

## China Further Reforms Paperless Practices over Customs Clearance

24 JUN 2019

PEGGY HE

ADVISORY DEPARTMENT  
JAPANESE CORPORATE BANKING DIVISION  
FOR ASIA

T +852-2823-6605  
E PEGGY\_PJ\_HE@HK.MUFG.JP

**MUFG Bank, Ltd.**

A member of MUFG, a global financial group

On 27<sup>th</sup> 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 1<sup>st</sup> June 2019, Announcement No. 93 comprehensively cancels papery provision of verification sheet and write-off sheet. From 1<sup>st</sup> 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 Port<sup>1</sup> 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 3<sup>rd</sup> 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"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
Category B	<ul style="list-style-type: none"> <li>Papery verification sheet of clearance declaration were still provided</li> </ul>	
Category C		

<sup>1</sup> Refers to a public data centre as well as a data 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.

### **【Disclaimer】**

The information herein is provided for information purposes only, and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for any services, transactions, securities or other financial instruments. Before entering into any particular transaction, you are advised to obtain such independent financial, legal, accounting and other advice as may be appropriate under the circumstances. Note that MUFG Bank may have issued, and may in the future issue, other reports that are inconsistent with or that reach conclusions different from the information set forth herein. Such other reports, if any, reflect the different assumptions, views and / or analytical methods of the analysts who prepared them, and MUFG Bank is under no obligation to ensure that such other reports are brought to your attention.

Copyright 2019. MUFG Bank, Ltd. Hong Kong Branch. All rights reserved.