



Mark Subject: Notice on Issuing the "Administrative Measures for the Recognition of High-Tech Enterprises"

Index Number: 306-18-2008-744

Issuing Authority: Ministry of Science and Technology;
Ministry of Finance; State
Administration of Taxation

Date of 14 April 2008

Date of Publication: 28 April 2008

Issuance:

Document Guokefahuo [2008] No. 172

Validity: Repealed

Reference:

Notice on Issuing the "Administrative Measures for the Recognition of High-Tech Enterprises"

Guoke Fa Huo [2008] No. 172

To the Departments of Science and Technology, Departments of Finance, State Tax Bureaus, and Local Tax Bureaus of all Provinces, Autonomous Regions, Municipalities Directly under the Central Government, and Cities with Independent Planning Status:

Pursuant to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China and the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China, and with the approval of the State Council, the Administrative Measures for the Recognition of High-Tech Enterprises and its annex, Key High-Tech Fields Supported by the State, are hereby issued to you for implementation.

Annex: Administrative Measures for the Recognition of High-Tech Enterprises

Ministry of Science and Technology Ministry of
Finance State Taxation Administration 14
April 2008

Annex

Administrative Measures for the Recognition of High-Tech Enterprises

Chapter I General Provisions

Article 1 These Measures are formulated to support and encourage the development of high-tech enterprises, in accordance with the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (hereinafter referred to as the "Enterprise Income Tax Law") and the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China (hereinafter referred to as the "Implementing Regulations").

Article 2 For the purposes of these Measures, a high-tech enterprise refers to a resident enterprise registered within the territory of China (excluding Hong Kong, Macao and Taiwan regions) for more than one year, which continuously engages in research and development and the transformation of technological achievements within the scope of the "National Key Supported High-Tech Fields" (see Annex), thereby forming core independent intellectual property rights and conducting business operations based on such rights.

Article 3 The administration of high-tech enterprise recognition shall adhere to the principles of emphasising enterprise autonomy, encouraging technological innovation, implementing dynamic management, and upholding fairness and impartiality.

Article 4 High-tech enterprises recognised under these Measures may apply for preferential tax policies in accordance with the relevant provisions of the Enterprise Income Tax Law and its Implementing Regulations, the Tax Collection and Administration Law of the People's Republic of China (hereinafter referred to as the Tax Collection and Administration Law), and the Implementing Rules of the Tax Collection and Administration Law of the People's Republic of China (hereinafter referred to as the Implementing Rules).

Article 5 The Ministry of Science and Technology, the Ministry of Finance, and the State Taxation Administration shall be responsible for guiding, managing, and supervising the national high-tech enterprise recognition work.

Chapter II Organisation and Implementation

Article 6 The Ministry of Science and Technology, the Ministry of Finance, and the State Taxation Administration shall jointly form the National High-Tech Enterprise Recognition Management Leading Group (hereinafter referred to as the "Leading Group"). Its primary responsibilities shall be:

- (1) To determine the direction of national high-tech enterprise recognition management work and review reports on such work;
 - (2) To coordinate and resolve major issues arising in the implementation of recognition and related policies;
 - (3) To adjudicate major disputes arising in high-tech enterprise recognition matters, and to supervise and inspect recognition work in all regions;
 - (iv) To propose rectification measures for regions where significant problems arise in the high-tech enterprise recognition work.
- Article 7 An Office shall be established under the Leading Group. The Office shall be located within the Ministry of Science and Technology, and its principal responsibilities shall be:

- (1) Submitting reports on the administration of high-tech enterprise recognition;
- (2) To organise and implement inspections of the administration of high-tech enterprise recognition;
- (3) Managing the filing of expert qualifications for high-tech enterprise recognition work;
- (iv) Establishing and managing the "High-Tech Enterprise Recognition Management Network";
- (v) Performing other duties assigned by the Leading Group.

Article 8 The science and technology administrative departments of provinces, autonomous regions, municipalities directly under the central government, and cities with independent planning status shall, in conjunction with their respective finance and taxation departments, form the local high-tech enterprise recognition management bodies (hereinafter referred to as **"Recognition Bodies"**). These bodies shall carry out the following tasks in accordance with these Measures:

- (1) Responsible for the recognition of high-tech enterprises within their respective administrative regions;
- (2) Accepting applications from enterprises for re-examination of their high-tech enterprise status;
- (iii) Overseeing the supervision and inspection of recognised enterprises, receiving, verifying, and handling relevant reports;
- (4) Select experts to participate in the high-tech enterprise certification process and report their details to the Leading Group Office for record-keeping.

Article 9: Upon obtaining high-tech enterprise status, enterprises shall apply to the competent tax authority for tax reduction or exemption procedures in accordance with Article 4 of these Measures.

High-tech enterprises enjoying tax reduction or exemption benefits shall report to the competent tax authority within 15 days of any change in the conditions for such benefits. Should they no longer meet the conditions for tax reduction or exemption, they shall fulfil their tax obligations in accordance with the law. Where taxes are not paid in accordance with the law, the competent tax authority shall pursue recovery. Concurrently, if the competent tax authority discovers during the implementation of preferential tax policies that an enterprise does not possess high-tech enterprise status, it shall request the certifying body to conduct a review. During the review period, the enterprise's entitlement to tax reduction or exemption benefits may be suspended.

Chapter III: Conditions and Procedures

Article 10: Recognition as a high-tech enterprise requires simultaneous fulfilment of the following conditions:

- (1) Enterprises registered within the territory of China (excluding Hong Kong, Macao, and Taiwan regions) must possess independent intellectual property rights for the core technologies of their principal products (services), acquired through independent research and development, transfer, donation, merger and acquisition, or through an exclusive licence agreement of five years or longer within the preceding three years.
- (2) The products (services) must fall within the scope defined in the National Key Supported High-Tech Fields;
- (3) Personnel with college diplomas or higher qualifications constitute over 30% of the enterprise's total workforce for the current year, with R&D personnel accounting for over 10% of the total workforce for the current year;
- (iv) The enterprise has continuously engaged in research and development activities to acquire new scientific and technological knowledge (excluding humanities and social sciences), creatively apply such knowledge, or substantially improve technologies, products (services). The total R&D expenditure over the preceding three fiscal years as a proportion of total sales revenue must meet the following requirements:

1. For enterprises with sales revenue below RMB 50 million in the most recent year, the ratio shall not be less than 6%;
2. For enterprises with sales revenue between RMB 50 million and RMB 200 million in the most recent year, the ratio shall not be less than 4%;
3. For enterprises with sales revenue exceeding RMB 200 million in the most recent year, the ratio shall not be less than 3%.

Of this total, the proportion of R&D expenditure incurred within China must not be less than 60% of the total R&D expenditure. For enterprises established for less than three years, the actual period of operation shall be used for calculation;

(v) Revenue from high-tech products (services) shall constitute over 60% of the enterprise's total annual revenue;

(vi) The enterprise's indicators concerning R&D organisational management, scientific and technological achievement transformation capabilities, number of independent intellectual property rights, and growth rates of sales and total assets shall meet the requirements stipulated in the "Guidelines for the Administration of High-Tech Enterprise Recognition" (to be separately formulated).

Article 11 The procedure for high-tech enterprise recognition shall be as follows:

(1) Enterprise Self-Assessment and Application

Enterprises shall log in to the "High-Tech Enterprise Recognition Management Network" and conduct a self-assessment against the criteria specified in Article 10 of these Measures. Enterprises deemed to meet the recognition criteria may submit an application to the recognition authority.

(2) Submission of the following application materials

1. Application Form for High-Tech Enterprise Recognition;
2. Copy of the enterprise's business licence and tax registration certificate;
3. Certificates of intellectual property rights (exclusive licence agreements), production approvals, documentation verifying new products or technologies (novelty search), product quality inspection reports, proof of provincial-level or higher science and technology project approvals, and other relevant supporting materials;
4. Statement detailing the number of employees, educational background structure, and proportion of R&D personnel within the enterprise;
5. Statement of research and development expenditure for the enterprise's most recent three financial years (or actual operating period if less than three years), certified by a qualified intermediary, accompanied by explanatory materials on R&D activities;
6. Financial statements for the preceding three fiscal years (including balance sheet, income statement, cash flow statement; where the enterprise has been in operation for less than three years, the actual period of operation shall apply) and a statement of technical income, all certified by a qualified intermediary;

(3) Compliance Review

The certifying authority shall establish a pool of expert reviewers for high-tech enterprise certification. Based on the enterprise's application materials, experts shall be selected from this pool to review the applicant enterprise and provide certification opinions.

(iv) Recognition, Public Notice and Filing

The certifying authority shall grant certification to the enterprise. Certified high-tech enterprises shall be publicly displayed on the "High-Tech Enterprise Certification Management Network" for 15 working days. Where no objections are raised, the results shall be submitted to the Leading Group Office for filing, announced on the "High-Tech Enterprise Certification Management Network", and the enterprise shall be issued with a uniformly printed "High-Tech Enterprise Certificate".

Article 12: The qualification of a high-tech enterprise shall be valid for three years from the date of certificate issuance. Enterprises shall submit a re-examination application within three months prior to the expiry date. Failure to submit an application or unsuccessful re-examination shall result in the automatic expiry of the high-tech enterprise qualification.

Article 13: For re-evaluation, enterprises must submit a report detailing their technological innovation activities, including research and development, over the preceding three years.

The review shall focus on verifying the requirements of Article 10(4). Enterprises meeting the criteria shall undergo public notification and filing in accordance with Article 11(4).

The qualification of high-tech enterprises that pass the review shall be valid for three years. Upon expiry, enterprises that reapply for recognition shall proceed in accordance with the provisions of Article 11 of these Measures.

Article 14: Should significant changes occur in the business operations or production technology activities of a high-tech enterprise (such as mergers, acquisitions, restructuring, or change of business), the enterprise shall report to the recognition management authority within fifteen days. If the enterprise no longer meets the conditions stipulated in these Measures after such changes, its high-tech enterprise qualification shall be terminated from the current year. Should the enterprise need to apply for high-tech enterprise recognition, it shall proceed in accordance with the provisions of Article 11 of these Measures.

Where a high-tech enterprise changes its name, the recognition authority shall confirm the change, and upon public notification and filing, shall reissue the recognition certificate with the same number and validity period.

Chapter IV Penalties

Article 15: The qualification of a recognised high-tech enterprise shall be revoked if any of the following circumstances arise:

- (1) Providing false information during the application process;

- (2) Engaging in tax evasion or fraud;
- (iii) Entities that have caused major safety or quality incidents;
- (iv) Engaging in environmental or other illegal activities and being penalised by relevant authorities.

Enterprises whose high-tech enterprise status has been revoked shall not be accepted for re-certification by the certifying authority for a period of five years.

Article 16: All institutions and personnel involved in the high-tech enterprise recognition process shall uphold integrity and compliance obligations in their respective duties, and maintain confidentiality regarding the information submitted by applicant enterprises. Violations of the relevant requirements and disciplinary rules governing the high-tech enterprise recognition process shall be subject to appropriate disciplinary action.

Chapter V Supplementary Provisions

Article 17 The original "Criteria and Procedures for the Recognition of High-Tech Enterprises Outside National High-Tech Industrial Development Zones" (Guokefahuozhi [1996] No. 018) and the original "Criteria and Procedures for the Recognition of High-Tech Enterprises Within National High-Tech Industrial Development Zones" (Guokefahuozhi [2000] No. 324) shall cease to be implemented from the date of implementation of these Measures.

Article 18. The Ministry of Science and Technology, the Ministry of Finance, and the State Taxation Administration shall be responsible for interpreting these Measures.

Article 19 The Ministry of Science and Technology, the Ministry of Finance, and the State Taxation

Administration shall separately formulate the "Guidance on the Administration of High-Tech Enterprise

Recognition". Article 20 These Measures shall come into effect on 1 January 2008.

Appendix: Key High-Tech Fields Supported
by the State

1.

[National Key High-Tech Fields Supported
by the State.doc](#)

Scan to view on mobile



[\[Enlarge
font\]](#)

[\[Reduce Font
Size\]](#)

[\[Print\]](#)

[\[Close
Window\]](#)

[\[Return to
top\]](#)



Copyright: Ministry of Science and Technology of the People's Republic of China

Office Address: No. 15 Yi, Fuxing Road, Haidian District, Beijing | Contact Us

Postal Address: No. 15-B, Fuxing Road, Haidian District, Beijing | Postcode: 100862

ICP Filing Number: Jing ICP Bei 05022684 | Website Identification Code: BM06000001 | Recommended browser: IE9.0 or above, or compatible browsers