

**CIRCULAR OF THE STATE COUNCIL CONCERNING THE ADJUSTMENT IN
THE TAXATION POLICY OF IMPORT EQUIPMENT**

(December 29, 1997)

For purposes of further expanding foreign capital utilization, inducting advanced technologies and equipment from abroad, promoting adjustments in industries structures and technological advancement and maintaining the sustained, rapid and healthy development of the national economy, the State Council has decided that as of January 1, 1998, tariffs and import link value-added tax shall be exempted within the prescribed scope with respect to import equipment of domestic investment projects and foreign business investment projects the development of which is encouraged by the state. The relevant questions are hereby notified as follows:

I. Scope of Tax Exemption for Import Equipment

(1) Tariffs and import link value-added tax shall be exempted with respect to import equipment for their own use within the total amount of investment in foreign business investment projects that transfer technology and are consistent with the category of encouragement and the restricted B category under the Catalog of Industries Guidance for Foreign Business Investment, with the exception of commodities listed in the Catalog of Import Commodities for Foreign Business Investment Projects with no Tax Exemption.

Reference shall be made to the preceding paragraph in the implementation of the import equipment for their own use by projects utilizing foreign government loans and loans of international financial institutions and import equipment provided by foreign businesses for processing trade without evaluation, that is, tariffs and import link value-added tax shall be exempted with the exception of the commodities listed in the Catalog of Import Commodities for Foreign Business Investment Projects with no Tax Exemption.

(2) Tariffs and import link value-added tax shall be exempted with respect to import equipment for their own use within the total amount of investment of domestic investment projects in line with the Current Catalog of Key Industries, Products and Technologies the Development of Which is Encouraged by the State, with the exception of the commodities listed in the Catalog of Import Commodities for Domestic Investment Projects with no Tax Exemption.

(3) Tariffs and import link value-added tax shall likewise be exempted with respect to technologies and matching components and parts imported along with the equipment in accordance with the contracts for projects in line with the aforesaid provisions.

(4) Tax reduction and exemption for import equipment outside the aforesaid prescribed scope shall be decided upon by the State Council.

II. Administration of Tax Exemption for Import Equipment

(1) Existing relevant provisions of the state shall still be observed in terms of examination and approval authority and procedures for feasibility study of investment projects. Above-ceiling projects shall be subject to examination and approval by the State Planning Commission or the State Economic and Trade Commission respectively. Below-ceiling projects shall be subject to examination and approval of people's governments at the provincial level, the departments concerned under the State Council, people's governments of municipalities listed as independent units in state plans and enterprise groups undergoing experiment by the state authorized by the State Council. However, foreign business investment projects shall be subject to examination and approval in pursuance of the Interim Provisions for Direction Guidance for Foreign Business Investment. In making official replies to feasibility studies, the examination and approval authorities shall issue a letter of confirmation in uniform format for projects in line with the encouragement category and the restricted B category of the Catalog for Guidance for Foreign Business Investment Industries, or the Current Catalog of Key Industries, Products and Technologies the development of which is Encouraged by the State, or projects utilizing foreign government loans and loans of international financial institutions. For below-ceiling projects, the letter of confirmation shall be submitted along with the feasibility study according to the nature of investment in the project to the State Planning Commission or the State Economic and Trade Commission respectively for the record. Units violating the provisions of examination and approval shall be dealt with seriously.

(2) A project unit shall complete the formalities for import duty exemption at the competent custom office on the strength of the letter of confirmation issued by the examination and approval authority of the project feasibility study, among them foreign business investment projects must go through the formalities on the strength of approval documents for the establishment of enterprises of the departments of foreign economic relations and trade and the business licenses issued by the departments of industry and commerce administration. Units of processing trade shall go through the formalities of import duty exemption for the import of equipment provided by foreign businesses without evaluation on the strength of the approved contract for processing trade. The customs office shall carry out examination and verification in accordance with those formalities and with reference to the Catalog of Commodities not Eligible for Tax Exemption.

(3) The General Administration of Customs shall make uniform numbers, establish a data bank, strengthen auditing, enforce stringent supervision and control over projects approved for tax exemption and actively cooperate with the departments concerned in conducting successful verification.

(4) All units concerned should pay attention to the simplification of operations links and examination and approval procedures, accelerate the speed of examination and approval so as to ensure the implementation of this major policy of tax exemption and

render it effective.

III. Tax Exemption for Import Equipment for Transfer Projects

(1) For import equipment for technological transformation projects approved in accordance with the prescribed procedures of the state prior to March 31, 1996, import duty and import link value-added tax shall be exempted as of January 1, 1998 according to the scope of tax reduction and exemption for equipment previously approved. The project units shall go through the formalities of tax exemption at the competent customs office on the strength of the original approval documents.

(2) For import equipment for foreign business investment projects and domestic investment projects the establishment of which was approved in accordance with the prescribed procedures of the state between April 1, 1996 and December 31, 1997, as well as the import equipment for projects utilizing foreign government loans and loans of international financial institutions, the import duty and import link value-added tax shall be exempted as of January 1, 1998 with the exception of the import commodities not eligible for tax exemption expressly defined by this Provision. The project units shall go through the formalities of tax exemption at the competent customs office on the strength of the original approval documents.

国务院关于调整进口设备税收政策的通知

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各省、自治区、直辖市人民政府，国务院各部委、各直属机构：

为进一步扩大利用外资，引进国外的先进技术和设备，促进产业结构的调整和技术进步，保持国民经济持续、快速、健康发展，国务院决定，自1998年1月1日起，对国家鼓励发展的国内投资项目和外商投资项目进口设备，在规定的范围内，免征关税和进口环节增值税。现就有关问题通知如下：

一、进口设备免税的范围

(一) 对符合《外商投资产业指导目录》鼓励类和限制乙类，并转让技术的外商投资项目，在投资总额内进口的自用设备，除《外商投资项目不予免税的进口商品目录》所列商品外，免征关税和进口环节增值税。

外国政府贷款和国际金融组织贷款项目进口的自用设备、加工贸易外商提供的作价进口设备，比照前款执行，即除《外商投资项目不予免税的进口商品目录》所列商品外，免征关税和进口环节增值税。

(二) 对符合《当前国家重点鼓励发展的产业、产品和技术目录》的国内投资项目，在投资总

额内进口的自用设备，除《国内投资项目不予免税的进口商品目录》所列商品外，免征关税和进口环节增值税。

(三) 对符合上述规定的项目，按照合同随设备进口的技术及配套件、备件，也免征关税和进口环节增值税。

(四) 在上述规定范围之外的进口设备减免税，由国务院决定。

二、进口设备免税的管理

(一) 投资项目的可行性研究报告审批权限、程度，仍按国家现行有关规定执行。限额以上项目，由国家计委或国家经贸委分别审批。限额以下项目，由国务院授权的省级人民政府、国务院有关部门、计划单列市人民政府和国家试点企业集团审批，但外商投资项目须按《指导外商投资方向暂行规定》审批。审批机构在批复可行性研究报告时，对符合《外商投资产业指导目录》鼓励类和限制乙类，或者《当前国家重点鼓励发展的产业、产品和技术目录》的项目，或者利用外国政府贷款和国际金融组织贷款项目，按统一格式出具确认书。限额以下项目，应按项目投资性质，将确认书随可行性研究报告分别报国家计委或国家经贸委备案。对违反规定审批的单位，要严肃处理。

(二) 项目单位凭项目可行性研究报告的审批机构出具的确认书，其中外商投资项目还须凭外经贸部门批准设立企业的文件和工商行政管理部门颁发的营业执照，到其主管海关办理进口免税手续。加工贸易单位进口外商提供的不作价设备，凭批准的加工贸易合同到其主管海关办理进口免税手续。海关根据这些手续并对照不予免税的商品目录进行审核。

(三)海关总署要对准予免税的项目统一编号,建立数据库,加强稽查,严格监督,并积极配合有关部门做好核查工作。

(四)各有关单位都要注意简化操作环节,精简审批程序,加快审批速度,使此项重大免税政策落到实处,收到实效。

三、结转项目进口设备的免税

(一)对1996年3月31日以前按照国家规定程序批准的技术改造项目进口设备,从1998年1月1日起,按原批准的减免税设备范围,免征进口关税和进口环节增值税,由项目单位凭原批准文件到其主管海关办理免税手续。

(二)对1996年4月1日至1997年12月31日按照国家规定程序批准设立的外商投资项目和国内投资项目的进口设备,以及1995年1月1日至1997年12月31日利用外国政府贷款和国际金融组织贷款项目的进口设备,从1998年1月1日起,除本规定明确不予免税的进口商品外,免征进口关税和进口环节增值税,由项目单位凭原批准的文件到其主管海关办理免税手续。

中华人民共和国国务院

一九九七年十二月二十九日