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PRESS RELEASE

SAT Clarifies CIT Rules on Newly Established Cultural Enterprises

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The SAT has recently published a notice to clarify issues concerning enterprise income tax of newly established Cultural Enterprises: according to Clause 8 of the CAISHUI [2009] No.31[1] document and Clause 1 of the CAISHUI [2005] No.2[2] document, cultural enterprises that are newly established before 31 December 2008 with the encouragement of the government, commencing from their respective date of industrial and commercial registration, shall be exempt from three years' enterprise income tax, but the deadline for the enjoyment of this preference shall be 31 December 2010.

[1] Notice of the MOF, the GAC and the SAT on Several Tax Policy Issues to Support the Development of Cultural Enterprises

[2] Notice of the MOF, the GAC and the SAT on Several Tax Policy Issues to Support the Development of the Culture Industry in the Pilot Project for the Culture System Reform

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm is managed by Mr. Edward Lehman who is a long-time China resident, and is recognized as a leading expert on corporate law with 21 years of practice experience in Mainland China.

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