

Announcement of the State Taxation Administration on Matters Concerning Further Facilitating the Handling of Export Tax Refunds and Promoting the Stable Development of Foreign Trade

State Taxation Administration Announcement [2022] No. 9

In order to thoroughly implement the decisions and deployments of the Central Committee of the Communist Party of China and the State Council, actively implement the *Notice of the State Taxation Administration and Other Ten Departments on Further Increasing Support for Export Tax Refunds to Promote the Stable Development of Foreign Trade* (SAT Goods and Services Notice [2022] No. 36), further assist enterprises in overcoming difficulties, stimulate the vitality and potential of export enterprises, optimize the foreign trade business environment, and better promote the stable development of foreign trade, matters are hereby announced as follows:

I. Improving the Classification Management of Export Tax Refund (Exemption) Enterprises

The annual assessment of export enterprise management categories shall be completed within one month after the evaluation results of the enterprise's tax credit rating are determined.

If a taxpayer undergoes tax credit repair, they may submit a written application to the tax authority for re-assessment of their management category. For taxpayers re-assessed due to tax credit repair, the restriction under Article 14 of the *Measures for the Classified Management of Export Tax Refund (Exemption) Enterprises* (State Taxation Administration Announcement [2016] No. 46 issued, [2018] No. 31 amended) that "Category IV export enterprises shall not be assessed as other management categories within 12 months from the date of assessment" does not apply.

II. Optimizing the Management of Export Tax Refund (Exemption) Record Documents

(1) Taxpayers shall, within 15 days after declaring export tax refund (exemption), properly retain the following record documents and prepare a catalog of export tax refund (exemption) record documents in the order of the declaration time, noting the storage method of the documents for tax authority inspection:

1. Purchase and sales contracts of the export enterprise (including: export contracts, comprehensive foreign trade service contracts, purchase contracts of foreign trade enterprises, purchase contracts for non-self-produced goods exported by production enterprises, etc.);
2. Transport documents for export goods (including: bills of lading, air waybills, railway bills, cargo carrier documents, postal receipts, and other cargo documents issued by carriers; domestic transport invoices paid by the export enterprise; international freight forwarding service fee invoices paid by the export enterprise, etc.);
3. Documents entrusting other units to handle customs declarations (including: entrustment customs declaration agreements, agency customs declaration service fee invoices issued by the entrusted customs declaration unit, etc.).

If taxpayers are unable to obtain the above documents, they may use other materials with similar content or function for record-keeping. Unless otherwise specified, record documents shall be stored and maintained by the export enterprise and shall not be destroyed without authorization. The retention period is 5 years.

Taxpayers engaged in zero-rated cross-border taxable activities are not subject to record document management.

(2) Taxpayers may choose to retain and store the above record documents in paper, imaging, or digital form. Those choosing paper form shall also note the storage location of the record documents in the export tax refund (exemption) record document catalog.

(3) When the tax authority inspects record documents as required, if the taxpayer is required to convert imaged or digital record documents into paper form for inspection, the paper documents shall bear the enterprise seal and a signature declaring consistency with the original data.

III. Improving the Export Tax Refund Policy for Processing Trade

For export enterprises engaged in processing with imported materials that adopt the exemption, credit, and refund method, after the state implements a policy where the export product tax levy and refund rates are consistent, if there is a carry-over of non-deductible exemptible and creditable amounts due to inconsistent levy and refund rates, the enterprise may, after verification and confirmation, convert such amounts into corresponding value-added tax (VAT) input credits.

IV. Streamlining Documentation for Export Tax Refund (Exemption)

- (1) When taxpayers handle export tax refund (exemption) declarations for goods exported on behalf of others, they shall no longer submit duplicate or photocopied versions of the agency export agreement.
- (2) When taxpayers handle export tax refund (exemption) filing and declarations for financial lease goods, they shall no longer submit the original financial lease contract, but instead submit a photocopy (with the notation "consistent with the original" and the enterprise seal).
- (3) When taxpayers handle tax-exempt verification procedures for goods processed under inbound processing and entrusted processing, they shall no longer submit the original and photocopy of the processing fee ordinary invoice issued by the processing enterprise.
- (4) When taxpayers apply for the *Agency Export Goods Certificate*, they shall no longer submit the original agency export agreement.
- (5) When taxpayers apply for the *Agency Import Goods Certificate*, they shall no longer submit the original processing trade manual or the original agency import agreement.
- (6) When taxpayers apply for the *Inbound Processing Tax Exemption Certificate*, they shall no longer submit the original processing fee ordinary invoice or the original import goods customs declaration form.
- (7) When taxpayers apply for the *Export Goods Domestic Sales Certificate*, they shall no longer submit the original and photocopy of the *Export Goods Tax Paid/Unrefunded Certificate*.

For the original documents mentioned in this section that are no longer required to be submitted, taxpayers shall retain them properly for future reference.

V. Expanding Export Tax Refund (Exemption) Reminder Services

To facilitate taxpayers' timely understanding of updates to export tax refund (exemption) policies and management requirements, as well as the progress of export tax refund (exemption) business declarations, tax authorities will provide free reminder services to taxpayers regarding policy updates, export tax rate library upgrades, unused export goods customs declaration forms for tax refund (exemption) declarations, and completed export tax refund (exemption) matters. Taxpayers may choose to subscribe to these reminder services.

VI. Simplifying the Export Tax Refund (Exemption) Process

(1) Simplifying the Filing Process for Comprehensive Foreign Trade Service Enterprises Handling Tax Refunds on Behalf of Others

After a production enterprise completes the entrustment filing for tax refund handling by a comprehensive foreign trade service enterprise, the comprehensive foreign trade service enterprise may declare tax refunds on behalf of the production enterprise by retaining the following materials, without submitting the *Tax Refund Handling Case Filing Form* (State Taxation Administration Announcement [2017] No. 35) or the enterprise's tax refund handling risk management and control system:

1. The comprehensive foreign trade service contract (agreement) with the production enterprise;
2. The *Tax Refund Handling Case Filing Form* for each production enterprise entrusted to handle tax refunds;
3. The comprehensive foreign trade service enterprise's tax refund handling risk management and control system, internal risk management and control information system construction, and application status.

After a production enterprise completes changes to the entrustment filing for tax refund handling, the comprehensive foreign trade service enterprise shall retain the updated *Tax Refund Handling Case Filing Form* for future reference

without resubmitting it.

(2) Implementing "Tolerance and Handling" for On-Site Verification of Export Tax Refunds (Exemptions)

1. For taxpayers' first export tax refund (exemption) declarations that require on-site verification under current regulations, as well as first export tax refund (exemption) declarations after changing the tax refund (exemption) method, if the tax authority finds no suspected tax fraud or other doubts after review, or if such doubts have been eliminated, the tax refund (exemption) shall be handled under the principle of "tolerance and handling": before the cumulative declared tax refund (exemption) amount exceeds the limit, the tax refund (exemption) may be processed in accordance with regulations followed by on-site verification; after the cumulative declared tax refund (exemption) amount exceeds the limit, the excess portion shall be processed after on-site verification is passed.

The above first export tax refund (exemption) declarations requiring on-site verification include: first export tax refund declarations by foreign trade enterprises (including first self-operated export business tax refund declarations by comprehensive foreign trade service enterprises), first export tax refund (exemption) declarations by production enterprises (including first entrusted tax refund declarations handled by comprehensive foreign trade service enterprises on behalf of production enterprises), and first tax refund declarations handled on behalf of others by comprehensive foreign trade service enterprises.

The above tax refund (exemption) handling under the principle of "tolerance and handling" includes export goods, deemed export goods, external processing, repair, and replacement services, and zero-rated cross-border taxable activities involving export tax refund (exemption).

The limit standards for cumulative declared tax refund (exemption) amounts are: foreign trade enterprises (including self-operated export businesses of comprehensive foreign trade service enterprises) RMB 1 million; production enterprises (including entrusted tax refund handling businesses of production enterprises) RMB 2 million; comprehensive foreign trade service enterprises handling tax refunds on behalf of others RMB 1 million.

2. If the tax authority discovers through on-site verification that the tax refund (exemption) business already handled for the taxpayer falls under circumstances where tax refund (exemption) should not be granted according to regulations, the already refunded (exempted) tax shall be recovered. If on-site verification cannot be conducted due to the taxpayer's refusal to cooperate, the tax authority shall treat the relevant business as failing on-site verification and recover the already refunded (exempted) tax. For such taxpayers, the "tolerance and handling" principle does not apply to their tax refund (exemption) declarations.
3. When taxpayers apply to change the tax refund (exemption) method, change the competent tax authority for export tax refund (exemption), or withdraw export tax refund (exemption) filing, if there are tax refund (exemption) businesses that have been "tolerated and handled" but not yet verified on-site, the tax authority shall first conduct on-site verification. If the verification is passed, the relevant changes or withdrawals shall be processed according to regulations; if the verification reveals circumstances where tax refund (exemption) should not be granted according to regulations, the already refunded (exempted) tax shall be recovered before processing the relevant changes or withdrawals.

VII. Facilitating the Handling of Export Tax Refunds (Exemptions)

(1) Promoting the Electronic Issuance and Use of Export Tax Refund (Exemption) Certificates

When taxpayers apply for the *Agency Export Goods Certificate*, *Agency Import Goods Certificate*, *Entrusted Export Goods Certificate*, *Export Goods Domestic Sales Certificate*, *Winning Bid Certificate Notice*, or *Inbound Processing Tax Exemption Certificate*, the tax authority shall issue electronic certificates and provide feedback to taxpayers through online channels such as the electronic tax bureau and the International Trade "Single Window" (hereinafter referred to as online channels). When taxpayers declare export tax refund (exemption) related matters, they only need to fill in the electronic certificate numbers and other information, without submitting paper or electronic copies of the

certificates. Among these, when applying for the *Winning Bid Certificate Notice*, taxpayers no longer need to submit the name, address, and postal code of the competent tax authority where the winning bid enterprise is located.

If taxpayers need to cancel the above export tax refund (exemption) electronic certificates, they shall first confirm the usage status of the certificates. If the certificates have been used for declaring export tax refund (exemption) related matters, they cannot be canceled; if not used, taxpayers shall apply to the tax authority for cancellation, and the tax authority shall cancel them after verification.

(2) Promoting "Non-Contact" Handling of Export Tax Refund (Exemption) Matters

When taxpayers apply for export tax refund (exemption) filing, certificate issuance, and tax refund (exemption) declarations, they may choose to submit required paper forms and materials through online channels in imaged or digital form. After submitting relevant electronic data, imaged, or digital forms and materials through online channels, taxpayers complete the application for relevant export tax refund (exemption) matters. The original paper forms and materials, as well as imaged or digital forms and materials submitted through online channels, shall be retained properly by taxpayers for future reference.

After accepting the above applications, the tax authority shall handle relevant matters according to current regulations and provide feedback on the results through online channels. If taxpayers require paper documents from the tax authority, the tax authority shall issue them.

VIII. Improving the Management of Export Tax Refund (Exemption) Foreign Exchange Collection

For export goods applicable to export tax refund (exemption) policies, matters related to foreign exchange collection shall be implemented according to the following regulations:

(1) For export goods declared for tax refund (exemption) by taxpayers, foreign exchange shall be collected before the deadline for export tax refund (exemption) declarations. If foreign exchange is not collected within the specified period but falls under the reasons listed in the *List of Reasons and Evidence Materials for Deemed Foreign Exchange Collection* (Appendix 1), taxpayers may retain the *Export Goods Foreign Exchange Collection Status Table* (Appendix 2) and evidence materials to be deemed as having collected foreign exchange; if the export contract stipulates that the final date for full foreign exchange collection is after the deadline for tax refund (exemption) declarations, foreign exchange shall be collected before the contractually agreed date.

(2) Taxpayers with Category IV export tax refund (exemption) management shall submit foreign exchange collection materials to the tax authority when declaring export tax refund (exemption).

Taxpayers declaring export goods tax refund (exemption) after the deadline for tax refund (exemption) declarations shall submit foreign exchange collection materials when declaring tax refund (exemption).

If taxpayers are found by the tax authority to have submitted false or misappropriated foreign exchange collection materials, they shall submit foreign exchange collection materials when declaring export tax refund (exemption) within 24 months from the date the tax authority issues written notice.

Except for the above circumstances, taxpayers do not need to submit foreign exchange collection materials when declaring export tax refund (exemption) but shall retain evidence materials for future reference. If the tax authority requires verification of foreign exchange collection status, taxpayers shall submit foreign exchange collection materials as required.

(3) For export goods declared for tax refund (exemption) by taxpayers, if any of the following circumstances occur, the tax authority shall not handle export tax refund (exemption); if export tax refund (exemption) has already been handled, taxpayers shall declare a negative amount in the following month to offset the original tax refund (exemption) declaration data. If the current tax refund (exemption) amount is insufficient for offsetting, the difference shall be paid:

1. Failure to complete foreign exchange collection before the contractually agreed date, where the export contract stipulates that the final date for full foreign exchange collection is after the deadline for tax refund (exemption) declarations;

2. Failure to collect foreign exchange within the specified period and not qualifying for deemed foreign exchange collection;
3. Failure to retain foreign exchange collection materials as required by this provision.

For export goods that occurred before the implementation of this announcement but have not yet been handled, taxpayers shall handle them according to this provision; for export goods already handled by taxpayers, after collecting foreign exchange materials, tax refund (exemption) vouchers, and relevant electronic information, taxpayers may declare export tax refund (exemption).

(4) For export goods where foreign exchange cannot indeed be collected and which do not qualify for deemed foreign exchange collection, the VAT exemption policy applies.

(5) If the tax authority finds that the foreign exchange collection materials submitted by taxpayers for export goods declared for tax refund (exemption) are false or misappropriated, handling shall be conducted according to the *Law of the People's Republic of China on the Administration of Tax Collection*, and the corresponding export goods shall be subject to VAT levy policy.

The foreign exchange collection materials mentioned in this section refer to the *Export Goods Foreign Exchange Collection Status Table* and evidence materials. For export goods for which foreign exchange has been collected, evidence materials include bank foreign exchange collection vouchers or settlement slips; for export goods settled in RMB for cross-border trade, entrusted exports with foreign exchange collected by the entrusted party, or entrusted tax refund handling with foreign exchange collected by comprehensive foreign trade service enterprises, proof of RMB receipt may be provided; for export goods deemed to have collected foreign exchange, evidence materials are determined according to the *List of Reasons and Evidence Materials for Deemed Foreign Exchange Collection*.

The export goods mentioned in this section exclude deemed export goods listed in Item 1, Subitem 2 (excluding Clause 2) of the *Notice of the Ministry of Finance and State Taxation Administration on VAT and Consumption Tax Policies for Export Goods and Labor* (Cai Shui [2012] No. 39), as well as barter trade export goods and border small-scale trade export goods.

IX. Implementation Time

Articles I, II, and III of this announcement shall take effect from May 1, 2022; Articles IV and V shall take effect from June 1, 2022; and Articles VI, VII, and VIII shall take effect from June 21, 2022. The clauses listed in the *Directory of Repealed Documents and Clauses* (Appendix 3) shall cease to be implemented accordingly.

Attachments:

1. List of Reasons and Evidence Materials for Deemed Foreign Exchange Collection
2. Export Goods Foreign Exchange Collection Status Table
3. Directory of Repealed Documents and Clauses
- 4.

State Taxation Administration

April 29, 2022