



# CHINA – November 2018

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**CHINA TO GIVE LAND TAX BREAKS TO TECHNOLOGY INCUBATION AND INNOVATION CENTRES AS PART OF BROAD POLICY DRIVE ..... 1**

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## **China to give land tax breaks to technology incubation and innovation centres as part of broad policy drive**

China will implement land tax exemptions for centers of technology incubation and innovation next year, as part of a broader move by Beijing to transform the country’s economy from factory of the world to a global tech powerhouse.

State- and provincial-level technology business incubators, university science parks and co-working innovation labs, will all enjoy land tax exemptions in the three years from 2019 to 2021, according to a joint statement last week from the China Ministry of Finance, State Administration of Taxation, China Ministry of Science and Technology as well as China Ministry of Education. Income from services and innovations generated by the centres will also be exempt from value-added tax.

The new policies come at the time when China is seeking to lift the country’s industries – from robotics and aerospace to new materials and new energy vehicles – up the value chain, replacing imports with local products and building global champions able to take on Western giants in cutting-edge technologies.

Chinese President Xi Jinping announced plans for a new equity bourse in Shanghai to help technology companies raise capital during his opening speech at the China International Import Expo on Monday. He also pledged more liberalisation to drive the world’s second-largest economy through a combination of innovation and capital.

“In the long run, the creation of the technology board on the Shanghai exchange will help build the city into China’s technological innovation centre,” Xi said.

Last month Xi said at a Politburo “group study” session on artificial intelligence that China must develop its own AI technology, saying it was important for economic development, social progress and global geopolitics. This is the first time that the Chinese leader has gathered the Politburo to study the technology and required the country to embrace it.

“AI is a vital driving force for a new round of technological revolution and industrial transformation, and accelerating AI development is a strategic issue to decide whether we can grasp opportunities,” Xi was quoted by Xinhua as saying.

The comments underscored Beijing’s continued ambition for technological dominance despite Washington’s allegations of theft and unfair practices in relation to intellectual property.

All of these measure are supportive of Beijing’s broad Made in China 2025 policy plan, which has become a lightning rod in the escalating trade war between the US and China. Sensing a threat to its global technological dominance, the US has seized on the plan as an example of what it sees as unfair state intervention in China's economy.

Beijing originally appointed four technology leaders – Baidu, Alibaba Group Holding, Tencent Holdings, and iFlyTek – as “national AI champions” to lead the development of innovation platforms in self-driving cars, smart cities, computer vision for medical diagnosis, and voice intelligence, respectively. Alibaba is the owner of the South China Morning Post.

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It later added Hong Kong start-up SenseTime to the list, which specialises in face- and image-recognition technology, to establish an AI innovation platform for intelligent vision.

China has recently tried to play down head-to-head confrontation with the US over AI.

Artificial intelligence needs to be viewed as an economic game-changer, whose benefits can be shared and potential problems solved globally, Chinese Vice-Premier Liu He told a September gathering of AI elites in Shanghai at the World Artificial Intelligence Conference (WAIC).

Meanwhile, Vice-President Wang Qishan said on Tuesday at a new economic forum in Singapore hosted by US billionaire Michael Bloomberg, that China is ready to engage with the US to resolve their months-long trade dispute.

“The Chinese side is ready to have discussions with the US on issues of mutual concern to push for a proposal acceptable to both sides to resolve their economic and trade issues,” he said.

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