

**Rules and Regulations of the
Guangzhou Economic and
Technological Development Zone**

VOL I

廣州經濟技術開發區規章

第一輯

**The Administrative Committee of the
Guangzhou Economic and Technological
Development Zone, Guangdong, China**

廣州經濟技術開發區管理委員會

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一九八五年六月

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Rules and Regulations of the Guangzhou Economic and Technological Development Zone

VOL I

**The Administrative Committee of the
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**Notice of the Guangzhou Municipal People's
Government on Promulgation of Seven Rules and
Regulations, such as the Interim Regulations on the
Guangzhou Economic and Technological
Development Zone, etc.**

(April 9, 1985)

**Districts, County People's Governments and
Units directly under the Municipal People's Government:**

In accordance with the Constitution of the People's Republic of China, the Organizational Law of local People's Congresses and Local People's Governments at Different Levels of the People's Republic of China, and the pertinent laws, rules and regulations of the state, the Guangzhou Municipal People's Government has formulated the Interim Regulations on the Guangzhou Economic and Technological Development Zone, the Interim Regulations of the Guangzhou Economic and Technological Development Zone Concerning the Introduction of Technology, the Tentative Procedures of the Guangzhou Economic and Technological Development Zone for Land Management, the (Tentative) Procedures for the Implementation of the Industrial and Commercial Taxes in the Guangzhou Economic and technological Development Zone, the Interim Provisions on Certain Matters Relating to Inland Associated Enterprises (or Undertakings) in the Guangzhou Economic and Technological Development Zone, the Tentative Procedures for Labour and Wage Management in Enterprises in the Guangzhou Economic and Technological Development Zone, and the Tentative Procedures for the Registration and Administration of Enterprises in the Guangzhou Economic and Technological Development Zone. The above-mentioned rules and regulations are now promulgated for their implementation.

Interim Regulations on the Guangzhou Economic and Technological Development Zone

(Adopted at the Guangzhou Mayor's Work Meeting on March 6, 1985 and Promulgated for Implementation by the Municipal People's Government on April 9, 1985)

Chapter I General Provisions

Article 1 These Interim Regulations are formulated in accordance with the Constitution of the People's Republic of China and the pertinent laws, rules and regulations of the People's Republic of China.

Article 2 In order to implement our open-door policy, develop foreign economic cooperation and technology exchange and promote the socialist modernization programme in Guangzhou Municipality, an area in the east of Huangpu District, Guangzhou Municipality is delineated as the Guangzhou Economic and Technological Development Zone (hereinafter referred to as "development zone") upon approval by the State Council of the People's Republic of China.

The development zone is, under the leadership of the Guangzhou Municipal People's Government, a relatively independent zone. The development zone is set up mainly to establish production enterprises and scientific research undertakings, implement the policy of introducing foreign investment and associating domestic operations, introduce advanced scientific technology which is required in China, develop new industries, explore new technology, provide training for personnel and promote technological progress and economic development in Guangzhou Municipality, Guangdong Province and other parts of China.

Article 3 In the development zone, foreign citizens, overseas Chinese, compatriots from Hong Kong, Macao and Taiwan and their companies and enterprises (hereinafter referred to as "investors") are

encouraged to invest and to set up production enterprises, scientific research organizations and to provide advanced technology and methods of administration.

The investors' investment may be by way of:-

- (1) joint ventures with the Guangzhou municipal state-owned enterprises or collective enterprises;
- (2) cooperative ventures with the Guangzhou municipal state-owned enterprises or collective enterprises;
- (3) enterprises with exclusive investor' investment;
- (4) compensation trade;
- (5) leasing;
- (6) depositing cash or buying bonds and stocks from the Chinese financial organizations in the development zone;
- (7) other forms permitted under the Chinese laws.

Article 4 The development zone shall encourage inland enterprises, scientific research units, universities and colleges (hereinafter referred to as "inland enterprises or undertakings") to invest in the exploration of new technology, new craftsmanship, new products, and new materials and to establish enterprises and scientific research organizations in the development zone.

The forms may be by way of:-

- (1) tripartite cooperation among inland enterprises and undertakings enterprises and undertakings in the development zone and investors.
- (2) bipartite cooperation between inland enterprises or undertakings, and investors;
- (3) bipartite cooperation between inland enterprises or undertakings and enterprises or undertakings in the development zone;
- (4) independent operation by inland enterprises or undertakings.

Article 5 The assets, due profits and other legitimate rights and interests of the investors are legally protected by the development zone. Enterprises, undertakings and individuals in the development zone must abide by the laws, rules and regulations of the People's Republic of China. Where there are specific provisions contained in these regulations, they shall be observed as stipulated herewith accordingly.

Article 6 In the development zone, investors are offered favourable investment conditions and operation requirements. Land-levelling projects and various public utilities in the development zone, such as water supply, power supply, drainage, communication, roads, wharves, warehouses, schools and hospitals may be undertaken by

(1) the development zone or under the joint responsibility of the development zone and other departments concerned;

(2) joint or cooperative construction between investors or inland enterprises, and enterprises in the development zone;

(3) investors who contract an area in the development zone for development.

Article 7 The Administrative Committee of the Development Zone will invite specialists and scholars in economics, technology, law and other areas, both from home and abroad, to form an advisory board as a consultative body for the development zone.

Chapter II Administration

Article 8 The Administrative Committee of the Guangzhou Economic and Technological Development Zone (hereinafter referred to as "Administrative Committee of the Development Zone") is set up by the Guangzhou Municipal People's Government to exercise unified administration and management of the development zone on behalf of the Guangzhou Municipal People's Government.

Article 9 The Guangzhou Municipal People's Government authorizes the Administrative Committee of the Development Zone to exercise the following functions:-

(1) To formulate development plans for the development zone and organize their implementation;

(2) To examine and approve investment projects of investors, inland enterprises and undertakings in the development zone;

(3) To approve the reduction of and exemption from income tax and consolidated industrial and commercial tax levied on enterprises in the development zone in accordance with China's pertinent provisions;

(4) To administer finance and taxation in the development zone in

accordance with China's pertinent provisions;

(5) To exercise unified management of land in the development zone, handle land requisition and allotment in the development zone in accordance with the approved general plan of the development zone;

(6) To administer and supervise enterprises within the development zone;

(7) To co-ordinate working relations between the relevant departments in the Guangzhou Municipal People's Government and the development zone. To examine, supervise and adjust the work carried out by the branches of various municipal departments that are established in the development zone;

(8) To protect the legitimate rights and interests of the staff and workers of enterprises and undertakings in the development zone according to the law;

(9) To establish educational, cultural, health and other public welfare facilities;

(10) To formulate and promulgate regulations in the development zone in accordance with China's laws, rules and regulations and practical needs, and check the implementation of the various regulations, concerning the development zone;

(11) To handle the development zone's foreign affairs on behalf of the Guangzhou People's Government. To administer entry and exit procedures of foreign personnel, overseas Chinese and compatriots from Hong Kong, Macao and Taiwan, and Chinese personnel working in the development zone. To simplify these procedures and offer convenience to the above-mentioned persons;

(12) Other functions authorized by the Guangzhou Municipal People's Government.

Article 10 According to its practical needs, the development zone may establish administrative institutions of industry and commerce, taxation, insurance and public security and set up enterprises and organisations of industry, construction and commerce, etc.

Article 11 In order to develop foreign trade, the development zone may establish foreign economic enterprises and foreign trade enterprises; set up transshipment trade and bonded warehouse. Enterprise

organizations in the development zone may, with the approval of the higher authorities, independently or jointly set up standing offices or send staff abroad, in or to Hong Kong and Macao, for the purpose of attracting foreign investment, importing technology, mastering economic information and promoting the sales of the development zone's products.

Chapter III Preferential Treatment

Article 12 The rate of income tax levied on income derived from production and business operation and other income, obtained by Chinese-foreign joint ventures, cooperative ventures, and enterprises operated independently by investors in the development zone (hereinafter referred to as "development zone enterprises") is to be at the reduced rate of 15%. Specific measures for levying tax shall be separately stipulated.

Article 13 Chinese-foreign joint ventures, cooperative ventures and enterprises operated independently by investors in the development zone, that engage in production especially those engage in energy, communication and port construction shall enjoy not only the provisions under "Interim Provisions Regarding Reduction and Exemption of Enterprise Income Tax and Consolidated Industrial and Commercial tax for special economic zones and the Fourteen Coastal Cities by the State Council of the People's Republic of China", but also the following preferential treatments depending on different circumstances:-

(1) In general, local income tax stipulated in the tax law may be reduced by 70%. Specially advanced technological project may be exempted from local income tax;

(2) Investors who have no establishments within China may be allowed a reduction in or exemption from advanced income tax in respect of the dividends, interest, rentals, royalties and other income derived from the development zone to the extent that such involves the provision by the investors of preferential terms in the transfer of advanced technology and provisions of capital and facilities.

Article 14 Production enterprises invested by investors which have difficulty in paying the consolidated industrial and commercial tax within 3 years after investment may, upon confirmation by the pertinent business authorities and permission of the Administrative Committee of the Development Zone, be allowed a reduction in or exemption from the consolidated industrial and commercial tax.

Article 15 Investors may, after payment of enterprise income tax, remit their profits out of China free of remittance duties.

Article 16 Imported self-use construction materials, production equipment, raw and processed materials, spare parts and components, semi-processed materials, vehicle for transport and office supplies in the development zone shall be exempted from customs duties and consolidated industrial and commercial tax levied on import.

If products made from imported raw and processed materials, spare parts and components, elements and semi-processed materials, which are exempted from import duties, are domestically sold by enterprises in the development zone, customs duties and consolidated industrial and commercial tax on the aforesaid imported parts and materials shall be levied in accordance with regulations.

Article 17 A reasonable quantity of household articles and transportation vehicles for personal use, which are carried in from abroad by investors and their staff working in the development zone enterprises or residing in the development zone, may be exempted from consolidated industrial and commercial tax.

Article 18 Investors, who reinvest their share of the after-tax profits in the same enterprise or other enterprises in the development zone for a period of over five years may obtain a refund of 40% of the income tax already paid on the reinvested amount. For investors who reinvest their share of after-tax profits in specially advanced technology, the percentage of refund of income tax already paid may be proportionately increased or all income tax paid may be refunded subject to the approval by the Administrative Committee of the Development Zone.

Article 19 Development Zone enterprises that use China-made machinery, equipment, raw and processed materials, and other goods and materials may be offered prices which are based on export prices in China for similar commodities and settled by foreign exchange.

Article 20 Investors are encouraged to provide the following technology:

(1) Newly developed technology, newly developed industries and new chiefly-developed products, whose developments are stressed in Guangzhou Municipality, in Guangdong Province or in China;

(2) Technology which has the obvious functions of improving the technology and renewing the products of existing enterprises in Guangzhou Municipality, in Guangdong Province and in China;

(3) Products which can open up new markets abroad and replace the imported products;

(4) Productive craftsmanship and technology which are specially needed in China;

(5) Technology which plays crucial part in progressing towards the advanced world levels in certain trade or products in Guangzhou Municipality and Guangdong Province or in China.

Investors who provide one or more of the above-mentioned items within the two years of 1985 and 1986 may enjoy the following preferential treatments:-

(a) More reduction in or exemption from enterprise income tax and consolidated industrial and commercial tax;

(b) Reduction in land-use fee or postponement in the commencement of levying land-use fee;

(c) Priority over other necessary imported commodities in the development zone, which are of similar price and quality;

(d) A part or a large portion of the products may be sold domestically;

(e) The depreciation period of fixed assets may be shortened;

(f) The term of the contracts may be extended.

Article 21 With the approval of the Administrative Committee of the Development Zone, investors may employ their relatives in China as agents or arrange for their relatives to work in the development zone.

For investors who can provide specially advanced technology, or invest large sums in the development zone, their relatives in villages may register their households in Guangzhou Municipality or in the development zone. For compatriots from Hong Kong, Macao and

Taiwan and overseas Chinese, the development zone may for each project, depending on the technological standard, permit one to four of their relatives residing in villages register their households in the development zone or in Guangzhou Municipality. Depending on the amount of investment each time, the development zone may permit one to three of their relatives residing in villages to be registered as local residents in the development zone or the Guangzhou urban district. Specific measures will be separately provided.

Article 22 Development zone enterprises will, aside from enjoying the preferential treatments stipulated in these regulations, also enjoy other preferential treatments under Chinese laws, rules and regulations relating to Chinese-Foreign joint ventures, cooperative ventures and enterprises operated independently by investors in Guangzhou Municipality.

Chapter IV Registration

Article 23 Investors or inland enterprises, if they wish to establish various economic undertakings in the development zone shall file such application with the Administrative Committee of the Development Zone. After being examined and approved, the related authorities will issue registration certificates. Upon holding the registration certificates, investors or inland enterprises may go through procedures for obtaining land-use certificates, for taxation registration, etc.

Article 24 Investors dealing with matters relating to foreign exchange in the development zone shall:-

(1) open accounts with the Bank of China set up in the development zone;

(2) open accounts with other banks which have been set up in the development zone with the approval of the Administrative Committee of the Development Zone. The various kinds of insurance coverage of an investor shall be furnished by the People's Insurance Company of China in the development zone or other insurance organizations approved by the Administrative Committee of the Development Zone.

Article 25 If a development zone enterprise wants to cease its busi-

ness during the operation, it shall submit reasons for its cessation to the Administrative Committee of the Development Zone in accordance with the law, go through cessation procedures and clear all claims and debts. After its cessation, the assets of the said enterprise can be transferred and the funds can be remitted out of China.

Chapter V Supplementary Provisions

Article 26 Preferential measures given to enterprises and undertakings operated jointly by inland enterprises and development zone enterprises (referred to as "Inland Associated Enterprises") will be separately stipulated.

Article 27 In accordance with the principles of simplifying procedures, offering convenience to investors and raising efficiency, the Administrative Committee of the Development Zone shall stipulate various rules and procedures concerning business operations, which will be promulgated and put into force.

Interim Regulations of the Guangzhou Economic and Technological Development Zone Concerning the Introduction of Technology

(Adopted at the Guangzhou Mayor's Work Meeting on March 6, 1985 and Promulgated for Implementation by the Municipal People's Government on April 9, 1985)

Chapter I General Provisions

Article 1 In order to encourage the introduction of advanced technology and to speed up the modernized construction in the Guangzhou Economic and Technological Development Zone, these Regulations are formulated in accordance with the pertinent laws, rules and regulations of the People's Republic of China and the "Interim Regulations on the Guangzhou Economic and Technological Development Zone".

Article 2 Enterprises, undertakings and other organizations, or individuals (hereinafter referred to as "recipient side") inside the Guangzhou Economic and Technological Development Zone (hereinafter referred to as "development zone") that introduce technology with repayment from enterprises and other organizations or individuals (hereinafter referred to as "supplying side") must abide by these Regulations.

Article 3 The parties that introduce technology must observe the laws, rules and regulations of the People's Republic of China and their legitimate rights and interests are to be protected by the law of the People's Republic of China.

Article 4 The parties that introduce technology must sign in written form, a contract for transfer of technology (hereinafter referred to as the "contract"). In signing a contract, the principles of equality and mutual benefit and reaching agreement through consultation must be

adhered to.

Chapter II Contents and Modes of Technology Introduction and Preferential Treatments

Article 5 The introduced technology must be advanced, applicable and with tangible economic efficiency.

“To be advanced” means that it is more advanced than technology of the same type in China and that it is being used or being developed in industrially developed countries, or that it will enable for a certain trade or a certain product in China, in Guangzhou Municipality, or in Guangdong Province to attain the advanced world level.

“To be applicable” means that it can be used in scientific research production in the development zone; that it can expedite the technological reform of enterprises in Guangzhou Municipality, Guangdong Province and inland and that it is suitable to the concrete situation of China.

“To be with tangible economic efficiency” means that it can be in accord with one or more of the following requirements:-

(1) Be able to supply newly developed technology, newly developed products and newly-developed materials that are specially developed in Guangzhou Municipality, in Guangdong Province or in China;

(2) Be able to improve the quality and performance of products, to reduce production cost and to economize energy and materials;

(3) Be advantageous for making full use of the resources in China;

(4) Be able to open up markets abroad for its products and to substitute imports with its products;

(5) Be able to supply products that are badly needed in China and to import such products in great quantity;

(6) Be advantageous to environmental protection;

(7) Be advantageous to improvement of operation and management;

(8) The production process and manufacturing technique are specially needed in China.

Article 6 The scope of introduced technology includes:-