

(3) Machinery, equipment, parts and other materials imported by the joint venture with the additional capital under the approval of examination and approval authority on which China cannot guarantee production and supply.

(4) Raw materials, auxiliary materials, components, parts and packing materials imported by the joint venture for production of export goods.

Taxes shall be pursued and payable according to regulations when the above-mentioned duty-free materials are approved for sale inside China or switched to the production of items to be sold on the Chinese domestic market.

Article 72

Except for those export items restricted by the state, products of a joint venture for export will be exempt from industrial and commercial consolidated tax, subject to the approval by the Ministry of Finance of the People's Republic of China.

A joint venture can apply for reduction or exemption of industrial and commercial consolidated tax for a certain period of time for products that are sold on the domestic market when it has difficulty to pay such tax in its initial period of production.

Chapter X Foreign Exchange Control

Article 73

All matters concerning foreign exchange for joint ventures shall be handled according to the Interim Regulations on Foreign Exchange Control of the People's Republic of China and relevant regulations.

Article 74

With the business license issued by the General Administration for Industry and Commerce of the People's Republic of China, a joint venture can open foreign exchange deposit accounts and Renminbi deposit accounts with the Bank of China, or some other banks designated. The bank handling the account of the joint venture exercises supervision of receipts and expenditures.

All foreign exchange income of a joint venture must be deposited in the foreign exchange deposit account in the bank where an account has been opened; all payments by the joint venture in foreign exchange are to be made from its foreign exchange deposit account. The deposit interest rate shall be set as announced by the Bank of China.

Article 75

A joint venture shall in general keep balance between

its foreign exchange income and expenses. When a joint venture whose products are mainly sold on domestic market under its approved feasibility study report and contract has an unbalance of foreign exchange income and expenses, the unbalance shall be solved by the people's government of a relevant province, an autonomous region or a municipality directly under the central government or the department in charge under the State Council from their own foreign exchange reserves, if unable to be solved, it shall be solved through inclusion into plan after the examination and approval by the Ministry of Foreign Economic Relations and Trade together with the State Planning Commission of the People's Republic of China.

Article 76

A joint venture shall get permission from the General Administration of Foreign Exchange Control or one of its branches to open a foreign exchange deposit account with an overseas bank or one in Xianggang or Aomen, and report to the State General Administration of Foreign Exchange Control or one of its branches its foreign exchange receipts and expenditures, and provide account sheets.

Article 77

Sub-divisions set up by a joint venture in foreign countries or in Xianggang or Aomen shall open an account with the Bank of China wherever there is a branch. The sub-division shall submit its annual statement of assets and liabilities and annual profit report to the State General Administration of Foreign Exchange Control or one of its branches through the joint venture.

Article 78

A joint venture can apply to the Bank of China for foreign loans and Renminbi loans according to business needs and following the Provisional Regulations for Providing Loans to Joint Ventures Using Chinese and Foreign Investment by the Bank of China. Interest rates on loans to joint ventures are as announced by the Bank of China. A joint venture can also borrow foreign exchange as capital from banks abroad or in Xianggang or Aomen, but shall file a report with the State General Administration of Foreign Exchange Control or one of its branches.

Article 79

After foreign staff and workers and staff and workers from Xianggang and Aomen have paid income tax on their salaries and other legitimate incomes according to the law, they can apply to the Bank of China for permission to remit outside China all the remaining foreign exchange after deduction of their living expenses in China.