



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

China's Greater Bay Area

**Accessing Latest Business
Subsidies in 2022**

November 17, 2022





1992

Dezan Shira's establishment

500+

Our **team** of legal, tax, accounting, business intelligence and audit professionals

3,000+

Multinational **clients** that have already chosen us

80+

Countries served by our professional services

29

Offices in China, Hong Kong, India, Vietnam, Singapore, Indonesia and Mongolia; Liaison offices in Italy, the United States and Germany, and Asian Alliance offices in Malaysia, the Philippines, Thailand, Bangladesh, Japan, South Korea and Taiwan.



Speakers

Daisy Huang
Senior Manager
Corporate Accounting Services
Guangzhou Office



Guilherme Campos
Manager
International Business Advisory
South China and Hong Kong Office



Lynn Shen
Assistant Manager,
Corporate Accounting Services
Shenzhen Office



Agenda

1. Overview: What to notice from 2022 changes?

2. Investing in Mainland GBA Cities

- Shenzhen
- Guangzhou Nansha
- Zhuhai Hengqin
- Dongguan
- Foshan
- For Hong Kong and Macao investors

3. Preferential Policies for all Mainland GBA cities

- IIT Subsidies

4. Tax Incentives and Government Subsidies in Hong Kong and Macao

- Hongkong
- Macao

5. Planning for the future

Section 1

Overview

GBA Introduction and Why it is Important





86 million
Total Population



56,000 km²
Area



\$1,679.5bn
GDP



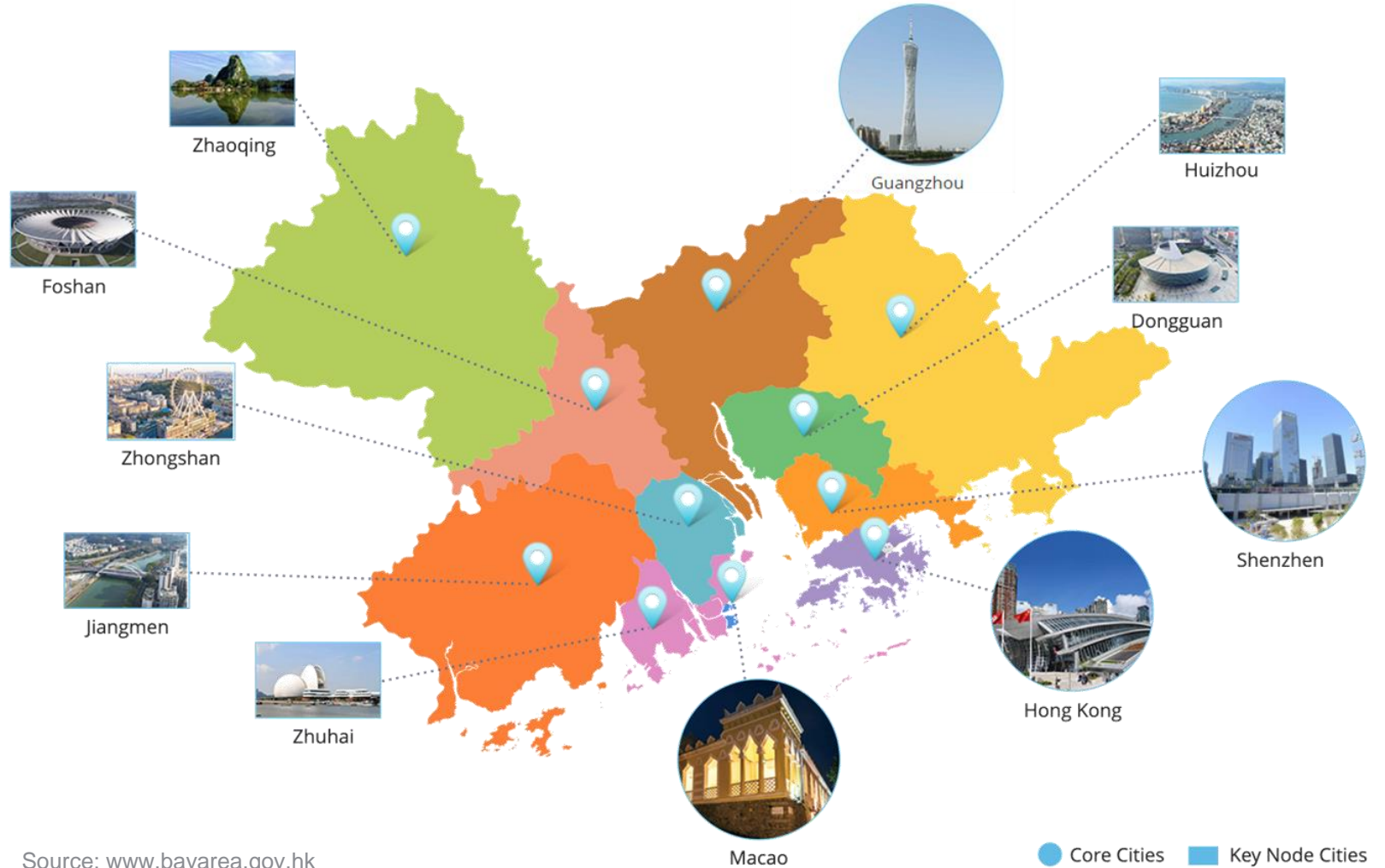
\$23,371
GDP per capita

GBA Cities in Tiers



■ Core Cities ■ Tier 2 ■ Tier 3

11 Cities 9+2



Source: www.bayarea.gov.hk

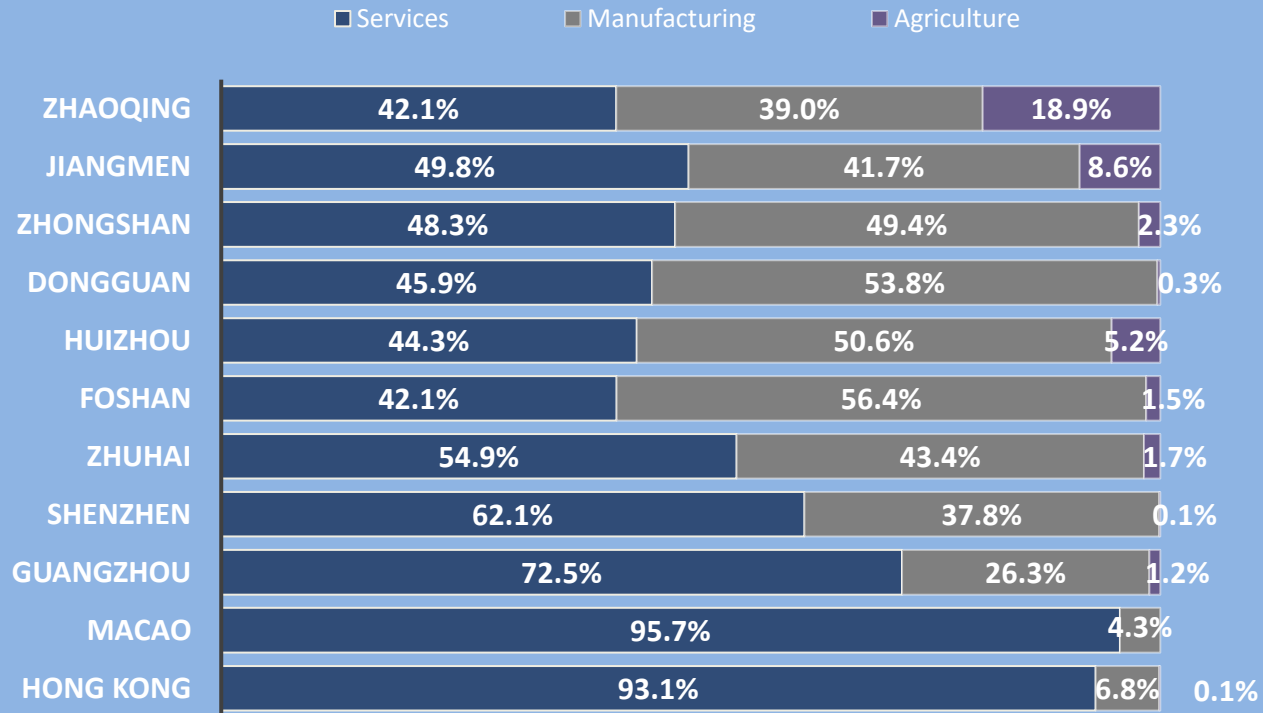
● Core Cities ■ Key Node Cities

GBA Cities in Tiers: ■ Core Cities ■ Tier 2 ■ Tier 3



- Main pillars of the GBA**
- **Technology and innovation**
 - **Financial Services**
 - **Trade and Logistics**
 - Real Estate
 - Professional Services
 - Infrastructure
 - Healthcare/Life Sciences
 - Manufacturing
 - Education
 - Retail

2020* Industrial Structure of GBA Cities

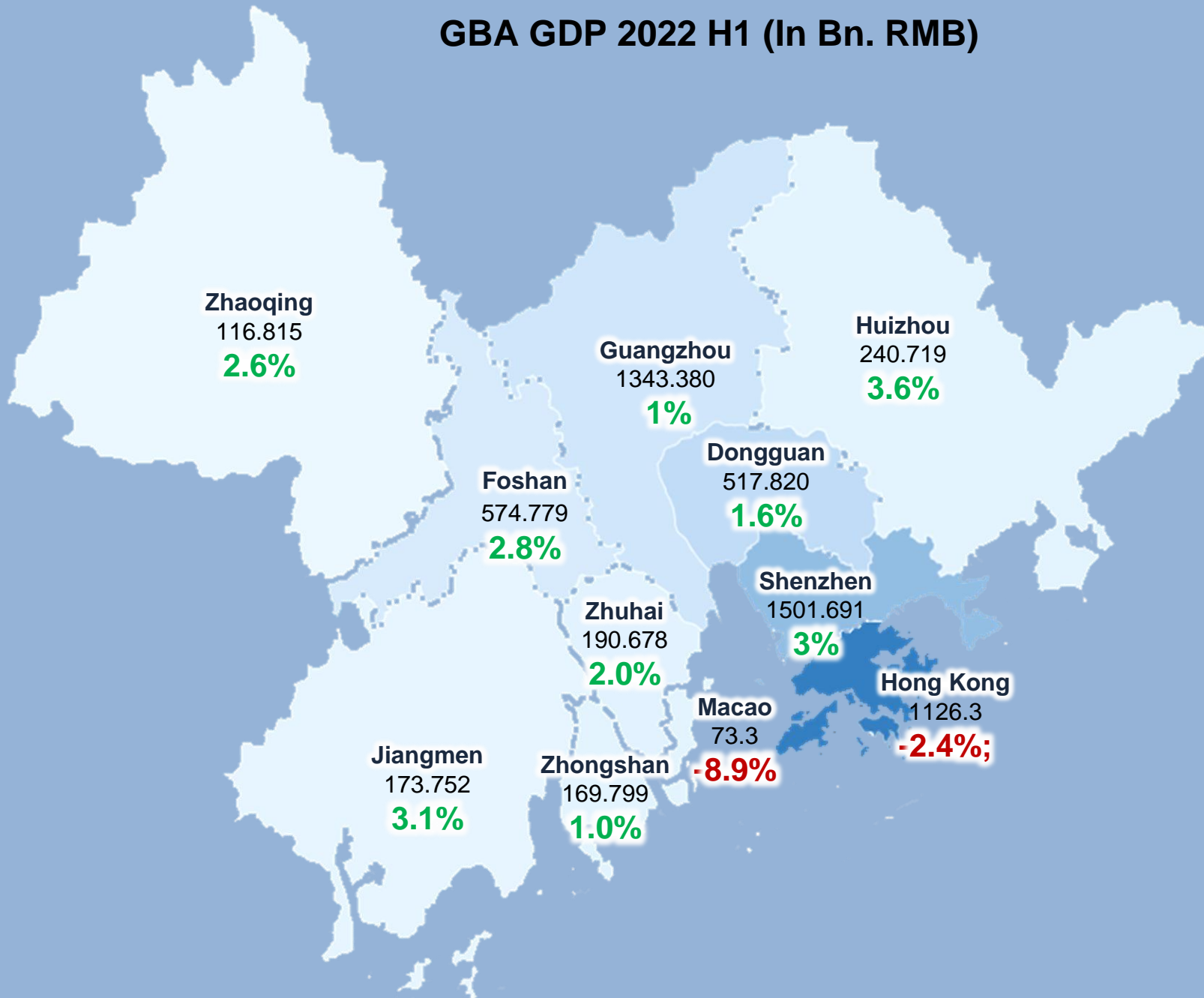


*2020 Data of Hong Kong and Macao are not published yet. Hence the data of 2019 of both are used here.

2020 Export Volume of GBA Cities (US\$ bn)



GBA GDP 2022 H1 (In Bn. RMB)



Guangdong Province: 5951.84
Bn. RMB **2.0%**

Shenzhen GDP up 3,3% in the first three quarters 2022

“Hong Kong Is back in business.”
- Paul Chan, Financial Secretary (October 2022)

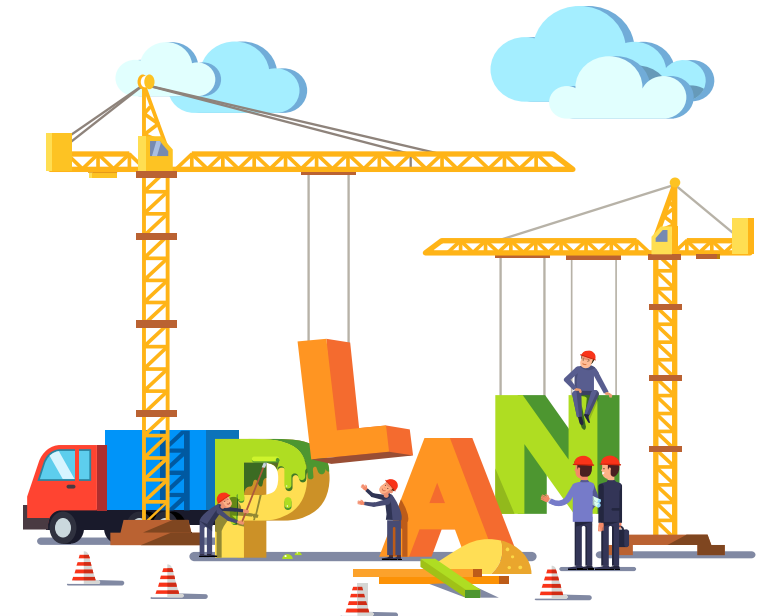
Hong Kong and Mainland Integration

- Joint Agreement to establish a One Zone , Two Parks System within the SZ- HK
- Comprises - HK-SZ Innovation and Technology Park (HSITP) and the SZ Innovation and Technology Zone (SZ I&T Zone)



Why is this great?

- Support for HK to become an IT hub
- More cooperation between HK and Mainland in IT
- Breaking of Institutional barriers
- Focs on R&D



Section 2

Investing in Mainland GBA Cities

Shenzhen



- 
- **Shenzhen Qianhai — Shenzhen-Hong Kong Modern Service Industry Cooperation Zone**
 - Corporate Income Tax Preferential Policy
 - Other Incentives to invest in Shenzhen Qianhai
 - **New rules on Commercial Registration in Shenzhen**

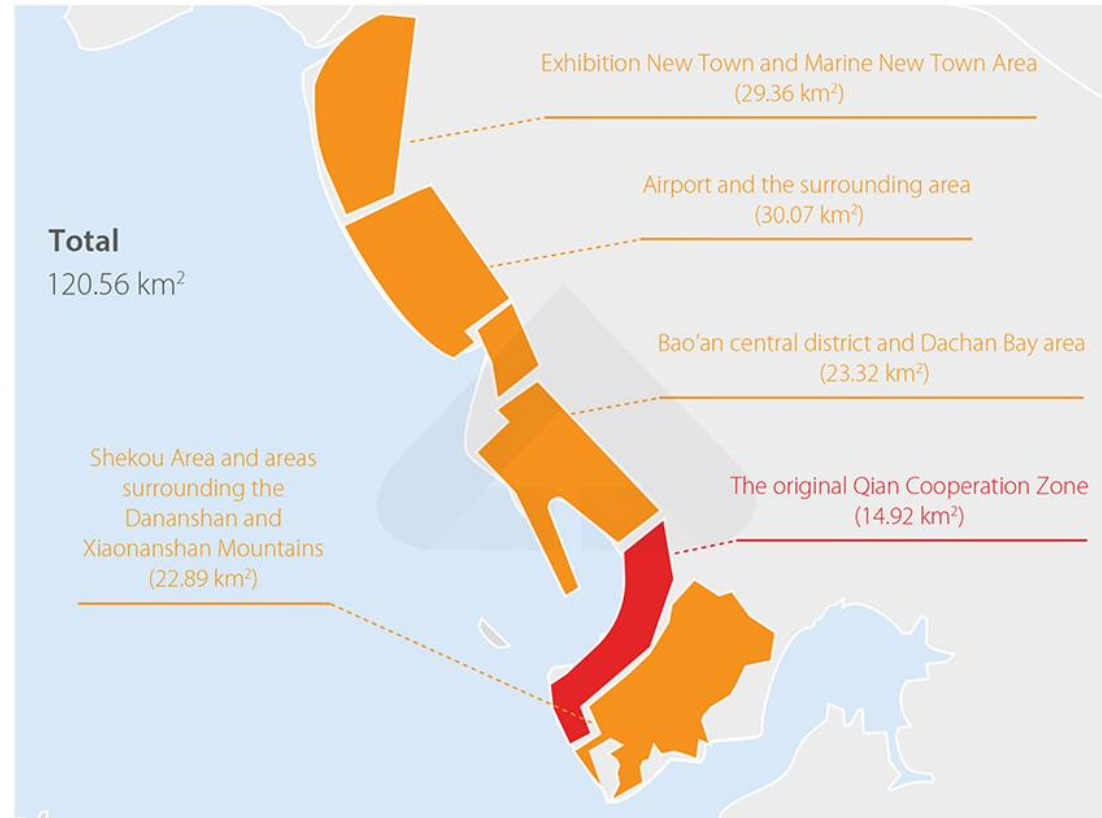


Shenzhen Qianhai

— Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

the Plan to Comprehensively Deepen Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (the Qianhai Plan)- the State Council, Sep 2021

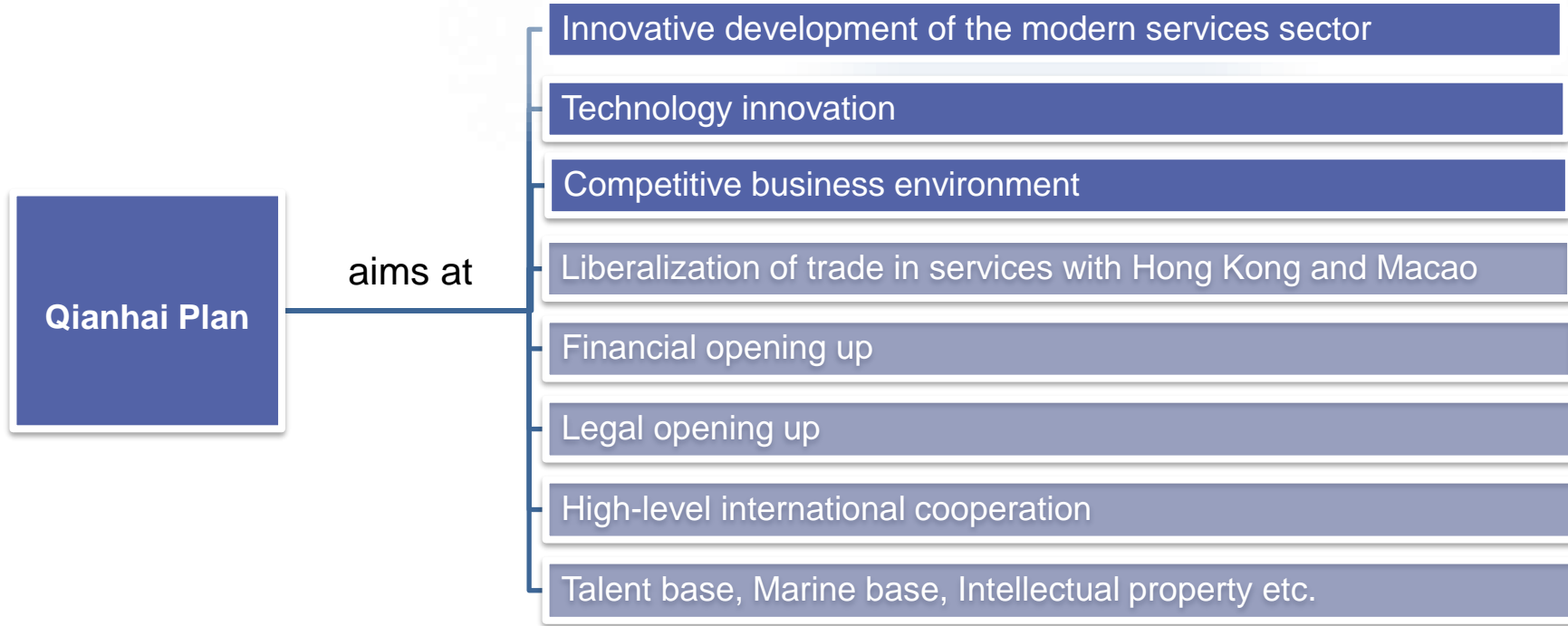
Expansion by eight times from 14.92 sq km to over 120 sq km





Shenzhen Qianhai

— Shenzhen-Hong Kong Modern Service Industry Cooperation Zone





Shenzhen Qianhai

— Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

Corporate Income Tax Preferential Policy

Notice on the Continuation of Corporate Income Tax Preferential Policy in Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone - Caishui [2021] No.30



Qualified enterprises engaged in encouraged industries in Shenzhen Qianhai Area can enjoy a reduced CIT rate of 15% to December 31, 2025

revenue from the enterprise's main businesses must account for at least 60% of their total revenue, relaxed from the previous requirement of 70%

Catalogue for encouraged industries eligible for CIT preferential treatment

**2021
Version**

Modern logistics industry

Information Service Industry

Science and Technology Service Industry

Cultural and creative industries

Commercial Service Industry



Shenzhen Qianhai

— Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

Other Incentives to invest in Shenzhen Qianhai



New-type R&D Institutions Construction and Development Supporting Fund - Shen Qian Hai Gui [2022] No. 11

- for eligible new-type R&D institutions established by enterprises, universities or R&D centers in Hong Kong or Macao, mainly engaging in scientific research, technological innovation and R&D services.



Science and Technology Innovation Support Fund - Shen Qian Hai Gui [2022] No. 9

- for eligible institutions (incorporated or unincorporated organizations) carrying out scientific and technological innovation in the Qianhai Cooperation Zone and engaging in strategic emerging industries, information services, science and technology services, and other fields, as well as individuals working in the above-mentioned institutions



Trade and Logistics Industry Supporting Fund - Shen Qian Hai Gui [2022] No. 8

- for eligible institutions (incorporated or unincorporated organizations) engaging in trade, modern logistics, shipping services and commerce in Qianhai Cooperation Zone, as well as individuals who work for the aforesaid institution.



Shenzhen Qianhai

— Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

Other Incentives to invest in Shenzhen Qianhai



High-end Legal Service Industry Supporting Fund

- for eligible legal service agencies, management teams and Hong Kong and Macao legal professionals in Qianhai Cooperation Zone which participate in the development of Qianhai Shenzhen-Hong Kong International Legal Service Area



Financial Industry Development Special Fund

- for eligible financial and other relevant institutions (incorporated organizations including branches or unincorporated organizations) in the Qianhai Cooperation Zone and individuals working for the above-mentioned institutions



Catering Industry Supporting Fund - Shen Qian Hai Gui [2022] No. 2

- for eligible institutions (incorporated organizations including branches or unincorporated organizations) providing catering services in office buildings in Guiwan, Qianwan and Mawan areas



New rules on Commercial Registration in SZ



Establishment documentation simplified

Required Documents for Company Establishment Registration		
	Rules (2012)	Rules (2020)
Application Form for Establishment Registration	✓	✓
Articles of Association	✓	✓
Notice of Name Pre-approval	✓	✗
Information Materials of Domicile or Business Site	✓	✗
Proof of Investor Qualification	✓	✓
Documents of Appointment and Identity Certificates of Responsible Persons, Senior Managers, and Other Relevant Members	<ul style="list-style-type: none">• Documents of Appointment• Identity Certificates of Responsible Persons, Senior Managers, and Other Relevant Members	<ul style="list-style-type: none">• Identity Certificates of Responsible Persons, Senior Managers, and Other Relevant Members
Other Required Materials (for example, pre-approval for special industries)	✓	✓



New rules on Commercial Registration in SZ



Green channel for Hong Kong and Macao investors

allows Hong Kong and Macau investors to directly complete registration formalities for engaging in manufacturing or business activities in Shenzhen (as long as their activities are not those included in the Negative List), obtain business licenses with their existing names as used in Hong Kong or Macao without setting up a new commercial entity in Shenzhen



One License for branches in SZ

a Shenzhen-incorporated commercial entity establishes a branch in SZ , such commercial entity may complete registration formalities for the branch or merely add the information of the branch into its current business license according to Art. 15 of the 2020 Rules



The possibility of a “virtual address”

a commercial entity engaging in e-commerce, consulting and planning and other business activities does not need to have a fixed domicile or business premise, it may entrust a qualified commercial secretary enterprise, accounting firm, law firm or any other entity with domicile custody, with the domicile or business premise of the entrusted entity as its domicile or business premise.

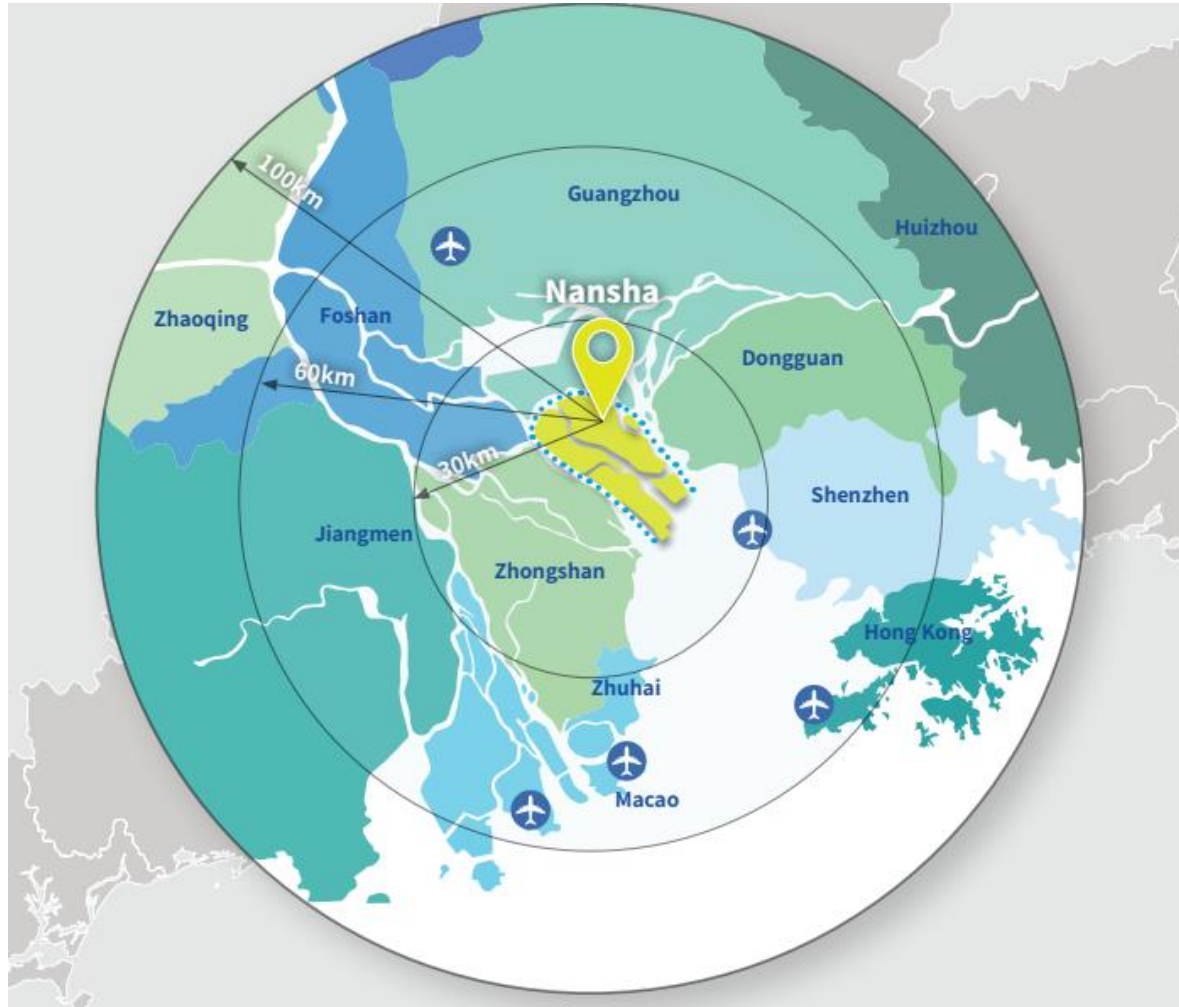
Section 2

Investing in Mainland GBA Cities

Guangzhou Nansha



Overview—Location & Transportation



Area: 803 square kilometers
Population: 1.2 million

Key Junction connecting the cities

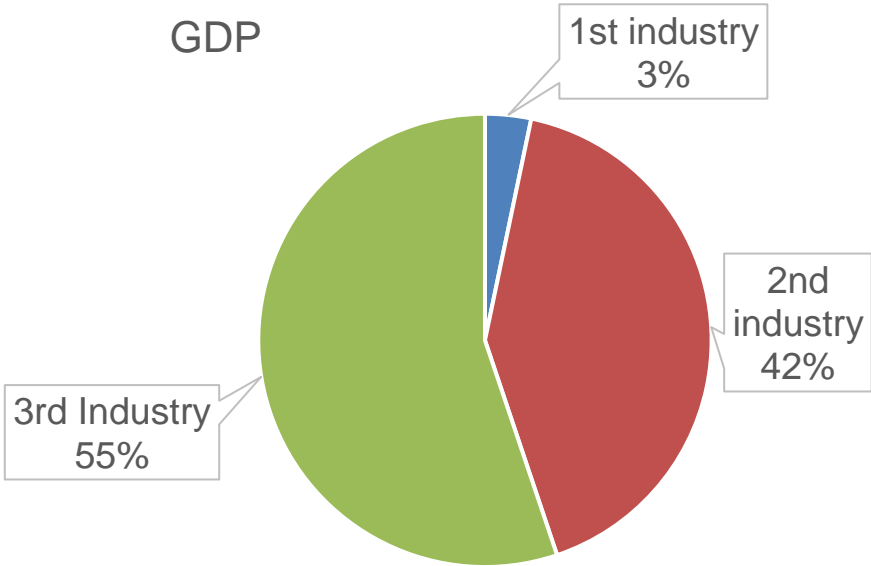
- ✓ Geographical center of the Greater Bay Area
- ✓ Estuary of the Pearl River
- ✓ 11 GBA cities and 5 international airports within 100 kilometers of reach
- ✓ 38 nautical miles from Hong Kong and 41 nautical miles from Macau.

Developing half-hour transportation circle

- ✓ creation of a multi modal transportation network (high-speed railways, inter-city railways, metro, highways and expressways)

Overview— Economics & Industries

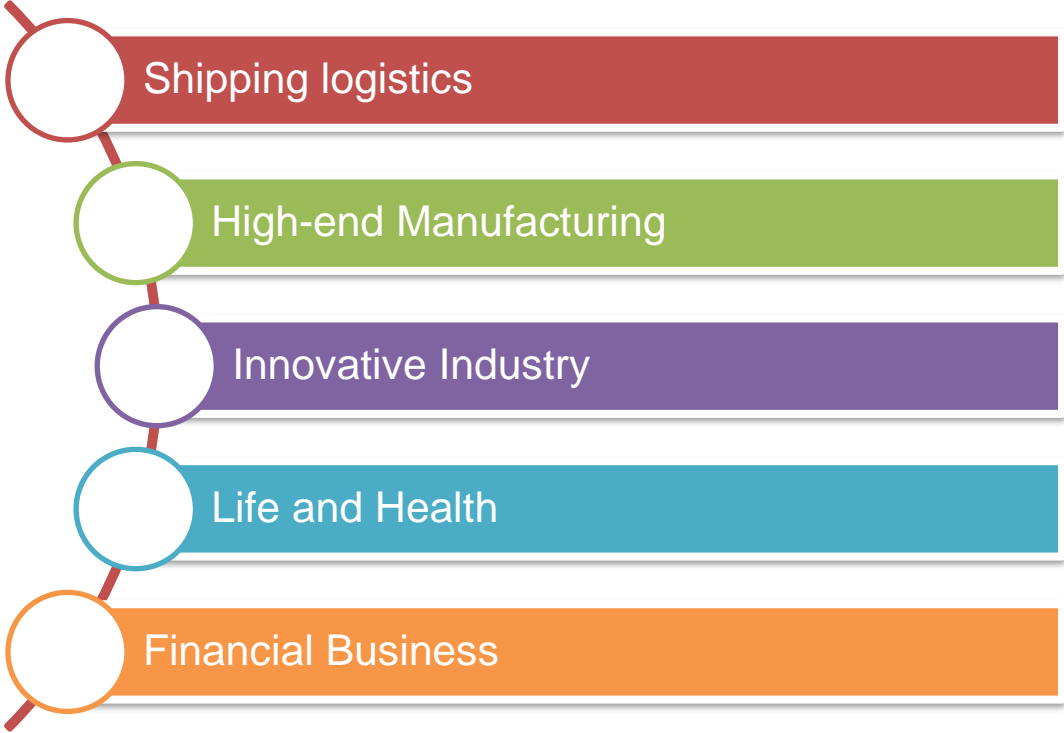
Indicator	Amount	Up	Unit
GDP	213.16	9.6%	billion RMB
General public budget revenue	10.82	19.8%	billion RMB
Total Imports and Exports	260.03	14.7%	billion RMB
Import	111.29	8.9%	billion RMB
Export	148.74	19.4%	billion RMB
Actual utilized foreign capital	1.53		billion USD
newly established foreign-invested enterprises	283	15.5%	



Overview— Economics & Industries

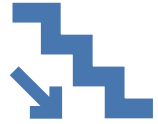
Private Enterprises above designated size	Numbers of company	Output Value (billion yuan)
1 st industry <i>(20 million+ annual income)</i>	390	68
Service industries <i>(5- 20 million + annual income for different industry)</i>	368	56

5 Leading Industries in the Area



Preferential Tax Policy Corporate Income Tax (CIT)

2022/1/1-2026/12/31



Reduced CIT rate
25% 15%

“Enterprises in the encouraged industries in the first start-up area (Nansha Bay, Qingshen hub, Nansha hub) can enjoy a reduced CIT rate of 15%”

Requirement:

1. On the list of encouraged industries
2. Substantive business operation



Extent loss carry forward period
10 Y 13 Y

high-tech enterprises and technology-based SMEs in the encouraged high-tech industry will be allowed to carry forward the losses incurred in previous 8 years up to 13 years.

Requirement:

1. On the list of high-tech industry.
2. Shall acquire the qualifications for high-tech enterprises and technology-based SMEs

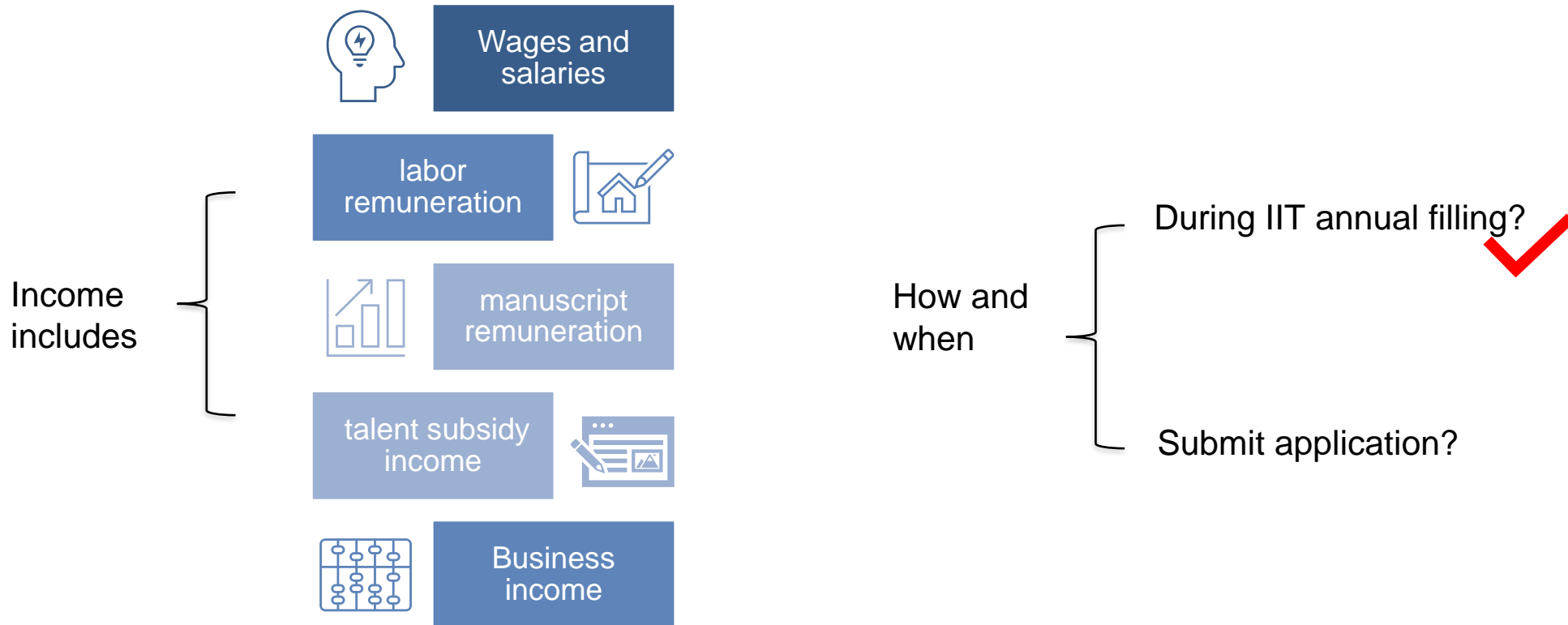


Preferential Tax Policy Individual Income Tax (IIT)

2022/1/1-2026/12/31



For **Hong Kong and Macao residents working in Nansha**, the part of their IIT burden **exceeding the tax burden** of Hong Kong and Macao will be exempted.





Reward for Foreign Investment in Nansha

Award	Requirement	Award amount
Newly Established Award	annual actual foreign capital over US\$ 1 million	1% of the actual amount of foreign capital
Capital Increase Award	capital increase of over US\$10 million	1% of their actual capital increase
Headquarters Award	actual foreign capital of over US\$10 million	1.5% of the actual foreign capital amount
Rental subsidies	<ol style="list-style-type: none"> 1. newly settled 2. actual foreign capital over US\$10 million 3. no own factory buildings 4. lease industrial plants, storage buildings in the zone for their own operation 	subsidized at 50% of the market assessment price of site rent and property fees
Talent's subsidies	qualified foreign-invested enterprise senior management talents.	up to 100% of their personal economic contribution

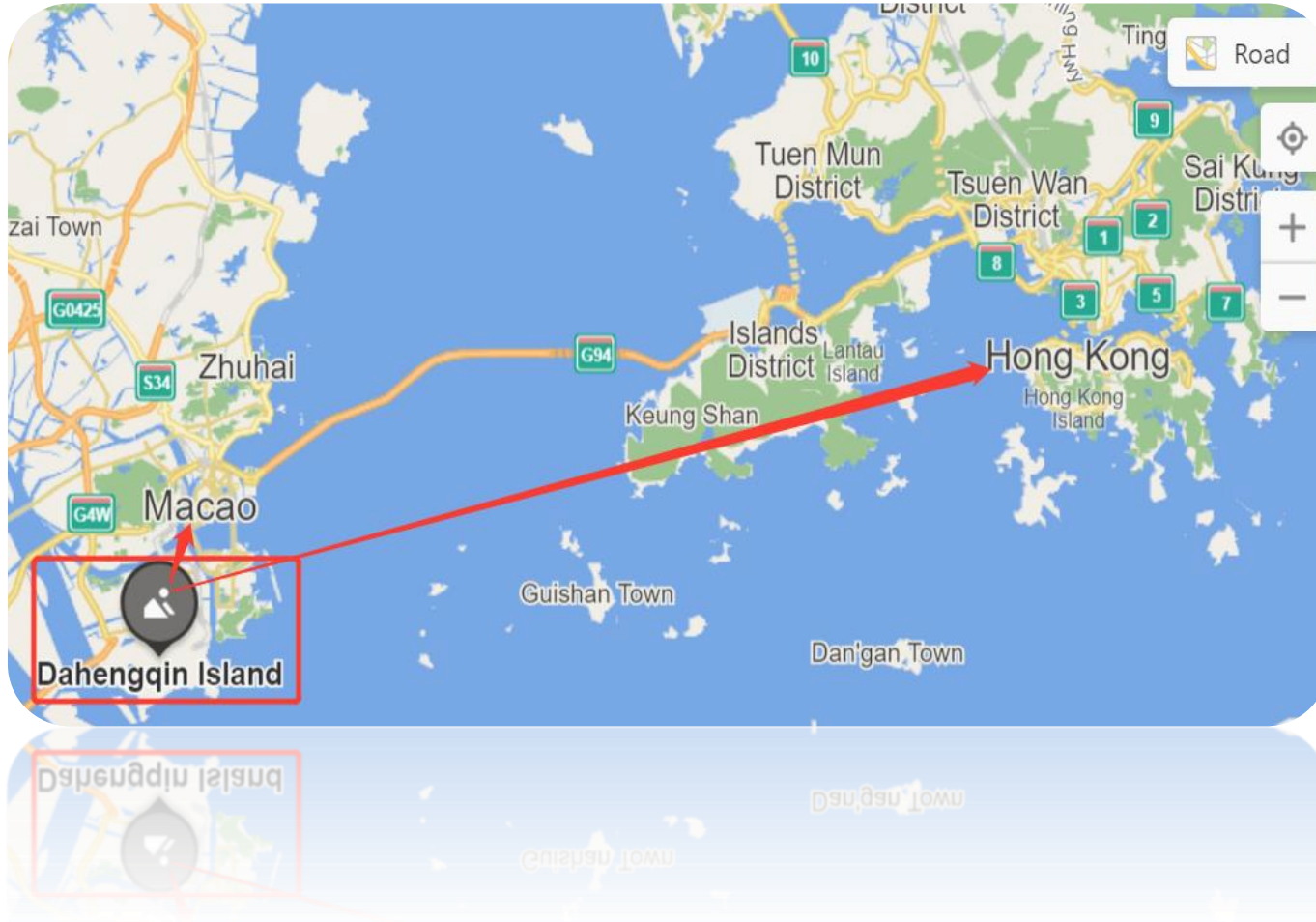


Section 2

Investing in Mainland GBA Cities

Zhuhai Hengqin

Overview—Location & Transportation



Area: 106 square kilometers
Population: 53,040 (7th national census)

Unique geographical location with Macau

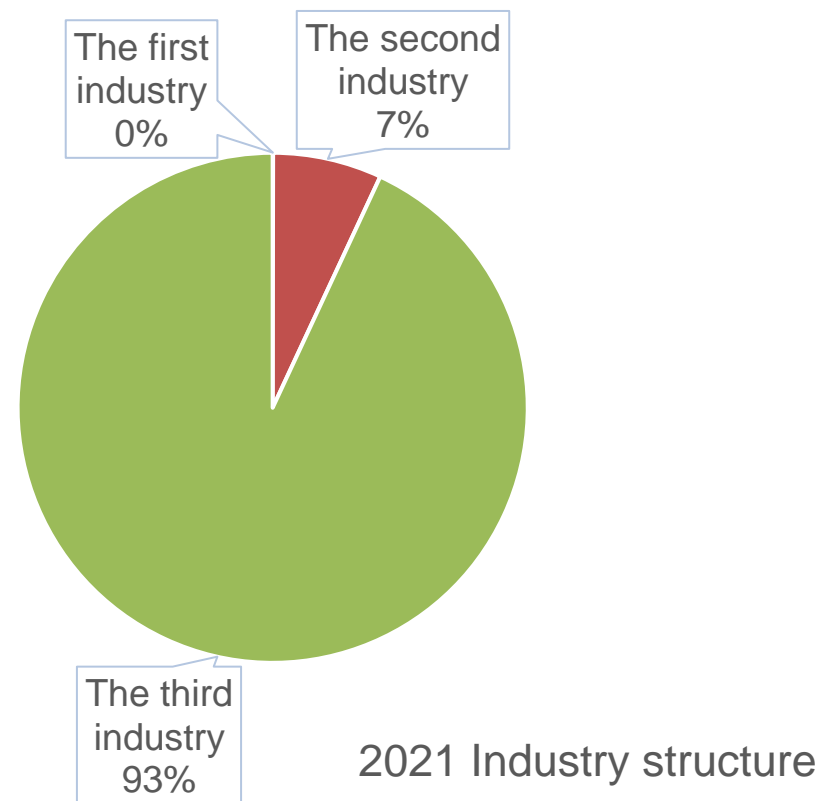
- ✓ west bank of the Pearl River Estuary,
- ✓ separated from Macau by a river, nearest point is only 187 meters
- ✓ 34 nautical miles from Hong Kong.

Convenient external transportation

- ✓ interconnected with Hong Kong and Macau through the Hong Kong-Zhuhai-Macao Bridge and Lotus Bridge.

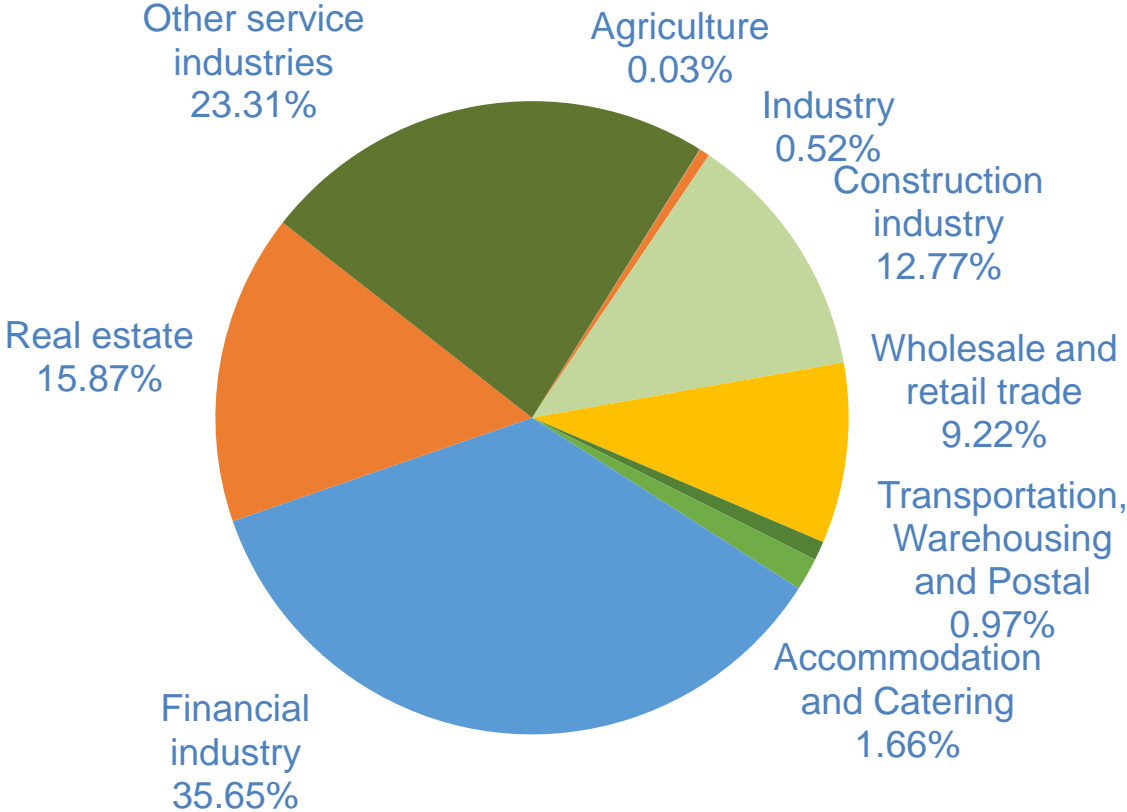
Overview— Economics & Industries

Indicator	Amount	Up	Unit
GDP	45.46	8.5%	billion yuan
General public budget revenue	10.87	14.3%	billion yuan
Foreign trade Imports and Exports	31.47	53.3%	billion yuan
Export	13.98	52.2%	billion yuan
Import	17.48	54.1%	billion yuan
Actual utilized foreign capital	1.52		billion USD



Overview— Economics & Industries

2021 Industry structure



4 key focusing Industries in the Area



High-end manufacturing



Chinese medicine and other Macao brand



Cultural tourism exhibition trade



Modern financial business

Preferential Tax Policy Corporate Income Tax (CIT)

Since 2021/1/1



Reduced CIT rate
25% 15%

Qualified industrial companies located in the Hengqin Cooperation Zone can enjoy a reduced 15 % CIT rate.

Requirement:

1. On the list of encouraged industries
2. Substantive business operation



CIT Exemption on new ODI income
25% 0%

New overseas direct investment (ODI) income of companies in Hengqin Cooperation Zone in the can be exempted from CIT.

- 3 Industries {
 - tourism, modern services, the high-tech
- 2 Incomes {
 - 1. operating income
 - 2. dividend income
- Statutory CIT {
 - CIT rate of the country in which the overseas subsidiaries located is no less than 5%.



Preferential Tax Policy Individual Income Tax (IIT)

2021/1/1-2025/12/31



	POLICY 1	POLICY 2
Target	1. high-end talent work in Henqin 2. talents in demand work in Henqin (Both domestic and foreign)	Residents of Macao work in Henqin
Income	Comprehensive income from the cooperation zone 1. wages and salaries 2. labor remuneration 3. manuscript remuneration and royalties 4. subsidized income 5. business income	
IIT exemption	tax burden over 15 % ✓ Maximum ↓ from 45%	tax burden in excess of Macao standard ✓ ≈ Macao tax system
How to enjoy	Enjoy when handling the annual IIT settlement.	

Support Subsidy and Award For companies



Subsidy	Detailed Policy
Rent subsidy for company	Qualified high-tech company <ul style="list-style-type: none">• First three year (20- 100 yuan per m² per month)• Last two year (50% of previous standard)
R&D allowance	R&D expense over 500,00 RMB <ul style="list-style-type: none">• For all companies: 5% of last year R&D expense• For Macao invested companies: 10% of last year R&D expense
Leaving allowance for talents	Other personnel: 8000; college & high-skilled personnel : 20000; Undergraduate: 30000; master:60000 ; PhD:150000; high-level talents:500000
Hiring support	Provide unified membership services and other support for enterprises in the cooperation zone on well-known human resources recruitment websites
Reduce Energy costs	Improve the cooling subsidy policy for users and subsidize the newly operating commercial entities according to the maximum standard of no more than 25%.

Industry Support Subsidy and Award **For industry**

Integrated circuit industry	Financial awards for Enterprise settled and growth in the area. Subsidies for office rent, R&D expense, and talent introduction.
Biomedical great health	10%-50% subsidy support for fixed asset, capital, R&D investment
World/China's Top 500	Up to 10 million RMB award
Metaverse	Preferential CIT and IIT rate for Metaverse and its related industry
Leisure tourism	a one-off award of RMB 1- 3 million for hotels, travel agency

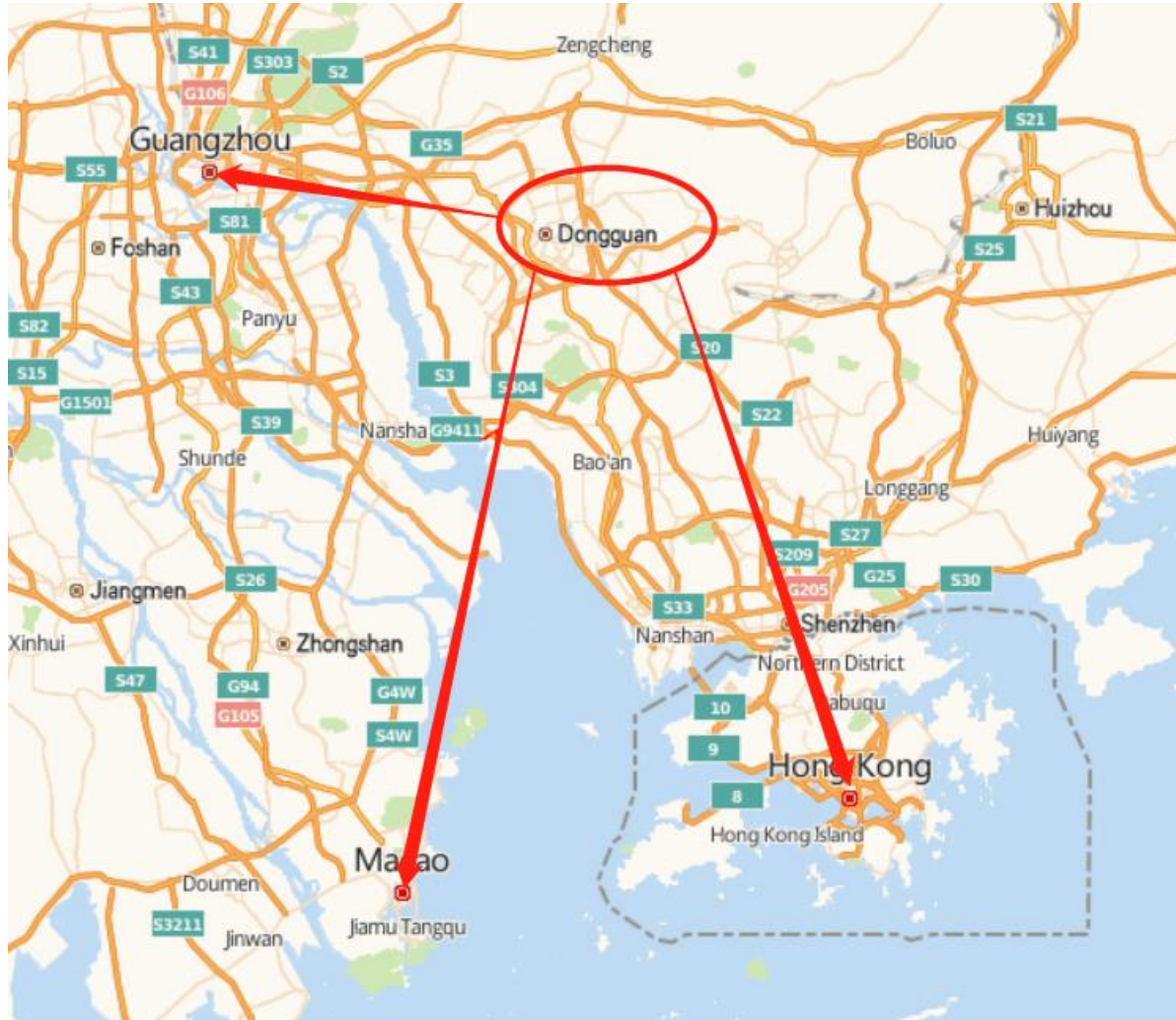
Section 2

Investing in Mainland GBA Cities

Dongguan



Overview——Location & Transportation



Area: 2543 square kilometers
Population: 10.5 million (2020/12/31)

Important node city

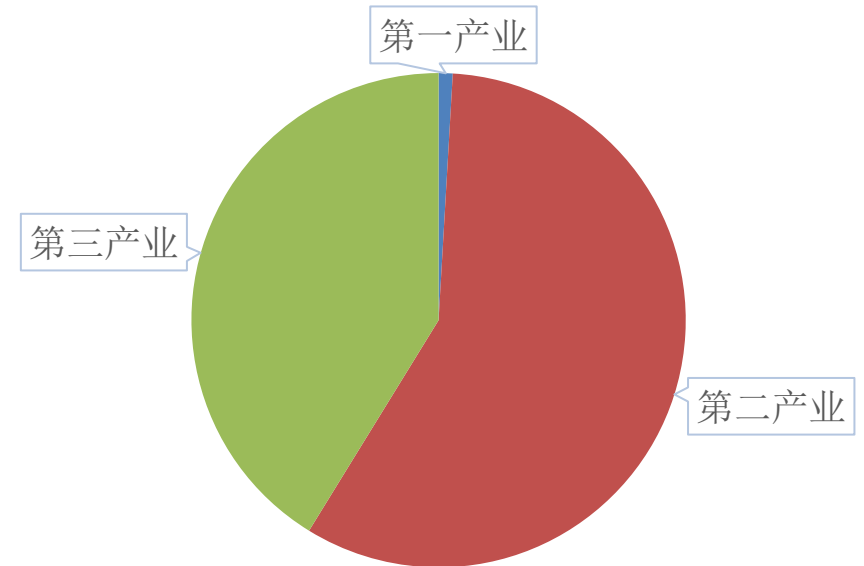
- ✓ bordering Guangzhou City to the northwest(59 kilometers to Guangzhou)
- ✓ bordering Shenzhen City to the south (99 kilometers to Shenzhen)
- ✓ Middle of the economic corridor from Guangzhou to Shenzhen

Transportation hub and foreign trade port

- ✓ promoting integration of ports and urban rail transit with Guangzhou.
- ✓ 9 trunk railways and intercity railways and 82 waterways

Overview— Economics & Industries

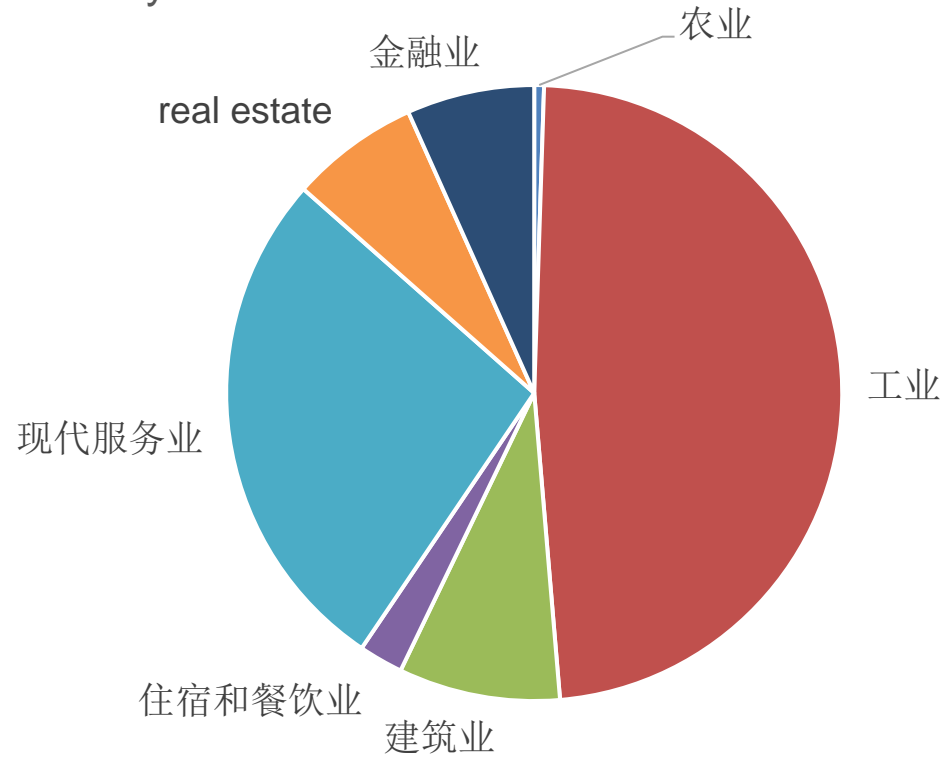
Indicator	Amount	Up	Unit
GDP	1085.54	8.2%	billion yuan
General public budget revenue	76.95	10.8%	billion yuan
Foreign trade Imports and Exports	1,524.70	14.6%	billion yuan
Import	568.72	13.3%	billion yuan
Export	955.98	15.4%	billion yuan
Actual utilized foreign capital	9.53		billion yuan



2021 Industry structure

Overview— Economics & Industries

2021 Industry structure



5 key focusing industries

electronic information manufacturing

electrical machinery and equipment manufacturing

textile, garment, footwear and hat manufacturing

food and beverage processing manufacturing

paper and paper products

4 Featured manufacturing industries

furniture

Chemical
product

packaging
and printing
product

toys and
stationery
products

Preferential Tax Policy

Individual Income Tax (IIT)

Songshan Lake New Area: Electronic information industry cluster

Marina Bay New Area: High-tech Industrial Development Zone,



	Songshan Lake New Area	Marina Bay New Area
IIT Incentive	IIT paid and the retained part in form of technological achievements could be 100% granted to talents	
Target	High-end software talents	Senior managers
Requirement	<ul style="list-style-type: none"> Company: on the target list for software and information technology Taxable income: over 30000 RMB 	<ul style="list-style-type: none"> Company: Headquarter company Subsidy shall not exceed total IIT paid

Support Subsidy and Award

For Individual

Songshan Lake New Area

Eligible master's and doctoral talents can enjoy subsidies with cumulative maximum from **30,000- 200,000 yuan**.

Doctoral talents who have worked for 1 year and settled in the high-tech zone will be given a one-time relocation subsidy of **50,000 yuan** per person.

Public rental housing for employees of industrial enterprises, R&D enterprises and service enterprises within the park

Marina Bay New Area

Employment of business executives

1. headquarters enterprises:

- ✓ The purchase of houses by will be subsidized at **20% of the transaction price**;
- ✓ A maximum of **2,000 yuan per person per month** will be subsidized for renting a house;

2. Information technology and biomedical enterprises:

- ✓ can be up to **1200 yuan per person per month**

Whole Dongguan

1. Introducing innovative talents:

- ❑ Talents with qualifications (**60,000-300,000**)
- ❑ Special Skilled talents (**60,000**)
- ❑ Talents with Master or doctorate degree (**60,000-200,000**)
- ❑ Talents paying over 3w tax of previous year (**20,000**)

2. Capacity building grants:

(**20,000-50,000**) grants for talents obtaining qualifications, master or doctorate degree

Support Subsidy and Award For Company & Industry

		Songshan Lake New Area	Marina Bay New Area
Industrial incentive	Information technology	<p><u>AI enterprises, incubation projects</u>: up to 2 million - 5-million-yuan reward; <u>Licorne and leading enterprises</u>: 5% subsidy and 50-100% reward per year; <u>Major enterprises and projects located in the Hi-tech Park</u>: rent subsidy of up to CNY3 million per year for two years.</p> <ul style="list-style-type: none"> Subsidize 30%-50% of the accumulated amount of the first three sales contracts of the first software. software enterprises additional R&D personnel training subsidy 4,000/person 	Recognition of technological transformation and intelligent transformation enterprises for which the funding amount is not more than 1: 0.5 shall be given one-off complementary incentives.
	Biological medicine	<ul style="list-style-type: none"> maximum 20-million-yuan annual R&D award 5 million yuan for designated new drug registration and 2 million yuan for new drug registration beyond the classification; maximum CNY 2 million to a designated clinical trial license for new drug 	<ul style="list-style-type: none"> rewarded with a ratio of below 1: 0.5 for the relevant products transformed; Generics: awarded \$1 million to \$1.5 million; RMB 500,000 per drug or device certified by a designated authority.
Attract investment	Headquarters enterprises	<ul style="list-style-type: none"> 1 - 100 million yuan for new headquarters enterprises; Leading enterprises received an additional 50-5 million yuan; 	
	Foreign investment	<ul style="list-style-type: none"> Maximum 10 million for a new project or a capital increase of over US \$10 million 1.5% of the transaction value award for Foreign investment. Foreign-invested R&D institutions of Fortune Global 500 enterprises will be supported at the rate of 10%. 	
Scale upgrading	Listing Award	Rewards shall be given at 0.5% of the IPO amount of the headquarters enterprise to be listed;	
		Subsidies of CNY100,000 will be granted to the listed standby enterprises for paying intermediary fees prior to the public offering, and CNY1.9 million will be awarded to the domestic capital market or H-share listed enterprises in Hong Kong.	A reward of RMB200,000 shall be given to enterprises listed in reserve; a reward of RMB1.8 million shall be given to enterprises listed in domestic capital market or Hong Kong H shares.
	Scale upgrading	50,000 yuan for SMEs transformed into industrial, service, commercial and construction enterprises above the scale.	Financial, science and technology, information and professional services industries shall be given a reward of RMB200,000 to RMB1 million based on business income rating.

Section 2

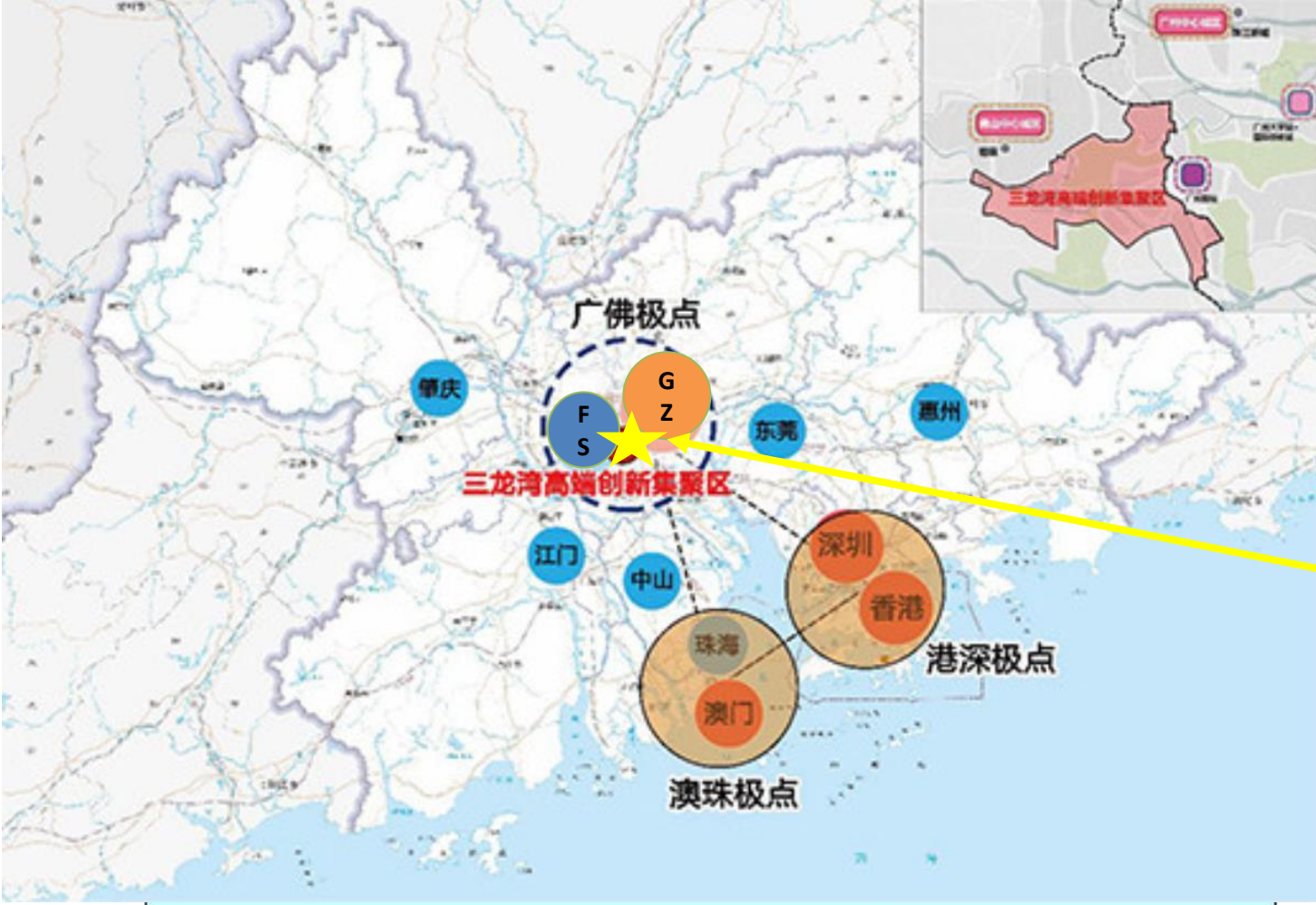
Investing in Mainland GBA Cities

Foshan



佛山市城市展览馆
FOSHAN CITY EXHIBITION HALL

Overview—Location & Transportation



Area: 3797.72 square kilometers
Population: 9.61 million (2020/12/31)

Foshan: Important node city

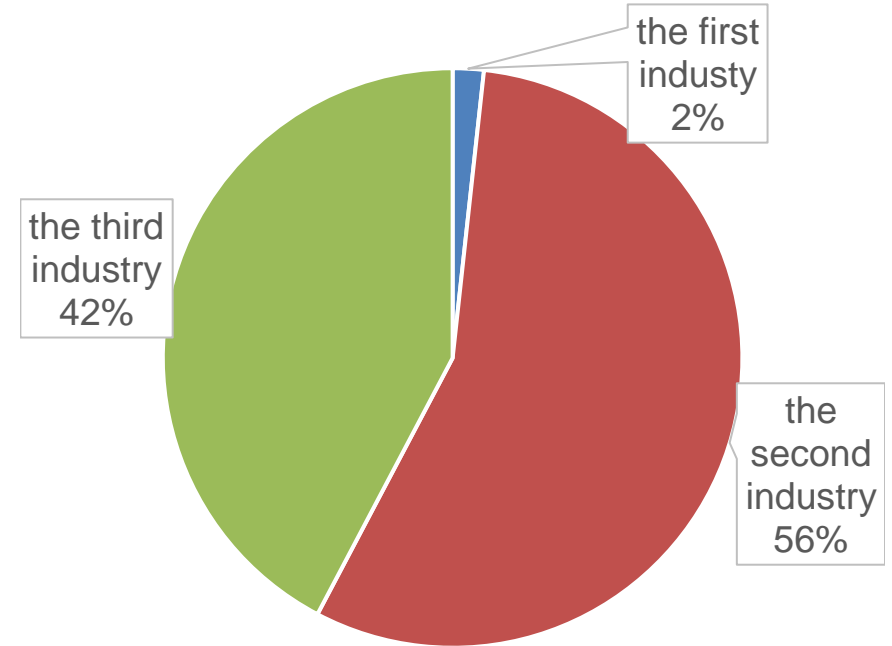
Foshan is located in the hinterland of the Pearl River Delta, with Guangzhou in the east and adjacent to Shenzhen, Hong Kong and Macau.

Sino-German Industrial Services Zone

- core of the central group
- adjacent to the central downtown of Foshan in the west; to Zhongshan and Jiangmen in the south and against Guangzhou in the east

Overview— Economics & Industries

Indicator	Amount	Up	Unit
GDP	1,215.65	8.3%	billion RMB
General public budget revenue	80.81	7.28%	billion RMB
Foreign trade Imports and Exports	616.07	21.7%	billion RMB
Import	115.33	24.1%	billion RMB
Export	500.74	21.2%	billion RMB
Actual utilized foreign capital	3.35		billion RMB



Sino-German Industrial Services Zone Headquarters Support

2020.8.1-2025.8.1



Settlement award

- 100% of the enterprise's financial contribution to the city in the last fiscal year

Business award

- 75% of the enterprise's financial contribution

Leading award

- 2-10 million award

Subsidies for purchase expenses

Type of Headquarters	Maximum subsidy
comprehensive headquarters	10% of the total price of the purchased office building or land
functional headquarters	8% of the total price of the purchased office building and land

Rent subsidies

Type of Headquarters	Maximum subsidy
comprehensive headquarters	up to 3 million yuan per year
functional headquarters	up to 2 million yuan per year
regional headquarter	up to 200,000

Sino-German Industrial Services Zone

2022.12.1-2025.12.1

German Investors



This year marks the 10th anniversary since Sino-German Industrial Services Zone established the cooperation with Germany

Award for German investor

Subsidy amount	Manufacturing Enterprises	Production Services Enterprises
5% of its actual paid capital	>=3 million USD	>=1 million USD
4% of its actual paid capital	[1 million USD, 3 million USD)	[0.5 million USD, 1 million USD)
3% of its actual paid capital	[0.5 million USD, 1 million USD)	< 0.5 million USD

Rental subsidy for German funded enterprise

Year	rental area >500m ²	rental area >100m ²
Y1	RMB 30/m ² ·month max	RMB 60/m ² ·month max
Y2	RMB 30/m ² ·month max	RMB 30/m ² ·month max
Y3	RMB 30/m ² ·month max	RMB 30/m ² ·month max
Y4	RMB 15/m ² ·month max	/
Y5	RMB 15/m ² ·month max	/

Land subsidy for German funded enterprise

- ✓ A purchase subsidy of **10%** of the total purchase price (excluding taxes and fees) shall be granted.
- ✓ The maximum subsidy per enterprise shall not exceed RMB 10 million.

Section 2

Investing in Mainland GBA Cities

For Hong Kong and Macao Investors



Support Hong Kong and Macao youth innovation and entrepreneurship

Guangzhou Nansha	Zhuhai Hengqin	Shenzhen Qianhai	Dongguan Songshan Lake	Foshan
<ol style="list-style-type: none"> 1. Intern subsidy fund pool of 2,000,000 2. who have obtained vocational qualifications, : up to 80,000 subsidies 3. Employment: one-off award of up to 120,000, and monthly 5000 subsidy 4. 1 billion Entrepreneurship Fund for Innovation and Entrepreneurship 5. Entrepreneurship award of up to 3,700,000 6. Living allowance of 20,000 per person per year 	<ol style="list-style-type: none"> 1. One-off employment allowance: 3000 2. Entrepreneurship subsidy: 30,000 3. Social insurance subsidy for hiring Hongkong and Macao resident: 100% of the social insurance paid <p>For Macao:</p> <ol style="list-style-type: none"> 1. Rent subsidy: 40%-60% of the total expenditure 2. Loan interest: 3. Excellent project subsidy: up to 2,000,000 4. Living allowance... 	<ol style="list-style-type: none"> 1. Intern: 1000/month/person 2. Employment: 10,000-50,000 3. Talents: 50,000 4. Entrepreneurship award: up to 1,000,000 5. Rent: up to 100,000 6. Key project: up to 10,000,000 7. Loan interest: up to 1,000,000 8. Living allowance 	<ol style="list-style-type: none"> 1. Intern: 1000-2500 per month 2. start-up support: up to 100,000 subsidy 3. Growth award: up to 500,000-1,000,000 4. Key Project award: 1,000,000 5. Rent: up to 6000 per month 6. One- off Comprehensive allowance on 10,000-200,000 	<ol style="list-style-type: none"> 1. Employment: 3000 per person 2. Living allowance: 1000 per person per month 3. Rent: Free for rent, management fee, water and electricity for startups in targeted region 4. One-off entrepreneurship allowance: 10000 5. Housing allowance for talents: 100,000-4,000,000 6. Innovation support: 2,000,000-20,000,000

Guangzhou Nansha——Opening for Hongkong and Macao



Professional service industry

- 1.reduced the entry threshold for Hong Kong's professional service industry to provide services in the Mainland
- 2.Improve the partnership mechanism of the Mainland and Hong Kong and Macau Law Firm.

Hong Kong and Macao Chamber of Commerce Association

- Encourage to set up representative office in Nansha

Finance industry

- 1.Support qualified Hong Kong and Macao investors to apply for the establishment of licensed financial institutions.
- 2.Encourage Hong Kong private equity funds to participate in Hong Kong -funded innovative technology companies in Nansha.

Construction and engineering industry

- 1.Explore the entry standards of consultants and engineering contractors
- 2.allows companies and professionals to obtain corresponding qualifications to provide services directly after the record.

49

Medical and health services

- Support medical institutions in the form of wholly -owned and joint ventures.

Vocational education

- Support cooperate with the mainland institutions, enterprises to establish vocational education training schools and training bases

Zhuhai Hengqin—Connecting Macao



1. Encourage Macau enterprises setting Cross -border Office to carry out internal management

- ✓ Rental subsidy: maximum of not more than 80 yuan/square meter/month

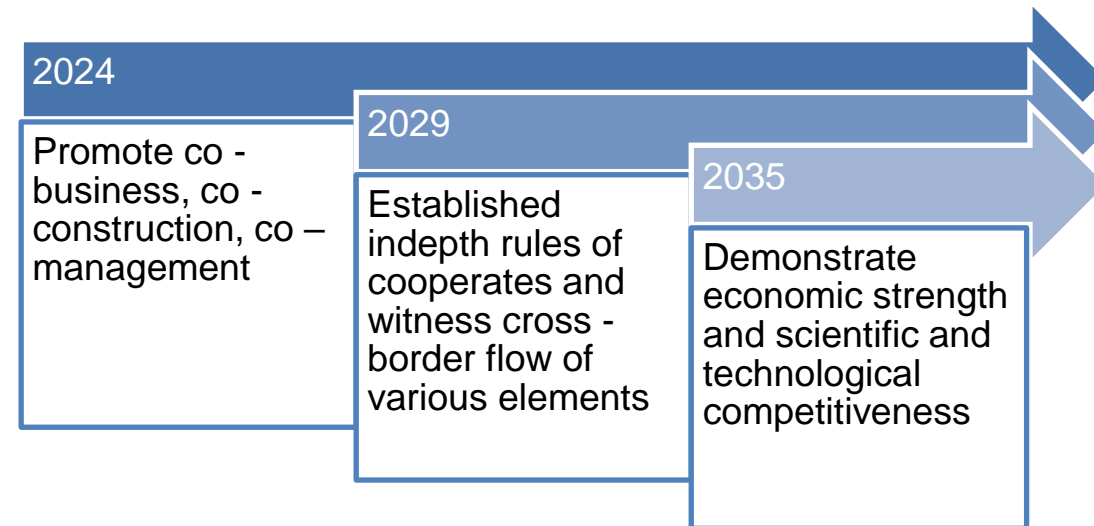
2. Absorbing Macao expertise

- ✓ Talents with Macao qualifications in finance, construction, design... to provide service under supervision.
- ✓ Its overseas experience can be regarded as the same domestic experience.

3. Reduce the comprehensive cost of Macau investors

- ✓ give subsidies for office and commercial rental subsidies, brand landing rewards, revenue rewards, R & D fees, market expansion and other subsidies

Objective



IIT Exemption and Subsidy —for Hong Kong and Macao Residents



	Guangzhou Nansha	Zhuhai Hengqin	Shenzhen Qianhai	Foshan	Dongguan Songshan Lake
Exemption tax burden exceeding Hongkong & Macao standard	Hongkong resident Macao resident	Only for Macao resident	X	X	X
Subsidy		For High-end talents For critically lacking talents			

Section 3

Preferential Policies for all Mainland GBA cities

IIT Subsidies



ONE Subsidies for foreigners

“In March 2019, Central government released *Preferential Individual Income Tax Policies*, aiming to subsidize foreigners working in GBA area”

Target people

- Hong Kong, Macao, Taiwan and overseas high-end talents and critically lacking talents working in GBA area
- Each cities will have its own detailed requirements

- Subsidy amount= Tax paid in GBA-taxable income * 15%

e.g

Taxable income: 1,000,000

Income tax: 268,080 (27%)

Subsidy: : $268,080 - 100,000 * 15\% = 118,080$

Subsidy Amount

Valid Date

- 2020-01-01 to 2023-12-31
- 2020 and 2021 subsidies have been successfully released
- 2022 subsidy haven't starts yet

Application requirements



Identity

1. Foreigners
2. Residents of Hong Kong and Macao
3. Residents of Taiwan
4. Overseas Chinese



Work

1. Employed by Entities registered in GBA Cities
2. Some cities require working in the cities for over 90 days (SZ, GZ)



Talents

- High-end Talents
e.g With working permit A or B
- Critically lacking Talents
e.g key personel / key industry

Each cities has its own talent list



Others

1. abide by laws and regulations
2. pay IIT in accordance with law and finish annual tax filling as required
3. has a Class I (full-function) settlement bank account in mainland China

Application process

Usually takes 6 months or above

June

- Publish the application guide
- Around June, the “Guide” will be released on government platform. (The guideline haven’t been released in 2022)

July-
August

- Submit application and supporting documents (via withholding agent, third party agent, or the applicants themselves)
- Applicant can check the status via application platform.

Sep

- Government Review application & Require for supplementary materials if needed (should answers in 5-10 days)
- Financial authorities, technology (foreign experts) authorities, human resources and social security authorities and tax authorities will all involve in the review work.

Oct

- Announce application result on individual platform or via text messages
- Will not show in public

Nov-
Dec

- Grant subsidy (the subsidy is tax free)
- The subsidy will be disbursed to personal bank.

Check list



Requirement

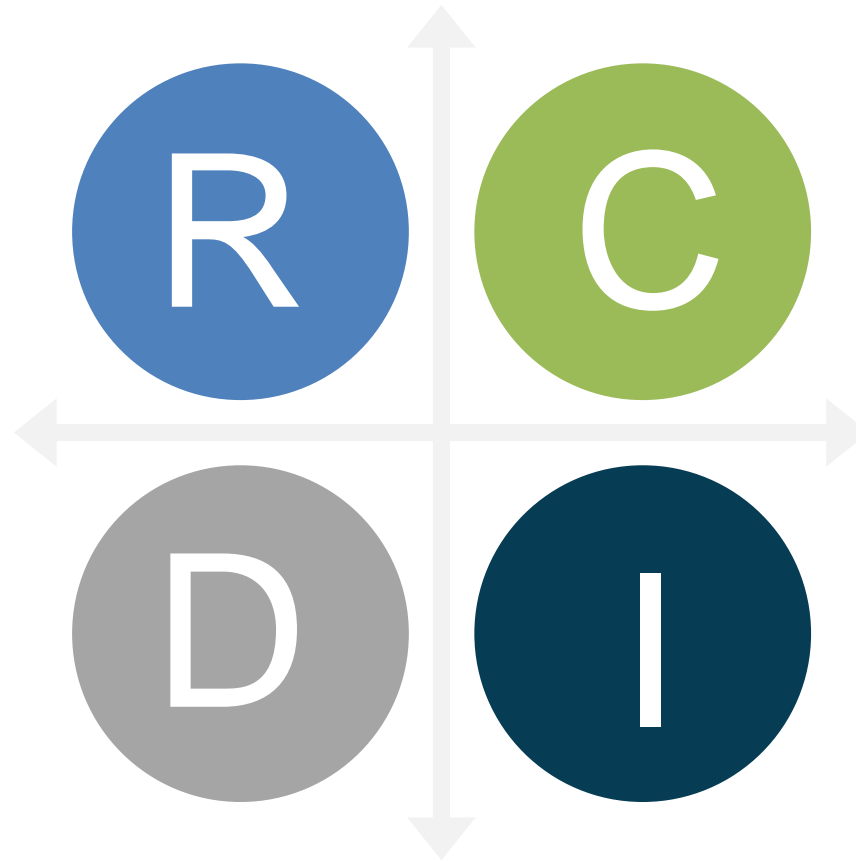
Do I meet the requirement?

High-end talents? Or Critically lacking talents?

Materials

Can I provide the required materials?

Can company chop on the materials?



Communication

If my individual income tax is borne by my company, can I get the subsidy?

IIT

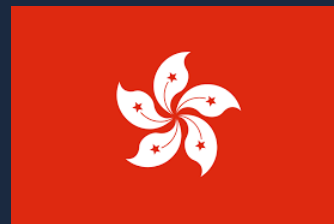
- Have I declared and paid IIT correctly in 2021?
- Have I finished the IIT annual filling as required?
- Is my tax file qualified for the application?



Section 4

Tax Incentives and Government Subsidies in Hong Kong and Macao

Hong Kong



Investment Policies and Subsidies

Supporting Research & Development (R&D)

01

Partnership Research Programme (PRP)

- Provide matching funding support for Collaborative R&D projects.
- Maximum Project Duration: 36 months.
- Industry Sponsorship: at least 50% of the total project cost.
- Intellectual Property (IP) Rights Ownership: industry co-applicant if it contributes at least 50% of the total project cost.

02

Enhanced Tax Deduction for R&D Expenditures

03

Research and Development Cash Rebate Scheme (CRS)

- R&D projects funded by the Innovation and Technology Fund (ITF) ("ITF projects"); and
- R&D projects funded entirely by companies and conducted in partnership with designated local public research institutes ("Partnership projects").

04

Enterprise Support Scheme (ESS)

- Maximum Funding Support: \$10 million per approved project.
- Maximum Project Duration: 24 months in general.
- Intellectual Property Rights Ownership: recipient company.
- Recoupment of Government's Contribution: NOT required.
- Benefit Sharing of Commercialized R&D Results: NOT mandatory



SME Export Marketing Fund

The SME Export Marketing Fund (EMF) aims to encourage small and medium enterprises (SMEs) to expand their markets outside Hong Kong by providing financial assistance to SMEs for participation in export promotion activities.

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)

01

General Support Programme (GSP)

02

SME Loan Guarantee/Export Credit Insurance

03

- SME Loan Guarantee Scheme
- SME Financing Guarantee Scheme



Hong Kong is a free port.

It pursues a free trade policy and do not maintain barriers on trade. No tariff is charged on import or export of goods. Although licensing is required for the import and export of some goods, this is only to fulfil obligations undertaken by Hong Kong to the trading partners, or to meet public health, safety or internal security needs.

Beginning Stage	Company Set-up	Waiver of Business Registration Fee / Annual Return Filing Fees			
Grow	R&D	Enterprise Support Scheme (ESS)	Partnership Research Program (PRP)	Technology Start-up Support Scheme for Universities (TSSSU)	Enhanced Tax Deduction for R&D Expenditure
		R&D Cash Rebate Scheme			
Scale-Up	Hiring	TechTAS / QMAS	Research Talent Hub (RTH)		Fintech Anti-epidemic Scheme for Talent Development (FAST)
		Financial Industry Recruitment Scheme for Tomorrow (FIRST)			
	Business Development	Technology Voucher Programme (TVP)			
Further Expansion	Fundraising	Innovation and Technology Venture Fund (ITVF)		SME Financing Guarantee Scheme	
		Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)		SME Export Marketing Fund (EMF)	
	Overseas Expansion				

Waiver of Business Registration Fee / Annual Return Filing Fees

Enterprise Support Scheme (ESS)	Partnership Research Program (PRP)	Technology Start-up Support Scheme for Universities (TSSSU)	Enhanced Tax Deduction for R&D Expenditure	R&D Cash Rebate Scheme
 up to HK\$10M /project <ul style="list-style-type: none"> For R&D projects Max. Project Duration: 24 months On a 1:1 matching basis You own IP 	 up to 50% project cost <ul style="list-style-type: none"> Working with R&D centres, local universities and other designated local public research institutes You own IP 	 up to HK\$1.5M /year <ul style="list-style-type: none"> For start-up consisting of students/professors of 6 universities in HK Max. subsidized period: 3 years 	 300% for first \$2M 200% for remaining <ul style="list-style-type: none"> Qualifying R&D expenditure incurring cost of in-house R&D activities and payment made to designated local research institutions 	 up to 40% of R&D expenditure <ul style="list-style-type: none"> For ITF projects and projects funded by companies and conducted by designated local public research institutes

TechTAS / QMAS	Research Talent Hub (RTH)		Fintech Anti-epidemic Scheme for Talent Development (FAST)	Financial Industry Recruitment Scheme for Tomorrow (FIRST)
 Fast-track arrangement to admit technology talent to undertake R&D work	 Subsidies up to HK\$32,000 /Month /Talent <ul style="list-style-type: none"> Up to 4 research talents Amount subject to the qualification of the talent Max. engagement period per researcher talent: 36 months 	 HK\$10,000 /Month For New Fintech Hire <ul style="list-style-type: none"> 1 new hire for each company Max. subsidized period: 12 months 	 HK\$10,000 /Month For New Hire(s) by Licensed Employers <ul style="list-style-type: none"> Up to 25 new hires per company Max. subsidized period: 12 months 	

Technology Voucher Programme (TVP)	
 up to HK\$600K	<ul style="list-style-type: none"> Supports local non-listed enterprises in using Technological Services & Solutions on a 3 (Government) : 1 (Enterprise) matching basis

Innovation and Technology Venture Fund (ITVF)		SME Financing Guarantee Scheme	
 HK\$2B Fund Size <ul style="list-style-type: none"> Specific for Technology Start-Ups 1 (Government) : 2 (VC fund) matching ratio Lower of (1) 40% Total Investment Amount sought by the start-up or (2) \$30M Per Deal 	 up to 100% Loan Guarantee <ul style="list-style-type: none"> Max. Repayment Period: 60 months Max. Facility Amount Per Borrower: Total amount of the lower of (a) wages and (b) rents for 12 months, or HK\$5 million 		

Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)		SME Export Marketing Fund (EMF)	
 up to HK\$4M BUD Funding <ul style="list-style-type: none"> For Mainland China and FTA market (including ASEAN) Up to 40 projects per company Each project up to HK\$1M Initial payment up to 75% of the total approved government funding. 	 up to HK\$800K <ul style="list-style-type: none"> To assist SMEs expand markets outside HK through funding support for their participation in export promotion activities 		



Section 4

Tax Incentives and Government Subsidies in Hong Kong and Macao

Macao



Business Incentives Measures

Industrial structure
(% of GDP)*

Primary industry (agriculture, forestry, animal husbandry, fishery): Not applicable
Secondary Industry (industrial and construction): 4.2% of GDP
Tertiary industry (service industry): **95.8% of GDP**

Fiscal Incentives

Enterprises must meet the following criteria:

1. Companies in processing industry and
2. projects contributing to the local industry (excluded : construction, expansion, restructuring)

Tax incentives given:

- Exemption of industrial tax;
- 50% exemption of profits tax;
- 50% exemption from property transfer duty and sometimes full exemption;

Financial Incentives

Subsidized loan for companies with a ceiling of 10 million MOP (government subsidizes 4%);



Projects eligible for this loan:

- purchase of facilities located in industrial and commercial premises;
 - Construction of facilities;
 - Expansion of facilities;
 - Acquisition of IP rights;
 - Signing of commercial licensing contract and franchising contract;
- (And many others...)

SME Subsidy Schemes

1. SME Credit guarantee scheme;
2. SME Credit for special projects;
3. SME aid scheme.

The objective is to help SMEs expand in the region and explore industries that are uncommon in Macao.

Section 5

Planning for the future



2035 GBA development plan

*The GBA is an international innovation center of strategic importance, with development goals clearly defined in 2019's **Development Outline of the Guangdong-Hong Kong-Macao Greater Bay Area**. By **2035** the GBA should have formed an economic system and development model founded on innovation, improved its economic, scientific, and technological strength, enhanced its international competitiveness and influence, and cemented its status as a first-class international bay area where people can live, work, and visit.*

14th Five-Year-Plan

STRATEGY of the GBA:

- Platform for strengthening national strategic scientific and technological forces
- Engine of high-quality development
- Strategy for regional development synergizing with nearby regions
- Bridge that supports the integration of hong kong and macao into national development



Reference Materials

For additional DSA & Asia Briefing reference materials, please visit:

www.asiabriefing.com

or, for china-specific material, visit:

www.china-briefing.com.

For more on DSA and our services, please visit: www.dezshira.com.





DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia



CELEBRATING

Global Offices

CHINA

Beijing
Dalian
Dongguan
Guangzhou

Hangzhou
Ningbo
Qingdao
Shanghai

Shenzhen
Suzhou
Tianjin
Zhongshan

VIETNAM

Hanoi

Ho Chi Minh City

Danang

INDIA

Delhi
Mumbai

INDONESIA

Jakarta
Batam

SINGAPORE

HONG KONG SAR

MONGOLIA

DEZAN SHIRA ASIAN ALLIANCE MEMBERS

Malaysia
Bangladesh
South Korea

The Philippines
Cambodia
Nepal

Thailand
Japan

DEZAN SHIRA LIAISON OFFICES

Germany

Italy

United States

Please email asia@dezshira.com or visit www.dezshira.com

© 1992-2022 Dezan Shira & Associates All Rights Reserved.



NEWSLETTER



WECHAT: DSA_CHINA

- Dezan Shira & Associates Offices
- Dezan Shira Asian Alliance Members

