

Master Plan for Hainan Free Trade Port

Chinese government on 1st June released master plan for the Hainan Free Trade Port, aiming at transforming the southern island province into a flagship of China's Opening-up and a key opening door to the world. The master plan will benchmark Hainan with some of the world's high-level free trade ports, for examples, Hong Kong, Singapore and Dubai.

According to the master plan, a trade port system focusing on free and convenient flow of trade and investment will be 'basically established' in Hainan by 2025, and become 'more mature' in the following decade, and by 2025, Hainan shall develop into a high-level free trade port with strong global influence in all respects.

We have selected a few policy highlights and would like to share with Dutch companies who are interested to explore further opportunities in this southernmost province.

1. Before Year 2025, full implementation of Zero-Tariffs on the entire Hainan Island, which will be applied to import duties, import VAT and consumption tax.
2. Free flow through the first line (to Hainan Island) & efficient control at the second line (to mainland market). For the encouraged industries, products processed in Hainan with an added value of over 30% is entitled to exemption from duties when entering mainland market.
3. Relax Offshore Duty-free shopping policy, quota for offshore duty-free shopping will be increased from 30,000 RMB to 100,000 RMB per person per year, and the number of categories for duty-free products will be enriched as well.
4. Low Tax rates will be entitled to eligible talents and encouraged industrial enterprises, as for the former the personal income tax will be no higher than 15%, and for the corporate income tax, the maximum rate will be 15% as well. Both tax rates are competitive in comparison with other free trade ports such as Hong Kong (corporate income tax 7.5%-16.5%, personal income tax 0-15%) and Singapore (corporate income tax 17%, personal income tax 0-22%).
5. Industries from the following sectors will receive preferential supports (in terms of taxation and restriction) in Hainan:
 - Tourism
 - Modern service
 - New and High Tech
 - Retail (Duty Free Consumer Goods)
 - Cruise and Yacht
 - Cultural and Sports
 - Education
 - Landscaping (Island loop Scenic Highway design)
 - Shipping
 - Air Transportation
 - Finance Lease
 - Offshore Trading
 - Modern Finance
 - ICT
 - Advanced Manufacturing
 - Medical Services and Pharmaceuticals
 - Oil, Gas and Chemicals
 - Deep Sea Technology
 - Modern Tropical Agriculture
 - Aerospace
 - Headquarter Economy