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Editor’s Notes

Since CEPA came into effect in 2004, the value of zero tariffs goods exported to the Mainland has been increasing year by year. In 2006, it had reached MOP10,000,000, with tariffs exemption of more than MOP1,000,000. During these 3 years, benefited by CEPA, the value of Macao’s exports was approximately MOP19,000,000. The estimated amount of tariffs exemption totalled MOP1,900,000. With regard to trade in services, 292 “Macao Service Supplier Certificates” were issued, manifesting that the deepening liberalization of CEPA has enabled Macao industries to gain footholds in the Mainland. In order to effectively introduce the implementation of CEPA to local businesses, Macao Economic Services welcome opinions from businesses, academia, and citizens in the fields of: 1) trade in goods, 2) trade in services, and 3) trade and investment facilitation, as reference for the negotiations in the next stage of CEPA.

Suggestions can be sent to:

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1. Macao Finance Services Bureau held a seminar on prevention of double taxation

A seminar on “Implementation of the arrangements to avoid Double Taxation in the Mainland” was held on 10th January, 2007 at the Macao Tourism Activities Centre. Mainland officials were invited to deliver speeches in Macao, including Mr. Feng Lizeng, Deputy Chief of the Tax-Treaty Division of the International Taxation Department of China State Administration of Tax, Mr. Song Zhe, Deputy Head of the Administration Department of the International Taxation Department of China State Administration of Taxation, Mr. Wang Zhenqiu, Head of the Guangdong Branch of the



Senior officials of the Mainland and Macao took photos in the seminar.

Tax Administration Division of the International Taxation Department of China State Administration of Tax, and Mr. Zhong Wenfeng, Head of the Foreign Affairs Division of the Regional Tax Department of Guangdong.

During the Seminar, speakers delivered insightful speeches on different topics including “Implementation on the Arrangements to Avoid Double Taxation in the Mainland”, “The Development of the Income Tax System for Mainland Companies”, “The Impact of Unification of Enterprises Income Tax on Wholly-owned Foreign Enterprises in Guangdong”, and “A Brief Introduction to Personal Income Tax in Mainland and Macao”. Mr. Liao Tizhong, Vice President of the International Taxation Department of China State Administration of Tax, indicated that since the “Arrangement to Avoid Double Taxation in the Mainland between Macao and the Mainland and the Measures for the Prevention of Tax Evasion and Tax Avoidance” have been effective from 1st January, 2004, the implementation in general has been smooth and that there have been no serious problems regarding double taxation. He reiterated that the Mainland has implemented the “Arrangement” in accordance with relevant tax collection laws so as to promote development on both sides.

This “Arrangement” was implemented in order to avoid double taxation on the same income of the taxpayers by the governments on both sides. It can be applied to the following taxes: Income Tax, Supplements to Income Tax, Stamp Duty and House Property Tax in the MSAR; Individual Income Tax, Foreign Invested Enterprises’ and

Foreign Enterprises' Income Tax, and Local Income Tax of the People's Republic of China. With the "Arrangement" in place, it is believed that trade between Macao and the Mainland can be promoted, and the competitiveness of Macao companies in the Mainland market can also be enhanced.

For more details about the content, please visit the website below:

<http://www.chinatax.gov.cn/n480462/n480513/n481009/n1017642.files/n4637309.pdf>

2. New rules for employees in the Mainland road transport sector came into effect on 1st of March

The Ministry of Communications of the People's Republic of China announced on 23rd November, 2006 that the "Administrative Measures for Employees in the Road Transport Sector" would come into effect on 1st March, 2007, and at the same time the "Administrative Measures for Professional Training for Drivers in the Road Transport Industry" would be revoked. According to the new administrative measures, there will be a nationwide qualification examination for employees in the road transport sector, and all relevant personnel must obtain licenses in order to work in the sector. The license that employees gain after passing the examination can be used across the country, with a validity of 6 years.

The employees to whom the rules refer are: drivers of passenger and freight road transport vehicles, employees who work in the transportation of dangerous goods, technical and maintenance personnel for motorized vehicles, driving instructors, management staff of businesses in the road transport industry, as well as other employees in the road transport sector. Other employees in the road transport sector are referred to as people employed in the road transport sector not mentioned above, including attendants on passenger vehicles, instructors of driver's license training and examination courses, accountants and receptionists of vehicle maintenance companies in this sector.

The Administrative Measures cover general regulations, management of qualification and/or license for those employed in the road transport sector, codes of conduct, legal liability and other related regulations. In the Administrative Measure, the responsibilities, competence and duties of the departments in charge of transportation and other road transportation administrative authorities are clearly defined.

The Administrative Measures also strictly regulate the conduct of the personnel in management positions, as well as the conduct of employees in the road transport sector. Furthermore, they set up a mechanism for the entry, examination, governance and supervision of people employed in the road transportation sector and clearly established rules regarding the responsibilities, rights and duties of the management staff and employees in the road transport sector.

The whole text of the “Rules for Employees in the Road Transport Sector” and the related application form for the examination can be downloaded from the website given below:

http://www.moc.gov.cn/06guangdong/tongzhigg/200612/t20061225_145287.html

3. The Secretary for Economy and Finance of the MSAR presided at the opening ceremony for the New Liaison Office set up by the Macao Trade and Investment Promotion Institute in Jieyang City

After setting up the first Liaison Office in Hangzhou on 21st October, 2006, the Macao Trade and Investment Promotion Institute established the second Liaison Office in the Mainland – Jieyang, Guangdong, came into operation on 22nd January, 2007. Officials who presided over the opening ceremony included: Mr. Francis Tam, Secretary for Economy and Finance of the MSAR, Ms. Gao Yan, Deputy Director of the Liaison Office of the Central People’s Government in Macao, Mr. Wan Qingliang, Secretary of the Municipal Party Committee of Jieyang, Guangdong, Mr. Liao Jingshan, Deputy Head of the Hong Kong and Macao Affairs Office of Guangdong Provincial People’s Government, Mr. Wu Jun, Deputy Chief of the Guangdong Foreign Trade Office, Mr. Lee Peng Hong, Chairman of the Macao Trade and Investment Promotion Institute, Mr. Xu Shiyuan, President of Macao Chamber of Commerce, Mr. Liu Yiliang, President of the Macao Chaozhou Natives Association, senior officials from the three cities in Chaoshan, as well as other Macao delegates.

The Liaison Office is tasked to promoting Macao’s investment environment and devising development strategies for the diversification of Macao’s industries, facilitating investment from Industries of Chaoshan Area in Macao, as well as exploring business opportunities in Portuguese-Speaking countries and providing services for other overseas markets.

The Liaison Office of the Macao Trade and Investment Promotion Institute in Jieyang:

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4. The Mainland implemented the newly revised “Interim Administrative Measures On Establishing Tax Accounts For Individually Owned Stores”

The State Administration of Taxation announced a complete revision of the “Interim Administrative Measures on Establishing Tax Accounts for Individually Owned Stores” (abbreviated to “the Measures”), which entered into effect on 1st January, 2007.

The “Measures” mainly contain the following amendments:

- 1) Adjustments to the sales revenues and accounts establishment;
- 2) Abolishment of the quantitative standard in relation to the number of employed workers; Increase in requirements of registered capital;
- 3) Clarification on the procedures for tax accounts;
- 4) Clarification on the reconciliation between tax collection through accounts auditing and tax collection on fixed amount at fixed intervals;
- 5) Revision on the competence of disciplining the anomaly in establishing and using of tax account in breach of the stipulated regulations.

For more details, please refer to:

<http://www.chinatax.gov.cn/n480462/n480498/n575817/4744393.html>

5. Macao Economic Services and Mainland Customs hold the CEPA trade in goods meeting

The annual Macao CEPA implementation meeting was held in Sanya city of Hainan Province on 22nd January, 2007 and was attended by the representatives from Macao Economic Services, the General Administration of Customs of the People’s Republic of China, the Ministry of Commerce, the Liaison Office and the Gongbei Office of Origin. Both sides summarized the general situation on the implementation of trade in goods under CEPA in 2006.

In 2006, CEPA goods was recorded significant increases in terms of the licenses issued, the value of the goods exported and the amount of tax exemption over 2005. This was the first time that the total value of exports has reached MOP10 million. In the meeting, both sides also engaged in extensive discussions on the operational arrangement for trade in goods under CEPA for 2007. They expressed that under the current system, they will cooperate further and assist companies to solve their problems in customs clearance in order to ensure the smooth customs clearance process.



Representatives of the General Administration of Customs of the Mainland and Macao Economic Services exchanged opinions and summarized the works finished pertaining to CEPA trade in goods in the meeting.

6. “International Symposium on Economic Operating Mechanism of EU and its Enlightenments to the Strategy of Economic Development in Pan-Pearl River Delta” was held in Guangzhou



Speakers delivered speeches in the seminar

The “International Symposium on Economic Operating Mechanism of EU and its Enlightenments to the Strategy of Economic Development in Pan-Pearl River Delta” was held in Guangzhou, Guangdong Province on 9th and 10th December, 2006. Mr. Zhang Yongnan, Head of the Regional Economic Department of the Guangdong Development and Reform Commission, and the Guangdong Cooperation Coordination Promotion

Commission of the Pan-Pearl River Delta Region, indicated in the Forum that until 2006, members of the “9+2” Region had successfully held three PPRD Regional Cooperation Forums and Trade Fairs.

In these three Forums, 2,569 project contracts worth a total of MOP605.8 billion were signed. As the cooperation among the Pan-Pearl Region has been launched in all directions and has been progressively deepened, there are far more areas of cooperation

and development now than the ten fields included in the original Pan Pearl River Delta Regional Co-operation Framework Agreement. The cooperation has expanded to communication and cooperation amongst public prosecution and judicial bodies, academic research institutions, relevant trade and industrial associations, women's associations, as well as other organizations. According to incomplete statistics, as of August 2006, a total of 49 forums have been held under the umbrella of "Pan-Pearl River Delta Region", covering approximately 17 fields. Different departments and units have signed a total of 65 specialized cooperation agreements, proclamations or memorandums; the cooperation has been enriched with constantly expanding scopes, dimensions and formalities.

Ms. Vong Cheng Kam, Head of the Regional Economic Affairs Division of Macao Economic Services, was invited to give a speech in the opening ceremony. She introduced to the experts and scholars attending the meeting the latest developments achieved as a result of the economic cooperation between Macao and Mainland and the integration of the Pan-Pearl Region since the implementation of CEPA.