SAT Regulated Preferential EIT Policies on Venture Capital Enterprises

Chinese version Qualified venture capital enterprises are eligible to deduct 70% of their investment in small and medium-sized high-tech enterprises from the taxable incomes in the year when they have possessed the equities for 2 years.

Under the Circular on Issues Concerning Implementing Preferential Enterprise Income Tax Policies on Venture Capital Enterprises (Circular) released by China's State Administration of Taxation (SAT) on April 30, 2009, the aforementioned qualifications shall include: enterprises must have invested in the un-listed small and medium-sized high-tech enterprises via equity investment for more than 24 months; the invested small and medium-sized high-tech enterprises must be qualified with the high-tech enterprise authorization. In addition, number of the staff must not exceed 500, and their annual sales (business) volume and total assets must not exceed 200 million.

The Circular shall take effect as of January 1, 2008.

(Source: State Administration of Taxation)

Close