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How to Start Up Your Business in China

-Free Trade Zone

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The Catalogue of Industries for Guiding Foreign Investment (2015)



Encouraged Category

- International container multi-model transportation
- Accounting, auditing firms



Restricted Category

- Theme Park
- Insurance company



Prohibited Category

- China legal affairs consulting
- The publication of books, newspapers and journals

Forms of Foreign Investment in China



01

Wholly foreign-owned enterprise
(WFOE)

02

Sino-foreign joint venture (JV)

03

Foreign-invested partnership enterprise

04

Representative office (RO)

05

Branch
of a foreign enterprise



Establishment of a WFOE or JV

1

Name pre-approval by Administrative of Industry and Commerce (AIC)

2

Approval or record by Bureau of Commerce

3

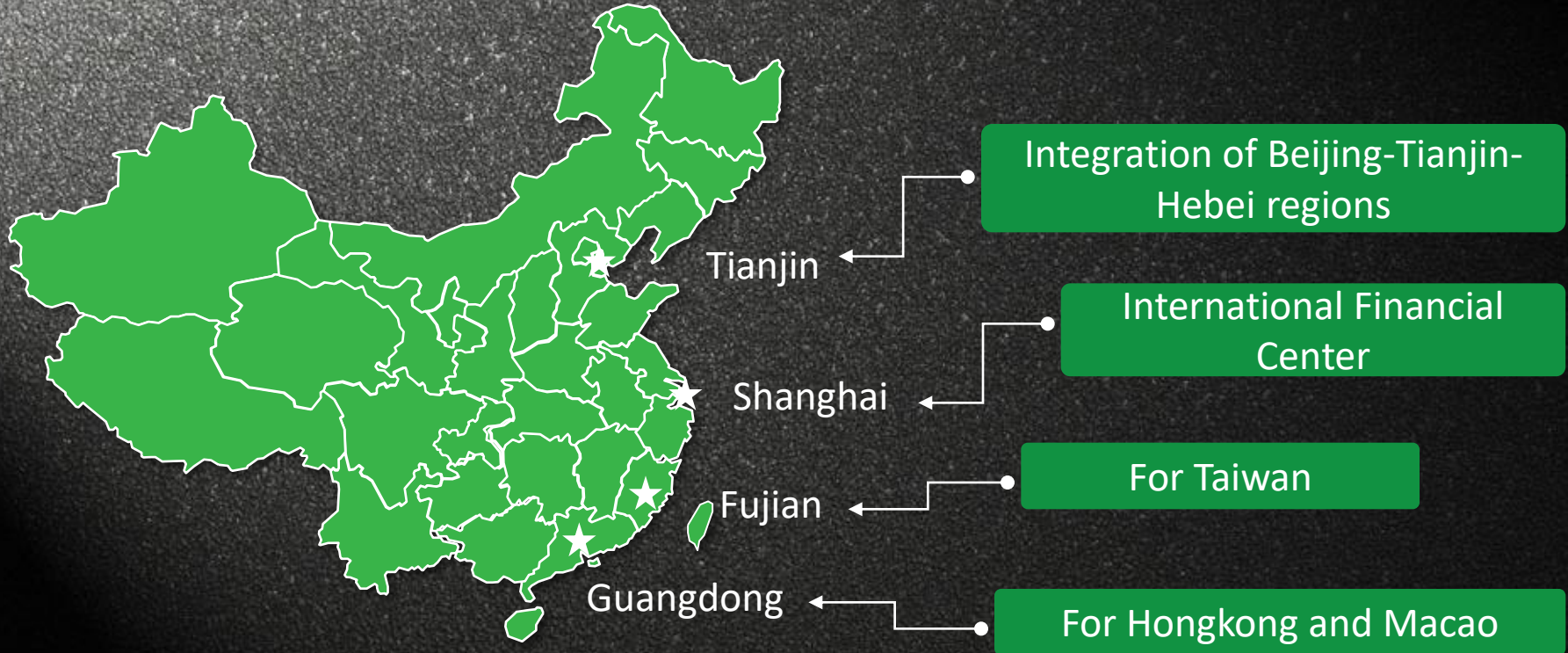
Business License by AIC (3 in 1)

4

Post-registration formalities (customs, tax authority, foreign exchange bureau, public security bureau)



Free Trade Zone





Free Trade Zone

Simple process

Flexible policy

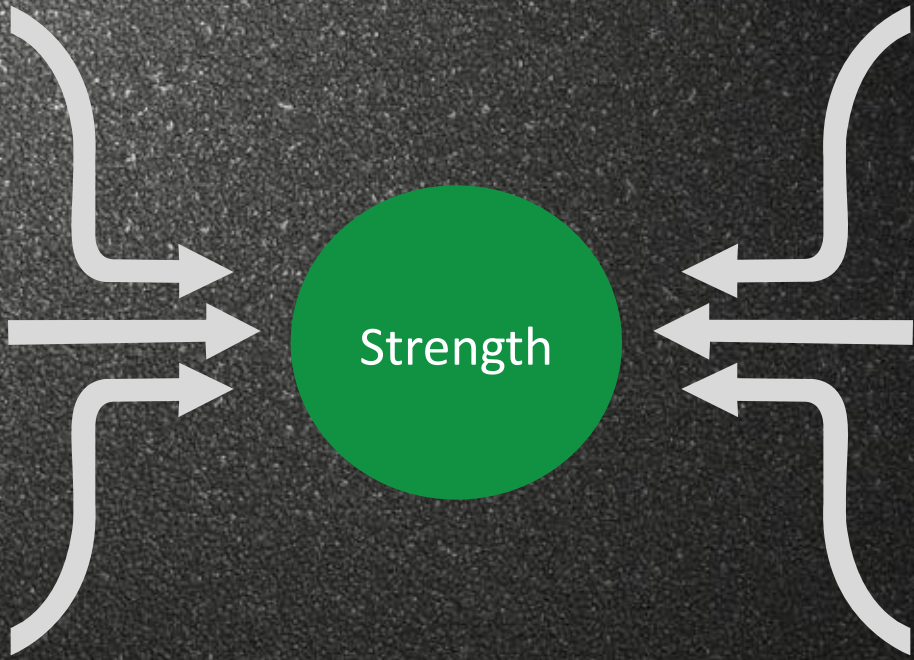
More investment opportunities

Strength

Lower trading cost

Convenient outbound investment

Support for innovation





Free Trade Zone-Negative List



- 1 Apply to 4 zones and cover all industry
- 2 Less restriction in foreign investment



Free Trade Zone- Tax Incentive

Tax Preferential Catalogue

15% income tax rate

- ✓ Modern Logistic
- ✓ Technology Service
- ✓ IT Industry
- ✓ Culture creative

Individual income tax
refund from government

Enjoy other preferential
tax policy concurrently



Nation-wide Tax Incentive

■ Environment protection

Income tax exemption and deduction

■ Development and stability of society

Half taxable income and 20% income tax rate for small-and-thin-profit enterprises



■ Balanced development among different regions

15% income tax rate for encouraged industry in western China

■ Advancement of science and technology

15% income tax rate for qualified High-tech Industry



High-new-tech Industry

Critical Criteria

- ✓ Intellectual property
- ✓ Number of technicians
- ✓ R&D expenses
- ✓ Ratio of income from high-new-tech products or services

Preferential Policy

- ✓ Low income tax
- ✓ Subsidy from local government
- ✓ Fast-track approval



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Thank You

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