

Customs Duties Reductions, Exemptions and Refund

1) Reductions and exemptions

The following goods imported and exported may be exempt from Customs Duties:

- a. The goods of one receipt of duty amount under 50 Yuan RMB
- b. Advertising articles and trade samples of no commercial value.
- c. Materials gifted by international organizations or foreign governments free from charge.
- d. Goods damaged or lost before release by the Customs
- e. The fuels, materials and beverage needed for the entry and exit transportation tools on route of loading.

For the goods damaged or lost before release by the Customs, the duty payers should explain to the Customs and provide the relevant documents or proof at the time of declaration or within 15 days after the date of release of the goods by the Customs. Believing necessary, the Customs may request the duty payers to provide the inspection report issued by the qualified commodity inspection institutions on the extent of the damage of the goods. The customs may reduce or the exempt the duty based on the extent of the damage of the goods.

For other goods free from or reduced on Customs Duties by law (such as the goods, articles free from or reduced of Customs Duties as stipulated in the international conventions that China has concluded or participated), the Customs may reduce or exempt the duty according to the rules.

At the same time when the duty is reduced, exempt for the above imported goods, the VAT and Consumption Tax on the stage of importation may reduce, exempt

Duty exemption or reduction and temporary exemption or reduction of duty to special area, specific enterprise or the goods imported or exported for special use may be granted in line with the rules of the State Council. The goods imported after the above exemptions or reductions shall be only used for special area, specific enterprise or special purpose, and can not be used otherwise without approval by the Customs and without paying the Customs Duty.

The Customs Duties on the following equipment imported for self-use and the technology, accessories and parts imported together with the equipment by the enterprises (projects) under the contract may be exempt:

- a. That imported within the total investment by the foreign investment projects and domestic investment projects, encouraged and supported for development by the State.
- b. That imported by enterprises for producing the products listed in the State High and New Technology Products Catalogue that is formulated by the Ministry of Science and Technology of China.
- c. That imported by software enterprises.
- d. That imported within the approved scope of production and business by use of the funds of own beyond the total investment by the enterprises with foreign investment, the research

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- and development centers with foreign investment and the enterprises with foreign investment of advanced technology and export-oriented type that belong to encouraged or limited B categories.
- e. That imported within the total investment by the research and development centers with foreign investment.
 - f. That imported within the total investment (some preferential treatment may be granted for importers importing by the funds of their own beyond the total investment) for the projects in line with the catalog of projects of advantageous industries and projects for utilizing foreign capitals as ruled by the governments at provincial level in middle and western part of China.

Customs Duties may be exempt for the equipment imported by use of loans from foreign governments and international financial organizations, the outward payment for the software by enterprises according to contracts in order to import the advanced technology listed in the State High and New Technology Products Catalogue, the integrated circuit equipment and apparatus solely imported and the integrated circuit technology and complete set of production equipment by integrated circuit manufacturing enterprises in conformity with the State stipulations, the raw materials and consumables imported for self-use by integrated circuit manufacturing enterprises in accordance with the State stipulations, and the articles for science and research and teaching imported according to the stipulations of the State, the articles specially for the use of the disabled and the donated materials of poverty support or charity nature.

Duty may be exempt on the commodities imported by the border residents by mutual market trade with the limit of 3000 Yuan per day per person (VAT and Consumption Tax at importation shall be exempt at the same time).

For the imported materials and parts for processing trade that are imported as bonded, the Customs may levy the import duty by rules if the finished products or the imported materials and parts are not exported within the time limit as specified by rules.

Where the import duty is collected on the imported materials and parts for processing trade, the Customs may pay back the duty collected on the importation by rules if the finished products or the imported materials and parts are exported within the time limit as specified by rules.

2) Refund of duty

Under one of the following conditions, the duty payers may apply for the refund of the duty within one year after the date of payment of the duty by written form explaining reasons to the Customs and by providing to the Customs the original import or export declaration form, duty payment memorandum, invoices and the relevant materials:

- a. The goods having already paid the import duty are returned and transported out of China due to quality or specification reasons.
- b. The goods having already paid the export duty are returned and transported into China due

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- to quality or specification reasons and have paid the relevant internal taxes refunded for export of the goods.
- c. The goods having already paid the export duty but having not been loaded and exported for reasons are declared for Customs return.

Where the goods imported and exported in bulk have any shortage and have been released and the consignors of the goods, the carriers or the insurance companies have returned the relevant payment or make compensation for the shortage, the duty payers may apply to the Customs for the refund of the duty on the returned or compensated payment within one year after the date of the payment of the duty and provide the original import or export declaration form, duty payment memorandum, invoices and the relevant materials.

Where the consignors of the goods, the carriers or the insurance companies have made compensation for the damage, bad quality, wrong specification or other shortage of the goods of import and export, the duty payers may apply to the Customs for the refund of the duty on the compensated payment within one year after the date of the payment of the duty and provide the original import or export declaration form, duty payment memorandum, invoices and the relevant materials.

Upon receiving the duty refund application of the duty payers, the Customs should examine that. Where the duty payers have provided the complete and qualified application materials, the Customs should accept the application and regard the date of receiving the application as the date of acceptance. Where the application materials are incomplete or unqualified, the Customs should, within 5 working days after receiving the application materials, notify the duty payers of the materials to be made up and regard the date of making up the complete materials as the date of acceptance of the refund application. When necessary, the Customs may request the duty payers to provide the inspection report issued by the qualified commodity inspection institutions on the bad quality, wrong specification or damage, shortage of the original import or export of the goods or other relevant documents or proof. Within 30 days after accepting the duty refund application, the Customs should verify the application and inform the duty payers of handling the duty refund formalities or of decisions of no duty refund. The duty payers should go through the duty refund formalities within 3 months after receiving the notice of the Customs on allowing for duty refund. The late payment interest collected shall not be refunded.

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