

MOF Announcement on "Adjustment of Tax Incentive Policies for Imported Large Power Wind Turbine System Key Components and Raw Materials"

(Author: MOF)

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To Provincial Financial Bureaus and Financial Inspection Offices:

In order to implement the State Council's import tax policies to accelerate China's manufacturing sectors, we now announce an adjustment to the tax policies for the import of large power wind turbine systems, key components, and raw materials as follows:

I. According to the joint announcement by MOF, NDRC, General Customs Administration and National Tax Bureau on the import tax for the manufacturing sectors (MOF/Customs/Tax [2007]11), from January 1st, 2008 the import tax and import VAT **will be** levied on imported key components and raw materials which will be used to develop and manufacture large power wind turbine systems by domestic manufacturers. The import tax and VAT will be returned later. . The returned import tax must be used by the enterprise for to support the enterprises' new product development and innovation capacity building.

II. The large power wind turbine systems referred to in this announcement are wind turbine generating systems with unit power capacity no less than 1.2MW. Enterprises applying for the import tax incentives should be qualified as follows:

1. Capacity for designing and manufacturing large power wind generating systems and key components;
2. Sufficient technical staff capacity;
3. Strong capacity to introduce and transform advanced wind turbine technologies;
4. Well developed market and sufficient customer base;
5. Annual sales of at least 50 complete wind turbines units (excluding control systems), or 150 blades, or 50 generator/gearbox units. This requirement may be waived for new companies or companies in the early stages of development provided proof can be provided that these sales levels will be reached with a relatively short period of time.

III. For the import components and materials that qualify for this incentives, please see the attached list. The list of qualifying products may be adjusted at various intervals according to the number of applications received, policy implementation and national capacity improvement.

IV. Qualified enterprises as paragraph II can send in their request according to the document-MOF/Customs/Tax[2007]11 for tax returns if they need to import the listed key components and raw materials.

V. Starting from May 1, 2008, the import tax exemption will cease for import of wind generation

systems less than 2.5MW (Tax series No. 85023100) for newly approved domestic and joint venture projects.

For domestic investment and joint venture projects approved before May 1, 2008, the imported wind turbine systems will continue to implement the Statute Council Announcement on Import Tax (State Council [1997]37) until November 1, 2008. The import tax exemption will cease after November 1, 2008 for import of wind generation systems less than 2.5MW (Tax series No. 85023100).

For imported equipment used by foreign investment projects in Central and Western areas of China, foreign government loan projects, international financial organization loan projects, and for foreign enterprises' provided "no-price" imported equipment, the first two paragraphs in this article will apply.

Attachment: Import tax return good list for large power wind turbine system key components and raw materials.

<http://www.cresp.org.cn/english/encontent.asp?id=994>