

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

Program	Background and WTO Notification	Legal Basis	Eligibility Criteria	Is there a subsidy?	Is the subsidy countervailable?
<p>Program 1</p> <p>Preferential Tax Policies for Enterprises with Foreign Investment established in the Coastal Economic Open Areas and Economic and Technological Development Zones;</p>	<p>The purpose of this subsidy is to absorb foreign investment and expand the open-up policy and enhance development of designated areas.</p> <p>This program was found to be countervailable in REP 419.</p> <p>In INV 559, the GOC made a submission that the Enterprise Income Tax Law came into force in 2008, and the Income Tax of Enterprises with Foreign Investment and Foreign Enterprises expired, which is the basis of this program.</p> <p>Notified by the GOC to the WTO in G/SCM/N/220/CHN (Program 8).</p>	<p>Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (1991).</p> <p>Rules for the Implementation of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (1991).</p> <p>State Administration of Taxation (SAT) Circular Guo Shui Fa No.139 of 1995.</p> <p>State Circular Guo Shui Fa No.135 of 2003 Law of the People's Republic of China on Enterprise Income Tax (2007).</p> <p>Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007).</p> <p>State Council Circular Guo Fa No.39 of 2007.</p> <p>This program is administered by MOF, SAT, Ministry of Commerce (MOFCOM), MOST.</p>	<p>Enterprises with foreign investment of a production nature established in the economic and technological development zones shall be levied at the reduced income tax rate of 15%. Enterprises with foreign investment of a production nature established in the coastal economic open areas and in the old urban districts of cities where the economic and technological development zones are located and which are engaged in the following projects: technology-intensive or knowledge-intensive projects, with major products listed in the 'Catalogue of High and New Technology Products of China' promulgated by MOST and the sales revenue of these products of a year accounting for over 50% of the total annual sales revenue of the enterprise of that year projects with foreign investments of over US\$30 million and having long periods for return on investment energy resources,</p>	<p>The reduced income tax rate under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government.</p> <p>Due to the nature of this program (reduced income tax rate) it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>The commission considers that this subsidy is limited to enterprises established in the economic and technological development zones and in the coastal economic open areas.</p> <p>The commission also considers that this subsidy targets enterprises with foreign investment.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

			transportation and port construction projects, shall be levied at the reduced income tax rate of 15%.		269TAAC(3).
<p>Program 2</p> <p>One-time Awards to Enterprises Whose Products Qualify for 'Well-Known Trademarks of China' and 'Famous Brands of China'</p>	<p>This program was found to be countervailable in REP 419 (Program 2), and prior to that in REP 316 (Program 7).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Decision Concerning Commending and/or Awarding to Enterprises of Guangdong Province Whose Products Qualify for the Title of 'China Worldwide Famous Brand', 'China Famous Brand', or 'China Well-Known Brand'</p> <p>The government of Guangdong Province is responsible for the administration and management of this program.</p>	<p>Enterprises whose products qualify for the Title of 'China Worldwide Famous Brand'.</p> <p>Enterprises whose products qualify for the Title of 'China well-known brand' and/or 'famous trademark (China famous Trademark)'.</p>	<p>Grants provided under this program are financial contributions by a government which involve the direct transfer of funds from that government.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>This program is limited to enterprises in the Guangdong Province whose products qualify for the title of 'China worldwide famous brand', 'China well-known brand' and/or 'China famous brand'.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

<p>Program 5</p> <p>Matching Funds for International Market Development for Small and Medium Enterprises</p>	<p>This program was found to be countervailable in REP 419 (Program 5), and prior to that in REP 316 (Program 8).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Regulatory instrument:</p> <p>Measures for Administration of International Market Developing Funds of Small and Medium Sized Enterprises.</p> <p>The program is administered by the MOF and MOFCOM, with the assistance of other competent authorities, and is implemented by the local finance and foreign trade authorities in their respective jurisdictions.</p>	<p>SME enterprises that have:</p> <p>a legal personality according to law</p> <p>the capacity to manage an import or export business made exports in the previous year of 15,000,000 (before 2010) or 45,000,000 (after 2010) US dollars or less</p> <p>sound financial management systems and records</p> <p>employees who specialise in foreign trade and economic business who possess the basic skills of foreign trade and economics</p> <p>a solid market development plan.</p>	<p>Grants provided under this program are financial contributions by a government which involve the direct transfer of funds from that government.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>The commission considers that this program is limited to small and medium enterprises involved in foreign trade.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 6</p> <p>Superstar Enterprise Grant</p>	<p>This program was found to be countervailable in REP 419 (Program 6), and prior to that in REP 316 (Program 9).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Measures for Assessment and Encouragement of Superstar Enterprises and Excellent Enterprises.</p> <p>Notice of Huzhou Government Office Concerning Announcement of Criteria for Superstar Enterprises, Excellent Enterprises and</p>	<p>Enterprises located in Huzhou City that satisfy the following criteria:</p> <p>(a) The 'output scale' of the enterprises must meet one of the following criteria:</p> <p>business income of the current year not</p>	<p>Grants provided under this program are financial contributions by a government which involve the direct transfer of funds from that government.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in</p>	<p>This program is limited to enterprises in Huzhou City meeting the specified 'output scale'.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

		<p>Backbone Enterprises.</p> <p>This program is administered by the Huzhou Economic Committee.</p>	<p>exceeding RMB 3.5 billion and sales revenue within the city exceeding RMB 2 billion</p> <p>sales revenue within the city exceeding RMB 2.5 billion</p> <p>sales revenue within the city exceeding RMB 1.5 billion where the increase of sales revenue between 2007 and 008 was more than 30% and the increased paid up tax between 2007 and 2008 was more than RMB 10 million</p> <p>revenue from self export of current year is more than USD 150 million.</p> <p>(b) The enterprise's accumulated industrial input between the years 2006 to 2008 must have exceeded RMB 150 million</p> <p>(c) The enterprise must be profitable, and its VAT 'paid up', while its consumption tax, income tax, business tax, city construction tax and education supplementary tax must exceed RMB 30 million</p>	<p>connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
--	--	--	--	--	--

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

			<p>(d) The enterprise must not have suffered environmental or 'unsafe production accidents (or other illegal incidents) in the current year</p> <p>(e) If the enterprise is not state-owned, it must have passed the 'Five-Good Enterprises' assessment conducted by its county or district.</p>		
<p>Program 7</p> <p>Research & Development (R&D) Assistance Grant</p>	<p>This program was found to be countervailable in REP 419 (Program 7), and prior to that in REP 316 (Program 10).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Regulatory instrument: Notice of the Office of People's Government of Wuxing District on Publishing and Issuing the Management Measures on Three Types of Science and Technology Expenses of Wuxing District.</p> <p>The GOC stated that the funding shall not be more than RMB150,000 and the duration for supporting an enterprise shall not be more than 3 years.</p> <p>The government of Wuxing district and the Science and Technology Bureau of Wuxing District are jointly responsible for the administration of this program.</p>	<p>In REP 316, the GOC stated that to qualify for this grant, applicant must meet the following requirements:</p> <p>register and operate in Jinzhou New District</p> <p>have complete organisational structure, R&D facilities and intellectual protection measures</p> <p>have definite direction and task for technology research and have independent assets and funds</p> <p>have a technology team with strong capacities to do research and development</p> <p>have more than one</p>	<p>this program are financial contributions by a government which involve the direct transfer of funds from that government.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section</p>	<p>This program is limited to enterprises in Jinzhou New District with research and development facilities.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

			<p>patent or science and technology project of municipal level and above.</p> <p>The GOC provided further information stating that the purpose of the grant is to accelerate the transformation of the economic development pattern and economic restructure of Jinzhou New District, enhance the capacity of self-dependent innovation of the district, implementing the strategy on 'innovative Urban District', and making efforts to achieve the sound and rapid economy development of Jinzhou New District.</p>	269T.	particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).
<p>Program 10</p> <p>Preferential Tax Policies for Foreign Invested Enterprises– Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years</p>	<p>This program was found to be countervailable in REP 419 (Program 10).</p> <p>In INV 559, the GOC made a submission that the Enterprise Income Tax Law came into force in 2008, and the Income Tax of Enterprises with Foreign Investment and Foreign Enterprises expired, which is the basis of this program.</p> <p>Notified by the GOC to the WTO in G/SCM/N/220/CHN</p>	<p>This subsidy is granted under the following legislation:</p> <p>Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (1991)</p> <p>Rules for the Implementation of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprise (1991)</p>	<p>This subsidy is provided to any enterprise with foreign investment of a production nature to operate for a period of no less than 10 years shall, from the year beginning to make profit, be exempted from the enterprise income tax in the first and second years and allowed a reduction by half in the third to the fifth years ('2 years of exemption and 3 years of reduction by half').</p>	<p>The reduced income tax rate under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government.</p> <p>The reduced income tax rate is considered a financial contribution made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission</p>	<p>This program is limited to enterprises with foreign investment of a production nature.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application,</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

	(Program 1)	<p>State Council Circular Guo Fa No. 37 of 2000 Law of the People's Republic of China on Enterprise Income Tax (2007).</p> <p>Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007).</p> <p>State Council Circular Guo Fa No. 39 of 2007.</p> <p>MOF Circular Cai Shui No. 1 of 2008.</p> <p>This program is authorised by: MOF, State Administration of Taxation, MOFCOM.</p>		<p>considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 11</p> <p>Preferential Tax Policies for Enterprises with Foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)</p>	<p>This program was found to be countervailable in REP 419 (Program 11).</p> <p>In INV 559, the GOC made a submission that the Enterprise Income Tax Law came into force in 2008, and the Income Tax of Enterprises with Foreign Investment and Foreign Enterprises expired, which is the basis of this program.</p> <p>Notified by the GOC to the WTO in G/SCM/N/220/CHN</p>	<p>The legal basis to establish this subsidy is pursuant to the following:</p> <p>Article 7 of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (1991).</p> <p>Articles 69 and 75 of the Rules for the Implementation of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment</p>	<p>This program is available to enterprises with foreign investment established in the Hainan Special Economic Zones and engaged in infrastructure projects such as airports, harbours, docks, highways, railways, power stations, coal mines and water conservation projects, and enterprises with foreign investment engaged in the development of and operations in agriculture with an operation period of no less than fifteen</p>	<p>The reduced income tax rate under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government.</p> <p>The reduced income tax rate is considered that a financial contribution made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p>	<p>This program is limited to enterprises with foreign investment in the Hainan Special Economic Zones.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

	(Program 1) and G/SCM/N/343/CHN (Program 2).	<p>and Foreign Enterprises (1991).</p> <p>SAT Circular Guo Shui Fa No.139 of 1995.</p> <p>SAT Circular Guo Shui Fa No.135 of 2003.</p> <p>Law of the People's Republic of China on Enterprise Income Tax (2007).</p> <p>Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007).</p> <p>State Council Circular Guo Fa No.39 of 2007 State Council Circular Guo Fa No.40 of 2007.</p> <p>This program is authorised by: MOF, State Administration of Taxation, MOFCOM.</p>	years.	<p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 14</p> <p>Tariff and VAT Exemptions on Imported Materials and Equipment</p>	<p>This program was found to be countervailable in REP 419 (Program 14), and prior to that in REP 316 (Program 6).</p> <p>Notified by the GOC to the WTO in G/SCM/N/220/CHN (Program 61).</p>	<p>Regulatory instrument:</p> <p>Notice of the State Council Concerning the Adjustment of Taxation Policies for Imported Equipment (Guo Fa [1997] No. 37).</p> <p>Catalogue of Industries for Guiding Foreign</p>	<p>Under Articles 1 and 2 of the Notice of the State Council Concerning the Adjustment of Taxation Policies for Imported Equipment (Guo Fa [1997] No. 37) to be eligible for this program:</p> <p>the enterprise must be an FIE which falls in the</p>	<p>The commission considers that the tariff and VAT exemptions under this program is a financial contribution by the GOC which involves the forgoing or not collecting of revenue by a government.</p> <p>Due to the nature of this</p>	<p>This program is limited to foreign invested enterprises that fall in the category of 'encouraged' or 'restricted' enterprises of the FIE catalogues, or domestic invested enterprises that fall under the DIE catalogue.</p> <p>The commission is</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

		<p>Investment</p> <p>Catalogue of Industry, Product and Technology Key Supported by the State at Present (2004).</p> <p>State Council's Import Goods Not Exempted from Taxation for Foreign Investment Projects Catalogue.</p> <p>Import Goods Not Exempted from Taxation for Domestic Investment Projects Catalogue.</p> <p>The program appears to operate on a national level. The NDRC or its provincial branches issue certificates under this program, while local customs authorities administer the VAT and tariff exemptions.</p>	<p>'encouraged' or 'restricted' categories in the Catalogue of Industries for Guiding Foreign Investment (2004) (until 30 November 2007) or the Catalogue of Industries for Guiding Foreign Investment (2007) (after 1 December 2007).</p> <p>the imported equipment which is sought to be exempt from tariff and/or VAT must be for the enterprise's own use and not fall in the State Council's Import Goods Not Exempted from Taxation for Foreign Investment Projects Catalogue and</p> <p>the total value of the purchase must not exceed the investment 'cap';</p> <p>or</p> <p>the enterprise must be a domestic invested enterprise (DIE) which falls in the Catalogue of Industry, Product and Technology Key Supported by the State at Present (2004) and the imported equipment must be for the enterprises own use and not fall in the Import</p>	<p>program it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
--	--	---	---	--	--

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

			<p>Goods Not Exempted from Taxation for Domestic Investment projects catalogue;</p> <p>the total value of the purchase must not exceed the investment 'cap'.</p>		
<p>Program 15</p> <p>Innovative Experimental Enterprise Grant</p>	<p>This program was found to be countervailable in REP 419 (Program 15), and prior to that in REP 316 (Program 11).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Regulatory instrument:</p> <p>Work Implementation Scheme of Zhejiang Province on Setting Up Innovative Enterprises.</p> <p>Administered by the administrative office of Science and Technology Bureau of Zhejiang province.</p>	<p>those that are located in Zhejiang Province, and are:</p> <p>independent economic entities with 'reasonable asset-liability ratios', consistent earnings over the past 3 years, and an increasing market share;</p> <p>well placed to undertake research and development activities with a provincial or new and high-tech technology centre available, and proven relationships with colleges and scientific research centres;</p> <p>investing at least 5% of annual sales income;</p> <p>using intellectual property rights to protect major products;</p> <p>strongly committed to technological innovation and protection with</p>	<p>Grants provided under this program are financial contributions by a government which involve the direct transfer of funds from that government.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>This program is limited to enterprises engaged in research and development and technological innovation and protection in Zhejiang province.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

			previous technological achievements.		269TAAC(3).
<p>Program 20</p> <p>Hot rolled steel provided by government at less than fair market value</p>	<p>This program was found to be countervailable in earlier investigations involving HSS (including most recently, Invest 590).</p> <p>There does not appear to have been any WTO notification of this program.</p>			<p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p>	<p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 21</p> <p>Water Conservancy Fund Deduction</p>	<p>This program was found to be countervailable in REP 419 (Program 21), and prior to that in REP 316 (Program 16).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Regulatory Instrument:</p> <p>Notification of Relevant Problems of Further Strengthening Water Conservancy Fund Deduction Administration of Zhejiang Province Local Taxation Bureau (ZheDiShuiFa [2007] No.63).</p>	<p>The GOC has confirmed that only enterprises satisfying one of following criteria will eligible for the grant under this program:</p> <p>Provide job opportunities to laid-off workers, the disabled, and retired soldiers searching for jobs.</p>	<p>Grants provided under this program are financial contributions by a government which involve the direct transfer of funds from that government. Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of</p>	<p>This program is limited to enterprises located in Zhejiang province that satisfy one of the specific criteria.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

		<p>This program is administered by the Local Taxation Bureau of Zhejiang Province and it is implemented by the competent local taxation authorities of the municipal and county levels in Zhejiang Province.</p>	<p>Enterprises that 'utilize resource comprehensively as designated by government department above municipal level'.</p> <p>Trading enterprises of commodities with annual gross profit rate of less than 5%.</p> <p>Enterprises undertaking 'State reserve and sale, the portion of revenues incurred from that undertaking may qualify for an exemption of the fee'.</p> <p>'Advanced manufacturing enterprises' or key enterprises as designated by the municipal government, which are undertaking technology development projects and incurring development expenditure at an amount above RMB1 million.</p> <p>'Insurance company's revenue from sales which are subject to exemption of excise tax'.</p> <p>'Bank's revenue from turnovers between</p>	<p>the recipient enterprise (including goods exported to Australia). The commission considers that this constitutes a benefit in relation to the goods exported to Australia. The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
--	--	--	---	--	--

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

			banks'. 'Revenue from sales between members of an enterprise group subject to same consolidated financial statement'.		
Program 29 Land Use Tax Deduction	<p>This program provides for the reduction or exemption of land use taxes for high and new technology enterprises.</p> <p>This program was found to be countervailable in REP 419 (Program 29), and prior to that in REP 316 (Program 4).</p> <p>This program was identified as having received by a cooperative exporter in REP 419.</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Regulatory instrument: Approval of Tax (Expense) Deduction (ZhengDiCaShui [2010] No.11581).</p> <p>This program is administered by Huzhou City Local Taxation Bureau and Wuxing Sub-Bureau.</p>	<p>This program is available to new high and new technology enterprises within 3 years of their establishment.</p>	<p>The commission considers that the reduction in land use tax provided under this program is a financial contribution by the GOC which involves the forgoing of land use tax revenue otherwise due to the GOC.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>This program is limited to high and new technology enterprises that are less than 3 years old.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

<p>Program 32</p> <p>Technology Project Assistance</p>	<p>This program was found to be countervailable in REP 419 (Program 32), and prior to that in REP 316 (Program 18).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>Regulatory Instrument:</p> <p>Interim Measure for Administration of Post completion Assistance or Loan Interest Grant for Industrialization of Science and Technology Achievements Sponsored by Zhejiang Province (2008).</p> <p>The Bureau of Finance and the Science and Technology Bureau of Huzhou City are jointly responsible for the administration of this program.</p>	<p>This program is available to enterprises that undertake a scientific research project which meets the scope of the projects encouraged under this program.</p>	<p>Grants provided under this program are financial contributions by a government which involve the direct transfer of funds from that government.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>This program is limited to enterprises that undertake a scientific research project encouraged under this program.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a).</p> <p>As the GOC did not provide a response to the commission's questionnaire, the commission does not consider that section 269TAAC(3) applies.</p>
<p>Program 35</p> <p>Preferential Tax Policies for High and New Technology Enterprises</p>	<p>This program reduces the income tax paid by high and new technology enterprises to 15% (from the standard enterprise income tax rate of 25%).</p> <p>This program was found to be countervailable in REP 419 (Program 35), and prior to that in REP 316 (Program 5).</p>	<p>This program is provided for in Article 28 of the PRC Enterprise Income Tax Law 2007, which states: 'With respect to a high and new technology enterprise that needs key support by the State, the tax levied on its income shall be reduced at a rate of 15%.'</p> <p>It is considered likely that this program is a national</p>	<p>Companies recognised by the GOC as a high and new technology enterprise are eligible for this program.</p> <p>To be recognised as a high and new technology enterprise, companies must meet certain criteria, submit an application, alongside copies of the company's business registration and other</p>	<p>The reduced income tax rate under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government.</p> <p>The reduced income tax rate is considered a financial contribution made in connection to the production, manufacture or export of all goods of</p>	<p>This program is limited to enterprises recognised by the GOC as a high and new technology enterprise.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a).</p> <p>No evidence was</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

	<p>Notified by the GOC to the WTO in G/SCM/N/220/CHN (Program 6) G/SCM/N/315/CHN (Program 1.5) and G/SCM/N/343/CHN (Program 5).</p>	<p>program, administered by the GOC's State Administration of Taxation.</p> <p>Article 28 of the Law of the People's Republic of China on Enterprise Income Tax (2007) Article 93 of the Regulations for the Implementation of Law of the People's Republic of China on Enterprise Income Tax (2007).</p> <p>This program is authorised by MOST, MOF, SAT.</p>	<p>relevant documentation, and have the application approved by relevant authorities.</p>	<p>the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 36</p> <p>Local Tax Bureau Refund</p>	<p>This program was found to be countervailable in REP 419 (Program 36), and prior to that in REP 379 (Program 36).</p> <p>The commission is not aware of any WTO notification of this program.</p>	<p>In REP 379, this program was administered by the local tax bureau.</p>	<p>According to information provided by the cooperative exporter in REP 379, local authorities are responsible for determining the eligibility criteria which may include company location, employment and tax contributions to the local government.</p>	<p>The refund of government revenue to the recipient enterprise under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government.</p> <p>The financial contribution would be made in connection to all goods manufactured by the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p>	<p>This program is limited to enterprises within the jurisdiction of the local authorities.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

				The financial contributions made under this program meet the definition of a subsidy under section 269T.	limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).
Program 37 Return of Farmland Use Tax	This program was found to be countervailable in REP 419 (Program 37), and prior to that in REP 379 (Program 37). The commission is not aware of any WTO notification of this program.	In REP 379, this program was administered by the local tax bureau.	According to information provided by the cooperative exporter in REP 379, local authorities are responsible for determining the eligibility criteria which may include company location, employment and tax contributions to the local government.	<p>The refund of government revenue to the recipient enterprise under this program is a financial contribution by a government which involves foregoing or not collecting of revenue by a government.</p> <p>The financial contribution would be made in connection to all goods manufactured by the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia. The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>This program is limited to enterprises within the jurisdiction of the local authorities.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
Program 38 Return of Land Transfer Fee	This program was found to be countervailable in REP 419 (Program 38), and prior to that in REP 379 (Program 38).	In REP 379, this program was administered by the local tax bureau.	According to information provided by the cooperative exporter in REP 379, local authorities are responsible for	The refund of government revenue to the recipient enterprise under this program is a financial contribution by a	This program is limited to enterprises within the jurisdiction of the local authorities.

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

	<p>The commission is not aware of any WTO notification of this program.</p>		<p>determining the eligibility criteria which may include company location, employment and tax contributions to the local government.</p>	<p>government which involves foregoing or not collecting of revenue by a government.</p> <p>The financial contribution would be made in connection to all goods manufactured by the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia. The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 54</p> <p>Government subsidy for job stability</p>	<p>This program was found to be countervailable in REV 529. The commission is not aware of any WTO notification of this program.</p>			<p>Grants, in the form of a refund on revenue paid to the government, are provided under this program are financial contributions by a government which involve the direct transfer of funds from that government.</p> <p>Due to the nature of the grant it is considered that a financial contribution would be made in connection to the production, manufacture or export of all goods of</p>	<p>Access is limited to enterprises within the jurisdiction of relevant local authorities.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

				<p>the recipient enterprise (including goods exported to Australia).</p> <p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p> <p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 55 Commercial Committee Support Fund</p>	<p>This program was found to be countervailable in REV 529.</p> <p>The commission is not aware of any WTO notification of this program.</p>			<p>Grants, in the form of a refund on revenue paid to the government, are provided under this program are financial contributions by a government which involve the direct transfer of funds from that government.</p>	<p>Access is limited to enterprises within the jurisdiction of relevant local authorities.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

					others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).
<p>Program 57</p> <p>Aiding fees for cases of technology information collection</p>	<p>This program was found to be countervailable in REV 529.</p> <p>The commission is not aware of any WTO notification of this program.</p>			<p>The commission considers that this constitutes a benefit in relation to the goods exported to Australia.</p>	<p>Access is limited to enterprises within the jurisdiction of relevant local authorities.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, no not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 63</p> <p>Technical innovation subsidy for deducting equipment and boiler</p>	<p>This program was found to be countervailable in REV 529.</p> <p>The commission is not aware of any WTO notification of this program.</p>			<p>Grants, in the form of a refund on revenue paid to the government, are provided under this program are financial contributions by a government which involve the direct transfer of funds</p>	<p>Access is limited to enterprises within the jurisdiction of relevant local authorities.</p> <p>The commission is satisfied that this meets the criteria of a</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

				from that government.	<p>countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).</p>
<p>Program 66</p> <p>Grant for Technology ERP</p>	<p>This program was found to be countervailable in REV 529.</p> <p>The commission is not aware of any WTO notification of this program.</p>			<p>The financial contributions made under this program meet the definition of a subsidy under section 269T.</p>	<p>Access is limited to enterprises within the jurisdiction of relevant local authorities.</p> <p>The commission is satisfied that this meets the criteria of a countervailable subsidy under section 269TAAC(2)(a) and 269TAAC(2)(b).</p> <p>No evidence was provided indicating that the eligibility criteria were neutral, do not favour particular enterprises, are economic in nature and</p>

Non-Confidential Attachment C-1.2 – Countervailable Subsidy programs

					horizontal in application, or that the criteria are strictly adhered to in the administration of the subsidy. Eligibility is limited to certain enterprises, favouring particular enterprises over others. It therefore does not satisfy the exception to specificity in section 269TAAC(3).