

## Summary of Preferential Corporate Income Tax Refund and Exemption Policies in Shanghai

To encourage enterprise development, particularly supporting technological innovation, key industries, and the growth of small and micro enterprises, Shanghai has implemented a series of preferential corporate income tax policies. It is important to note that tax policies are primarily formulated at the national level, and the Shanghai tax authorities are responsible for their implementation, providing some financial support or facilitation measures within the national policy framework combined with local realities.

The following summarizes the main corporate income tax preferential policies currently available in Shanghai, with a table summarizing the key policies:

Policy Category	Policy Name	Main Preferential Content
Regional Preference	Lingang New Area Key Industry CIT Preference	Reduced CIT rate of 15%
Industrial Preference	High-Tech Enterprise Tax Preference	Reduced CIT rate of 15%
	Software/IC Design Enterprise Tax Preference	"Two exemptions, three half-rate reductions" etc.
Universal Preference	Small and Micro Enterprise Tax Preference	Annual taxable income $\leq$ 1M RMB: 5% rate; 1M-3M RMB: 10% rate
Tax Base Preference (Additional Deductions)	R&D Expense Super Deduction	100% pre-tax deduction + 100% additional deduction (100% for manufacturing, tech SMEs)
	Basic Research Investment Tax Preference	100% pre-tax deduction + 100% additional deduction for basic research expenditures
	Creative Design Expense Super Deduction	Additional deduction for expenses related to creative design activities for innovative products
Tax Credit Preference	Environmental/Energy Saving/Safety Equipment Investment Credit	10% of specialized equipment investment amount can be credited against current year's tax payable

### How to Apply and Important Notes

1. Self-assessment, Declare and Enjoy, Retain Supporting Documentation: This is the primary method for managing corporate income tax preferences. Enterprises should determine if they meet the preferential conditions based on their operations and national policies. Qualifying enterprises can enjoy the preferences by filling in the relevant sections of the Annual Corporate Income Tax Final Settlement form, but must retain all materials related to the preferential items for future inspection.
2. Some Preferences Require Prior Recognition/Filing: For example, high-tech enterprise qualification, Lingang New Area key industry enterprise qualification, etc., require enterprises to first submit application materials to the science and technology department or designated management agency. Only after passing the recognition or filing process can they enjoy the corresponding tax preferences. Enterprises in the Lingang New Area need to apply through the "Key Industry Enterprise Income Tax Preference Qualification Declaration Management System".
3. Pay Attention to Policy Timeliness and Stability: Many tax preferential policies have clear execution periods (e.g., some Lingang New Area policies are valid until the end of 2025, small and micro enterprise policies are typically clarified annually). Enterprises need to closely follow the latest policy notices published on the websites of the Ministry of Finance, the State Taxation Administration, and the Shanghai Municipal Taxation Bureau.
4. Refund of Overpaid Tax from Final Settlement: According to STA Announcement 2021 No. 34, if the corporate income tax prepaid during the tax year exceeds the tax payable calculated in the final settlement, taxpayers should apply for a refund promptly. The tax authorities will no longer mandatory

require offsetting against the next year's tax payable.

5. Shanghai-specific Financial Support: In addition to the above tax preferences, Shanghai municipality and its districts (e.g., Baoshan) and parks (e.g., Lingang New Area) may provide certain financial subsidies, rewards, or rebates to key enterprises (often based on the enterprise's local economic contribution). These policies are relatively flexible, and enterprises need to consult and negotiate with the local investment promotion department or park management unit based on their specific location and industry.