

## Translation



*The following notice—one of many local Chinese semiconductor industry incentive policies—describes how integrated circuit (IC) design and manufacturing companies can apply for local government subsidies in Shenzhen, a major tech hub in southern China. Shenzhen’s program subsidizes projects related to IC tape-out the most generously, with lesser amounts available for IC design and electronic design automation (EDA) software development. The notice threatens applicants with blacklisting or worse for submitting fraudulent applications, suggesting that such conduct on the part of applicants is not unheard of.*

### Title

Project Application Guide for the Shenzhen Science and Technology Innovation Commission's 2024 Annual Integrated Circuit Special Project Subsidy Program  
深圳市科技创新委员会2024年度集成电路专项资助计划项目申请指南

### Author

Shenzhen Science and Technology Innovation Commission (深圳市科技创新委员会)

### Source

Shenzhen Science and Technology Innovation Commission website, September 8, 2023.

*The Chinese source text is available online at:*

<http://stic.sz.gov.cn/attachment/1/1352/1352471/10829236.docx>

An archived version of the Chinese source text is available online at: <https://perma.cc/Q9RN-D6H5>  
U.S. \$1 ≈ 7.2 Chinese Yuan Renminbi (RMB), as of October 4, 2023.

### Translation Date

October 4, 2023

### Translator

Etcetera Language Group, Inc.

### Editor

Ben Murphy, CSET Translation Manager

## Project Application Guide for the Shenzhen Science and Technology Innovation Commission’s 2024 Annual Integrated Circuit Special Project Subsidy Program

### I. Application Contents

- (i) Tape-out support for integrated circuit (IC) design enterprises
  - 1. Subsidies for multi-project wafer (MPW) direct tape-out;
  - 2. Subsidies for first-time completion of full-mask (全掩膜) engineering product tape-out.

- (ii) Support for the purchase of silicon intellectual property (IP) by IC design enterprises

IP purchase expense subsidies are given for enterprises to purchase IP to carry out high-end chip research and development (R&D).

- (iii) Support for the R&D of IC electronic design automation (EDA) design tools

EDA R&D expense subsidies are given for enterprises engaged in the R&D of IC EDA design tools.

## **II. Basis of Establishment**

(i) *Notice of the People's Government of Shenzhen Municipality on Issuing the Action Plan for Further Promoting the Development of the Integrated Circuit Industry (2019-2023)* ([2019] No. 28);

(ii) *Notice of the General Office of the People's Government of Shenzhen Municipality on Issuing Certain Measures to Accelerate the Development of the Integrated Circuit Industry* ([2019] No. 4);

(iii) *Measures for the Administration of Shenzhen Municipal Science and Technology Program Projects* ([2019] No. 1);

(iv) *Measures for the Administration of the Shenzhen Municipal Science and Technology Research and Development Fund* ([2019] No. 2).

## **III. Intensity and Method of Support**

Support intensity: There is a quantitative limit, which is controlled by the total annual amount of science and technology (S&T) R&D funds. The funding quota will be determined in accordance with **audit results**. The current batch of subsidy funds consists of municipal government (财政) funding and local funds guided by the central government for the year 2024.

- (i) Tape-out support for IC design enterprises

1. For enterprises using MPWs to conduct R&D, subsidies of up to 70% of the direct tape-out costs of MPWs in 2022 will be given, with the annual total not to exceed 3 million Chinese yuan Renminbi (RMB);

2. For enterprises that have completed full-mask engineering product tape-out for the first time, subsidies of up to 50% of the cost of completing first-time full-mask engineering product tape-out in 2022 will be given, with the total annual amount of subsidies not to exceed RMB 5 million.

- (ii) IP purchase support for IC design enterprises

For enterprises purchasing IP to carry out high-end chip R&D, subsidies of up to 20% of the actual expenses paid for IP purchases in 2022 will be given, with the total annual amount for a single enterprise not to exceed RMB 5 million.

(iii) Support for the R&D of IC EDA design tools

For enterprises engaged in the R&D of IC EDA design tools, R&D subsidies of up to 30% of actual EDA R&D expenses in 2022 will be given, with the total not to exceed RMB 30 million.

Method of support: Ex-post subsidies.

#### **IV. Application Conditions**

(i) Basic conditions:

1. The applying work unit (申请单位; "applicant") should be an enterprise that is legally registered in Shenzhen (which here and below includes Shenzhen-Shanwei Special Cooperation Zone), and has the qualifications of a legal person;
2. The applicant should have sites, facilities, and personnel for R&D in Shenzhen;
3. The applicant shall not be listed in the Shenzhen Scientific Research Abnormal Integrity List (深圳市科研诚信异常名录) or the list of those with overdue applications for acceptance;
4. The applicant for a project shall not be in a situation where it has failed to return government funding within the specified time limit;
5. The applicant shall not make multiple applications or repeated applications to the relevant municipal department for the same project;

(ii) Special conditions:

1. Tape-out support for IC design enterprises
  - (1) The applicant must be an IC design enterprise;
  - (2) The applicant must be an owner of tape-out product IP;
  - (3) The project has applied for the IC design tape-out support program of the Municipal Development and Reform Commission.
2. IP purchase support for IC design enterprises
  - (1) The applicant must be an IC design enterprise;

- (2) The applicant must be the ultimate grantee of rights under an IP license agreement, and it cannot sell them to third parties;
  - (3) The actual payments for the purchase of IP must be IP licensing fees (excluding royalties).
3. Support for the R&D of IC EDA design tools
- (1) The applicant must be an enterprise that engages in the R&D of IC EDA design tools;
  - (2) The R&D activities must conform to the scope of the increased deduction (加计扣除) policy on R&D expenses, and the declaration of increased deduction must have been made to the tax authorities in 2022.

## **V. Application Materials**

### (i) Basic materials:

- 1. Copies of tax payment certificates for the year 2022;
- 2. A copy of the 2022 special audit report on R&D investment, which has a cover bearing a QR verification code and has been filed with the unified supervision platform of the certified public accountant (CPA) industry (the report should include: Financial statements such as balance sheet, income statement, and cash flow statement, as well as the notes thereto; R&D sites for IC design (or EDA design tool R&D), R&D teams, software and hardware facilities, R&D expenses, and funding sources). For R&D expenses therein, the scope of calculation and calculation ratios shall be in accordance with the provisions of the *Notice on Improving the Policy of Increased Pre-Tax Deduction of Research and Development Expenses* ([2015] No. 119), the *Announcement of the State Taxation Administration on the Relevant Issues Regarding the Scope of Increased Pre-Tax Deduction of Research and Development Expenses* (Announcement [2017] No. 40 of the State Taxation Administration), and other policy documents;
- 3. Original of the statement of intellectual property compliance;
- 4. Original of the statement of commitment to scientific research integrity;
- 5. Optionally, copies of intellectual property rights certificates (e.g., patents, software copyrights, etc.) related to IC design (or EDA design tool development) may be provided.

### (ii) Special materials:

- 1. Tape-out support for IC design enterprises

(1) Original of the project application for tape-out and IP subsidies under the Shenzhen Integrated Circuit Special Project Subsidy Program;

(2) In the case of domestically<sup>1</sup> fabricated products, it is necessary to provide: Copies of product fabrication invoices for the year 2022 issued by IC manufacturing enterprises, and corresponding fabrication orders, bank payment vouchers, and bookkeeping vouchers;

In the case of products fabricated overseas,<sup>2</sup> it is necessary to provide: Fabrication orders, bank payment vouchers, corresponding bookkeeping vouchers, delivery invoices and delivery packing lists issued by IC manufacturing enterprises for the fabrication of products in 2022, copies of the corresponding customs clearance vouchers or tax payment certificates, and detailed lists of declaration data (showing the basis for calculating the amounts declared and the contract amounts [in foreign currencies], the invoice amounts [in foreign currencies], and the payment amounts [in foreign currencies]).

(3) An applicant whose tape-out is done through a professional service agency is required to additionally provide copies of the contracts, invoices, and bank payment vouchers signed between the professional service agency and the applicant;

**(Fabrication orders, fabrication invoices, bank payment vouchers, and customs clearance certificates / tax clearance certificates) of all products should be sequentially sorted into one document, with serial numbers given in accordance with the order of business system (业务系统) declaration. Please provide Chinese translations of English contracts and orders.)**

(4) A4 color printout of product sheet thumbnail images;

(5) In the case of first-time full-mask product tape-out, it is necessary to provide a copy of the product layout design registration certificate.

2. IP purchase support for IC design enterprises

(1) Original of the project application for tape-out and IP subsidies under the Shenzhen Integrated Circuit Special Project Subsidy Program;

---

<sup>1</sup> Translator's note: The Chinese word 境内 jìngnèi, translated here as "domestic," literally means "inside the borders [of mainland China]." China considers Hong Kong, Macao, and Taiwan to be part of China but not to be "domestic."

<sup>2</sup> Translator's note: The Chinese word 境外 jìngwài, translated here as "overseas," literally means "outside the borders [of mainland China]." The term encompasses not just foreign countries but also Hong Kong, Macao, and Taiwan.

- (2) Copies of invoices for purchases of IP in 2022 and corresponding contracts, bank payment vouchers, etc., and copies of corresponding tax payment certificates for purchases of imported IP;
- (3) If the contract does not contain IP original producer licensing terms, it is necessary to provide a copy of the IP licensing agreement signed directly between the applicant enterprise and the IP original producer.

**(All product contracts or licensing agreements, invoices, bank payment vouchers, and tax clearance certificates should be sequentially sorted into a document, with the serial numbers in accordance with the order of business system declaration. Please provide Chinese translations of English contracts or licensing agreements.)**

### 3. Support for the R&D of IC EDA design tools

Original of the project application for EDA design tool R&D subsidies under the Shenzhen Integrated Circuit Special Project Subsidy Program.

## **VI. Application Form**

The forms required to be submitted under these Guidelines shall be filled out online by the applicant by logging into the Shenzhen Science and Technology Business Management System (深圳市科技业务管理系统).

## **VII. Application Accepting Agency**

(i) Application accepting agency: Shenzhen Science and Technology Innovation Commission.

(ii) Acceptance period:

Online filing and acceptance period: September 11, 2023 to October 29, 2023 (up to 12:00 AM).

The applicant shall log in to the Shenzhen Science and Technology Business Management System to fill in the *Project Application for Shenzhen Integrated Circuit Special Project Subsidy Program* online within the time limit for online filing, and then submit it for examination and approval (the acceptance status of the system will be "pending acceptance by the window") after uploading the scanned electronic versions of other application materials to the Science and Technology Business System (copies should be scanned after they are affixed with the applicant's official seal).

(iii) Written materials submission time: Written hardcopy materials shall be submitted after the project's entry in the database. The applicant will be notified of the specific time and manner of submission separately.

(iv) Contact Telephone: 86168829, 86168680

Technical Support: 86576087, 86576088

### **VIII. Deciding Agency**

Shenzhen Science and Technology Innovation Commission.

### **IX. Handling Procedures**

Online application submission — initial review of electronic version materials — commissioned (委托) audit — project certification — public announcement — entry of project in database — plan issuance — submission of hard copy materials — disbursement of funds

### **X. Handling Time Limit**

Batch processing.

### **XI. Certificate and Validity Period**

Certificate: Approval document.

Validity period: Disbursement of funds to be handled within 1 month from the day on which the applicant receives the approval document.

### **XII. Legal Effect**

The applicant will receive Municipal Science and Technology Research and Development Fund subsidies based on the approval document

### **XIII. Fees**

No fees are charged.

### **XIV. Annual Audit or Annual Inspection**

There is no annual audit.

**Declaration:** The applying person(s) and the applying work unit are responsible for the legality, truthfulness, accuracy, and completeness of the application materials. For those who commit plagiarism or falsification, after verification, the Commission will not approve or will revoke the project, and they will be included in the Scientific Research Abnormal Integrity List. At the same time, depending on the seriousness of the case, they will be held accountable in accordance with law.

The Municipal Science and Technology Innovation Commission has never entrusted any unit or individual to act as an agent to apply for funds for project applicants, and applicants must apply independently. Anyone who buys or commissions a project application or provides false supporting materials, once

discovered and verified, will be regarded as having fraudulently obtained government funding. Their application will not be accepted and their eligibility for applying or their project approval will be revoked, and they will be dealt with severely in accordance with regulations. The Municipal Science and Technology Innovation Commission accepts applications strictly in accordance with the relevant standards and procedures, and does not charge any fees. If any intermediary organization or individual collects fees from the applicant under the name of the leadership or staff of the Municipal Science and Technology Innovation Commission, those who are aware of it are encouraged to report it to the Municipal Science and Technology Innovation Commission.

If the project applicant is required to submit an audit report, it shall provide an audit report with a cover bearing a QR verification code and filed with the unified supervision platform of the CPA industry, in accordance with the *Measures for the Administration of Shenzhen Municipal Science and Technology Program Projects* and other regulations. The Municipal Science and Technology Innovation Commission shall not adopt an audit report provided by the project applicant if it is without the anti-counterfeiting logo cover (not filed) or with a false anti-counterfeiting logo cover (not filed). If the audit report is confirmed to be false material, the project unit will not be allowed to apply for Municipal Science and Technology Program projects for five years, and the Municipal Science and Technology Innovation Commission will include it in the Scientific Research Abnormal Integrity List and deal with it in accordance with the relevant provisions of the Municipal Government Joint Disciplinary Action for Untrustworthiness (市政府失信联合惩戒).

Special Notes:

1. In these Guidelines, multi-project wafer (MPW) refers to where tape-out involves multiple different IC design projects using the same process, organized by the wafer fabrication plant (wafer fab), and placed on the same wafer. **The number of samples for each design project is tens or hundreds of chips;**
2. First-time full-mask engineering product tape-out (full mask) refers to the first fully hierarchical etching (制版) and tape-out of an IC design project, excluding IC revision;
3. Silicon intellectual property, or IC IP core (IP) refers to IC modules that have intellectual property rights and are verified, reusable, and non-exclusively licensed;
4. Professional service agency specifically refers to an IC design service enterprise or work unit that specializes in tape-out services, or engages in business that includes tape-out services;



5. The invoices (overseas: delivery invoices) issued by wafer fabs and mask plants, and invoices (overseas: delivery invoices) issued by IP suppliers shall be for the year 2022. Other relevant bills are not time-limited but must be logical.