

EIT Preferential Policies Encourage Business Development

Chinese version China's Ministry of Finance and State Administration of Taxation decided to adopt a number of enterprise income tax (EIT) preferential policies to encourage the development of the software industry, integrate circuit industry and the securities investment funds, including tax exemption and deduction in half.

According to the Circular on Several Preferential Policies of Enterprise Income Tax released by the two authorities, the tax premiums returned to software production enterprises entitled to value-added tax return immediately after the payment will be exempted from EIT if the enterprises use the tax premiums for the research and development of software products and production expansion. Also, the domestic newly established software production enterprises, after being recognized, may be exempted from EIT in the first and second years after they begin to make profit, and have their EIT halved during the third and the fifth years.

At the same time, incomes from the securities market by securities investment funds will be temporarily free from EIT; and incomes of investors from the distribution of the securities investment funds will also be temporarily free from EIT payment, so are the incomes of securities investment fund managers from the price differences of the trading of shares and bonds with funds.

In addition, if the accumulated undistributed profits of foreign invested enterprises generated prior to January 1, 2008 are distributed to foreign investors after 2008, the EIT will be exempted.

(Source: State Administration of Taxation)

Close