoting the Development of New and High Tech Industries (No. Jing Zheng Fa [1999] 14)*

**4)** Subject to approval of financial and taxation departments, expenses arisen from purchasing domestic and foreign advanced technologies, inventions and patents by new and high tech enterprises may be disbursed from the cost in one lump sum or in installment.

-- **Article 16**, *Some Policies of Beijing Municipality on Further Promoting the Development of New and High Tech Industries (No. Jing Zheng Fa [1999] 14)*

**5)** Productive enterprises with an operating period of 10 years or more shall be exempted from business income tax for the first and second years beginning from the year of earning profits; and the business income tax shall be collected at a half rate from the third year to the fifth year. In response to application filed by the enterprises, the business income tax collected at a half rate may be refunded in full subject to verification and approval of financial departments of the same level. At the expiration of the period of tax exemption and reduction, on enterprises still being advanced in technology, the collection of business income tax at a half rate may be extended for another three years. If the tax rate after the cut by half is less than 10%, the tax shall be collected at a rate of 10%.

New and high tech enterprises with foreign investment shall be exempted from local income tax.

-- **Article 6**, *Some Rules of Beijing Municipality on Encouraging Foreign Investment in New and High Tech Industries (No. Jing Zheng Fa [1997] 14)*

**6)** If the profits of the regional headquarters of transnational corporations after paying the business income tax are used for capital reinvestment in this Municipality, the municipal finance shall refund the business income tax actually turned over to the locality in due proportion on the basis of tax refunding for reinvestment prescribed in the tax law. For the regional headquarters of transnational corporations, the local income tax shall be exempted.

-- **Article 4**, *Some Rules of the People's Government of Beijing Municipality on Encouraging Transnational Corporations to Set up Regional Headquarters in Beijing (No. Jing Zheng Fa [1999] 4)*

**7)** If a foreign investor in an enterprise with foreign investment uses the profits obtained from the enterprise for direct reinvestment in the enterprise to increase the registered capital or to invest as the capital for establishing other enterprises with foreign investment with operating period not less than 5 years, in response to application by the investor, subject to approval of the taxation authorities, 40% of the income tax already paid on the reinvested portion may be refunded. Among them, if an overseas investor uses the profits earned to re-invest directly in an enterprise with advanced technology or an enterprise producing export-oriented products for a period of not less than 5 years, the income tax already paid on the reinvested portion may be refunded in full.

-- **Articles 80 and 81**, *Detailed Rules for the Implementation of the Law of the People's Republic of China on Income Tax for Foreign Funded Enterprises and Foreign Enterprises*

**8)** According to "Some Policies on Encouraging the Development of Software Industry and Integrated Circuit Industry" and the tax policies formulated by the State departments concerned, a newly-established software enterprise, after being affirmed, shall be exempted from business income tax for the first and second years beginning from the year of earning profits, and business income tax shall be collected at a half rate from the third year to the fifth year. Software enterprises registered and affirmed in Zhongguancun Science Park may also choose to enjoy the treatment prescribed in the preferential policies on business income tax for new and high tech enterprises in the Park.

The salaries and expenses for training personnel of software enterprises may be deducted by the actual amount arisen when calculating the amount of taxable income.

If a key software enterprise located in the state planned areas does not enjoy the preferential treatment in tax exemption of current year, the business income tax shall be collected at a reduced rate of 10%.

-- **Article 10**, *Proposals of the People's Government of Beijing Municipality for the Implementation of "Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry" (No. Jing Zheng Fa [2001] 4)*

**9)** Subject to joint examination and approval of the relevant project approval and taxation departments,

an enterprise that meets the requirements of a knowledge-intensive and technology-intensive enterprise with foreign investment or an integrated circuit project with a foreign investment of US\$30 million or more shall enjoy the treatment of the preferential policies on exemption from business income tax for the first and second years beginning from the year of earning profits and the collection of business income tax at a half rate and the tax rate being 15%; and those enterprises which reach the standards of being advanced in technology may extend the payment of business income tax at a half rate for another three years.

-- **Article 36**, *Proposals of the People's Government of Beijing Municipality for the Implementation of "Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry"* (No. Jing Zheng Fa [2001] 4)

**10)** The new and high tech firms whose technological development expenditure in the current year increases by more than 10% (including 10%) over the previous year shall be entitled to reduce their income tax. The actual amount to be paid shall be assessed on the basis of 50% of the actual amount of expenditure incurred from technological development, upon the approval of the taxation departments concerned.

-- **Article 11**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries* (No. Jing Zheng Fa [2001] 38)

**11)** Those R&D institutes that have been transformed, on approval by the municipal government, to be affiliated to enterprises shall be exempted from the local revenue component of the income tax till the end of 2004.

-- **Article 13**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries* (No. Jing Zheng Fa [2001] 38)

## **(2) Policies on reduction or exemption of business tax**

**1)** Incomes obtained by organizations and individuals (including enterprises with foreign investment, R&D centers established with foreign investment, foreign enterprises and foreign individuals) engaged in the business of technology transfer and technological development and the relevant technical advice and technical service shall be exempted from business tax.

-- **Article 2**, *Notice of the Ministry of Finance and the State Administration of Taxation Concerning Issues on Taxation in Implementing "The Decision of the Central Committee of Chinese Communist Party (CPC) and the State Council on Intensifying Technical Innovation, Developing High Technology and Realizing Industrialization"* (No. Cai Shui Zi [1999] 273)

**2)** No business tax shall be levied on the income of those organizations or individuals that are engaged

in technology transfer, technology development and related technical consultation and service in this city. Also, in the light of the above, no tax shall be levied on those organizations or individuals engaged in software copyright transfer business and software research and development.

-- **Article 12**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries (No. Jing Zheng Fa [2001] 38)*

### **(3) Preferential policies on business value added tax (VAT)**

**1)** For an ordinary value added tax payer who sells software products developed and produced by himself, the value added tax shall be collected at the statutory rate of 17% before 2010, and the portion that exceeds the actual tax burden by 3% shall be refunded immediately after collection.

-- **Article 5**, *Notice of the State Council Concerning the Printing and Distribution of Some Policies on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Guo Fa [2000] 18)*

**2)** For an ordinary value added tax payer who sells integrated circuit products (including mono-crystalline silicon wafer) of his own production, the value added tax shall be collected at the statutory tax rate of 17% before 2010, and the portion which exceeds the actual tax burden by 6% shall be refunded immediately after collection, and shall be used by the enterprise for researching and developing new integrated circuit products and for expanded production.

-- **Article 41**, *Notice of the State Council Concerning the Printing and Distribution of Some Policies on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Guo Fa [2000] 18)*

### **(4) Policies on tariff preference**

**1)** Equipment and goods imported by a research and development institute for its own use in accordance with the provisions on tax exemption under the items of industries encouraged by the state and the provisions on tax exemption on articles for scientific and educational purposes shall be exempted from tariff and import link added value duty, except for commodities which are not duty free in accordance with the State provisions.

-- **Article 10**, *Provisional Regulations of Beijing Municipality on Encouraging the Establishment of Scientific Research and Development Institutes in Beijing (No. Jing Zheng Fa [1999] 7)*

**2)** Equipment for its own use imported by an enterprise (including foreign funded enterprises and foreign enterprise) for turning out products listed in the "State Catalogue of New and High Tech Products" and the technologies and accessories and spare parts imported together with the equipment in accordance with the contract shall be exempted from tariff and import link added value duty, except for commodities which are not duty free according to relevant provisions. Software overhead paid overseas by an

enterprise in accordance with the provisions the contract for introducing advanced technologies listed in the "State Catalogue of New and High Tech Products" shall be exempted from tariff and the import link added value duty. For products listed in the "Catalogue of Chinese New and High Tech Export Commodities" of the Ministry of Science and Technology and the Ministry of Foreign Trade and Economic Cooperation, if the export duty rebate rate has not reached the duty rate, subject to the verification and approval of the State Administration of Taxation, the procedure of duty rebate may be gone through after the products are exported in accordance with the duty rate and the existing rules for the administration of export duty rebate.

-- **Article 5**, *Notice of the Ministry of Finance and the State Administration of Taxation Concerning Issues on Taxation in Implementing "The Decision of the Central Committee of Chinese Communist Party (CPC) and the State Council on Intensifying Technical Innovation, Developing High Technology and Realizing Industrialization" (No. Cai Shui Zi [1999] 273)*

**3)** Equipment imported by a software enterprise for its own use and the technologies (including software) and accessories and spare parts imported together with the equipment in accordance with the contract shall be exempted from tariff and the import link added value duty, except for commodities listed in the "Catalogue of Commodities for Projects with Foreign Investment that shall not be Imported Duty Free" and the "Catalogue of Commodities for Projects with Domestic Investment that shall not be Imported Duty Free". The enterprise may directly declare to the customs by showing the certificate of affirmation of a software enterprise, and go through the formalities for the relevant tax exemption.

-- **Article 11**, *Proposals of the People's Government of Beijing Municipality for the Implementation of Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Jing Zheng Fa [2001] 4)*

**4)** Raw materials and consumables for production imported for its own use by an enterprise producing integrated circuit with an investment of over RMB 8 billion yuan or with the width of wire in the integrated circuit being smaller than 0.25 micron shall be exempted from tariff and the import link added value duty.

-- **Article 11**, *Proposals of the People's Government of Beijing Municipality for the Implementation of Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Jing Zheng Fa [2001] 4)*

**5)** Subject to approval of the Customs authorities, regional headquarters of a transnational corporation may, in the light of actual need, set up a bonded warehouse or a bonded factory.

--**Article 11**, *Some Rules of the People's Government of Beijing Municipality on Encouraging Transnational Corporations to Set up Regional Headquarters in Beijing (No. Jing Zheng Fa [1999] 4)*

### **Chapter 3 - Financial Policies**

**1)** The government shall set up special funds, such as Zhongguancun Science Park New and High Tech

Industries Development Fund, the Beifang Microelectronic Industry Development Fund and the Software Industry Development Fund, to guide, support and subsidize the development of new and high tech industries.

-- *Notice of the People's Government of Beijing Municipality Concerning the Printing and Distribution of the Measures for the Administration of Special Funds for the Development of Zhongguancun Science Park (No. Jing Zheng Fa [2001] 7) and others.*

**2)** The Municipal Government shall give a subsidy to the interest on loans arisen in the period of constructing integrated circuit projects authorized for construction. The subsidy shall be 1.5% of the loan interest rate actually arisen in the period of construction, and the time for the interest subsidy shall not exceed three years. To projects constructed in the areas guided by the government, the loan interest subsidy may be increased to 2%.

-- **Article 32**, *Proposals of the People's Government of Beijing Municipality for the Implementation of Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Jing Zheng Fa [2001] 4)*

**3)** To integrated circuit projects that meet the requirements, the Government shall make a follow-up investment amounting to 15% of the enterprise's registered capital. The Government shall not exercise the right to vote for the investment and shall not participate in drawing dividends, but may withdraw by negotiated transfer.

-- **Article 32**, *Proposals of the People's Government of Beijing Municipality for the Implementation of Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Jing Zheng Fa [2001] 4)*

**4)** The local revenue component of the business tax, income tax, VAT paid by the accredited projects involved in new and high tech achievement commercialization will be used by the local finance in the form of special funding support to those projects for three years from the date of their accreditation. Thereafter, in the subsequent two years, the total amount of the funding support will be reduced by half. The local revenue component of the business tax, income tax, VAT paid by the accredited projects involved in significant new and high tech achievement commercialization will be used by the local finance as a funding support to those projects for five years from the date of their accreditation. And thereafter, the subsequent three years will see the funding support reduced by half, 80% of the funding support by the local finance will be earmarked for technical innovation of those businesses in question, and the remaining 20% will go to a technology innovation fund for consolidated use.

-- **Article 14**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries (No. Jing Zheng Fa [2001] 38)*

**5)** The incubation bases and tenants in incubators accredited by the Science and Technology Commission of Beijing Municipality will be supported by a special fund of the local financial departments through the use of the local tax revenues paid by them.

--**Article 16**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries (No. Jing Zheng Fa [2001] 38)*

6) For five years from 2001 onward, the firms involved in commercializing the new and high tech achievement projects will be supported by the local financial departments in the form of a special fund composed of the real estate tax paid on the building or purchasing of production and business operation sites for the given year by those firms. That fund will be totally used for the technology innovation of the relevant firms.

--**Article 17**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries (No. Jing Zheng Fa [2001] 38)*

7) The Beijing-registered venture capital institutions will be supported by the local financial departments in a way that a special fund will be created to cover 50% of the local revenue component of the income tax paid by them for that year if the amount of investment of those institutions in the city-accredited projects involved in new and high tech achievements commercialization are in excess of 70% of the total amount of investment in that given year.

--**Article 24**, *Notice of the Beijing Municipality Concerning the Circulation of the Rules on Further Facilitation of the New and High Tech Industries (No. Jing Zheng Fa [2001] 38)*

#### **Chapter 4 - Land policies**

1) For land obtained directly by Chinese-foreign joint ventures, Chinese-foreign cooperative ventures and foreign-owned enterprises in a form of transfer, the transfer fee shall be collected at a rate of 75%; and the urban infrastructure "four-utility" (water, sewage treatment, gas and heat) construction fee and overall public facility construction fee shall be collected at a half rate.

-- **Article 5**, *Some Rules of Beijing Municipality on Encouraging Foreign Investment in New and High Tech Industries (No. Jing Zheng Fa [1997] 4)*

2) To new and high tech enterprises established in development zones with approval of the State or the municipal government that obtain land directly in the form of transfer and use it for new and high tech projects, the fee for the transfer of the land use right shall be collected at a rate of 75%; and the urban infrastructure "four-utility" construction fee shall be collected at a half rate. The newly increased land to be used for new and high tech projects by verified key new and high tech enterprises shall be exempted from fees for transfer of land use right and the infrastructure "four-utility" construction fee payable to the local financial departments, and overall public facility construction fee shall be collected at a half rate.

-- **Article 29**, *Some Policies of the Beijing Municipality on Further Promoting the Development of New and High Tech Industries (No. Jing Zheng Fa [1999] 14)*

**3)** When a research and development institute in Beijing obtains the land use right in the form of transfer and erects R&D buildings for its own use, the charge for land price shall be collected at a rate of 75%. If the nature of the use of land is changed or the land is rented, sold or transferred, it should pay retroactively the exempted charge in full.

-- **Article 16**, *Provisional Rules of Beijing Municipality on Encouraging the Establishment of Scientific Research and Development Institutes in Beijing (No. Jing Zheng Fa [1999] 17)*

**4)** The time limit for use of the land with “seven connections and one flat” (referring to be connected with roads, water supply, rain pipe and sewage conduit, electricity, communications, gas, heat and to be provided with flat land) provided by the government by allocation for an integrated circuit enterprise is 30 years. Within the time limit for use, the enterprise shall not change the nature of the land use and shall not transfer or mortgage the land. In obtaining the land use right by transfer, the enterprise shall be exempted from paying the land transfer fee. And when the enterprise transfers the land use right and changes the nature of the land use or is disqualified as an integrated circuit enterprise, it should pay retroactively the land transfer fee in full in accordance with the relevant provisions.

-- **Article 35**, *Proposals of the People's Government of Beijing Municipality for the Implementation of Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Jing Zheng Fa [2001] 4)*

**5)** Colleges and universities, scientific research institutes, domestic and foreign enterprises and individuals are encouraged to make investment in Beijing for establishing software enterprises or building software parks. The land needed for their construction projects, if the land use right is obtained by transfer, shall be exempted from paying the land transfer fee.

-- **Article 7**, *Proposals of the People's Government of Beijing Municipality for the Implementation of Some Policies of the State Council on Encouraging the Development of Software Industry and Integrated Circuit Industry (No. Jing Zheng Fa [2001] 4)*

## **Chapter 5 - Foreign exchange control**

**1)** Research and development institutes in Beijing established by organizations, enterprises and individuals of foreign countries and of the Hong Kong Special Administrative Region (HKSAR), Macao Special Administrative Region and Taiwan Province, subject to approval of the foreign exchange control authorities, may open foreign exchange accounts in appointed banks, and their foreign exchange receipts and disbursement shall be handled in accordance with the existing provisions on foreign exchange control.

-- **Article 9**, *Provisional Rules of Beijing Municipality on Encouraging the Establishment of Scientific Research and Development Institutes in Beijing (No. Jing Zheng Fa [1999] 17)*

**2)** A new and high tech enterprise in Zhongguancun Science Park with the proportion of foreign

investment being below 25% shall be agreed to open a foreign exchange capital account.

-- *A Reply Letter on the Question of Opening a Foreign Exchange Account by an Enterprise in Zhongguancun Science Park with the Proportion of Foreign Investment Being Below 25% (No. Jing Hui [2001] 46)*

3) With approval of the foreign exchange control authorities, the regional headquarters of a transnational corporation may, apart from establishing a foreign exchange capital account in the bank, open more than one foreign exchange accounts in accordance with the actual need and maintain rather high ceilings in foreign exchange settling account.

With approval of the foreign exchange control authorities, the regional headquarters of a transnational corporation may transfer foreign exchange funds within the territory in accordance with the law.

-- **Article 10**, *Some Rules of the People's Government of Beijing Municipality on Encouraging Transnational Corporations to Set up Regional Headquarters in Beijing (No. Jing Zheng Fa [1999] 4)*

## **Chapter 6 - Other preferential policies and services**

1) Enterprises registered for operation in the Beijing Economic and Technological Development Zone and the Beijing New Technology Industry Development Experimental Zone with their branches still being engaged in selling products of their own production within the administrative area of Beijing may enjoy the treatment prescribed in the preferential policies for enterprises in the Zones.

-- Article 9, *Some Rules of Beijing Municipality on Encouraging Foreign Investment in New and High Tech Industries (No. Jing Zheng Fa [1997] 14)*

2) In accordance with the State industrial policy, subject to affirmation of the Development Planning Commission of Beijing Municipality, Economy Commission of Beijing Municipality, Beijing Municipal Foreign Economic Relations and Trade Commission, the proportion of domestic sale of products of new and high tech enterprises with foreign investment may be relaxed appropriately; and products that are really urgently needed domestically and can be substituted for imported products are permitted for full domestic sale.

-- Article 8, *Some Rules of Beijing Municipality on Encouraging Foreign Investment in New and High Tech Industries (No. Jing Zheng Fa [1997] 14)*

3) New and high tech enterprises listed in the "Directory of New and High Tech Enterprises Enjoying Preferential Treatment of the Customs" shall enjoy the preferential treatment of having precedence in entry, examination and inspection, getting cleared; enterprises engaged in processing trade shall be given the preference of having priority in putting on file and obtaining examination and approval. New and high tech enterprises shall have precedence in developing EDI customs declaration.

-- **Articles 2, 5 and 7**, *Concrete Measures of the Beijing Customs on Supporting the Development of*

## New and High Tech Enterprises

**4)** Regional headquarters of transnational corporations are encouraged to set up affiliated organizations such as R&D institutes, training organizations and technical support centers in Beijing. The departments concerned shall give priority in handling matters such as project endorsement, planning, feasibility study, registration and commencement of construction; and may, on the precondition of the completion of the overall urban planning of Beijing and the overall planning on land use in Beijing, give priority in providing land for construction and going through the formalities for using land for construction in accordance with appropriate procedures.

-- **Article 12**, Some Rules of the People's Government of Beijing Municipality on Encouraging Transnational Corporations to Set up Regional Headquarters in Beijing (No. Jing Zheng Fa [1999] 4)

**5)** With regard to the public utilities such as water supply, electricity, gas, heat, communication needed by the regional headquarters of foreign companies and enterprises with their investment in this Municipality, the municipal departments concerned shall afford them energetic support and make a comprehensive arrangement to guarantee priority in supply, and as to the pricing policy and the policy for collecting fees for the supply, they shall enjoy equal treatment with domestic enterprises.

-- **Article 15**, Some Rules of the People's Government of Beijing Municipality on Encouraging Transnational Corporations to Set up Regional Headquarters in Beijing (No. Jing Zheng Fa [1999] 4)

**6)** To a registered enterprise user in the Park that gets access to the Internet in China, if it is accessed by dialing, the network access charge shall be given preferential treatment by cutting 25% from that collected according to the standards for charges prescribed by the State; and if it is a special cable access, the network access charge shall be given preferential treatment by cutting 30% from that collected according to the standards for charges prescribed by the State. For a registered enterprise user who uses ISDN service, the basic monthly rent for 2B+D port shall be collected according to the existing standards for the monthly standing charge for an ordinary telephone set.

-- **Articles 1 and 2**, A Written Reply made by the Ministry of Information Industry on the Question of Giving Preference to Telecommunication Charges in Zhongguancun Science Park (No. Xin Qing [1999] 179)

**7)** Enterprises shall enjoy the precedence in such aspects as obtaining examination and approval, registration, bank loans, going through customs formalities, personnel going abroad, establishing overseas enterprises, and the needed public utilities. In the course of the examination and approval in such links as project endorsement, planning, feasibility study, license obtaining, registration and commencement of construction, the departments concerned should handle urgent matters in an urgent way and special matters in a special way without any delay.

-- **Article 4**, Some Rules of Beijing Municipality on Encouraging Foreign Investment in New and High Tech Industries (No. Jing Zheng Fa [1997] 14)

## **Chapter 7 - International cooperation**

**1)** R&D institutes based in Beijing may develop cooperation with scientific research institutes, colleges and universities and enterprises in many forms, and their laboratories, research centers and experimental bases may open to the public and provide paid service.

-- **Article 19**, *Provisional Rules of Beijing Municipality on Encouraging the Establishment of Scientific Research and Development Institutes in Beijing (No. Jing Zheng Fa [1999] 17)*

**2)** Energetic support shall be given to R&D institutes based in Beijing to run schools jointly with colleges and universities or scientific research institutes qualified for training postgraduates, and the academic credentials and degrees of the students trained by them shall be recognized subject to affirmation of competent authorities in charge of educational administration.

-- **Article 20**, *Provisional Rules of Beijing Municipality on Encouraging the Establishment of Scientific Research and Development Institutes in Beijing (No. Jing Zheng Fa [1999] 17)*

**3)** Overseas economic organizations or individuals may establish joint or cooperative new and high tech ventures with domestic economic organizations or individuals in Zhongguancun Science Park.

-- **Article 56**, *Regulations on Zhongguancun Science Park*

## **Chapter 8 - Reform in the administration of enterprise registration**

**1)** The net assets of venture capital organizations may be used for full investment.

-- **Article 19**, *Measures for the Administration of Enterprise Registration in Zhongguancun Science Park (Decree No. 70 of the People's Government of Beijing Municipality)*

**2)** The registered capital (investment in the capital) of venture capital organizations may be paid in installments.

-- **Article 20**, *Measures for the Administration of Enterprise Registration in Zhongguancun Science Park (Decree No. 70 of the People's Government of Beijing Municipality)*

**3)** Except for lines of business that should undergo special examination and approval in accordance with the provisions of State laws and regulations, the administrative departments of industry and commerce, when registering enterprises, shall no longer examine and verify concrete lines of business. Enterprise may choose lines of business independently and develop business operation.

-- **Article 4**, *Measures for the Administration of Enterprise Registration in Zhongguancun Science Park (Decree No. 70 of the People's Government of Beijing Municipality)*

**4)** The business scope of the branches of foreign companies should be brought in line with the “Catalogue for the Guidance of Industries for Foreign Investment”. It may include the following businesses: selling products turned out by the affiliated foreign companies and enterprises with investment by the affiliated foreign companies; being engaged in installation, maintenance, technical training, technical consultancy and technical service for products turned out by the affiliated foreign companies and enterprises with investment by the affiliated foreign companies; manufacturing, producing or processing accessories and spare parts needed for the production of the affiliated foreign companies and enterprises with investment by the affiliated foreign companies; directly manufacturing, producing or processing products in conformity with the industrial policies of China.

-- **Article 28**, *Measures for the Administration of Enterprise Registration in Zhongguancun Science Park* (Decree No. 70 of the People's Government of Beijing Municipality)