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## Bankers give voice to small businesses

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SENIOR bankers are urging regulators to grant tax incentives and relax regulations to boost credit to small businesses as they are an important cog in the Chinese economy and creator of the majority of jobs in the country.

Ma Weihua, president of China Merchants Bank Co, Dong Wenbiao, chairman of China Minsheng Banking Corp, and Yan Bingzhu, chairman of the Bank of Beijing, called for further government support for lending to small businesses. They are members of China's top political advisory body, the Chinese People's Political Consultative Conference, and are attending the third session of the 11th CPPCC which started in Beijing yesterday.

"Lending from commercial banks is still the main financing avenue for small and medium companies in China," Ma said in a proposal. "More efforts should be made to channel banks' support to small businesses."

Ma said regulators should give tax incentives, simplify the bad loans write-off procedure and offer funds to cover risks so more banks will offer small business credit.

His view is mirrored by Dong who urged the Ministry of Finance, the State Administration of Taxation and other related bodies to introduce tax incentives, including lower corporate income tax and business tax for banks' small credit centers.

Dong suggested a corporate income tax of 15 percent for small credit facilities from the current 25 percent which the majority of companies in China pay. He also suggested that newly set-up small credit departments should enjoy zero business tax in the first five years of operation and that the tax should be halved over the following three years. The tax is 5 percent now.

Yan said small and medium sized banks face discrimination vying for clients.

She said there should be a more flexible regulation mechanism with preferential policies for qualified small banks, which can help the growth of small enterprises.