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China unveils quake reconstruction financing plan

China's State Council on Monday unveiled a raft of fiscal measures to support reconstruction after the May 12 earthquake, including the exemption of corporate income taxes this year for companies that suffered heavy losses.

The Cabinet announced a range of policies, including taxation, credit and employment policies, to support reconstruction as well as tax relief for company's funding reconstruction.

It also promised a six-month extension on all loan repayments in arrears due to the quake.

The State Council said affected companies would be given priority in applications for initial public offerings on the stock market or refinancing plans if already listed.

"The affected organizations are also encouraged to raise funds for reconstruction on the bond market," the Cabinet announcement said.

Insurance institutions would be instructed and coordinated to invest funds in key reconstruction projects as well as infrastructure in the quake zone, according to the statement.

The State Council also announced on Monday that new homes for survivors would be exempted from land use and other land-related taxes.

In addition to subsidies averaging 10,000 yuan for each homeless household, the Cabinet said interest on home loans to quake survivors would be lowered by 40 percent, compared with the benchmark interest rate.

The minimum down-payment would be cut to 10 percent of the loan, compared with 20 to 50 percent in other parts of the country.

The State Council also pledged to find employment for at least one member of each jobless family, and to subsidize the required social security insurance for companies that employed such people.

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