

science, technology, agriculture and medicine, and allow overseas high-level universities and vocational colleges specialized in science, technology, agriculture and medicine to run branches independently in Hainan FTP. Accordingly, the Ministry of Education and Hainan Province jointly issued the Implementing Plan for Supporting the Further Education Reform and Opening-up in Hainan, which clearly promotes the building of Hainan into a pacesetting island for international-oriented education and comprehensively furthers education reform and opening-up. Using Lingshui Li'an International Education Innovation Pilot Zone, Sanya Yazhou Bay Science and Technology City, Yangpu Economic Development Zone as bases, Hainan is attracting high-level universities and vocational colleges at home and abroad to open branches. Since April 13, 2018, Hainan has signed more than 130 education cooperation projects, with a total investment of more than RMB 40 billion, including contracting 45 well-known colleges and universities at home and abroad and 84 well-known primary and secondary schools to set up campuses in Hainan.

XII. Overseas personnel with overseas professional qualifications practicing in Hainan FTP

According to the Law of the People's Republic of China on Hainan Free Trade Port, Hainan FTP is implementing a unilateral recognition of overseas professional credentials. According to the List of Overseas Professional Credentials Recognized by Hainan Free Trade Port (2020), overseas personnel can apply for skill accreditation, and relevant departments of Hainan Province will issue valid work permits, including those for doctors, nurses, social workers, veterinarians, tour guides, architects, civil engineers, actuaries and real estate agents.

XIII. Relaxing restrictions on overseas personnel taking professional qualification examinations

According to the Law of the People's Republic of China on Hainan Free Trade Port, Hainan FTP is relaxing restrictions on overseas personnel taking professional qualification examinations. The List of Professional Qualification Examinations Open to Overseas Personnel of Hainan Free Trade Port (2020) allows overseas individuals to register for the professional qualification examinations of corresponding occupations and levels, including those for registered architects, supervising engineers, and licensed pharmacists.

XIV. Permitting foreign personnel to serve as legal representatives in statutory bodies, public institutions and state-owned enterprises

According to the Overall Plan for the Construction of Hainan Free Trade Port, eligible overseas personnel are allowed to serve as legal representatives of statutory institutions, public institutions and state-owned enterprises in Hainan FTP.

XV. Supporting high-level foreign talents to establish technology enterprises

The Overall Plan for the Construction of Hainan Free Trade Port proposes that, according to the development needs of Hainan FTP, Hainan will implement more open talent policies and stay and to foster talent clusters. Hainan will facilitate entry and exit of high-level foreign talents participating in investment, business, trade, and academic activities.

XVI. Adopting an import and export management system featuring free flow through the "first line" and efficient control at the "second line" at Yangpu Bonded Port Area, Haikou Comprehensive Bonded Zone, Haikou Airport Comprehensive Bonded Zone and other areas first

Before 2025, an import and export management system featuring free flow through the "first line"(between the boundaries of the Hainan FTP and other regions and countries outside China's customs territory) and efficient control at the "second line"(between Hainan Island and China's mainland) will be first adopted at Yangpu Bonded Port Area and other qualified areas under special customs supervision. Enterprises that have registered in Yangpu Bonded Port Area, Haikou Comprehensive Bonded Zone, Haikou Airport Comprehensive Bonded Zone and other specific areas as independent legal persons and have been put on record and meet the relevant conditions may conduct the following:

1. for output products produced by encouraged industrial enterprises without or with imported intermediary products, whose added value exceeds 30% (inclusive) after being processed at Hainan FTP, they are exempt from import tariffs when entering the rest of China from the "second line" (Hainan FTP);
2. the first-line declaration will be simplified, and the customs will directly release the import and relax the requirements for entry at the first line (from other countries and regions outside China's customs territory);
3. the development of international transit and less than container load (LCL) business will be supported;
4. freedom within Hainan FTP will be highlighted, and self-discipline management of enterprises will be implemented; and
5. residence and establishment of commercial facilities in Hainan FTP will not be prohibited.

60 Key Policies of the Overall Plan for the Construction of Hainan Free Trade Port

1. Maximum personal income tax of 15% for eligible talents.
2. Corporate income tax of 15% on encouraged industrial enterprises.
3. Exemption from import tariffs, import value-added tax and consumption tax on imported production equipment for enterprises' own use.
4. Exemption from import tariffs, import value-added tax and consumption tax on imported operational means of transport and yachts.
5. Exemption from import tariffs, import value-added tax and consumption tax on raw and auxiliary materials imported for production.
6. Exemption from import tariffs, import value-added tax and consumption tax on imported goods purchased by island residents.
7. Raising the quota for offshore duty-free shopping to RMB 100,000 per person per year and expanding the categories of duty-free products.
8. Exemption from corporate income tax on the income acquired from new foreign direct investment before 2025 for tourism, modern services and high-tech industry enterprises.
9. Allowing qualified capital expenditures to be fully tax-deducted; or to accelerate depreciation and amortization.
10. Tax exemption on imports and sales for overseas exhibits during the exhibition.
11. Products originating from Hainan, including output products whose added value exceeds 30% after the domestic processing of imported intermediary products, are exempt from import tariffs when entering the rest of China.
12. Allowing flights in and out of Hainan to refuel with bonded aviation fuel.
13. Export tax rebates on domestically built ships that are registered at Yangpu Port of China and engaged in international transport.
14. Allowing ships (those engaged in domestic and foreign trade) that transit at Yangpu Port of China to refuel with bonded oil.
15. Building Yangpu Port of China into an international port of registry.
16. Adopting a trial policy of tax rebates at the port of departure on goods that used Yangpu Port of China as a transit port.
17. Adopting an import and export management system featuring free flow through the "first line" and efficient control at the "second line" in Yangpu Bonded Port Area and other qualified zones.
18. Allowing overseas high-level universities and vocational colleges specialized in science, engineering, agriculture and medicine to open branches independently in Hainan.
19. Building Hainan into a pacesetting island for international-oriented education.
20. Establishing a multi-functional free trade account system.
21. Replacing prior review with posterior review for the banking sector on authenticity review of cross-border and new international trade.
22. Adopting a negative list of cross-border trade in services for Hainan FTP.
23. Granting enterprises access to the market with a prior commitment.
24. Adopting a special list of market access to Hainan FTP.
25. Adopting a negative list of foreign investment access to Hainan FTP.

26. Treating domestic and foreign enterprises as equals in government procurement.
27. Implementing a more convenient visa-free entry policy.
28. Using an individual's salary level as the main indicator to categorize talents.
29. Conducting a negative list management system on the issuance of work permits for foreign employees.
30. Permitting foreign personnel to serve as legal representatives in legal bodies, public institutions and state-owned enterprises.
31. Removing restrictions on overseas ship and aircraft financing.
32. Decentralizing the registration administration of foreign debts issued by enterprises in Hainan.
33. Expanding the scope of the cross-border asset transfer.
34. Prioritizing the support of listing Chinese enterprises overseas and requesting the Department of Education to provide a list of cooperative colleges and universities.
35. Allowing enterprises listed overseas to handle foreign exchange registration directly at banks.
36. Establishing the Intellectual Property International Exchange of Hainan.
37. Supporting overseas securities, funds, and futures institutions to set up wholly-owned or jointly-owned financial institutions in Hainan.
38. Supporting the establishment of property insurance, personal insurance and reinsurance companies, mutual insurance organizations and self-insurance companies.
39. Supporting the development of cross-border medical insurance products in cooperation with overseas institutions.
40. Supporting the construction of trading venues for international energy, shipping, property rights and equity stakes.
41. Enabling non-residents to participate in trading and fund settlement at trading venues.
42. Developing over-the-counter derivatives services.
43. Conducting cross-border asset management services.
44. Issuing Hainan provincial bonds globally.
45. Opening up value-added telecommunications services.
46. Conducting services of online data processing and transaction processing.
47. Opening up basic telecommunications services in a safe and orderly fashion.
48. Conducting the International Internet Data Interaction Pilot Project.
49. Expanding air traffic rights, including the Fifth Freedom and Seventh Freedom Rights of Air.
50. Building an international aviation hub.
51. Building a shipping hub for the New International Land-Sea Trade Corridor.
52. Building a regional medical center.
53. Building a national base featuring China's blockchain technology and industrial innovation.
54. Building a pilot zone for cruise ship tourism.
55. Building a pilot zone for reform, development and innovation of the yacht industry.
56. Building Hainan into an international Design Island.
57. Building an international cultural trade base of China.
58. Authorizing the Hainan government to manage and adjust the use of cultivated land, permanent basic farmland, forests and land for construction.
59. Granting greater autonomy to various industry organizations.
60. Formulating laws and regulations based on the reality of Hainan FTP construction.



Guidelines for Selected Policies of Hainan Free Trade Port



I. Maximum personal income tax of 15% for eligible talents

Before 2025, high–end talents and highly–demanded talents employed in Hainan FTP are entitled to the maximum personal income tax rate of 15%. Before 2035, for individuals who have accumulatively lived in Hainan FTP for 183 days within a tax year, their personal income tax is levied at three excess progressive tax rates of 3%, 10%, and 15% for their consolidated income and operating income earned within Hainan FTP.

An individual shall meet the following requirements to enjoy the policy from 2023 to 2025:

1. he/she has accumulatively lived in Hainan FTP for 183 days within a tax year and is a talent who is recognized by the talent management departments of Hainan Province at all levels, or his/her income obtained in Hainan FTP in a tax year reaches RMB 300,000 or more.

2. individuals engaged in special occupations (i.e. aviation, shipping, offshore oil and gas exploration) who have accumulatively resided in Hainan FTP for less than 183 days in a tax year, if they have paid the basic pension insurance premium (except for those exempted from payment in countries that have signed social security agreements with China) continuously for more than 6 months (including December of the current year) in a tax year in Hainan FTP in the capacity of an enterprise employee, and have signed a labor contract or employment agreement for more than 1 year with an enterprise or entity registered and substantially operating in Hainan FTP or can provide other supporting materials on labor and personnel relations under the same conditions.

II. Corporate income tax of 15% on encouraged industrial enterprises

Before 2025, for encouraged industries, enterprises registered and conducting substantive business activities in Hainan FTP are entitled to a reduced corporate tax rate of 15%. Before 2035, enterprises registered and conducting substantive business activities in Hainan FTP (excluding those in the negative list) are entitled to a reduced corporate tax rate of 15%.

An enterprise shall meet the following requirements to enjoy the policy before 2025:

- 1. it is registered in Hainan FTP;
- 2. it is conducting substantive business activities;
- 3. it is in an encouraged industry.

III. Special administrative measures for foreign investment access (negative list)

Hainan FTP has the shortest negative list of foreign investment access in China. According to the Overall Plan for the Construction of Hainan Free Trade Port, a negative list of foreign investment access to Hainan FTP Port shall be formulated and issued before 2025. Hence, on December 31, 2020, the National Development and Reform Commission and the Ministry of

Commerce issued the Special Administrative Measures for Foreign Investment Access to Hainan Free Trade Port (Negative List) (2020 Edition), with 27 articles in total, for implementation as of February 1, 2021.

IV. Negative list of cross–border trade in services

The special administrative measures for cross–border trade in services in Hainan FTP (negative list) is the first negative list published by China in the field of cross–border trade in services. According to the Overall Plan for the Construction of Hainan Free Trade Port proposes, Hainan will implement a negative list system of cross–border trade in services to remove various barriers existing under the mode of trade in services such as cross–border delivery, overseas consumption, and movement of natural persons, and grant national treatment to overseas service providers. Meanwhile, Hainan will adopt a system of payment and transfer of funds supporting cross–border trade in services. In terms of notification, qualifications, technical standards, transparency, regulatory consistency and others, Hainan will further optimize domestic regulations that are affecting the liberalization and facilitation of trade in services so as to reduce restrictions on cross–border trade in services. Besides, Hainan will take initiatives to standardize domestic rules and regulations that are affecting the facilitation of trade in services in key areas. Last, Hainan is to formulate and release a negative list of cross–border trade in services in Hainan FTP, and grant national treatment to overseas service providers. Therefore, in July 2021, with the approval of the Central Committee of the Communist Party of China and the State Council, the Ministry of Commerce issued the Special Administrative Measures for Cross–border Trade in Services in Hainan Free Trade Port (Negative List) (2021 Edition).

V. Measures for promoting trade liberalization and facilitation in Hainan FTP

According to the Overall Plan for the Construction of Hainan Free Trade Port, trade liberalization and facilitation should be achieved, and on the premise of effective supervision, a special customs supervision zone that features independent customs operation throughout Hainan Island should be built. For trade in goods, a system of liberalization and facilitation featuring "zero tariffs" should be implemented. With regard to trade in services, policy measures for liberalization and facilitation characterized by “letting firms in and letting them do business” should be implemented. In April 2021, 20 departments including the Ministry of Commerce, the General Administration of Customs and the State Administration of Market Supervision jointly issued the Circular on Measures for Promoting Trade Liberalization and Facilitation in Hainan Free Trade Port, which specifies 28 policies and measures, 13 of which focus on the freedom and facilitation of trade in goods and 15 on the freedom and facilitation of trade in services, and many policies are major groundbreaking.

VI. Several special measures to ease market access

According to the Overall Plan for the Construction of Hainan Free Trade Port, China will significantly ease market access to Hainan FTP. It is made clear in the key tasks by 2025 that a special list for Hainan FTP to ease market access will be rolled out. On April 7, 2021, the National Development and Reform Commission and the Ministry of Commerce issued the Opinions on Special Measures for Relaxing Control over Market Access to Support the Construction of Hainan Free Trade Port, which outlines 22 significant and specific measures in five major fields such as medical care, finance, culture and education, including supporting the development of securities, insurance and funds in Hainan, encouraging colleges and universities to transform scientific research achievements in Hainan and supporting well–known domestic colleges and universities to set up international campuses in Hainan.

VII. Exemption from import tariffs, import value–added tax and consumption tax on raw and auxiliary materials imported for production

Before 2025, the zero–tariff positive list management system will apply to raw and auxiliary materials imported for production within Hainan island, or for processing trade (or in the process of trade in services) of which final products would be exported to overseas markets, and the raw and auxiliary materials specified in the list will be exempt from import tariffs, import value–added tax and consumption tax. At present, a total of 356 8–digit HS code commodities listed in the Hainan Free Trade Port List of Zero–Tariff Raw and Auxiliary Materials and the Supplementary List of Raw and Auxiliary Materials Entitled to the "Zero Tariff" Policy of Hainan Free Trade Port are entitled to the "zero tariff" policy for raw and auxiliary materials.

VIII. Exemption from import tariffs, import value–added tax and consumption tax on imported operational means of transport and yachts

The zero–tariff positive list management system will apply to ships, aircraft, other means of transport and yachts imported to the island for transportation and tourism, and means of transport and yachts specified in the list will be exempt from import tariffs, import value–added tax and consumption tax. At present, a total of 100 8–digit HS code commodities specified in the List of Means of Transport and Yachts under the "Zero–Tariff" Policy in Hainan Free Trade Port are entitled to the "zero tariff" policy for means of transport and yachts.

IX. Exemption from import tariffs, import value–added tax and consumption tax on imported production equipment for enterprises' own use

Except for the commodities that are not exempt from taxes as prescribed in laws, regulations and relevant provisions and are forbidden from import as



stipulated in national provisions, the zero–tariff negative list management system will apply to imported production equipment for enterprises' own use, and the production equipment not included in the list will be exempt from import tariffs, import value–added tax and consumption tax. The production equipment entitled to the "zero–tariff" policy refers to equipment required for production and operation activities such as infrastructure construction, processing and manufacturing, research, development and design, inspection and maintenance, logistics and warehousing, medical services, and culture, sports and tourism.

X. Products originating from Hainan, including output products whose added value exceeds 30% after the domestic processing of imported intermediary products, are exempt from import tariffs when entering the rest of China

For output products produced by encouraged industrial enterprises without or with imported intermediary products, whose added value exceeds 30% (inclusive) after being processed at Hainan FTP, they are exempt from import tariffs when entering the rest of China from the “second line” (Hainan FTP), and their import value–added tax and consumption tax shall be levied in accordance with regulations. The policy shall apply to enterprises engaged in encouraged industries and registered and recorded in Hainan FTP. The calculation formula of the rate of added value from processing is as follows:

[(price of goods sold in the rest of China’s mainland – ∑ price of materials and parts imported from abroad – ∑ price of materials and parts purchased from the rest of China’s mainland) / (∑ price of materials and parts imported from abroad + ∑ price of materials and parts purchased from the rest of China’s mainland)] × 100% ≥ 30%.

XI. Allowing overseas high–level universities and vocational colleges specialized in science, engineering, agriculture and medicine to open branches independently in Hainan

The Overall Plan for the Construction of Hainan Free Trade Port proposes to build a pacesetting island for international–oriented education around

Hainan Free Trade Port Global Investment Service Hotline: 4008–413–413

Official website of Hainan Free Trade Port: <http://www.hnftp.gov.cn/>

Link to Policy Compilation:
<https://www.hnftp.gov.cn/zczdtx/hxzcg/grsds/>



Official WeChat account of Hainan Free Trade Port