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China to exempt quake regions from some gov't funding

China's Ministry of Finance announced on Monday it would exempt or cut down some government fund collecting from regions devastated by the May 12 earthquake over the next three years.

The grace period started July 1 and runs to June 30, 2011, said the ministry in a notice circulated to quake-hit provinces such as Sichuan, Gansu and Shaanxi last week.

It said enterprises, institutions and individuals in the quake zone could temporarily stop paying into some key funds. These covered the Three Gorges Project construction and another supporting the relocation of residents for large- and medium-sized reservoirs. Both funds are collected by the central government for their electricity use.

In addition, companies in hard-hit regions would be exempt from extra charges for water and road transport. They could also stop paying into the cultural construction government fund and a special fund for movie development.

The ministry urged Sichuan, Gansu and Shaanxi provinces to follow suit for some local government funding and remove illegal funding projects.

The exemption move would add to a series of favorable taxation policies unveiled last week to help boost the economy in the quake zone.

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