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LEGISLATIVE FRAMEWORK AND INFRASTRUCTURE INNOVATION ACTIVITIES OF THE PEOPLE'S REPUBLIC OF CHINA

The first legislative document regulating state policy to support innovation activity is the Law of the People's Republic of China "On the Implementation of Scientific and Technological Achievements" dated May 15, 1996. Later on, at the 8th session of the NPC Standing Committee of the 9th convocation on June 29, 2002, the Law was approved China "On the promotion of science and technology" and the Law of China "On the promotion of medium and small enterprises."

These regulatory documents are basic and on their basis a number of regulations were adopted governing certain aspects of innovation activities in the PRC. The most significant of them are:

- Notification of the Ministry of Science and Technologies "On further encouraging the attraction of private capital to the scientific and technical innovation sector" dated June 18, 2012;
- Guiding opinions of the China Banking Regulatory Commission on innovative tools in the activities of commercial banks of November 29, 2012

On August 29, 2015, a new version of the Law of the PRC "On the Introduction of Scientific and Technological Achievements" entered into force. The law provides for measures of state support in the implementation of scientific and technological achievements in production at both the national and regional levels, in particular, the creation of specialized funds, the implementation of preferential tax policies for scientific institutions that introduce their achievements in production, support for venture startups, providing administrative support for projects that are able:

- to provide a technological breakthrough and a significant economic effect or to form new industries that will provide a significant contribution to economic and social development;
- make a significant contribution to the defense and improve public safety;
- to introduce energy-saving technologies that can reduce energy consumption, increase the level of environmental safety, strengthen the response to climate change;
- improve the quality of life and medical care of the population;



- to ensure the introduction of advanced agro technical technologies and increase the level of agriculture;
- To ensure the development of backward and economically depressed regions.

The document is a basic regulatory act on the basis of which local government bodies develop specific methods for supporting R & D.

The main organizational form of infrastructure support for innovative development is the existing specialized zones and technology parks. The decision to create such zones and technology parks is taken by the State Council of the People's Republic of China.

Currently, there are 90 state-level technical and economic development zones and 114 zones of new and high technologies in China. Specialized innovation zones created in all provinces of China, in most major cities.

On the territory of these zones, preferential tax regimes similar to those in free economic zones operate.

Fig. Main benefits for residents of Chinese industrial technology parks (on the example of Beijing Zhongguancun Park)

“zero” rate of turnover tax for resident companies that have received the official status of a “high-tech enterprise” during the first three years of production, a reduced rate of 7.5% in the next three years and 15% after six years of work

Reduced corporate tax of 10% for enterprises exporting more than 40% of the output

Reduction of the corporate tax rate by 50% for “high-tech enterprises”, who increased the expenditures on technical modernization in the reporting year by 10% compared with the previous year

exemption of resident companies and individuals from paying sales tax on technology transfer and software rights, as well as on transactions in the field of technical advice and services

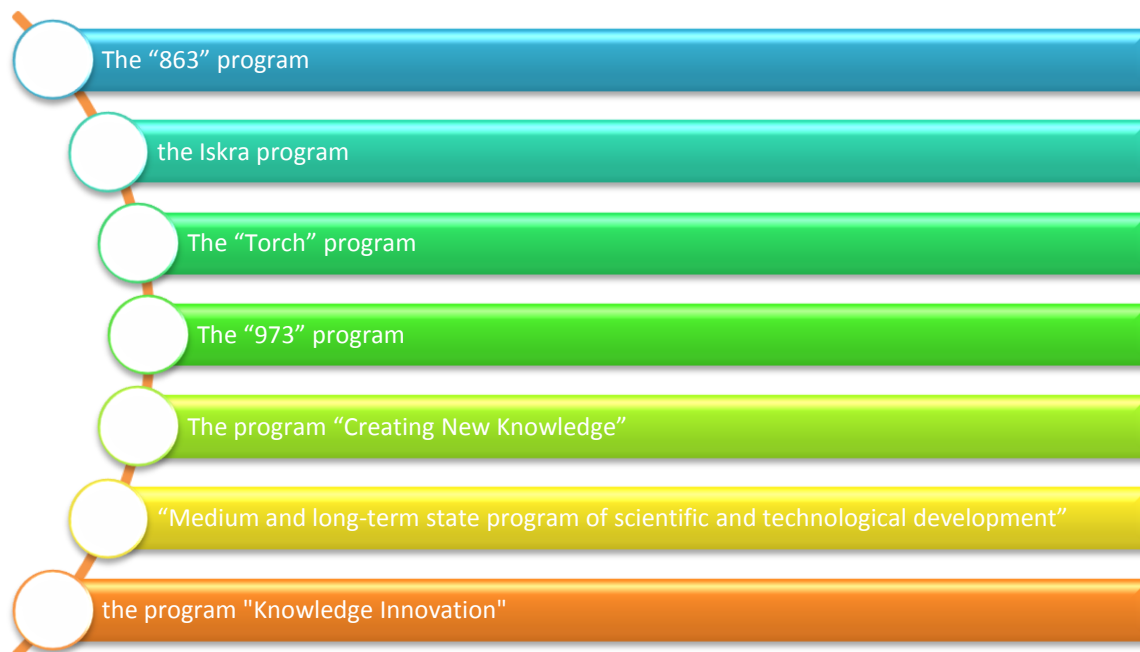
"zero" income tax rate for employees of "high-tech enterprises"

Reimbursement to employees of "high-tech enterprises" costs for the purchase of the first living space and car

In the PRC, many national programs for the development of the innovation sphere are developed and implemented.



Fig. Programs aimed at the innovative development of China



The essence of these targeted national programs is as follows:

- The "863" program, implemented since 1986 with the aim of developing the country's scientific and technological potential as the basis for ensuring stable economic growth in the medium term. As part of the program, 8 areas are identified as priorities: bioengineering, space technology, computer science, laser technology, automation, energy, new materials, technology for the development of the world's oceans;
- The Iskra program, adopted in 1986 for the development of the rural economy based on the use of the latest scientific and technological achievements. Sources of financing - state and bank commercial loans, funds of agricultural communities;
- The "Torch" program, implemented by the center of the same name under the Ministry of Science and Technology of the PRC since 1988, in order to intensify the introduction of advanced foreign and domestic developments into production. As part of the program, companies are provided with financial support from the state budget and assistance in the commercialization of innovative developments;
- The "973" program, implemented since 1997 in order to develop basic research in the system of the Academy of Sciences of the PRC. The main source of funding is the state budget, the main subjects are academic research institutes and newly created scientific and technical laboratories and engineering centers;



- The program “Creating New Knowledge”, implemented since 1998 in order to create a network of “international knowledge centers” in China for the development of intellectual innovation in various sectors of the economy;
- “Medium and long-term state program of scientific and technological development” from 2006, which identifies current areas of the country's innovation policy for the period up to 2020;
- The program "Knowledge Innovation" for 2011-2020.

The main content of legislative documents, infrastructure support for innovative development, targeted national programs is aimed at the realization of the task of building a society in China with an innovative development model, building its own innovative potential and preparing an adequate personnel reserve for scientific and technical strategies.