Scope of Preliminary Processing of Agricultural Products Eligible for Enterprise Income Tax Preferences (Trial) (2008 Edition)

Dan Young Business Consultancy — www.danyoungcpa.com

Unofficial English translation prepared for reference only. The official Chinese text prevails.

Contents

Table of Contents 1

I. Crop Farming 1

II. Animal Husbandry 3

III. Fishery 4

Annex to the Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the Scope of Preliminary Processing of Agricultural Products Eligible for Enterprise Income Tax Preferences (Trial) (Cai Shui [2008] No. 149), issued on November 20, 2008

Effective: January 1, 2008

This Annex was issued together with the Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the Scope of Preliminary Processing of Agricultural Products Eligible for Enterprise Income Tax Preferences (Trial) (Cai Shui [2008] No. 149), which sets out the implementing provisions.

Table of Contents

- I. Crop Farming
- II. Animal Husbandry
- III. Fishery

I. Crop Farming

(A) Preliminary processing of grain

1. Preliminary processing of wheat. Wheat flour and various specialty flours produced through simple processing of wheat, such as cleaning, wheat blending, milling, sieving, grading and packaging.

2. Preliminary processing of rice. Finished grain and its preliminary products — specifically milled rice and parboiled rice — produced through simple processing of paddy, such as cleaning, husking, rice milling (or non-milling), drying, grading and packaging.

3. Preliminary processing of corn. Corn flour, corn grits and corn flakes produced through simple processing of corn kernels, such as cleaning, soaking, crushing, separation, dehydration, drying, grading and packaging; and fresh corn for consumption (quick-frozen waxy corn, sweet corn, colored corn and corn kernels) produced through simple processing of tender corn, such as screening, peeling, washing, quick-freezing, grading and packaging.

4. Preliminary processing of tubers. Preliminary tuber products — specifically tuber flour, tuber chips and French fries — produced through simple processing of tubers such as potatoes and sweet potatoes, including washing, peeling, grinding, cutting, drying, freezing, grading and packaging.

Source: https://www.danyoungcpa.com/agricultural-products-preliminary-processing-scope-2008-edition/

5. Preliminary processing of edible beans. Bean flour, soybean sprouts and mung bean sprouts produced through simple processing of edible beans such as soybeans, mung beans and red beans, including cleaning and impurity removal, soaking and washing, air-drying, grading and packaging.

6. Preliminary processing of other grains. Oat rice, oat flour, oat bran, rolled oats, buckwheat rice, buckwheat flour, millet, millet flour, sorghum rice and sorghum flour produced through simple processing of miscellaneous grains such as oats, buckwheat, sorghum and millet, including cleaning and impurity removal, husking, drying, milling, flaking, cooling and packaging.

(B) Preliminary processing of forest products

Logs, raw bamboo and sawn timber produced through simple processing of felled trees and bamboo (including standing timber and bamboo), such as limbing, top-cutting, debarking, leaf-stripping and sawing into sections.

(C) Preliminary processing of horticultural plants

1. Preliminary processing of vegetables.

(1) Clean vegetables and cut vegetables produced through simple processing of fresh vegetables, such as washing, sorting, cutting, pre-cooling, grading and packaging.

(2) Quick-frozen vegetables produced by low-temperature storage of fresh vegetables in cold-storage facilities for off-season supply, such as quick-frozen solanaceous vegetables, leafy vegetables, legumes, melons, onion and garlic vegetables, persimmon peppers and garlic bolts.

(3) Preliminary dried vegetables produced through simple processing such as drying of plant roots, stems, leaves, flowers, fruits, seeds and edible fungi, such as daylily, yulanpian (dried bamboo shoots), dried radish, winter vegetables, meigancai (preserved mustard greens), wood ear mushrooms, shiitake mushrooms and oyster mushrooms.

Note: All kinds of canned vegetables made from vegetables (canned food refers to foods sealed after air exhaustion in metal cans or glass bottles; the same below) and milled horticultural plants (such as pepper powder and Sichuan pepper powder) do not fall within the scope of preliminary processing.

2. Preliminary processing of fruits. All kinds of fruits, dried fruits, raw-pulp juices, fruit kernels and nuts produced through simple processing of fresh fruits (including all kinds of wild fruits), such as washing, shelling, cutting into pieces (slices), sorting, fresh-keeping storage, quick-freezing, drying, grading and packaging.

3. Preliminary processing of flowers and ornamental plants. All kinds of fresh and dried flowers produced through simple processing of flowers and plants used for ornamental, greening and other purposes, such as fresh-keeping, storage, drying, grading and packaging.

(D) Preliminary processing of oil plants

Crude vegetable oils and by-products such as oil cakes produced through simple processing of rapeseed, peanuts, soybeans, sunflower seeds, castor seeds, sesame, flax seeds, tea seeds, tung tree seeds, cotton seeds, safflower seeds, and rice bran and other grain by-products, including cleaning, roasting, blank grinding, oil pressing (stirring and pestling) and extraction. Specifically, these include rapeseed oil, peanut oil, soybean oil, sunflower oil, castor oil, sesame oil, flaxseed oil, tea-seed oil, tung oil, cottonseed oil, safflower oil, rice bran oil, as well as oil cakes, soybean cakes and cottonseed cakes.

Note: Refined vegetable oils do not fall within the scope of preliminary processing.

(E) Preliminary processing of sugar plants

Source: https://www.danyoungcpa.com/agricultural-products-preliminary-processing-scope-2008-edition/

Primary raw-material products for sugar production produced through simple processing of various sugar plants such as sugarcane, sugar beet and stevia, including washing, cutting and pressing.

(F) Preliminary processing of tea

Preliminary crude tea produced through simple processing of fresh leaves and tender buds picked from tea trees, including fixation (withering and shaking), rolling, fermentation, drying, grading and packaging.

Note: Refined tea, side-marketed tea, compressed tea, tea blended with various drugs, and tea beverages do not fall within the scope of preliminary processing.

(G) Preliminary processing of medicinal plants

Chinese medicinal materials in the form of slices, threads, chunks and segments produced through simple processing of the roots, stems, bark, leaves, flowers, fruits and seeds of various medicinal plants, including sorting, arranging, bundling, washing, sun-drying, cutting, steaming and stir-frying.

Note: Processed Chinese patent medicines of all kinds do not fall within the scope of preliminary processing.

(H) Preliminary processing of fiber plants

1. Preliminary processing of cotton. Ginned cotton, short linters and cottonseeds produced through simple delinting processes such as ginning and linter removal.

2. Preliminary processing of bast fibers. Dried (washed) hemp, slivers, threads and ropes produced through simple processing of various bast fiber crops (hemp, jute, kenaf, ramie, abutilon, flax, apocynum, abaca, sisal and others), such as degumming and fiber drawing.

3. Preliminary processing of silkworm cocoons. Silkworms, pupae, raw silk and silk floss produced through simple processing such as drying, pupa killing, silk reeling, boiling and stripping, and filament drawing.

(I) Preliminary processing of tropical and southern subtropical crops

Primary industrial raw materials produced through simple processing of tropical and southern subtropical crops, such as impurity removal, dehydration, drying, grading and packaging. Specifically, these include natural rubber raw latex and natural concentrated latex, green coffee beans, peppercorns, cinnamon oil, eucalyptus oil, citronella oil, cassava starch, dried cassava slices and nuts.

II. Animal Husbandry

(A) Preliminary processing of livestock and poultry

1. Preliminary processing of meat. Cut meat, fresh meat, chilled meat, frozen meat, ground meat, meat chunks, meat slices and diced meat produced through simple processing of livestock, poultry and other animals (including all kinds of livestock and poultry, as well as artificially domesticated and bred wild animals and other economic animals), such as slaughtering, head removal, hoof removal, skinning, evisceration, cutting, chunking or slicing, chilling or freezing, grading and packaging.

2. Preliminary processing of eggs. Graded and packaged fresh eggs and chilled eggs produced through simple processing of fresh eggs, such as washing, drying, grading, packaging and refrigeration.

3. Preliminary processing of milk. Pasteurized milk and ultra-high temperature (UHT) sterilized milk produced through simple processing of fresh milk, such as purification, homogenization, pasteurization or sterilization, and filling.

4. Preliminary processing of hides. Raw hides and raw hide sheets produced through simple processing of livestock and poultry hides, such as flaying, soaking, flesh scraping, and air-drying or smoke-drying.

5. Preliminary processing of wool. Washed wool, washed down and washed feathers produced through simple processing such as grading, impurity removal and washing of livestock and poultry wool, down or

Source: https://www.danyoungcpa.com/agricultural-products-preliminary-processing-scope-2008-edition/

feathers.

6. Preliminary processing of bee products. Honey, beeswax, propolis and bee pollen produced through simple processing such as impurity removal, filtration, concentration, melting, grinding and freezing.

Note: Canned meat, cooked meat products, canned eggs, all kinds of yogurt, cheese, butter (cream), royal jelly powder, and various bee product oral liquids and capsules do not fall within the scope of preliminary processing.

(B) Preliminary processing of feed

1. Preliminary processing of plant feed. Bran, oil cakes, distillers' grains and leaf powder produced through simple processing such as grinding, crushing, pressing, drying, brewing and fermentation.

2. Preliminary processing of animal feed. Fish meal, shrimp meal, bone meal, meat meal, blood meal, feather meal and whey powder produced through simple processing such as crushing, drying and powder making.

3. Preliminary processing of additives. Mineral powder and feed yeast produced through simple processing such as crushing, fermentation and drying.

(C) Preliminary processing of forage grass

Hay, grass bundles, grass powder, grass blocks or grass cakes, grass pellets, forage seeds, as well as turf and straw powder (blocks and pellets), produced through simple processing of forage grass, forage seeds, crop straw and the like, including harvesting, bundling, crushing, briquetting, pelleting, sorting, silage, ammoniation and micronization.

III. Fishery

(A) Preliminary processing of aquatic animals

Preliminary aquatic animal products produced by processing aquatic animals (fish, shrimp, crabs, turtles, shellfish, echinoderms, mollusks, coelenterates, amphibians, marine mammals and other animals) whole or after heading, scaling (skinning or shelling), evisceration, deboning (de-spining), grinding or cutting into pieces and slices, with fresh-keeping and anti-corrosion treatment such as icing, freezing and chilling, and other simple processing such as packaging.

Note: Cooked aquatic products, all kinds of canned aquatic products, and seasoned and roasted aquatic foods do not fall within the scope of preliminary processing.

(B) Preliminary processing of aquatic plants

Preliminary products produced through simple processing of aquatic plants (kelp, wakame, laver, gracilaria, eucheuma, jiangli, enteromorpha, sargassum, water shield and others) whole or after root removal, edge-and-tip trimming and sectioning, with fresh-keeping and anti-corrosion treatment such as blanching, freezing and chilling, and other simple processing such as packaging; as well as preliminary products produced through simple processing such as sun-drying, drying (dehydration), packaging and crushing of the whole plants or after root removal, edge-and-tip trimming and sectioning.

Note: Canned (including retort pouch) products do not fall within the scope of preliminary processing.

Disclaimer: This is an unofficial English translation of the original Chinese document, provided for reference and informational purposes only. It has been prepared with care but may contain inaccuracies; in the event of any discrepancy, the original Chinese text prevails. This translation does not constitute legal, tax or professional advice. For questions concerning interpretation or application, please consult a qualified professional.

Source: https://www.danyoungcpa.com/agricultural-products-preliminary-processing-scope-2008-edition/