

➤ **Q: What is the time limit for enterprise income tax reductions and exemptions?**

A: The first profit-making year mentioned in the provisions providing tax reduction and exemption from the first profit-making year refers to the first tax year for the enterprises to make profits after the commencement of production or business operation of the enterprises. The losses incurred by the enterprises at the beginning may be carried forward to subsequent years according to tax law. Therefore, the first profit-making year shall be the year of any profit earned after completely offsetting of the losses. The tax exemption and reduction years should be counted consecutively and shall not be prolonged simply due to the reason of incurring losses in the middle of the period.

The enterprises with foreign investment that start business in middle of the year of making profits with the actual period of production or business operation less than 6 months may count the tax exemption and reduction period starting from the next tax year. The profits earned in the current year, however, should be subject to enterprise income tax according to law.



The copyright and/or other intellectual property rights of China Business Engine including related text, images, charts, sound, animation, and videos, and their arrangement on the China Business Engine website, are protected by copyright and other protective laws.

China Business Engine
Tel +86 21 52289730
Fax +86 21 5228-9730

Website
China site : www.cbize.com
Globe site : www.cbize.net