

General Administration of Customs and State Administration of Foreign Exchange of the People's Republic of China Going Further in Customs Paperless Reforms

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On May 27, 2019, the General Administration of Customs (GACC) and State Administration of Foreign Exchange (SAFE) of the People's Republic of China released the "Announcement on the Cancellation of Certificates of Customs Declaration for Receipt/Payment of Foreign Currency and Tax Reconciliation" (GACC/SAFE Announcement No. 93 [2019], hereinafter "Announcement 93"), abolishing the provision of all paper-based certificates by customs authorities. From now on, when a company needs to submit a paper-based customs declaration when receiving or making a foreign currency payment for the trade of goods or performing reconciliation for processing trade, they can print one from the China E-Port web system and submit it after affixing an official seal. Announcement 93 came into effect on June 1, 2019.

1. Background of the Policy

SAFE divides importing and exporting enterprises into three classes (A, B, and C) based on the results of an evaluation.

On September 3, 2013, GACC and SAFE released an announcement¹ that authorized Class A enterprises that receive or make a payment in a foreign currency for the trade of goods to print a certificate of customs declaration from China E-Port, and submit it after affixing an official seal. Meanwhile, customs authorities would continue to provide Class B and C enterprises with paper-based certificates of customs declaration for foreign exchange receipt/payment.

2. Main Contents of the Announcement

According to the recently released Announcement 93, Class B and C enterprises are now also authorized to print out customs declarations from China E-Port and submit them after affixing an official seal, should they require a paper-based declaration after receiving or making a payment in a foreign currency for the trade of goods. From now on, paper-based customs declaration certificates for foreign currency receipt/payment and processing trade reconciliation will not be supplied.

Under current foreign currency control regulations for the trade of goods, if an enterprise performs one of the procedures relating to the trade of goods listed below, they may need to submit a paper-based certificate of customs declaration printed from China E-Port to the bank (after stamping it).

[Fig. 1]: Procedures Related to Trade of Goods Which Require the Submission of a Paper-based Certificate of Customs Declaration Printed from China E-Port

✓ Export/Import TT payment	✓ Importer trade finance	✓ Exporter trade finance
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Note: As the requirements for document verification vary by bank, the above procedures are provided for reference only.

¹ "Announcement on the Cancellation of Printing Certificates of Customs Declaration for Foreign Exchange Receipt/Payment" (GACC/SAFE, No. 52 [2013])

When performing reconciliation for processed trade at customs, it is necessary to print the paper-based certificate of customs declaration from China E-Port and submit it (after stamping it) to customs authorities.

3. Impact on Corporations

The complete abolition of paper-based certificates is part of the paperless reforms for China customs clearance. It has reduced the workload for processing paperwork and improved operational efficiency for enterprises. However, Announcement 93 is mainly beneficial to Class B and Class C enterprises, and the number of such enterprises is small. Furthermore, there is no simplification in terms of banks' requirements for document verification, nor is there any reduction in the paper-based documentation that enterprises need to submit to banks. Thus, there is a limit to how effective this Announcement is regarding simplification. However, with the lack of clarity as to how the future economy will move due to the U.S.-China trade dispute, the Chinese government is trying to put a stop to the negative effects on imports and exports brought on by the dispute. To this end, China is bringing out a series of policies to promote trade (for example, lowering import duties, raising the rates of export tax rebates, simplifying customs procedures, reducing customs clearance times, etc.) in order to expand the industry. In the context of the trade dispute with the U.S., Announcement 93 can be seen as a microcosm of the Chinese government's efforts to improve the convenience of trade. More official announcements regarding measures to ameliorate trade convenience are expected. We will continue to monitor the situation and bring you further developments as they come.

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