

# **China**

## **Free Trade Zones**

## A total of 15 F.T.Z

- Shanghai Waigaoqiao FTZ
- Tianjin FTZ
- Shenzhen FTZ (Futian, Shatoujiao, Yantiangang)
- Xiamen Xiangyu FTZ
- Dalian FTZ
- Zhangjiagang FTZ
- Ningbo FTZ
- Fuzhou FTZ
- Qingdao FTZ
- Guangzhou FTZ
- Shantou FTZ
- Haikou FTZ
- Zhuhai FTZ

## Benefits brought by the FTZ

- Application for the following licenses permitted:  
Manufacturing, trading, warehousing, export processing, exhibition agency
- Under bonded status, goods are not subject to import duties or import/export license
- In general, EDI link between Customs and companies can be applied
- Foreign currency settlement allowed
- Possibility to open foreign currency account
- TAX benefit
  - Companies engaged in export processing are no subject to the income tax (15%) from the first year of operation up to until profits are made.
  - From 3<sup>rd</sup> to 5<sup>th</sup> year, 50% of normal income tax level are levied
  - Transactions within F.T.Z or export transactions are exempted of VAT.

## Benefits to the companies registered in F.T.Z

- Free of import duties, VAT, and consumption tax
  - Self-used machinery, equipments, construction materials and office equipment
  - Imported processing raw materials, spare parts, fuels, packing materials
  - Transit goods stored in warehouse
  - *Finished goods made from imported raw materials can be sold on the domestic market. Import duties and VAT are imposed based on finished goods.*
  
- Both bonded and non-bonded goods can be stored inside F.T.Z warehouses

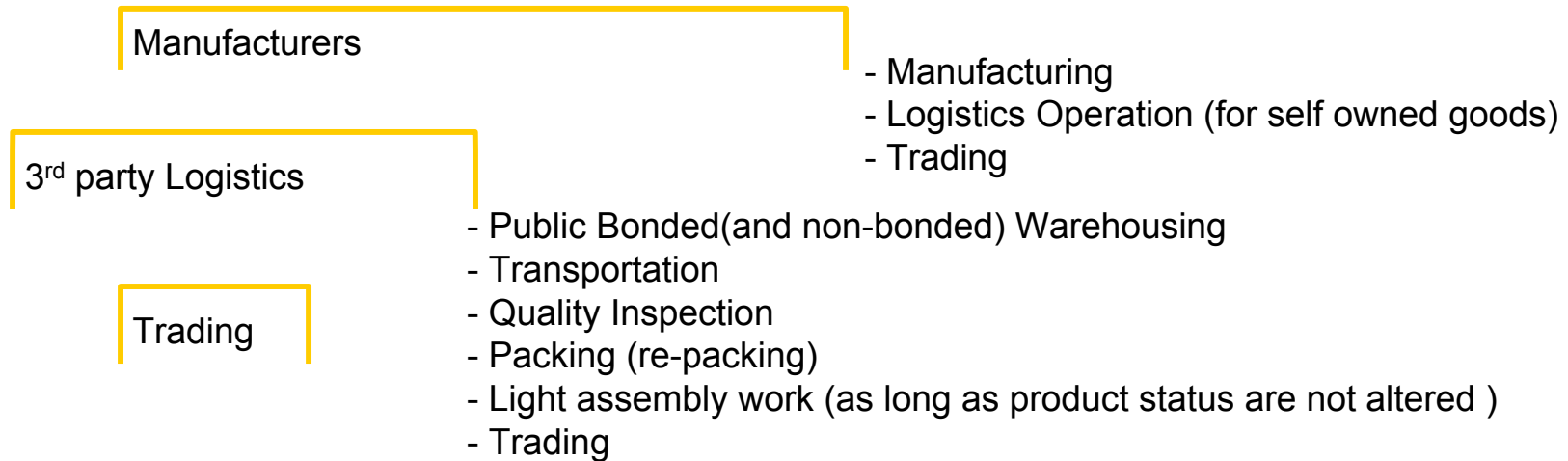
## F.T.Z Business Entities

Overseas

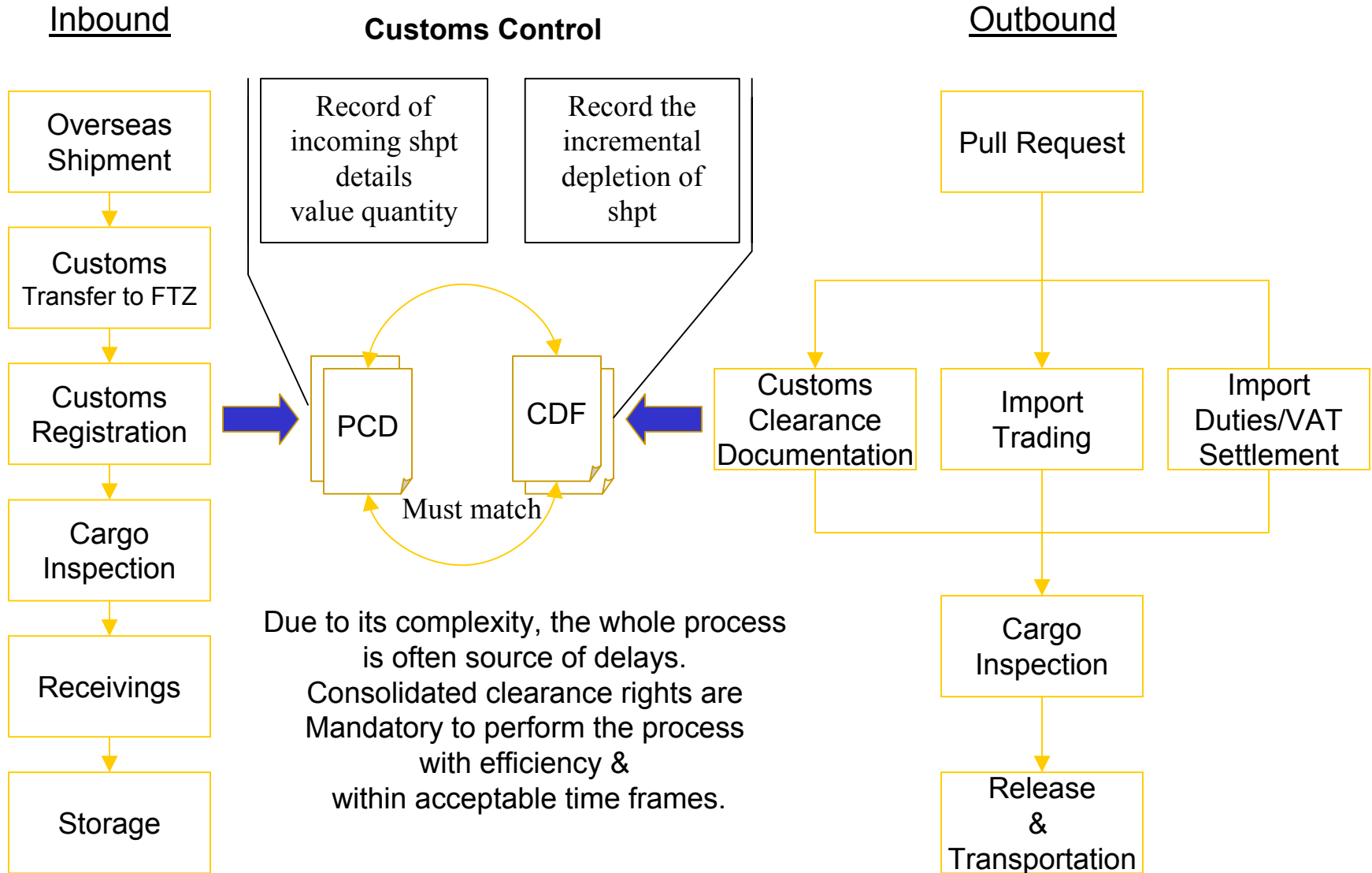
F T Z	Customs Broker Company		
	3PL	Manufacturers	Trading Co.
	Import / Export Trading Agency		
	Customs Broker Company		

China Domestic Area

## Business licence and scope of work for F.T.Z business entities



## Typical operation flows



## Who is doing what in the FTZ.

### **FTZ Development Companies**

Government appointed entities, FTZ development companies are in charge of the Promotion of the FTZ to foreign inventors. Very familiar with the FTZ related policies and regulations, they are well introduced with governmental authorities like customs.

Official sponsors of foreign investors, they can bring valuable help to the setup of companies.

### **Customs broker**

Provide all Customs registration and clearance services. Familiar with local Customs houses, they can be very helpful in helping you to design an efficient clearance operation mode and processes.

## Who is doing what in the FTZ.

### Import and Export Trading Agencies

Government appointed FTZ Import/Export agents, they act as the mandatory link with the domestic market as all transactions are processed through those agents.

They enable the conversion of RMB into foreign currencies.

They act as an I.E company that enable trade with domestic companies who do not enjoy international trading license.

Supported by FTZ development companies, they help in applying for import license and in obtaining import quotas.

### Third Party Logistics Company

Familiar with FTZ logistics operations. Provide public bonded (and non-bonded) warehousing services.

Through their sub-contractors, they are able to provide a large range of logistics services including warehousing, transportation, customs clearance processing, assembling, and trading services.

In general, 3PL do not take title to the goods.