

Translation



The following PRC government notice announces import duty exemptions for several types of goods and materials related to semiconductor and microchip manufacturing. The tax waivers only apply to items that China's domestic industries cannot currently supply at an acceptable level of quality.

Title

Notice of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration on Import Duty Policies to Support the Development of the Integrated Circuit Industry and the Software Industry

财政部 海关总署 税务总局关于支持集成电路产业和软件产业发展进口税收政策的通知

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PRC Ministry of Finance (财政部), General Administration of Customs (海关总署), and State Taxation Administration (税务总局)

Source

People's Republic of China Government web portal. The notice is dated March 16, 2021 and was uploaded to the portal on March 29, 2021.

The Chinese source text is available online at:

http://www.gov.cn/zhengce/zhengceku/2021-03/29/content_5596564.htm

An archived version of the Chinese source text is available at: <https://perma.cc/A2PA-7A6Y>

U.S. \$1 ≈ 6.5 Chinese Yuan Renminbi (RMB), as of April 12, 2021.

Translation Date

April 12, 2021

Translator

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Editor

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To the finance departments (bureaus) of all provinces, autonomous regions, province-level municipalities, and cities with independent planning status under the national social and economic development plan (计划单列市), the Finance Bureau of the Xinjiang Production and Construction Corps, the Guangdong Branch of the General Administration of Customs and all customs administrations directly subordinate [to the General Administration of Customs], the State Administration of Taxation tax bureaus of all provinces, autonomous regions, province-level municipalities, and cities with independent planning status under the national social and economic development plan, the local supervision bureaus of the Ministry of Finance, and the field offices of the State Administration of Taxation in various regions:

In order to implement the State Council Notice on the Publication of Certain Policies to Promote the High-Quality Development of the Integrated Circuit Industry and the Software Industry in the New Period ([2020] No. 8),¹ the following notification, approved by the State Council, is given concerning import tax policies:

I. Import duties (进口关税) are waived in the following situations:

(1) The import of raw materials, consumables, special construction materials for clean rooms, supporting systems, and spare parts for integrated circuit production equipment (for both imported equipment and Chinese-made equipment) for self-use in production (here and below understood to include use in research, development, and applications) that cannot be produced in China or whose performance cannot meet requirements by logic circuit and memory manufacturers with integrated circuit line widths less than or equal to 65 nm and integrated circuit manufacturers with characteristic processes for lines with widths of less than 0.25 microns (such processes may include analog, digital-analog hybrid, high voltage, radio frequency [RF], power, optoelectronic integration, image sensing, microelectromechanical systems [MEMS], and silicon-on-insulator [SOI] processing.)

(2) The import of raw materials and consumables for self-use in production, that cannot be produced in China or whose performance cannot meet requirements, by compound integrated circuit manufacturers with integrated circuit line widths of less than 0.5 microns and advanced packaging and testing companies.

(3) The import of raw materials and consumables for self-use in production, that cannot be produced in China or whose performance cannot meet requirements, by manufacturers of key raw materials and parts for the integrated circuit industry (namely, target materials, photoresists, masks, packaging substrates, polishing pads, polishing fluids, silicon single crystals of 8 inches and above, and silicon wafers of 8 inches and above).

(4) The import of clean room special building materials, supporting systems, and spare parts for production equipment (including imported equipment and domestic equipment), that cannot be produced in China or whose performance cannot meet requirements, by manufacturers of photoresists, masks, and silicon wafers of 8 inches and above that are used in integrated circuits.

(5) The import of self-use equipment and the technology (including software), accessories, and spare parts imported together with the equipment in accordance with

¹ Translator's note: For an English translation of this document, see: https://cset.georgetown.edu/wp-content/uploads/t0195_IC_software_policy_EN.pdf

a contract by state-supported key integrated circuit design enterprises and software enterprises as well as enterprises (integrated circuit manufacturers and advanced packaging and testing enterprises) that comply with items (1) and (2) of this article. However, this does not apply to the products listed in the *Catalog of Imported Commodities Not Exempt from Import Duties for Domestic Investment Projects*, the *Catalog of Imported Commodities Not Exempt from Import Duties for Foreign-Funded Investment Projects*, and the *Catalog of Key Technological Equipment and Products Not Exempted from Import Duties*. When the above-mentioned imported goods do not count toward the total investment, the relevant projects do not need to issue project confirmation letters (项目确认书).

II. Based on Chinese industrial development and technological progress, the Ministry of Finance, the General Administration of Customs, and the State Administration of Taxation will, in conjunction with the National Development and Reform Commission and the Ministry of Industry and Information Technology, make prompt adjustments to the characteristic process types and key raw materials and spare parts listed in Article 1 of this Notice.

III. Enterprises undertaking major integrated circuit projects that import new equipment from July 27, 2020 to December 31, 2030 and provide customs-approved tax guarantees for unpaid taxes are allowed to pay the import value-added tax in installments over a period of 6 years (72 consecutive months) after the import of the first piece of equipment. For 6 years (72 consecutive months), the enterprise shall pay 0%, 20%, 20%, 20%, 20%, and 20% of the total import value-added tax each year. Taxes paid since the date of import of the first piece of equipment will not be refunded. However, this does not apply to the products listed in the *Catalog of Imported Commodities Not Exempt from Import Duties for Domestic Investment Projects*, the *Catalog of Imported Commodities Not Exempt from Import Duties for Foreign-Funded Investment Projects*, and *Catalogue of Key Technological Equipment and Products Not Exempted from Import Duties*. During the installment payment period, the customs administration shall not levy late fees on the taxes paid in installments.

VI. Measures for the administration of import tax policies to support the development of the integrated circuit industry and the software industry shall be separately formulated and issued by the Ministry of Finance, the General Administration of Customs, and the State Administration of Taxation in conjunction with the National Development and Reform Commission and the Ministry of Industry and Information Technology.

V. This notice shall be implemented from July 27, 2020 to December 31, 2030. From July 27, 2020 to 30 days after the list of the first batch of enterprises eligible for the import duty waiver is issued, the waived import duties that have been collected will be refunded.

VI. From April 1, 2021, the Notice of the Ministry of Finance on the Tax Policy for Certain Integrated Circuit Manufacturers Importing Raw Materials and Consumables for Self-Use in Production ([2002] No. 136), Notice of the Ministry of Finance on the Tax Policy Issues Concerning Imported Clean Room Special Building Materials and Other Materials by Certain Integrated Circuit Manufacturers ([2002] No. 152), Notice of the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation, and the Ministry of Information Industry on the Preferential Tax Policies for Imported Raw Materials and Consumables for Self-Use in Production by Integrated Circuit Enterprises with Line Widths Less than 0.8 Microns (Inclusive) ([2004] No. 45), and the Notice of the Ministry of Finance, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the General Administration of Customs, and the State Administration of Taxation on Adjusting the List of Duty-Free Commodities for Raw Materials and Consumables Imported by Integrated Circuit Manufacturers for Self-Use in Production ([2015] No. 46) are repealed.

From July 27, 2020 to March 31, 2021, enterprises that are eligible to enjoy the relevant policies of the four documents mentioned in this article as well as the relevant policies of items (1) and (2) of Article I of this Notice shall choose between the relevant policies of the 4 documents mentioned in this article or the relevant policies of items (1) and (2) of Article I of this Notice for each customs declaration form. The different preferential taxation policies shall not be enjoyed simultaneously.

Ministry of Finance, General Administration of Customs,
and State Administration of Taxation
March 16, 2021