

SPORTS

Nansha's exclusive tax policy to benefit enterprises, boost development



From left: A view of Mingzhu Bay, a central business area of Nansha district. A taxpayer finishes procedures under the guidance of a staff member at a tax service hall in Nansha district. PHOTOS PROVIDED TO CHINA DAILY



By YUAN SHENGGAO

With a commitment to boost innovation-driven development, Nansha district in Guangzhou, capital of Guangdong province, is capitalizing on the State's favorable corporate income tax policy that was tailor-made for the district in a bid to establish a modern industrial system.

The corporate tax incentive came in the wake of the preferential personal income tax policy in July for Hong Kong and Macao residents working in Nansha. The new policy allows those people in the district to enjoy the same tax rate as they did at home.

Both policies, in effect from 2022 to 2026, are the State's preferential tax treatment for better positioning Nansha in its endeavors to carry out the nation's master plan for the district. The master plan is called the Overall Plan for Promoting Comprehensive Cooperation among Guangdong, Hong Kong and Macao by Further Deepening Opening-up in Nansha District of Guangzhou. It was officially released by the State Council on June 14.

According to the unique policy, enterprises in Nansha Bay, Qing-sheng Hub and Nansha Hub — the launch areas of Nansha district —

will enjoy a preferential corporate income tax rate of 15 percent, so long as they are involved in any of the 140 preference items in the eight categories of high technology, information technology, advanced manufacturing, biomedicine, new energy and new materials, shipping logistics, modern service or finance. The array of beneficiary industries is unprecedentedly wide.

The high-tech category is further divided into 35 industrial catalogs in four minor categories, including artificial intelligence, integrated circuits, high-end equipment, life science and healthcare, energy conservation and ecologically friendly technology.

High-tech enterprises or technology-based small and medium-sized enterprises throughout the district, if engaged in the high-tech category, are allowed to extend their carry-over of losses up to 13 years from the previous high of 10 years. The losses refer to those incurred for a maximum period of eight years, as compared to five years, before they are officially certified as high-tech firms or technology-based SMEs.

Enterprises that meet the conditions of both tax reduction and loss carry-forward are allowed to enjoy both preferential treatments at the same time.

2 trillion yuan

Expected annual industrial output value of Nansha's industrial clusters by 2025

Fu Zhengping, head of the Institute of Free Trade Zones at Sun Yat-sen University, said the new corporate tax policy will help enhance Nansha's competitiveness and guide its industry to achieve high-end development while also helping to attract more investment and talent.

Nansha has made great progress in system innovation, business environment and industrial development, he noted, adding that the new policy will impose a duplicate effect on the district's future development.

In recent years, Nansha has hammered out a large package of incentives including subsidies worth more than 20 billion yuan (\$2.8 billion) to support innovation, industry, funds and talent, among which talent who make great contributions to the district's development can apply for a reward equal to 40 percent of their personal income tax paid in

the previous year.

Analysts said the new preferential policy will stimulate the industrial vitality of Nansha, help concentrate innovation factors and help Nansha build itself into an innovation highland.

The tax reduction policy will also greatly relieve the burden on enterprises, which will enhance the confidence of Hong Kong and Macao enterprises to be based in Nansha, they said. Nansha will play its role in coordinating development with Hong Kong and Macao under the framework of Guangdong-Hong Kong-Macao Greater Bay Area.

In addition, such preferential policies will encourage industrial enterprises to participate in international competition in addition to seizing opportunities in the new round of global scientific and technological revolution as well as the industrial upgrade.

Nansha is accelerating the development of its modern industrial system, with particular emphasis on artificial intelligence, biomedicine and other emerging and future industries, advanced manufacturing and ocean economy. It aims to form industrial clusters capable of realizing an annual industrial output value of 2 trillion yuan by 2025.

What they say

Nansha's implementation of the new preferential corporate income policy has elicited a wide response among enterprises in the district. The following quotes come from corporate executives wishing to express their opinions about the policy:

"The tax reduction policy is helpful for our company as it increases the deduction ratio in our research and development expenses, which will help lower our costs and can contribute to the healthy development of enterprises. The maximum period of loss carry-over of 13 years and the corporate income tax rate of 15 percent give us more confidence in R&D investment. I am looking forward to seeing that the industry in Nansha has a better and faster development and that the district will grow into a highland of scientific and technological innovation. By doing so, it will take a leadership role in the development of the Guangdong-Hong Kong-Macao Greater Bay Area."

Mo Jinbo, founder and chairman of Guangzhou Coeus Digital Technology

"For enterprises engaged in self-driving vehicles, it is necessary to cooperate with the upstream and downstream industrial chains. The implementation of preferential tax policies will help Nansha

district quickly gather resources for innovation and introduce more upstream and downstream industrial factors. In the future, we can make good use of the resources in the Guangdong-Hong Kong-Macao Greater Bay Area to promote our technology and business development."

Mo Luyi, vice-president of Pony.ai and head of its Guangzhou R&D Center

"The policy will bring many benefits to the company's operation and strengthen our determination to make Nansha our headquarters. We believe that this policy will bring new impetus to Nansha and drive the integrated development of the Guangdong-Hong Kong-Macao Greater Bay Area."

Zhang Han, general manager of iGreen-Bank

"Inclusion of captive insurance companies in the tax reduction policy is a major measure taken by the State to support financial innovation. Stable and preferential tax policies along with an open investment environment will help attract such companies to bring investment to Nansha and promote the gathering of financial enterprises. In the long run, it will stimulate the vitality of high-quality development of the financial and insurance industry in the district."

Deng Dongwei, general manager of GEG Property and Casualty Captive Insurance

"The resolution to extend the carry-over of losses of high-tech enterprises and reduce the corporate income tax to 15 percent will attract more high-tech industrial companies in sectors such as artificial intelligence and integrated circuits to Nansha, which is conducive to the integration of upstream and downstream resources of the new energy automobile industry cluster in the district and lays a strong foundation for future development."

Liang Min, deputy head of the financial department of Hycan

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