

Law on the Promotion of Small and Medium-sized Enterprises of the PRC

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of improving the business environment for small and medium-sized enterprises, safeguarding their lawful rights and interests, promoting their sound development, expanding employment, and leveraging the important role of small and medium-sized enterprises in national economic and social development.

Article 2 — For the purposes of this Law, "small and medium-sized enterprises" means enterprises of various forms of ownership that are lawfully established within the territory of the People's Republic of China, with relatively small personnel and business scale, including medium-sized enterprises, small enterprises, and micro enterprises.

The classification standards for medium-sized, small, and micro enterprises shall be prescribed by the department in charge of the comprehensive administration of small and medium-sized enterprises under the State Council, in conjunction with the relevant authorities under the State Council, based on indicators such as the number of employees, business revenue, and total assets, in consideration of the characteristics of industries, and reported to the State Council for approval.

Article 3 — The state shall incorporate the promotion of the development of small and medium-sized enterprises as a long-term development strategy, adhere to the principles of equal rights, equal opportunities, and equal rules, implement policies of active support, strengthened guidance, improved services, standardized regulation, and safeguarding of rights and interests, and create a favorable environment for the establishment and development of small and medium-sized enterprises.

Article 4 — Small and medium-sized enterprises shall engage in business operations in accordance with the law, abide by the state's labor and employment, workplace safety, occupational health, social security, resource and environmental protection, quality standards, intellectual property, finance and taxation, and other laws and regulations, accelerate the transformation of development mode, and improve the quality of development.

Article 5 — The State Council shall formulate policies on the development of small and medium-sized enterprises, establish a coordination mechanism for the promotion of the development of small and medium-sized enterprises, and coordinate the promotion of the development of small and medium-sized enterprises nationwide.

The department in charge of the comprehensive administration of small and medium-sized enterprises under the State Council shall organize and implement policies and plans on the promotion of the development of small and medium-sized enterprises, and provide comprehensive coordination, guidance, and services for the work of promoting the development of small and medium-sized enterprises nationwide.

The relevant authorities under the State Council shall, in accordance with the national policies on the promotion of the development of small and medium-sized enterprises, do a good job of promoting the development of small and medium-sized enterprises within their respective functions.

Local people's governments at or above the county level shall, based on actual conditions, establish coordination mechanisms for the promotion of the development of small and medium-sized enterprises within their respective administrative regions, specify the corresponding departments in charge of the comprehensive administration of small and medium-sized enterprises, and be responsible for the comprehensive coordination, guidance, and services of promoting the development of small and medium-sized enterprises within their respective administrative regions.

Article 6 — The state shall establish a statistical monitoring system for small and medium-sized enterprises. The statistical authorities shall strengthen the statistical survey and monitoring and analysis of small and medium-sized enterprises.

Article 7 — The state shall promote the building of a credit system for small and medium-sized enterprises, establish a mechanism for the collection, sharing, and inquiry of credit information, and guide small and medium-sized enterprises to operate in good faith in accordance with the law.

Chapter II — Fiscal and Tax Support

Article 8 — The central budget shall include special funds for small and medium-sized enterprises. Local people's governments at or above the county level shall, based on the actual situation, include special funds for small and medium-sized enterprises in their budgets at the corresponding level.

Article 9 — The special funds for small and medium-sized enterprises shall be used for supporting their specialized development, supporting the establishment of public service systems and financing service systems for small and medium-sized enterprises, and other matters relating to the promotion of the development of small and medium-sized enterprises.

The specific measures for the administration and use of special funds for small and medium-sized enterprises shall be prescribed by the State Council.

Article 10 — The state shall establish a national development fund for small and medium-sized enterprises to support their development.

Article 11 — The state shall implement tax policies that are conducive to the development of small and medium-sized enterprises, and adopt measures such as tax reductions and exemptions for qualified small and medium-sized enterprises in accordance with the law to reduce their tax burden.

Article 12 — The state shall reduce the burden of administrative fees on small and medium-sized enterprises and adopt measures such as reductions and exemptions of administrative fees for qualified small and medium-sized enterprises in accordance with the law.

Chapter III — Financing Promotion

Article 13 — Financial institutions shall leverage the functions of financial services such as credit, bonds, equity, insurance, and guarantees, improve financial services for small and medium-sized enterprises, improve the organizational structure of specialized financial services for small and medium-sized enterprises, and provide financing support for small and medium-sized enterprises.

Article 14 — The People's Bank of China shall comprehensively utilize monetary policy tools to guide financial institutions in increasing the scale and proportion of credit to small and medium-sized enterprises.

Article 15 — Financial regulatory authorities under the State Council shall implement differentiated supervision of the financial services for small and medium-sized enterprises provided by financial institutions, formulate scientific, reasonable, and differentiated regulatory policies and assessment indicators, and encourage and guide financial institutions to increase financial services and support for small and medium-sized enterprises.

Article 16 — The state shall encourage various types of financial institutions to develop and provide financial products and services suitable for small and medium-sized enterprises.

Policy financial institutions shall, within the scope of their business, adopt various forms to provide financial services to small and medium-sized enterprises.

Article 17 — The state shall establish a sound financing guarantee system for small and medium-sized enterprises. The state shall establish special guarantee funds for small and medium-sized enterprises and

provide support to guarantee institutions that provide financing guarantee services to small and medium-sized enterprises.

Chapter IV — Entrepreneurship Support

Article 24 — People's governments at or above the county level and relevant authorities shall improve the entrepreneurial environment by providing convenience to small and medium-sized enterprises in site selection, construction, production, and other aspects through measures such as government website construction and simplification of procedures, and shall attract various types of talent to establish small and medium-sized enterprises.

Article 25 — The state shall encourage institutions of higher learning, scientific research institutions, and large enterprises to open up experimental facilities, scientific instruments and equipment, and other scientific and technological resources to small and medium-sized enterprises, carry out technological consultation and technical services, and promote the transformation of scientific and technological achievements.

Chapter V — Innovation Support

Article 32 — The state shall encourage small and medium-sized enterprises to carry out technological innovation activities in accordance with the market demand, promote the transformation and upgrading of technology in small and medium-sized enterprises, and support their participation in the research and development of key generic technologies and major innovation projects.

Article 33 — The state shall encourage small and medium-sized enterprises to increase their investment in research and development, and shall provide policy support for their technological innovation activities.

Chapter VI — Market Development

Article 38 — The state shall improve the market system, implement a unified market access and market supervision system, oppose monopoly and unfair competition, and create a market environment of fair competition for small and medium-sized enterprises.

Article 40 — The State Council and relevant authorities shall formulate government procurement policies and give preference to the products and services of small and medium-sized enterprises in government procurement.

Chapter VII — Service Measures

Article 43 — The state shall establish a sound public service system for small and medium-sized enterprises and provide services such as information inquiry, technological innovation, quality management, management consulting, entrepreneurship guidance, market development, and personnel training to small and medium-sized enterprises.

Chapter VIII — Protection of Rights and Interests

Article 50 — The lawful rights and interests of small and medium-sized enterprises and their investors shall be protected by law. No entity or individual may infringe upon the lawful property and lawful rights and interests of small and medium-sized enterprises and their investors.

Article 53 — No entity or individual may forcibly require small and medium-sized enterprises to accept paid services or purchase products, nor may they illegally charge fees or impose fines on small and medium-sized enterprises, collect property from them, or apportion expenses among them.

Chapter IX — Supervision and Inspection

Article 57 — The department in charge of the comprehensive administration of small and medium-sized enterprises under the State Council shall, in conjunction with the relevant authorities under the State Council, entrust a third party to periodically carry out assessments of the business environment for small and medium-sized enterprises and make the assessment results public.

Article 59 — Local people's governments at or above the county level shall periodically organize supervision and inspection of the implementation of this Law, and promptly investigate and deal with illegal acts in accordance with the law, and investigate the legal liability of the directly responsible person in charge and other directly responsible persons.

Chapter X — Supplementary Provisions

Article 60 — This Law shall apply to the promotion of the development of small and medium-sized enterprises in the fields of agriculture, forestry, animal husbandry, and fishery, with necessary adjustments taking into account the characteristics of the relevant industries.

Article 61 — This Law shall come into force on January 1, 2003.

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