Report Name: China Publishes Frequently Asked Questions Document on Tariff Exclusion Process

Country: China - Peoples Republic of

Post: Beijing

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Report Highlights:

On March 11, 2020, China's State Council Tariff Commission (SCCTC) published another guidance document related to the new tariff exclusion process that opened on March 2, 2020. This Frequently Asked Questions (FAQ) document provides more detailed guidance about the Chinese tariff exclusion process. Although only China-based enterprises can apply for tariff exclusions, this recent guidance should help the U.S. food and agricultural industry better understand the process. For more information about the overall tariff exclusion process please see GAIN Reports CH2020-2017 (China Announces a New Round of Tariff Exclusion) and CH2020-0024 (China Publishes Step-By-Step Tariff Exclusion Guide).
General Information:

On March 11, 2020, SCCTC announced a new guidance document related to the tariff exclusion process that opened on March 2, 2020. This FAQ document provides more detailed guidance on the Chinese tariff exclusion process. The original document (in Chinese) can be accessed from their website here: https://gszx.mof.gov.cn/ or directly from this link here: March 11 Guidance Document. For more information about the overall process, please see FAS GAIN Reports CH2020-2017 (China Announces a New Round of Tariff Exclusions) and CH2020-0024 (China Publishes Step-By-Step Tariff Exclusion Guide). Below is an unofficial translation of the recent FAQ document.

(BEGIN TRANSLATION)

ANSWERS TO FREQUENTLY ASKED QUESTIONS IN EXCLUSION OF MARKET-ORIENTED PROCUREMENT

1. Can the consumption and using company on a customs declaration serve as the entity of application for exclusion of market-oriented procurement? Can agency companies serve as entities of application if they are domestic consignees? 

Answer: The entity of application for exclusion of market-oriented procurement shall be an enterprise within China’s territory that plans to sign a contract and import related products from the United States. The applicant should be consistent with the domestic consignee on the customs declaration in principle.

Example: Enterprise A entrusts Enterprise B to import, and then a contract is signed by Enterprise A or Enterprise B to make Procurement from the United States. If the consumption and using company filled in on the custom declaration is Enterprise A, while the domestic consignee is Enterprise B, then both Enterprise A and Enterprise B can serve as the entity of application and transaction record shall be provided based on actual situation. If Enterprise A serves as the entity of application, Enterprise A should provide the proof of relationship with Enterprise B during subsequent verification and write-off. Enterprise A and Enterprise B should communicate with each other in advance to determine the entity of application so as to avoid repeated application.

2. What is the relationship between the procurement plan, the transaction record and the exclusion number?

Answer: (1): Procurement plan: One procurement plan shall be submitted every month for every product with an 8-digit tariff line number, and the entity of application shall make summary at a time and fills in the total value of to-be-concluded transactions of the month. (2) Transaction record: One procurement plan can correspond to several transaction conclusion records. Documents such as emails, contracts, invoices, negotiation records that confirm the transaction can all be taken as supporting files. The product may be imported in any month within the exclusion time limit (one year), and may not always be imported in the same month or in the next month after the transaction conclusion record is made in the exclusion declaration system. (3) Exclusion number: the exclusion number should be filled in the
customs declaration. All related products on one customs declaration should be provided with the same exclusion number. One exclusion number can correspond to several transaction conclusion records, which means that one exclusion number can be added into multiple transaction conclusion records for the same product with an 8-digit tariff line number, or can be added into multiple transaction conclusion records for different products with 8-digit tariff line numbers. One transaction conclusion record can correspond to multiple exclusion numbers, which means that one transaction conclusion record can be provided with the exclusion number for a plurality of times.

Example: In April, the enterprise made procurement plans of May for products A and B separately. In May, the enterprise fed back the transaction conclusion record, wherein two transactions of product A were made, marked as C1 and C2 respectively, and three transactions of product B were made, marked as C3, C4, and C5 respectively. In September, when C1, C3 and C4 arrived at the port at the same time, according to the plan of the enterprise, C1 and C3 would be declared and imported with one customs declaration, and C4 would be declared and imported with another customs declaration. Then the enterprise received two exclusion numbers, wherein C1 and C3 were included in the exclusion number PC001, and C4 was included in the exclusion number PC002. Upon receipt, the enterprise would fill in two separate exclusion numbers in two customs declarations for import declaration. The enterprise would receive the exclusion numbers of C2 and C5 separately after their arrival at the port in succession, or would receive the exclusion numbers together with those of other products.

3. Is it necessary to feed back the transaction conclusion records gradually when one transaction of the products with the same 8-digit tariff line number corresponds to multiple contracts?

Answer: A transaction is concluded once a procurement agreement with a supplier is reached, and the transaction conclusion can be confirmed in a variety of forms including contract signing, mail confirmation and the like. If the enterprise concludes the transaction in the forms of the mail and the like at first and then signs a plurality of contracts, the enterprise should submit the mail information as the transaction conclusion record without the need for submitting the contracts one by one. If the enterprise confirms the transaction conclusion directly in the form of contract signing, the enterprise should submit the contracts as the transaction conclusion records.

4. Can the procurement plans, the transaction conclusion records or the exclusion numbers be withdrawn or modified?

Answer: The procurement plans can be withdrawn and modified before being examined and approved but cannot be withdrawn or modified after being examined and approved, in principle. The transaction conclusion records and the exclusion numbers cannot be withdrawn or modified after being submitted. The enterprises should fill in the information prudently. Please call 010-82217952/3 for technical support in case of any special circumstance.

5. How to verify and write off the exclusion number?
Answer: The exclusion declaration system will assist enterprises in verification and write-off. If the information of the exclusion number is consistent with related import data of the customs declarations, the enterprise can check the result in the exclusion number list verified and written off. Otherwise, the enterprise should operate or provide explanations as required to finish verification and write-off. Each enterprise that carries out verification and write-off for the first time will receive a text message, and can then log in to the exclusion declaration system to check the verification and write-off. The Customs Tariff Commission of the State Council and relevant departments will carry out operational and post-operational oversight on market-oriented procurement exclusion based on the verification and write-off and other situations.

6. Can the market-oriented procurement exclusion application be submitted if the second batch of exclusion application has ever been submitted but is not included in the first exclusion list of the second batch published in the Notice [2020] No. 3 issued by the Customs Tariff Commission?

Answer: For those products which have not been included in the first exclusion list and the second exclusion list, the enterprises can submit the market-oriented procurement exclusion application according to actual demands.

7. What is the specific auditing standard for the exclusion application?

Answer: The Customs Tariff Commission will carry out auditing according to the information filled in by the enterprises in combination with the exclusion application for the first batch and the second batch of American products on which tariffs are imposed. When applying to add products not in the list, the enterprises can provide facts and data for explanation in the aspects of the difficulty of seeking for substitute product sources, the harm of tariff lifting to the enterprises, the influence of tariff imposition on the related industry, the significance of import of related products in meeting the domestic demand, etc.

8. What is the declaration deadline in the exclusion declaration system?

Answer: The exclusion declaration system accepts applications from March 2, and the declaration deadline has not been published yet. If any adjustment is made in the later period, information will be published in advance via the website (https://gszx.mof.gov.cn) of the Customs Policy Research Centre of the Ministry of Finance. If exclusion application is approved, it is valid within one year.

9. How to understand the one-year validity period after approval?

Answer: The approved exclusion application shall be valid for one year from the date of approval. The beginning and ending dates of the exclusion time limit will be displayed in the exclusion declaration system. The entity of application should feed back the transaction conclusion record within the required time and declare for import within one year.

10. Is it necessary to submit an exclusion application for the products in processing trade sold in the domestic market?
Answer: An exclusion application can be submitted for those products in processing trade sold in the domestic market involved in the levy of countervailing tariffs on the US “Section 301” measures. The exclusion application is valid within one year from the date of approval, and the enterprise can reasonably schedule the submission of the exclusion application according to the actual situations.

11. Can the enterprise that determined to purchase products in 2019 submit an exclusion application?

Answer: The procurement plan of the next month can be filled in when application is submit in this month. For the first time of application, you can also fill in the procurement plan of the current month, as well as the purchase plan that has been completed before but has not yet been declared for import, including the goods that the enterprise determines to purchase but has not yet declared for import in 2019.

12. Can an exclusion application be submitted for the products which are originated in the US but purchased from other countries?

Answer: The application can be submitted for those import products that are originated in the US and subject to the levy of countervailing duties on the US “Section 301” measures.

(END TRANSLATION)

Attachments:

No Attachments.