

Notice of Nanjing Municipal Government on Printing and Distributing the “Interim Provisions of Nanjing Municipality on Encouraging Large Domestic or Overseas Enterprises to Establish Headquarters or Regional Headquarters”

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Notice of Nanjing Municipal Government on Printing and Distributing the “Interim Provisions of Nanjing Municipality on Encouraging Large Domestic or Overseas Enterprises to Establish Headquarters or Regional Headquarters”

(No. 46 [2007])

The people’s governments of all districts and counties, all commissions, offices and bureaus of the Municipal Government, all entities directly subordinate to the Municipal Government:

The “Interim Provisions of Nanjing Municipality on Encouraging Large Domestic or Overseas Enterprises to Establish Headquarters or Regional Headquarters” have been approved and printed by the Municipal Government, and are hereby distributed to you. Please carefully implement them.

February 14, 2007

Interim Provisions of Nanjing Municipality on Encouraging Large Domestic or Overseas Enterprises to Establish Headquarters or Regional Headquarters

Article 1 The present Provisions are formulated in accordance with relevant laws, regulations and in light of the actual situation of Nanjing for the purpose of encouraging large domestic or overseas enterprises to establish headquarters or regional headquarters in Nanjing, and promoting the rapid economic development of the headquarters in Nanjing.

Article 2 Headquarters as mentioned in the present Provisions shall mean the only legal entity invested in and established in Nanjing by a domestic or overseas investor, which exercises the functions of operation, management and service to the enterprises and institutions it has invested in within or without the territory of China.

Regional headquarters as mentioned in the present Provisions shall mean the legal entity invested in and established in Nanjing by a domestic or overseas investor, which exercises the functions of operation, management and service to all or partial enterprises it has invested in in a certain area within or without the territory of China.

Article 3 The establishment of headquarters or regional headquarters of large domestic or overseas

enterprises within Nanjing shall be governed by the present Provisions.

Article 4 The Municipal Development and Reform Commission shall take charge of recognizing the headquarters or regional headquarters established by large domestic enterprises in Nanjing, and coordinating the relevant departments in fulfilling relevant policies in the present Provisions.

The Municipal Bureau of Foreign Trade and Economic Cooperation shall take charge of recognizing the headquarters or regional headquarters established by large overseas transnational companies in Nanjing, and coordinating the relevant departments in fulfilling relevant policies in the present Provisions.

The municipal administrative departments of public finance, taxation, public security, industry and commerce, personnel, etc. shall, upon their respective duties, coordinate with each other in doing a good job in fulfilling relevant policies in the present Provisions.

Article 5 Where a domestic or overseas investor intends to establish a headquarters or regional headquarters in Nanjing, the Municipal Development and Reform Commission or the Municipal Bureau of Foreign Trade and Economic Cooperation shall examine the following materials, and decide to recognize it or not:

(I) For the headquarters or regional headquarters established in the form of an investment company:

1. the application letter signed by the legal representative of the investment company;
2. the authorization document on the basic functions of the headquarters or regional headquarters, which is signed by the legal representative of the parent company;
3. the parent company's registration certificate (photocopy) and the legal representative's identity certificate (photocopy);
4. the investment company's approval certificate (in the case of a foreign-funded enterprise), its business license and capital verification report (all in photocopies); and
5. the approval certificate of the enterprise invested in by the parent company or investment company within the territory of China (in the case of a foreign-funded enterprise), its capital verification report and business license (all in photocopies).

(II) For the headquarters or regional headquarters established in the form of a management company, service company or headquarters-alike productive enterprise, etc.

1. the application report signed by the investor for establishing a management company, service company or headquarters-alike productive company;
2. the document signed by the investor on authorization regarding basic functions of the headquarters or regional headquarters to be established;
3. the investor's registration certificate (photocopy) and the legal representative's identity certificate (photocopy); and
4. the approval certificate of the enterprise invested in and established by the investor within the territory of China (in the case of a foreign-funded enterprise), its business license and capital verification report (all in photocopies).

Where it is indicated that any of the above said documents shall be submitted in photocopy, the applicant shall, when filing the application, show the original or affix the enterprise seal on the photocopy and indicate that the photocopy is consistent with the original. When it is not indicated that any of the above said documents shall be submitted in photocopy, the original shall be provided. If a document is signed by someone other than the legal representative, the power of attorney of the legal representative needs to be showed. If a lawfully established intermediary institution is entrusted to go through the procedures for applying for the establishment, the power of attorney signed by the investor's legal representative needs to be showed.

The Municipal Development and Reform Commission or the Municipal Bureau of Foreign Trade and Economic Cooperation shall finish the examination and recognition within 10 working days as of receipt of all the above said materials.

Article 6 A headquarters or regional headquarters which is established in Nanjing and has been recognized may, if it meets the following conditions, enjoy relevant policies in the present Provisions:

- (1) It has the status as an independent legal person;
- (2) The total assets of its parent company shall be no less than 1,500 million Yuan;
- (3) The accumulated total investments contributed by the parent company in China shall be no less than 200 million Yuan;
- (4) It has no less than 3 subordinate enterprises which contribute investments or are authorized to conduct management or provide services within or without the territory of China, and the total registered capital actually paid by them shall be no less than 200 million Yuan; and
- (5) It conducts uniform accounting, and pays enterprise income tax in Nanjing on a consolidated basis.

For the enterprises ranking the top 5 among the domestic enterprises in the same industry or for the growing enterprises with development potentialities, the conditions for recognizing their headquarters established in Nanjing may be properly loosened.

Article 7 Proper subsidies shall be provided to the newly introduced headquarters and regional headquarters at the early stage of their operation in light of the principle that "the benefited district or county shall bear the expenditures".

Where a newly introduced headquarters or regional headquarters purchases an office premise in Nanjing for its own use, it shall be provided with subsidy in a lump-sum at 1.5% of the purchase price; if it rents an office premise for its own use, it shall be provided with subsidy at 1.5% of the annual rental within three years. The funds needed shall be borne by the treasury of the district or county where the headquarters is located. The headquarters building up office premises by themselves shall be provided with proper financial supports.

Article 8 The newly introduced headquarters or regional headquarters of financial enterprises may, if it is stationed in the CBD of Hexi New Area, enjoy policies under relevant provisions in

Document No. 132 [2005] of Nanjing Municipal Government.

(1) A headquarters or regional headquarters whose registered capital has reached a certain scale shall be provided with a lump-sum fund subsidy: Specifically, if its registered capital is 1 billion Yuan or more, it shall be provided with 10 million Yuan of subsidy; if its registered capital is 1 billion Yuan or less but 500 million Yuan or more, it shall be provided with 8 million Yuan of subsidy; if its registered capital is 500 million Yuan or less but 100 million Yuan or more, it shall be provided with 5 million Yuan of subsidy.

(2) Where a senior manager who is on the deputy or superior position of a financial institution's headquarters which is newly introduced to be stationed in the CBD of Hexi New Area or who is on the chief or superior position of such a regional headquarters rents a dwelling house in Hexi New Area, he shall be provided with subsidies at the rate of 1,500 Yuan per month. Where a senior manager who is employed by a financial headquarters or regional headquarters stationed in the CBD of Hexi New Area to work for no less than 2 consecutive years purchases a commodity house in Hexi New Area, he shall be given a reward of 80% of the locally reserved portion of the individual wage income tax he paid in the last year.

Article 9 The headquarters and regional headquarters established in Nanjing and having the functions of research and development may, if it conforms to taxation policies, enjoy the relevant preferential policies in the "Opinions on Some Policies for Encouraging the Establishment of Scientific and Technological Research and Development Institution in Nanjing" (No. 278 [2002]) and the Detailed Implementation Rules thereof.

The subsidies for lodging, boarding, relocation, laundering, business trip, visiting family, language trainings, children's education, etc. which are got by the foreigners in headquarters or regional headquarters in non-cash form or in the form of reimbursement of the actual amount shall, after the taxpayers have provided lawful and valid vouchers and after such vouchers have been ratified by the competent taxation authority, be exempted from individual income tax.

The housing fund actually paid by a headquarters or regional headquarters and an individual employee separately shall be allowed to be deducted from his individual taxable income within a range of 12% of his average monthly wage in the last year. The average monthly wage on the basis of which the entity and the individual employee pay housing fund shall not exceed 3 times the average monthly wage of the employees in Nanjing in the last year. If the housing fund is paid by the entity and the individual at a rate higher than what is prescribed as above, the excessive portion shall be included into the individual's current wage and salary income for calculation and levy of individual income tax.

Article 10 A headquarters or regional headquarters being engaged in investment management may set up a uniform internal fund management system, and conduct uniform management of its own funds. If the operation of foreign exchange funds is involved, the "Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Internal Operation and Management of Foreign Exchange Funds of Transnational Companies" (No. 104 [2004]) shall apply.

Article 11 Headquarters or regional headquarters shall be supported to acquire the right of import and export in foreign trade according to law, to import self-use equipment and raw materials for the enterprises established with its investments or under its authorized management, and to export products, as well.

Headquarters and regional headquarters are encouraged to establish transnational procurement centers and logistics centers in Nanjing. The transnational procurement centers and logistics centers may, in accordance with the relevant provisions of the state, enjoy the tax refund policies after acquiring the right of import and export upon approval.

Article 12 As for the water, electricity, gas, heat, communication and other public facilities which are needed by the headquarters, regional headquarters, and the enterprises established in Nanjing with their investments, the relevant departments of the Municipality shall provide supports actively, make comprehensive arrangement, and give priority to ensure the supply. They may enjoy treatments equal to those for enterprises of Nanjing in respect of supply price policies and fee charge policies.

Article 13 The senior professional technicians and managers of the Chinese party who are absorbed by any headquarters or regional headquarters or its research and development institution, who have diplomas of university graduates or above, and who are really in urgent need in Nanjing may, upon approval of the Municipal Bureau of Personnel, enjoy the following policies:

- (1) They may be absorbed to Nanjing as talented people;
- (2) They shall be given priority to be promoted up to senior positions;
- (3) The permanent residence belongingness of themselves, their spouses and minor children shall be allowed to be registered in Nanjing; and
- (4) They may enjoy treatments equal to those for Nanjing residents in respect of having their children educated in kindergartens or schools.

Article 14 The employees of the Mainland of China who work in a headquarters or regional headquarters and go to Hong Kong, Macao, Taiwan or go abroad for commercial purposes shall be provided with exit conveniences.

(1) To Hong Kong or Macao

An employee of the Mainland of China who works in a headquarters or regional headquarters and goes to Hong Kong or Macao for commercial purposes may apply for a “Two-way Travel Pass to Hong Kong/Macao” valid for multiple trips.

(2) To Taiwan

An employee of the Mainland of China who works in a headquarters or regional headquarters and goes to Taiwan for commercial purposes may, in the case of providing the Permit for Entry into Taiwan and the approval document of the Taiwan Affairs Office of the State Council, have the priority to apply for a “Two-way Travel Pass of the Mainland Resident to Taiwan” upon strength of his Nanjing residence belongingness certificate and identity certificate.

(3) To go abroad

An employee of the Mainland of China who works in a headquarters or regional headquarters and goes abroad for commercial purpose may apply for a passport in Nanjing upon strength of his Nanjing residence belongingness certificate and identity certificate.

Article 15 The foreigners who work in the headquarters or regional headquarters established by foreign transnational companies in Nanjing may enjoy the following policies:

(1) Where a foreigner who works in the headquarters of a foreign transnational company established in Nanjing needs to enter China and stay temporarily for more than one time, he may apply for a visa valid for multiple entries for one year; while if he is a foreign senior manager or high-tech professional who needs to enter China and stay temporarily for more than one time, he may apply for a visa valid for multiple entries for two to five years in accordance with legal provisions.

(2) A foreign legal representative, general manager, vice general manager, chief financial officer or other foreign senior manager or high-tech professional who needs to work in the headquarters or regional headquarters of an enterprise and to reside for a long time may, in accordance with legal provisions, apply for a foreigner residence permit valid for two to five years.

(3) Where a foreigner who is invited by the headquarters or regional headquarters of an enterprise to come to Nanjing temporarily fails to apply to the Chinese embassy or consulate stationed in his home country for a visa in time due to an emergent cause, he may, in accordance with relevant provisions of China, apply to the port visa department of the Provincial Department of Public Security for a port visa (excluding the citizens from the countries refusing to accept port visa as required by legal provisions).

Article 16 The present Provisions shall come into force on the date of promulgation, and be effective for five years.