

China Further Reforms Paperless Practices over Customs Clearance

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On 27th May, the General Administration of Customs (hereinafter "GAC") and the State Authority of Foreign Exchange (hereinafter "SAFE") jointly promulgate "the Announcement on cancellation of verification sheet of foreign exchange settlement of clearance declaration and customs write-off sheet" (GAC and SAFE [2019] No.93) (hereinafter "Announcement No.93"). Implementing with effect from 1st June 2019, Announcement No. 93 comprehensively cancels papery provision of verification sheet and write-off sheet. From 1st June 2019 onwards, in terms of carrying out foreign exchange settlement under trade in goods and write-off under processing trade, companies can just simply print it out via China Electronic Port¹ and stamp official seal on it when required to submit papery clearance declaration. This report will give a brief introduction over the contents.

BACKGROUND

SAFE categorizes companies into Category A, B and C, according to the supervision results of import and export companies. On 3rd September 2013, GAC and SAFE jointly released "the Notice on cancellation of providing verification sheet of settlement of custom declaration" (GAC and SAFE [2013] No.52) (hereinafter "Notice No.52"), allowing companies of Category A to print out the clearance declaration verification sheet via China Electronic Port and submit to customs with the official seal of company, in terms of foreign exchange settlement under trade in goods. However, for Category B, C companies, papery verification sheet of foreign exchange settlement of customs declaration were still provided.

MAIN CONTENT

Announcement No.93 allows Category B and C companies to print out clearance declaration verification sheet with company official seal via China Electronic Port, and customs shall no longer provide any papery verification sheet and write-off sheet. Please see below table for reference.

[Table]

	Notice No.52(Terminated)	Announcement No.93(Now)
Category A	<ul style="list-style-type: none"> Allowed to print out the verification sheet of clearance declaration via China Electronic Port and submit to customs with the official seal of company, in terms of foreign exchange settlement under trade in goods 	<ul style="list-style-type: none"> Allowed to print out the verification sheet of clearance declaration and write off sheet via China Electronic Port and submit to customs with the official seal of company, respectively in terms of foreign exchange settlement under trade in goods and write-off under processing trade
Category B	<ul style="list-style-type: none"> Papery verification sheet of clearance declaration were still provided 	
Category C		

¹ Refers to a public data centre as well as a date exchange centre which connects all kinds of authorities including Bureau of Industry and Commerce, State Authority of Taxation, GAC, SAFE and banks, trading companies, performing data sharing and online services such as custom clearance, write-off of settlement, export tax rebates and payment.

COMMENTS

According to current foreign exchange regulations under trade in goods, companies shall provide banks with the verification sheet of clearance declaration in hard copies with official seal when conducting trade in goods including exports and imports T/T settlement, import finance and export finance (Practice differs depending on banks). Besides, processing trading companies are required to provide verification sheet of clearance declaration (with official seal) that printed out via China Electronic Port to customs, when conducting write-off.

The comprehensive cancellation of papery verification sheet of clearance declaration and write-off sheet decreases companies' administrative burden and enhances efficiency. Announcement No.93 benefits Category B and C companies more though, practically speaking the bank's requirements over declaration verification are not yet accordingly loosened, which means the papery evidences shall be submitted still. Therefore, the policy influence is respectively limited. On the other hand, the US-China trade war remains unclear still and China has been releasing a series of concessionary policies in order to boost trading, for example, to lower import tariffs, to raise export tax rebates, to streamline clearance process and to shorten clearance time etc. Announcement No. 93 is seen as one of the actions of promoting trade facilitation, under the circumstance of the on-going trade war. Meanwhile, it is highly expected that an increasing number of preferential policies over trade facilitation would be introduced in the near future. We will keep an eye on related preferential policies later on.

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