

itself. For those export licenses are required by the stipulation of the State, the joint venture shall make an export plan every business year and apply for them every six months.

Article 64

A joint venture may sell its products on the Chinese market in the following ways:

(1) For those items under planned distribution, departments in charge of joint ventures will bring them into the distribution plan of the materials administration departments, which sell them to designated users according to plan.

(2) For those items handled by materials and commercial departments, the materials and commercial departments will sign purchase contracts with the joint ventures.

(3) For excess portions other than those purchased by plan of the above two categories, and materials that do not belong to these two categories, the joint venture has the right to sell by itself or entrust sales to the organizations concerned.

(4) For products of a joint venture that Chinese foreign trade companies need to import, the joint venture may sell to Chinese foreign trade companies, and foreign currency shall be paid.

Article 65

Materials purchased and services needed in the China by joint ventures shall be priced according to the following stipulations:

(1) The six raw materials — gold, silver, platinum, petroleum, coal and timber — that are used directly in production for export shall be priced according to the international market prices provided by the State General Administration of Foreign Exchange Control or foreign trade departments, and paid in foreign currency or Renminbi.

(2) When purchasing export or import commodities handled by Chinese foreign trade companies, the suppliers and buyers shall negotiate the price, with reference to the prices on the international market, and foreign currency shall be paid.

(3) The prices for purchasing coal used as fuel and oil for motor vehicles, which are needed for manufacturing products to be sold domestically, as well as materials other than those listed in (1) and (2) of this article, and the fees charged for water, electricity, gas, heat, goods transportation, service, engineering, consultation service and advertisement etc, provided to joint venture, shall be treated equally with state-owned enterprises and paid in Renminbi.

Article 66

Prices of products of a joint venture for sale on the

Chinese domestic market, except those items approved by the price control department for valuation with reference to the international market, shall correspond with state-set prices, be rated according to quality and paid for in Renminbi. Prices fixed by a joint venture for its products shall be filed with departments in charge of joint ventures and of prices control.

Prices of export products of a joint venture will be fixed by the joint venture itself and shall be filed with departments in charge of joint ventures and of price control.

Article 67

A joint venture and other Chinese economic organizations shall, in their economic exchanges, undertake economic responsibilities and settle disputes over contracts in accordance with relevant law and the contract concluded between both parties.

Article 68

A joint venture shall fill statistical forms on production, supply and marketing in accordance with relevant regulations, and file them with departments in charge, statistics departments and other departments concerned.

Chapter IX Taxes

Article 69

Joint ventures shall pay taxes according to the stipulations of relevant laws of the People's Republic of China.

Article 70

Staff members and workers employed by joint ventures shall pay individual income tax according to the Individual Income Tax Law of the People's Republic of China.

Article 71

Joint ventures shall be exempt from customs duty and industrial and commercial consolidated tax for the following imported materials:

(1) Machinery, equipment, parts and other materials (materials here and hereinafter mean required materials for the joint venture's construction on the factory site and for installation and reinforcement of machines,) which are part of the foreign participant's share of investment according to the provisions of contract.

(2) Machinery, equipment, parts and other materials imported with funds which are part of the joint venture's total investment.