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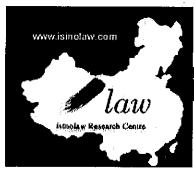
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## Taxation

#### Income Tax

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### VII. Preferential Tax Treatment

Domestic enterprises located in the national autonomous areas may enjoy tax rec exemptions. National autonomous areas refer to the autonomous regions, autonomous pre autonomous counties as stipulated in the Law of the PRC on Regional National Autonom Law, these autonomous areas with a concentration of minority nationalities may enjoy so autonomy. Nevertheless, as far as tax reduction and exemption are concerned, only the go provincial level and autonomous region level may sanction such preferential tax treatmen tax reductions and exemptions must with a fixed term. This is in accordance with the Administration of Tax Collection.

The Enterprise Income Tax Regulations also stipulate that enterprises may be eligible for t and exemptions, provided such reductions and exemptions are authorized by the provision: the Standing Committee of the NPC and the State Council. Unlike the Law of the PRC or for Enterprises with Foreign Investment and Foreign Enterprises (the "FIE & FE Income Ta) has been no law or regulation adopted to give preferential tax treatment to enterprises in with the trade such enterprises engaged in. As a result, preferential tax treatment may on by the local governments in the autonomous regions. It is arguable, however, that domesti in the SEZs, high technology development zones and other types of economic develo should be entitled to a lower income tax rate. Such zones offer an average of 15% ir enterprises with foreign investment. For the purpose of encouraging free competition, it is i domestic enterprises in such zones are treated equally with enterprises with foreign investm compatible with the spirit of the current tax reforms.

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