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PREFERENTIAL POLICIES FOR THE FOREIGN-FUNDED ENTERPRISES

I. Income tax

a. For the foreign funded production enterprises in JEDZ, the income tax is levied at the rate of 24%. The rate of 15% can be levied for technology intensive enterprises, with the investment of the project surpassing 30 million US dollars or projects and with long term refund before they are approved by the State Tax Bureau. JEDZ can help apply for the enterprises.

b. Foreign-funded enterprises in the zone with their business running more than 10 years, shall enjoy the income tax exemption for the first two years from the profit making year and from the third to the fifth years half exemption. Besides, according to the tax law, if the enterprise is still confirmed as technology-advanced enterprise after the expiration of the exemption and half exemption, the tax rate regulated by the tax law can be half exempted for three more years. But the lowest income tax rate can not be lower than 10% for the enterprises whose tax has already been levied at the rate of 15% in JEDZ.

c. After the expiration of the income tax exemption and half exemption for the export-oriented enterprises, if their export production value exceeds 70% of the total value in the same year, the income tax will be granted 50% reduction by the tax law. But the income tax rate shall be 10% for the enterprises whose tax has already been levied at the rate of 15% in JEDZ if the above conditions are met.

d. If the foreign investors from the foreign invested enterprises make the investment with the profit of the enterprises, or increase the registered capital or invest in setting up another foreign enterprise with its business running period not less than five years, 40% of the tax invested as the investment capital can be refunded upon the application of the investor and approval from the tax bureau, unless otherwise stipulated by the State Council for more preferential policies.

II. Local administrative and operating expenses Local administrative and operating expenses are exempted.

III. Others

a. The large-scale hi-tech enterprises, which are encouraged according to the industrial policy in the zone, will be dealt individually in terms of tax exemptions.

b. Facilities such as water, power, steam and telecommunication for manufacturing and operation are guaranteed to be preferentially supplied.

c. Water and power (one line) capacity expansion charges are exempted.

d. The guarantee fee for the electricity is exempted.