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12th Five-Year Plan & Tax Policy

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Ayesha M. Lau

**Partner in charge, Tax, HKSAR
China**



Outcome of 11th Five-Year Plan



Outcome of 11th Five-Year Plan

Key Targets	Outcome
Annual GDP growth rate of 7.5%	✓ Actual achieved 11.2% p.a.
↑ per capita disposable income of urban residents by 5% per annum	✓ Increased from RMB10,493 to RMB19,109 (annual rate of 9.7%)
↑ per capita net income of rural residents by 5% per annum	✓ Increased from RMB3,255 to RMB5,919 (annual rate of 8.9%)
↓ energy consumption per unit of GDP by around 20%	✓ Reduction of 19.1%
↑ service sector contribution to GDP by 3%	✓ Actual increase 2.5%
↑ population employed by service sector by 4%	✓ Actual increase 3.5%
% of GDP expended on R&D to reach 2%	✗ Actual 1.8%




Key Themes & Targets of 12th Five-Year Plan



Key Themes of 12th Five-Year Plan

2010

2015

- Quantitative growth  Quality, efficiency, balanced and sustainable growth
- Transformation in mode of development:-
 - i) Export - oriented  Domestic demand - oriented
 - ii) Input - driven  Technical progress driven

Key Targets of 12th Five-Year Plan

	2010	2015	Growth/ (Reduction)
GDP (in trillion RMB)	39.8	55.8	7%
Service sector / GDP	43%	47%	4%
R&D Spending / GDP	1.8%	2.2%	0.4%
↓ energy consumption / unit of GDP			(16%)
↓ carbon emission / unit of GDP			(17%)
Urbanisation	47.5%	51.5%	4%
Urban per capita disposal income (in RMB'000)	19.1	>26.8	>7%
Rural per capita net income (in RMB'000)	5.9	>8.3	>7%
Life expectancy (years of age)	73.4	74.5	1
Population (bn people)	1.34	<1.39	<7.2%
Controlling inflation	~5%	<3%	-
Balanced international trade / GDP	3% surplus	Balanced	-

7 Priority Industries

Sustainable growth

- New energy
- Energy savings and environmental protection
- Clean energy vehicles

Moving up value chain

- Bio technology
- New materials
- New IT
- High-end equipment manufacturing

**GDP
Contribution**

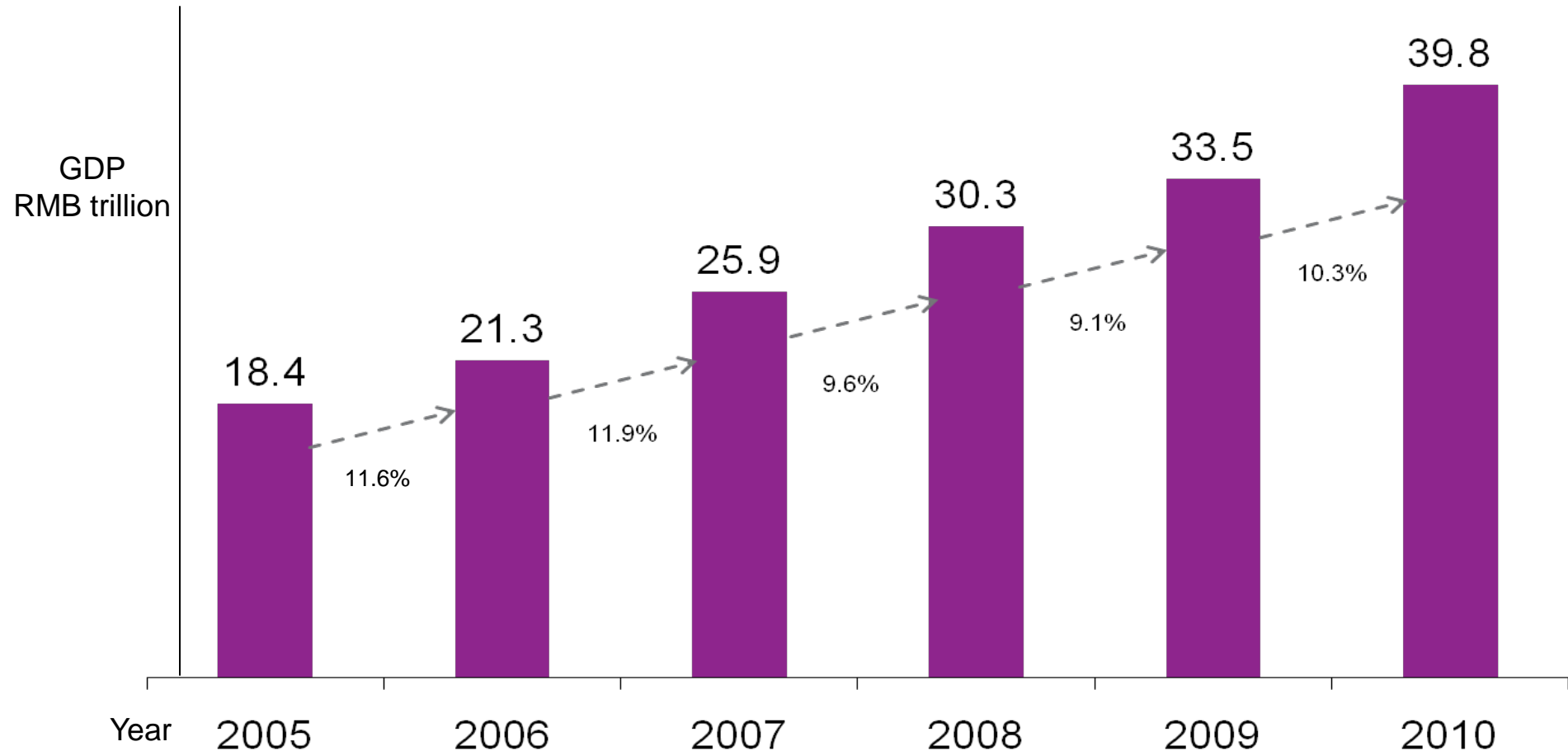
3% → 8%



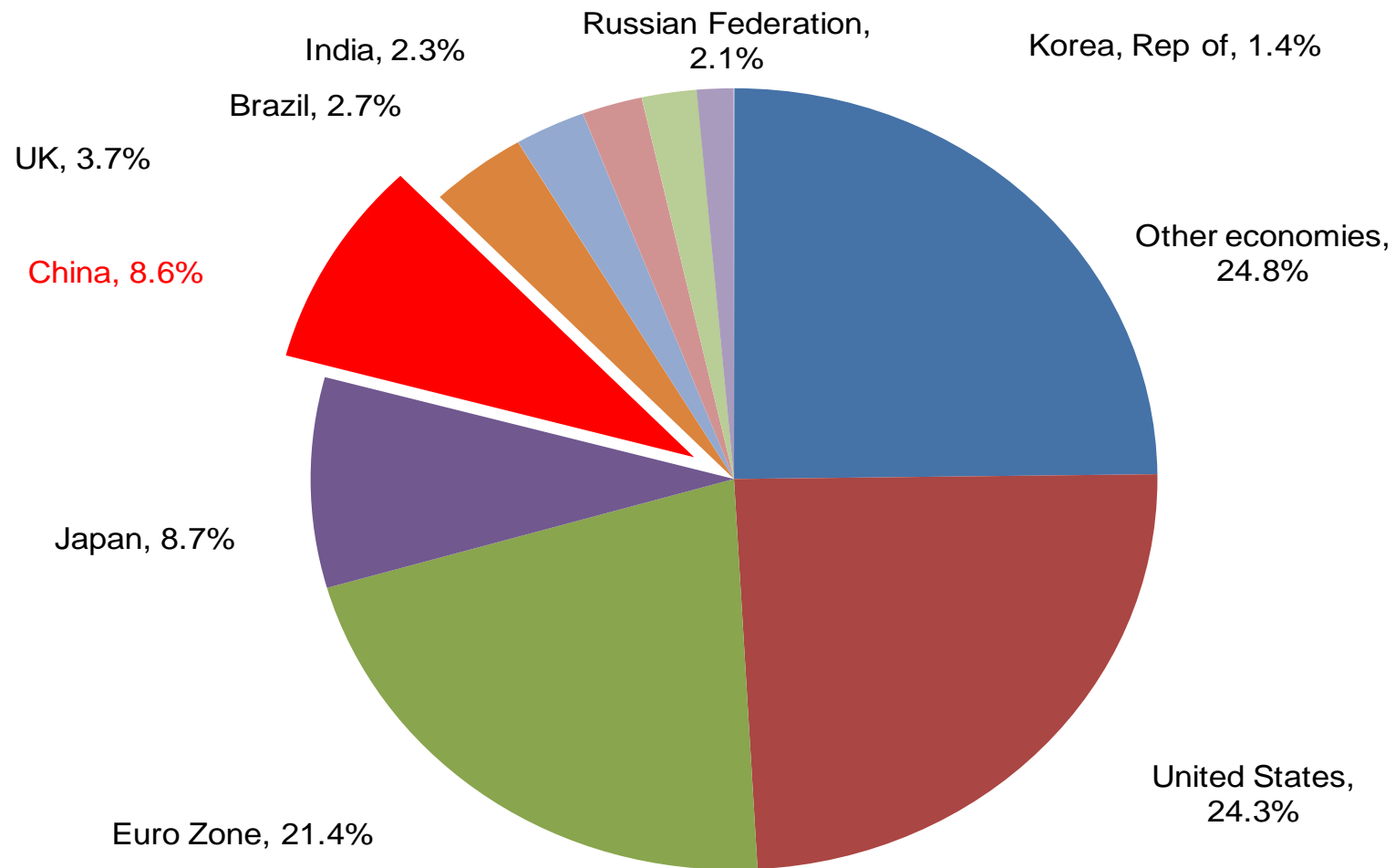
Key changes in Ten Economic & Social Policies

1. Enhance macroeconomic controls
2. Expand consumer demand
3. Optimise the structure of investment
4. Promote urbanization & “industrialisation” of agriculture
5. Upgrade industries through scientific and technological innovation
6. Promote balanced development of regions
7. Conserve energy and reduce emissions
8. Making basic public services available equally across the country
9. Accelerate income increase of low-income groups and reduce wealth-poverty gap
10. Strengthen social management

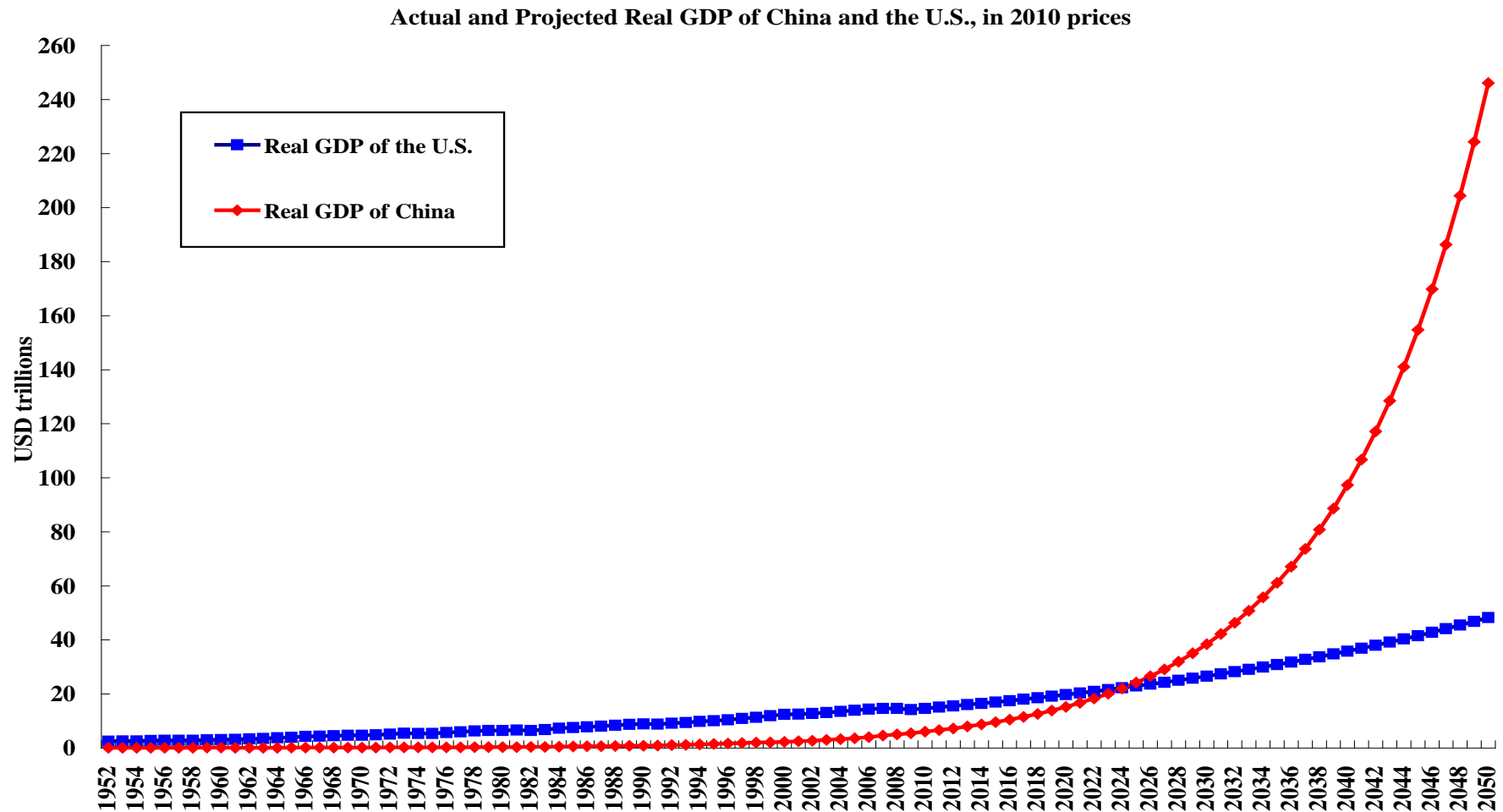
China GDP growth during the 11th 5YP



Distribution of world GDP in 2009

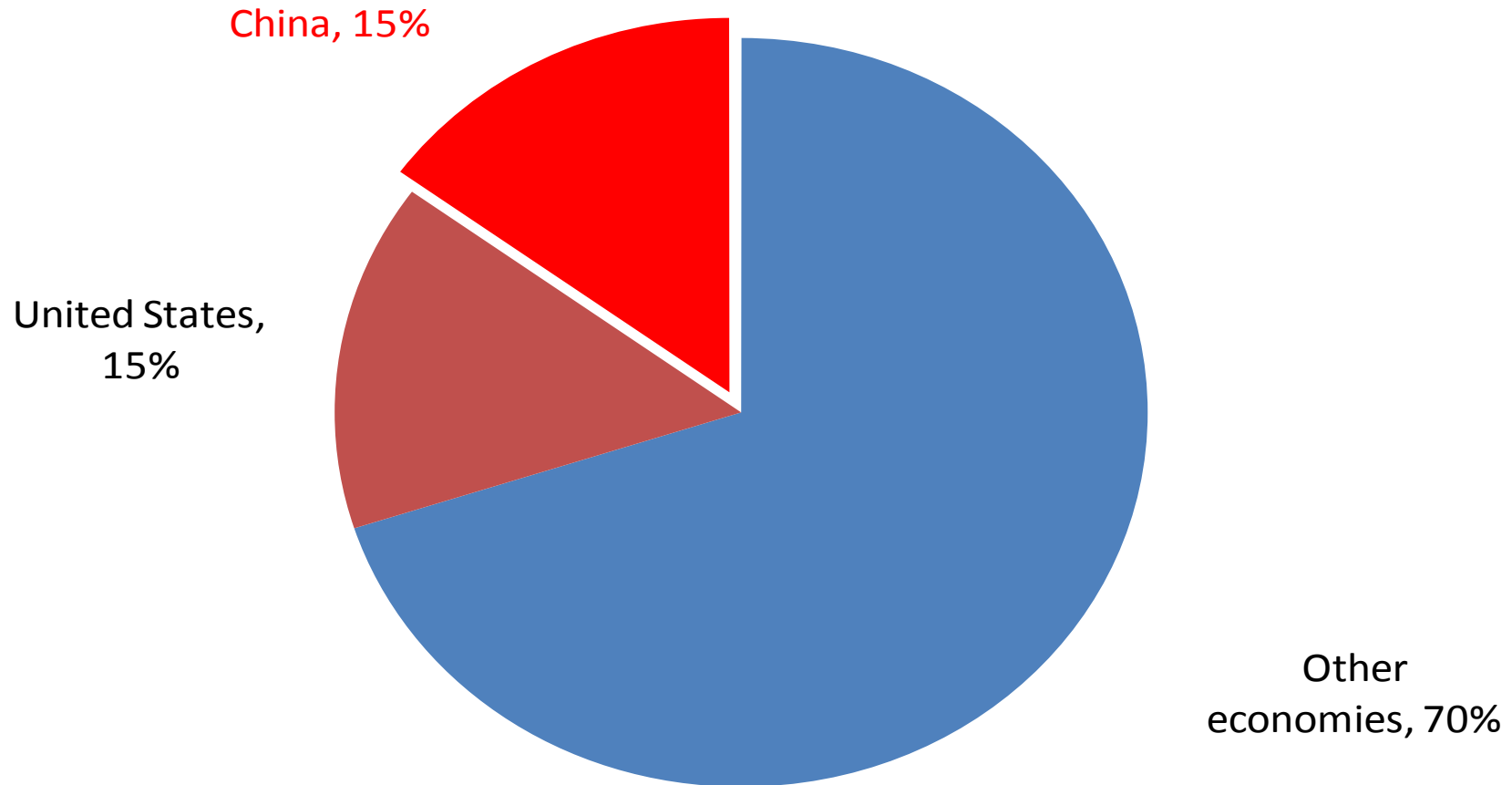


Actual and Projected Mainland Chinese and U.S. Real GDP (trillion 2010 US\$)



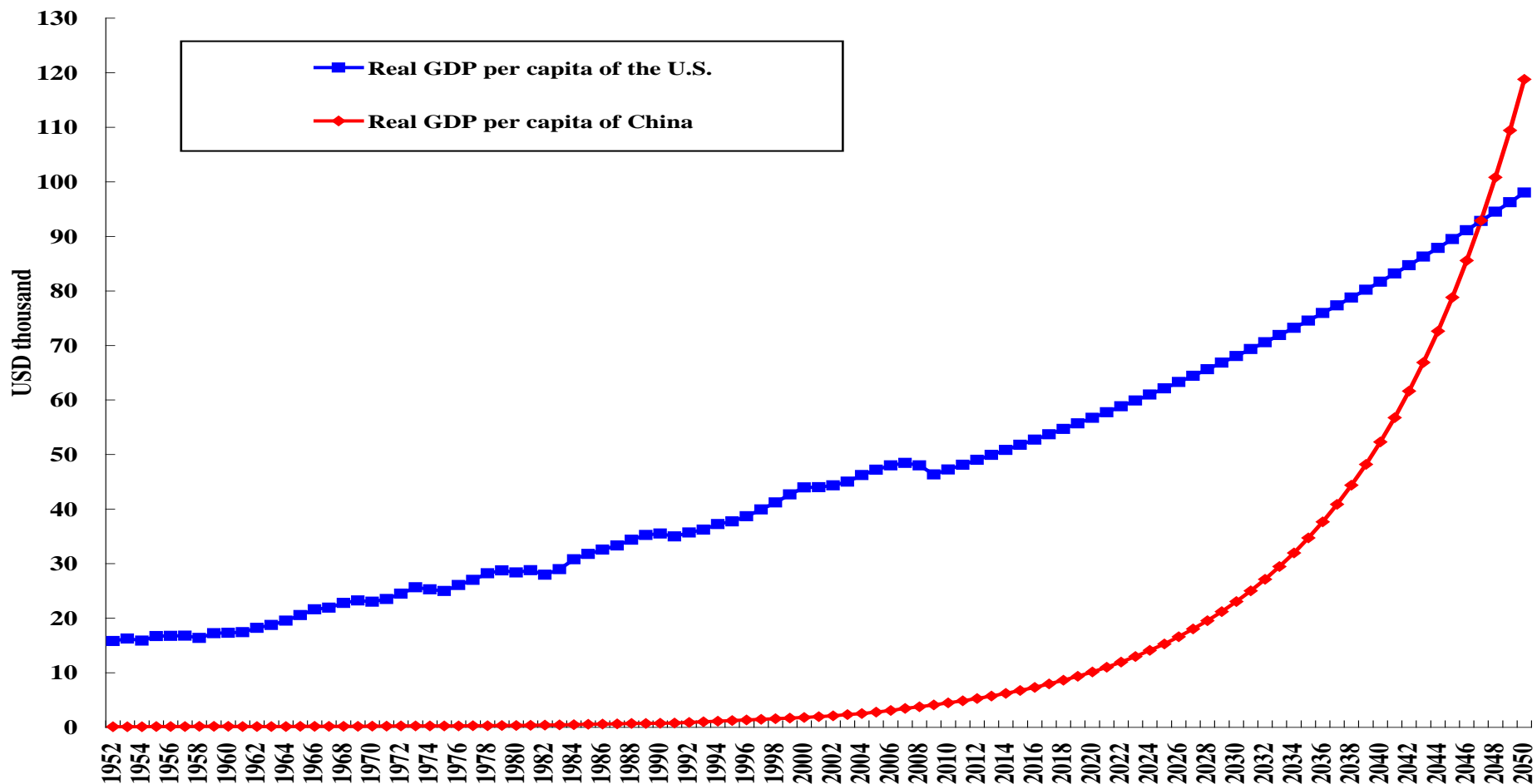
Distribution of world GDP projection to 2025

□



Actual and Projected Mainland Chinese and U.S. Real GDP per Capita (2010 US\$)

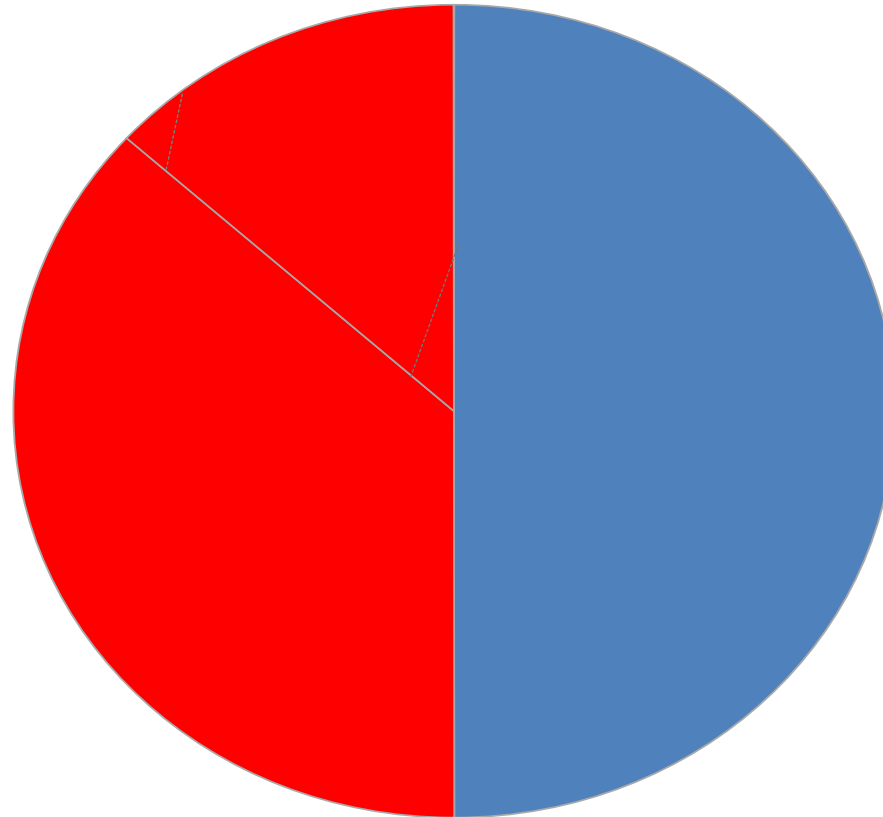
Actual and Projected Real GDP per capita of China and the U.S., in 2010 prices



Distribution of world GDP projection to 2045 – 2050

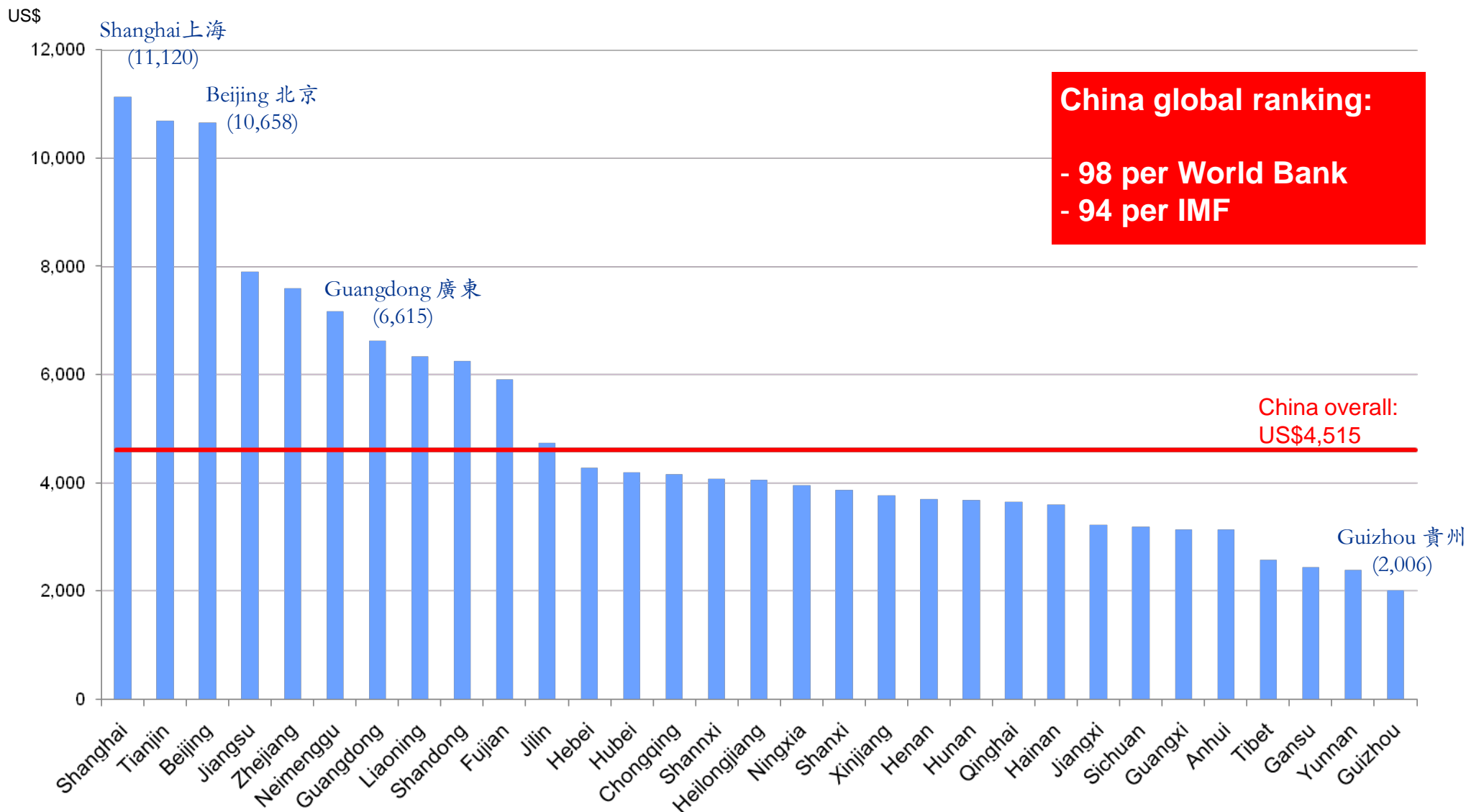


China
1/3 to 1/2

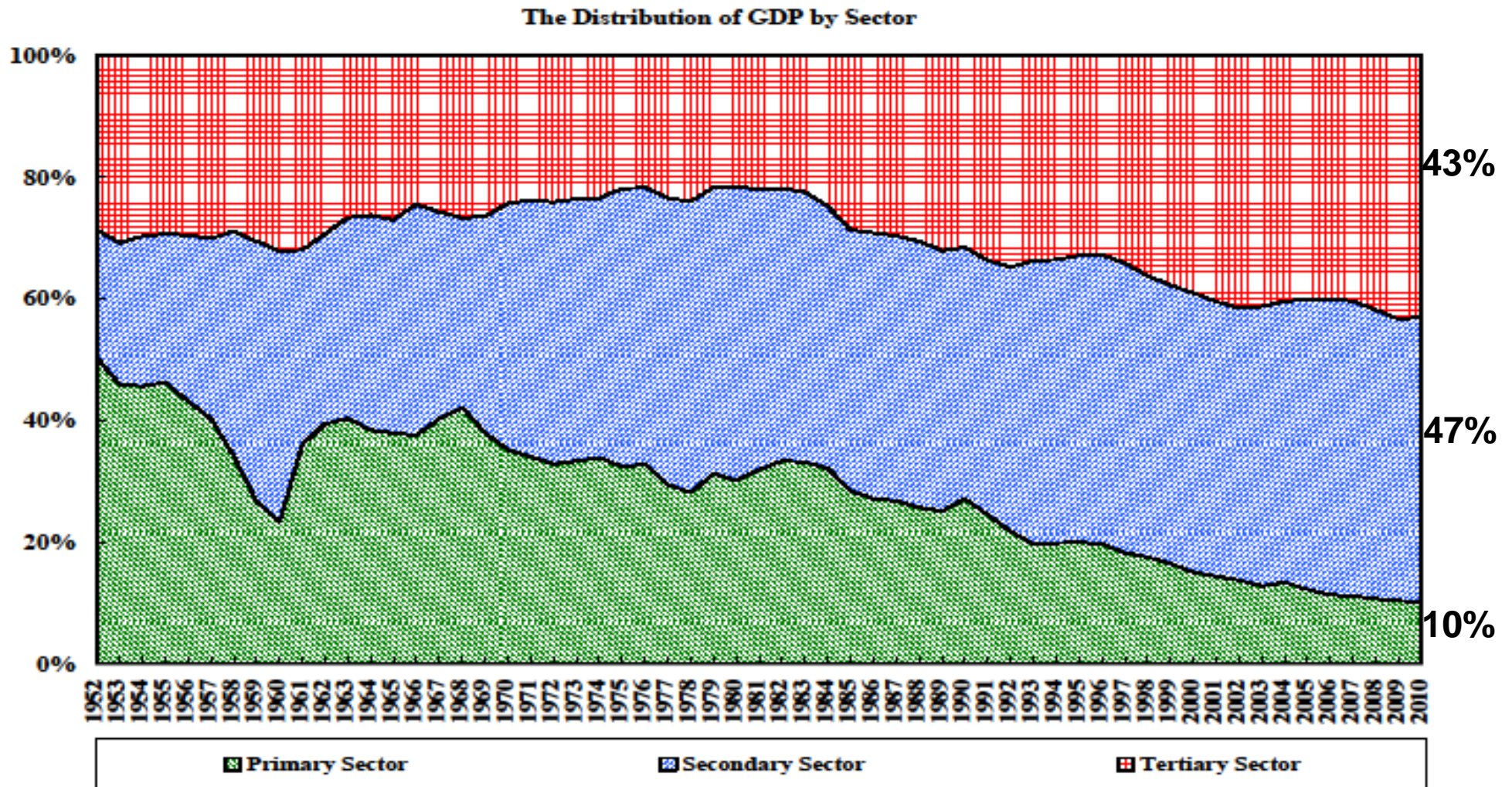


Other
economies

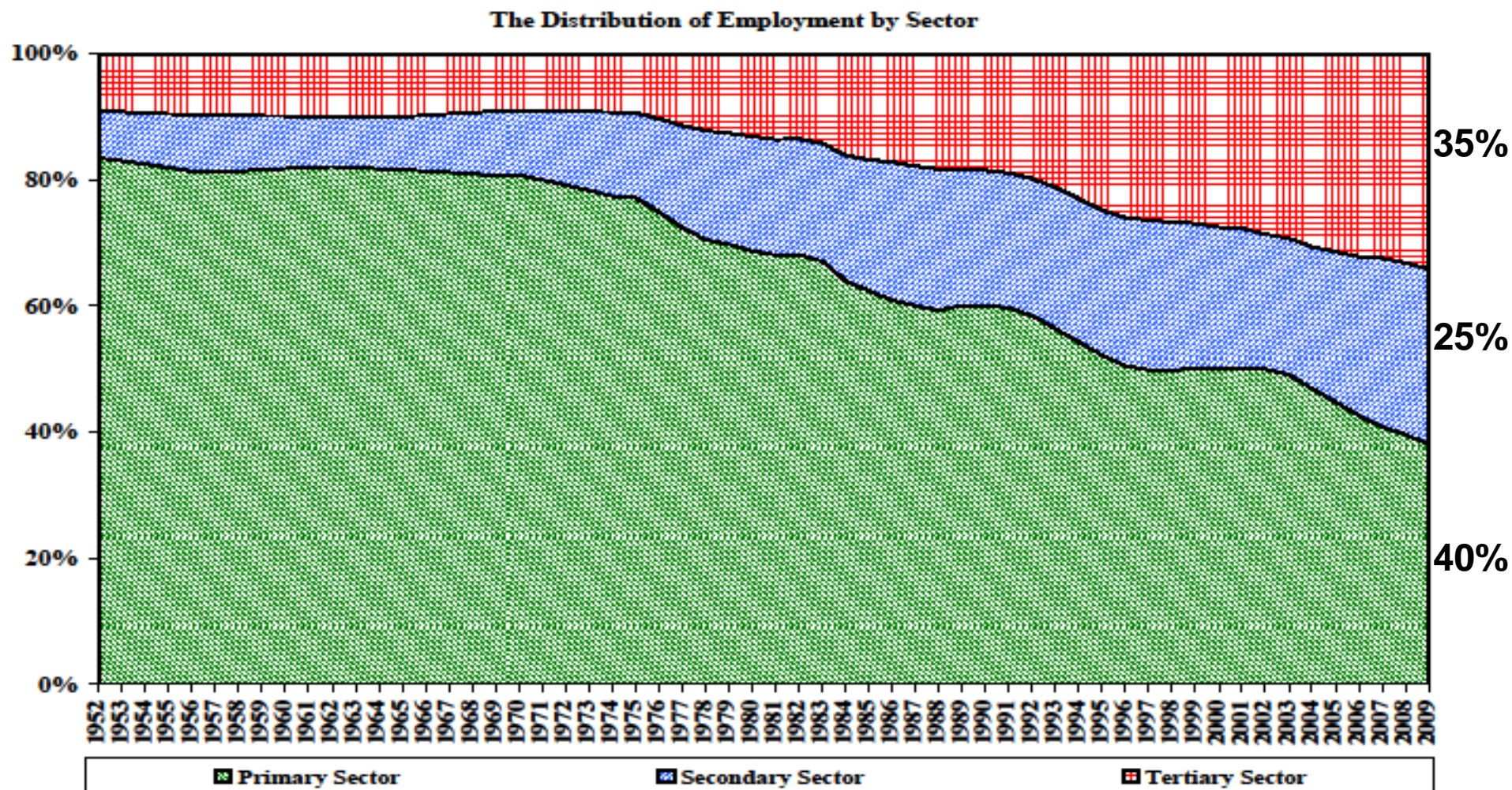
Comparison of 2010 GDP Per Capita of Provinces



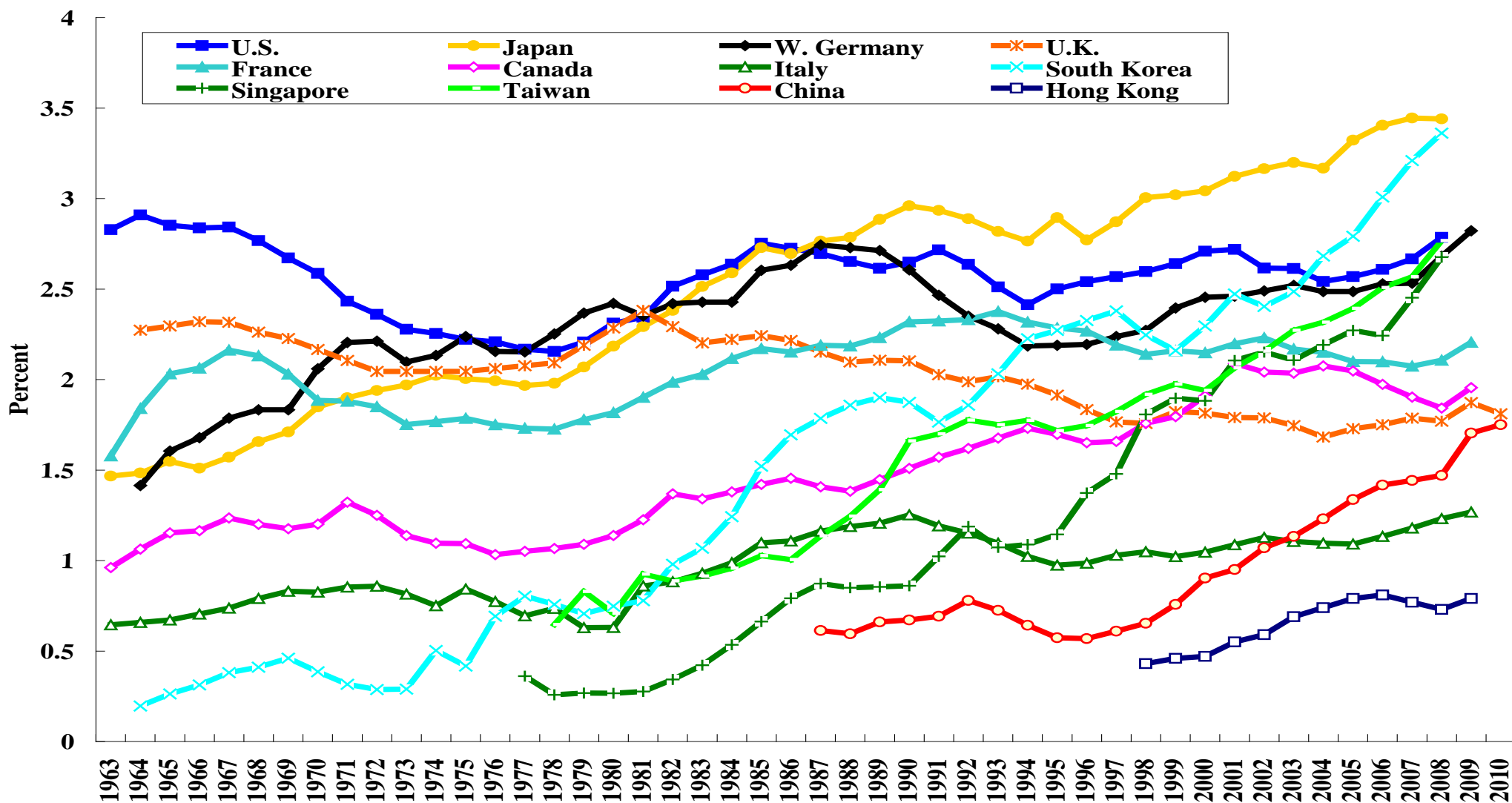
The distribution of Chinese GDP by sector since 1952



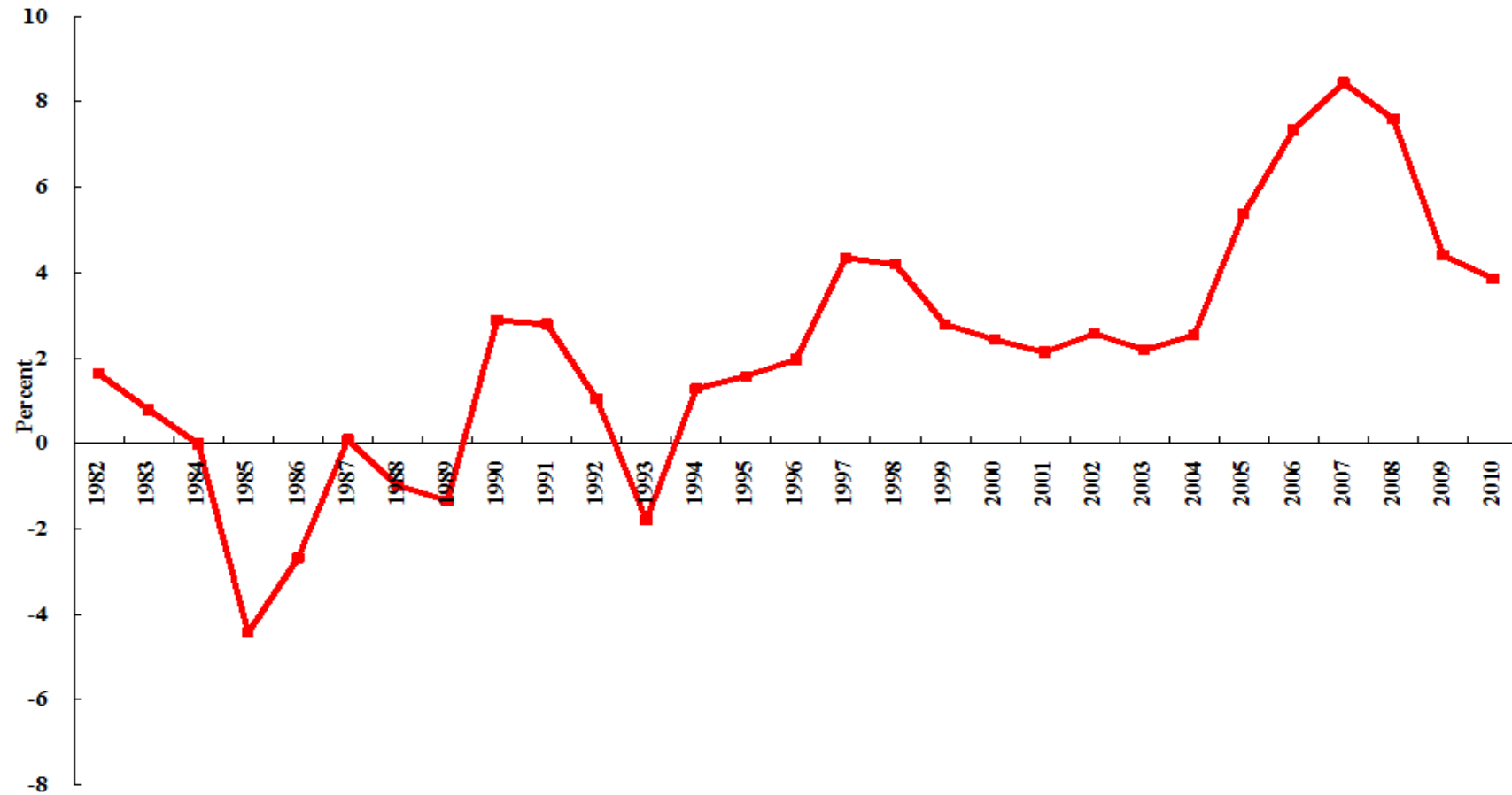
The distribution of Chinese employment by sector since 1952



R&D Expenditures as a Ratio of GDP: G-7 Countries, 4 East Asian NIEs & China



Chinese Trade Balance of Goods & Services as a Percent of GDP since 1982



Chapter on Hong Kong



Chapter on Hong Kong

HK's competitive advantages

Financial, trade and shipping centre

Offshore RMB centre

Asset management centre

The 6 industries

Medical

Education

Testing & Certification

Innovation & Technology

Cultural & Creative

Environmental

Economic co-operation between the Mainland and HK

CEPA

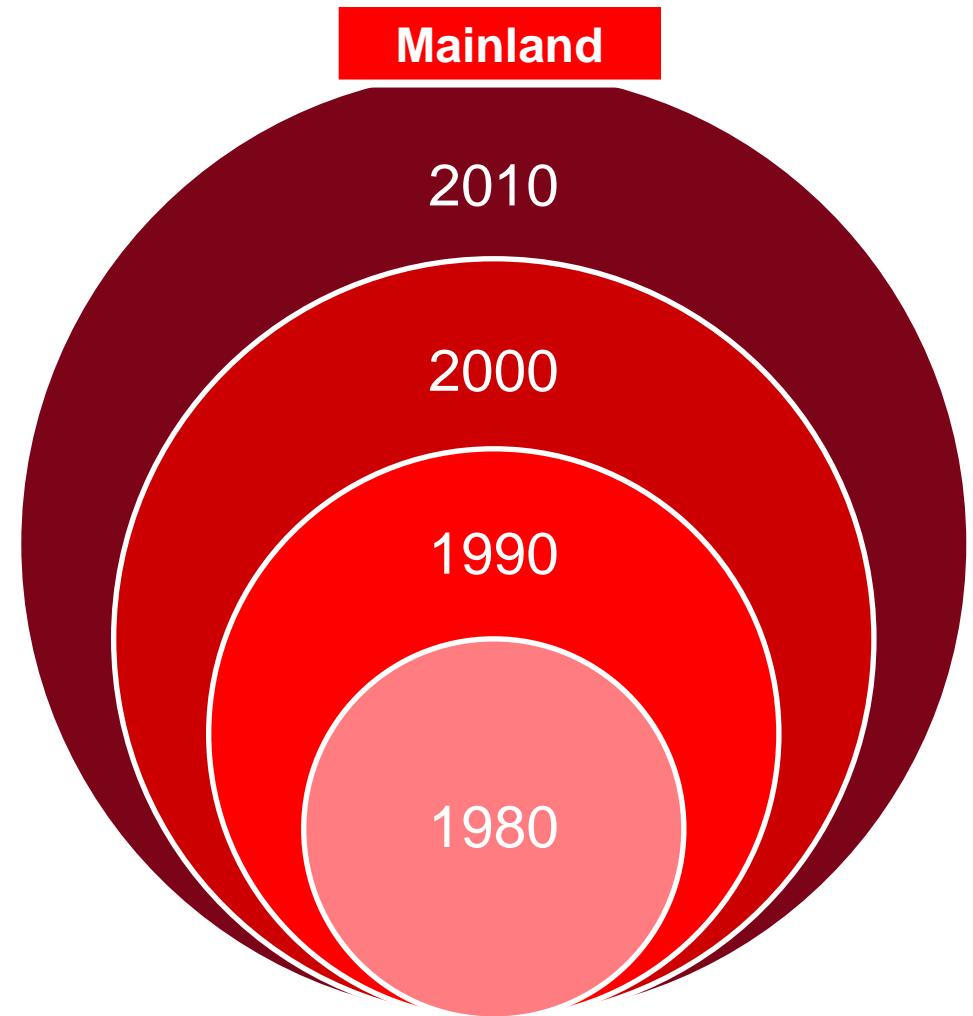
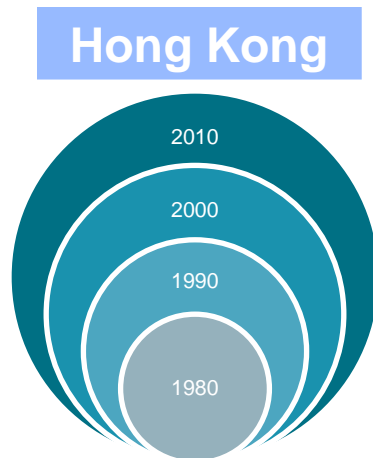
Financial co-operation zone

World-class metropolitan cluster

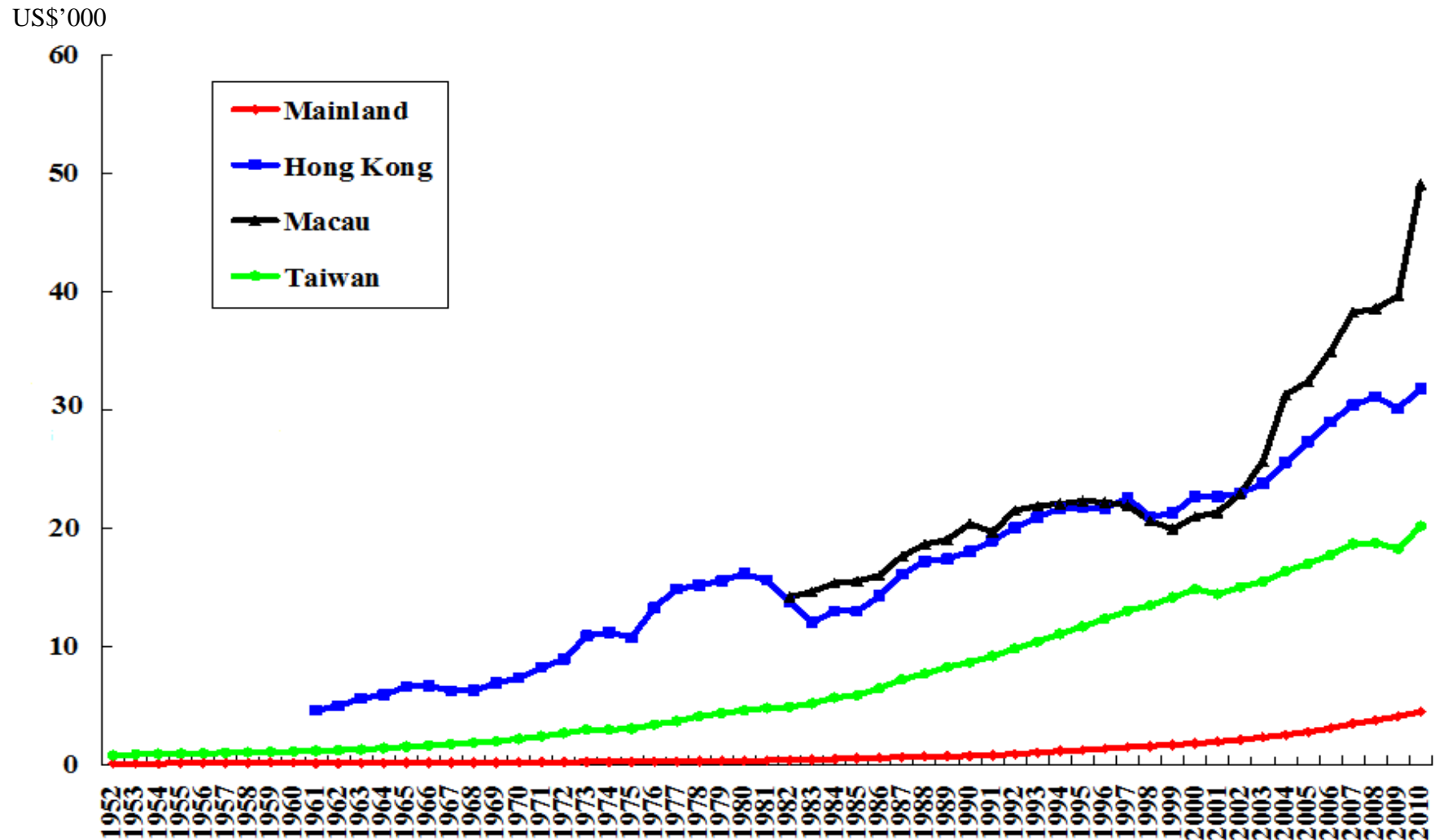
Opening up the Guangdong service industries

Comparison of the Real GDP of Mainland and Hong Kong

US\$'bn	Hong Kong	Mainland
1980	82	352
1990	103	856
2000	151	2,309
2010	225	6,038



Comparison of the Real GDP per Capita of Four Regions



Outline of China Tax Reforms



Outline of China Tax Reforms

- **Reform of Indirect Tax**
- **Modify scope of Consumption Tax**
- **Reform of IIT**
- **Real Estate Taxes**
- **Modify scope and taxable basis of Resource Tax**
- **Introduce Environment Tax**
- **Customs Duty**
- **Corporate Income Tax**
- **Fiscal revenue sharing system**



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Thank you

Ayesha M. Lau

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