

Contents:

1. The Zhuhai-Macao Cross-border Industrial Zone and the customs checkpoint went into operation
2. The “Seminar on the Mutual Development and Cooperation between the Mainland and Macao’s Convention and Exhibition sectors under the framework of CEPA” was held in Macao
3. The Director and officials from Macao Economic Services visited the Economic and Trade Commission of Guangdong Province to strengthen cooperation between Guangdong and Macao
4. Six newly added goods of Macao origin can enjoy zero tariffs benefits on exportation to China under CEPA on the second half of the year
5. The State Administration of Taxation of the People’s Republic of China announced “Interim Measures on the Self-Declaration of Personal Income Tax”
6. New requirements on shareholding ratios of foreign investments in the commercial fields for Hong Kong and Macao service suppliers

Editor’s Notes

To promote the competitiveness of Macao’s convention and exhibition industry through making use of the advantages of CEPA, the Ministry of Commerce of the People’s Republic of China, the Macao Economic Services and Macao Trade and Investment Promotion Institute (“IPIM”) jointly organized a “Seminar on the Mutual Development and Cooperation between the Mainland and Macao’s Convention and Exhibition sectors under the framework of CEPA”. The meeting strengthened the knowledge of Macao’s convention and exhibition operators on relevant laws, regulations and operations in China and benefited the cooperation exchanges between the convention and exhibition sectors of China and Macao in keeping up with mutual development.

Macao and Guangdong Province have forged close economic ties over the last decades. Against this backdrop, the Director of Macao Economic Services, along with other officials, recently paid visits to several major economic and trade management departments of Guangdong province to explore the possibilities of further cooperation between the two places.

Meanwhile, the Zhuhai-Macao Cross-Border Industrial Zone was launched into operation, providing a new business mode for Macao industries and buttressing the

government's policy of moderate industrial diversification.

1. The Zhuhai-Macao Cross-border Industrial Zone and the customs checkpoint went into operation

The Zhuhai-Macao Cross-Border Industrial Zone and customs checkpoint went into operation on 8th December. Mr. Edmund Ho Hau Wah, the Chief Executive of the Macao Special Administrative Region, Mr. Huang Huahua, Governor of the Guangdong Province, Mr. Francis Tam Pak Yuen, Secretary for the Economy and Finance of the MSAR, Mr. Sou Tim Peng, Acting Director of the Macao Economic Services, together with other officials, attended the opening ceremony of the Zhuhai-Macao Cross-Border Industrial Zone and the customs checkpoint, marking the operation of the first cross-border industrial area in the whole country. The total area of the first stage of the Zhuhai-Macao Cross-border Industrial Zone is 0.4 km², of which the Zhuhai park occupies around 0.29 km², while the Macao park takes up approximately 0.11km². The two parks of the Industrial Zone adopt different management systems. The Zhuhai park, which is an extension of the Zhuhai Free Trade Zone, will be operated as a Free-Trade-Zone and managed as a closed area. On the other hand, the Macao park is managed in accordance with relevant laws and policies of Macao. Goods made in the Zhuhai park can be sold domestically in line with Free Trade Zone policies, while



Mr. Edmund Ho Hau Wah, Chief Executive of the MSAR, and Mr. Huang Huahua, Governor of the Guangdong Province, attended the opening ceremony of the Zhuhai-Macao Cross-Border Industrial Zone. (Courtesy photo from the Government Information Bureau)

products made in the Macao park enjoy zero-tariffs benefits for domestic sales in accordance with CEPA regulations. The customs checkpoint of the Zone is open 24-hours. Imports and exports can be declared at one checkpoint but subsequent clearance is allowed at different customs checkpoints.

At present, there are 21 companies settling in the Zhuhai park, with 13 companies coming from Macao. 13 companies are now under construction, including companies engaging in textile and garment manufacturing, gold and silver accessory processing, logistics and distribution services, printing materials manufacturing, etc. On the side of

the Macao park, 7 projects involve factory construction , while 20 firms, which engage in manufacturing of medical and health care products, computer parts, environmental products, gambling products, etc., are leasing premises constructed by the Macao government.

2. The “Seminar on the Mutual Development and Cooperation between the Mainland and Macao’s Convention and Exhibition sectors under the framework of CEPA” was held in Macao

With the implementation of the Supplement III to CEPA from 1st January next year, entry requirements for convention and exhibition services have been further relaxed, allowing Macao service suppliers to establish wholly-owned, joint ventures or cooperative enterprises in the Mainland to provide services for organizing exhibition businesses to Macao and Hong Kong. To help the enterprises in the trade better understand the new measures, the Department of Taiwan, Hong Kong and Macao Affairs of the Ministry of Commerce of the People’s Republic of China, Macao Economic Services and the Macao Trade and Investment Promotion Institute (IPIM) jointly held the “Seminar on the Mutual Development and Cooperation between the



Mainland and Macao senior officials in the cooperation seminar.

Mainland and Macao’s Convention and Exhibition sectors under the framework of CEPA” at the Macao World Trade Centre on 15th November. Mr. Jiang Zhijian, Deputy Director of the Department of Foreign Investment Administration of the Ministry of Commerce of the PRC, and Mr. Zhang Baojun, Vice Minister of the Exhibition Department of the China Council for the Promotion of International Trade of the



Mainland officials and Macao delegates delivered speeches in the cooperation seminar.

People’s Republic of China-CCPIT, detailed the CEPA liberalization policies on the convention and exhibition sector, relevant management measures for setting up foreign-invested convention and exhibition companies in the Mainland, the development situation of the convention and exhibition industry in China, the development trends of Mainland

enterprises organizing conventions and exhibitions outside of China and cooperation situation of the convention and exhibition industries between Macao and the Mainland. In addition, Ms. Zhang Xiaoyue, General Manager of the Exhibition and Advertising Department of China National Electronics Import and Export Corporation (CEIEC), and Mr. Jin Zhongyun, Chairman of the Macao Convention and Exhibition Association, gave presentations to share their experiences on organizing outbound exhibitions in Hong Kong and Macao for Mainland companies, the respective operational practices, prospects for future development of the Macao Convention and Exhibition sector, and the challenges and opportunities surfaced in the market.

3. The Director and officials from Macao Economic Services visited the Economic and Trade Commission of Guangdong Province to strengthen cooperation between Guangdong and Macao

Mr. Sou Tim Peng, Acting Director of Macao Economic Services, together with three officials, visited the Economic and Trade Commission of Guangdong Province, the Department of Foreign Trade and Economic Cooperation of Guangdong Province, and the Administration for Industry and Commerce of Guangdong Province at the end of November and received warm reception from those departments.



Mr. Sou Tim Peng, Acting Director of the Macao Economic Services, and other MES officials met with Mr. Chen Bing, Secretary Chief of the Economic and Trade Commission of Guangdong Province and other senior officials from the Commission.

The visit sought to strengthen communication between relevant departments of Guangdong and Macao and to exchange opinions upon their future cooperation. The Macao Economic Services delegation firstly visited the Economic and Trade Commission of Guangdong Province and met with Mr. Chen Bing, Secretary Chief of the Economic and Trade Commission of Guangdong. Both sides exchanged opinions on the direction for future cooperation and agreed that the main focus in the near future would be to intensify cooperation on trade in services under CEPA. Also, the communication mechanism will be enhanced in the coming year to promote preferential industrial cooperation and bilateral visits of industries between Guangdong and Macao. Later, the Macao Economic Services delegation visited the Department of Foreign Trade and Economic Cooperation of Guangdong Province and the Administration for Industry and

Commerce of Guangdong Province and were warmly received by Mr. Wu Jun, Deputy Director General of the Department of Foreign Trade and Economic Cooperation of Guangdong Province, and Mr. Zhong Wei-quan, Deputy Director of the Administration



Mr. Sou Tim Peng, Acting Director of the Macao Economic Services, visited the Department of Foreign Trade and Economic Cooperation of Guangdong Province (above) and the Administration for Industry and Commerce of Guangdong Province (below).

for Industry and Commerce of Guangdong Province. During the visit, the Macao delegation shared and exchanged opinions with their Guangdong counterparts on strengthening cooperation between Guangdong and Macao in the future. The Macao delegation also paid a visit to the “One-Stop Service” business hall of the Department of Foreign Trade and Economic Cooperation of Guangdong Province and the registration hall of the Guangdong Provincial Administration for Industry and Commerce in order to learn more about the public-friendly “One-Stop” registration procedures under CEPA facilitation measures. To summarize, the exchange activity strengthened the connection and communication among relevant departments of Guangdong and Macao and laying solid foundation for the cooperation between both sides.

4. Six newly added goods of Macao origin can enjoy zero tariffs benefits on exportation to China under CEPA on the second half of the year

In accordance with the Supplement II to CEPA, the Macao Economic Services and the General Administration of Customs of the People’s Republic of China have concluded negotiations on the Rules of Origin for the Macao products applied for zero-tariffs preferential treatment for the second half of 2006 before 1st December and have announced the relevant rules to the public. A total of 6 items are included in this batch of goods, namely: coffee substitutes, Butanone (methyl ethyl (A) ketone), other paints of dispersed or soluble on non-water media, varnish solutions, detergents, stamps for collection purposes and other postal products etc. The relevant rules of origin will come into effect on 1st January 2007, thus confirming an increase to 631 items of zero-tariff products from the previous 625 products.

Furthermore, the rules of origin for the CEPA zero tariffs products of “Perfumes and toilet waters”, “Lip make-up preparations”, “Eye make-up preparations”, “Manicure or pedicure preparations” and “ other beauty or make-up preparations and preparations for

the care of the skin” were changed as “Manufacture from natural or chemical ingredients. The principal processes are mixing, blending or emulsification according to specific formulae or instructions to cause chemical transformation of ingredients.” For more information, please refer to the announcement of the “Schedule on Rules of Origin for Macao Goods Benefiting from Zero Tariff from 1st January 2007” on the website of the Macao Economic Services. (<http://www.economia.gov.mo>)

5. The State Administration of Taxation of the People’s Republic of China announced “Interim Measures on the Self-Declaration of Personal Income Tax”

The State Administration of Taxation of the People’s Republic of China promulgated the “Measures on the Self-Declaration of Personal Income Tax (2005)” on 6th November 2006. The Measures govern the declarer, declaring content, location, time frame, modes, managements, legal responsibilities and implementation time of filing individual income tax declaration. The Measures state 5 circumstances under which that taxpayers should file declaration for personal income tax: (1) having an annual income of over RMB120,000 (effective as of 1st January 2006); (2) receiving incomes in the form of wages or salaries in two or more locations within the territory of China; (3) receiving incomes outside the territory of China; (4) receiving taxable incomes which should be but has not yet been taxed; (5) other situations stipulated by the State Council of the People’s Republic of China. The declaration rules of the above mentioned items (2), (3), (4) will come into effect on 1st January 2007.

The annual income of over RMB120,000 stated in the Measures is referred to as a total income of RMB120,000 or above that is received by taxpayers in the form of wages, salaries, and production, or income from operation of sole proprietorship, contracts and lease operations of companies, labor remuneration, property leasing, and transfers of ownership, etc. within a tax year. The Measures require that taxpayers, regardless of whether they have paid up the taxes on all sources of incomes, should complete the declaration within 3 months after the end of the relevant tax year. The Measures also clearly stipulate the legal liabilities of not declaring taxes within the stipulated period.

The self-declaration forms can be downloaded from:

<http://www.chinatax.gov.cn/n480462/n480498/n575817/n3854715.files/n3858561.DOC>

For the content of the Measures, please also refer to:

<http://www.chinatax.gov.cn/n480462/n480498/n575817/3854715.html>

6. New requirements on shareholding ratios of foreign investments in the commercial fields for Hong Kong and Macao service suppliers

The Ministry of Commerce of the People's Republic of China promulgated the "Supplementary Provisions (II) to the Measures for the Administration on Foreign Investment in the Commercial Field", which set out supplementary regulations on issues arising from investment in the commercial fields by Hong Kong and Macao service suppliers. With regards to operators opening more than 30 shops in the Mainland with products including books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, chemical fertilizers, staple foods, vegetable oil, edible sugar, cotton, of different brands and from different suppliers, Hong Kong and Macao service suppliers are permitted to have majority holdings not exceeding 65% in terms of the total capital. The Measures are effective on 1st December 2006.

The Measures also require that Hong Kong and Macao service suppliers must comply with the definition of "Service Supplier" and related requirements stipulated in the "Mainland and Hong Kong Closer Economic Partnership Arrangement" and the "Mainland and Macao Closer Economic Partnership Arrangement". Hong Kong and Macao service suppliers must also adhere to the "Measures for the Administration on Foreign Investment in Commercial Fields" on other matters concerning investments in the commerce sector in the Mainland.

For more information, please refer to the website of the Ministry of Commerce of the PRC: www.mofcom.gov.cn/aarticle/b/c/200611/20061103769832.html