

Doing business in Xiamen

Xiamen Economy

Xiamen Free Trade Zone was approved to set up by the State Council of the P.R.C. in October 1992 in Xiamen Special Economics Zone (Xiamen SEZ). Apart from enjoying the preferential policies of SEZ, it also uses for reference the operation of present world free trade zones. Being "Free of Licences, Duty-Free and Bonded", it is the special economic zone in Chinese mainland enjoying the widest openness, the most flexible operation system and the most preferential investment policies.

After over 30 years of construction, Xiamen SEZ has become the most dynamic economic area in southeast coast of China, "the Best Habiting City" in the world and attracted over 5000 FDI projects, including 39 ones from "Fortune 500".

Xiamen Free Trade Zone includes 5 square kilometres, in which 1.1 has been developed for Phase I. The layout includes 7 30-50-thousand-ton container berthes with over 1400 metres of coastal line and 0.7 million square metres of interior land area. Being "Special Area within the SEZ", based on the concept of "First To Try, Quicker and Better", and in accordance with the international practices, the FTZ has become the fast-developing special economic area with outstanding functions and preferential investment environment. Many famous multinational companies like Micron, Kodak, Celestica, Plexus, Baxglobal and New World have come and developed quickly. It has become the important economic flash point of Xiamen SEZ with port as its leading function, characterized with bonded warehouses and modern logistics as its main body. It has become a new economic area including international trade, processing trade and entrepot trade.

In order to further develop its service function, enlarge operation and satisfy more investment demands, Xiamen Free Trade Zone now begins to build the Phase II and airport free trade zone. We believe in the near future, a big prosperous Xiamen Free Trade Zone with all air, sea and land transport facilities will warmly welcome guests from home and abroad.

Invest opportunities

Investment Opportunities in Xiamen are endless but not without rhyme or reason. Xiamen government has carefully selected 4 pillar industries: chemical, electronics, power and machinery. The sprawling 100 square kilometer Haicang Investment Zone has been carefully subdivided into four districts with the following emphases:

New Urban District (Xin Shiqu 新市区): commerce and trade, finance, real estate, tourism, recreation and leisure

Harbor District (Haigang Qu 海港区) (port facilities, energy industry, bonded facilities and warehousing & storage).

South Industrial District (Nanbu Gongye Qu 南部工业区): petrochemicals

Xinyang Industrial District (Xinyang Gongye Qu 新阳工业区): machinery, electronics, chemicals and building materials.

Strike Gold at CIFIT! The best place to scout out business opportunities, whether in Xiamen or elsewhere, is our annual CIFIT (China International Fair for Investment & Trade, Zhongguo Guoji Touzi Maoyi Qiantan Hui, 中国国际投资贸易洽谈会). Every September 8th, our CIFIT hosts pavilions with investment opportunities in every province in China, from coastal Fujian to the Himalayan heights of Tibet.

CIFIT has been responsible for over half of foreign investment to small and medium enterprises, and for much of large businesses as well, with over 100,000 visitors and exhibitors from over 144 countries and over 2000 international and governmental institutions, business associations and enterprises. CIFIT's 1800+ forum and seminar speakers have included top Chinese leaders, Nobel Prize winners, U.N. officials and vice premiers of various countries.

Investment Policies and Laws

Preferential policies

Investment Policies (Foreign Investments)

· Corporate income tax

Foreign-funded enterprises: a reduced tax rate of 20% of corporate income shall be applicable for small-size and low-profit enterprises; a reduced tax rate of 15% of corporate income shall be applicable for hi-tech enterprises that demand key supports from the state.

·Two-year full exemption and three-year half exemption of taxes

For the hi-tech enterprises that are registered within any special economic zone on and after January 1, 2008 and demand key supports from the government (hereinafter referred to as newly-established hi-tech enterprises), the corporate income taxes shall be fully exempted for the revenues acquired from special economic zones and Shanghai Pudong New Area for the first two years starting from the year when the first operating income acquired is taxable. For the subsequent three years, the corporate income taxes payable on such revenues shall be half exempted based on the statutory rate of 25%.

·Three-year full exemption and three-year half exemption of taxes.

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Investment and operating incomes of public infrastructure projects that receive key governmental supports: the corporate income taxes shall be fully exempted for the first three years starting from the year when the first operating income acquired is taxable. For the subsequent three years, the corporate income taxes payable on such revenues shall be half exempted.

Incomes of eligible environment protection, energy-saving and water-saving projects: the corporate income taxes shall be fully exempted for the first three years starting from the year when the first operating income acquired is taxable. For the subsequent three years, the corporate income taxes payable on such revenues shall be half exempted.

·Increased deductions

The expenses that a company spends on the R&D of new technologies, new products and

new techniques and haven't been included into the current profits and losses as intangible assets shall be increased by 50% before they are deducted from the taxable incomes. Where such expenses have become intangible assets, the amortization shall be done at 150% of the costs of intangible assets.

•Investment credits

For any venture capital enterprise's investments in any industry in which investments are preferentially supported and encouraged by the state, the taxable incomes shall be deducted in a certain proportion to such investments.

•Imported equipment

For any foreign investment projects that are encouraged in the Catalogue for the Guidance of Foreign Investment Industries, all the imported equipment required by the project and for the purpose of self use and the technologies and reasonable quantity of accessory and spare parts that are imported together with the equipment according to the project contract shall be exempted of customs duties except for the commodities as specified in the Catalogue of Non-Duty-Free Commodities to be Imported for Foreign-funded Projects.



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