

# News Bulletin

## CHINA CUSTOMS ANNOUNCEMENT

The announcement of Customs Notice No. 33 on June 25, 2010 issued by The General of Customs in China has resulted in further reinforcement of customs policy with severe measures for improper declaration of "Commodity" effective July 01, 2010. This is having a dramatic effect on all courier companies in the industry.

In order to cope with bilateral trade agreement & related ordinances issuance by WTO & WCO, China Customs will be implementing stringent measures for verifying Invoice values & actual shipment commodity description for all import & export shipments to ensure all related information is being declared in a proper manner. Currently China Customs are inspection a very high percentage of shipments, and we expect there will be delay in delivery in general, currently we anticipate shipments from Hong Kong to China taking 2-3 days as a minimum. If a guaranteed delivery date is required, we will have to make special arrangements however this could involve additional costs.

Please be assured that we are currently working very hard with our broker and China Customs to resolve the current situation. It should also be noted that the above stipulations and requirements could alter at any time at which point we will advise you. If you have any further questions, please contact your Royale Asia Representative or Customer Service Department.

## CUSTOMERS ON CHINA TRADE LANE

### KEY MESSAGES:

There are new requirements in the import/export clearance process due to the recent changes in the Customs Regulations in China. **Customers** on the China Trade Lane will **need to be informed** of these changes.

These requirements are as follows:

- All courier shipments into China **require** a **Harmonized System Code (HS Code)**.
- All **"Declared Values"** should be **reasonable**
- All shipments **requires** a **complete shipment content description**
- All shipments should have an **Importer/Exporter Customs Registration (CR) Number**

The above guidelines are for all courier shipments going to all China destinations, effective from 1<sup>st</sup> July 2010.

## SUMMARY OF CHINA CUSTOMS REQUIREMENTS (CHINA ORDER 33)

### KEY SUMMARY:

1. **HARMONIZED SYSTEM CODES (HS CODE)**

All shipments exporting/importing into China **require** a **Harmonized System Code (HS Code)** on the submitted **Customs Declaration Form** with the exception of **Documents**.

2. **CUSTOMS REGISTRATION CODES (CR CODE) FOR IMPORTERS/EXPORTERS**

All shipments exporting/importing into China **require** a **Customs Registration Code (CR Code)** on the submitted **Customs Declaration Form** with the exception of **Documents** and **Personal Effects**. (All exporters/importers in China will need to **register with Customs Authorities** to obtain this code from Customs)

3. **SAMPLES & ADVERTISING MATERIALS DUTY EXEMPTION WITHDRAWAL**

The existing advertising & samples exemption (**materials under RMB\$400/ US\$71**) is no longer in effect. All advertising & sample material will now be tax based on HS Code and duty liability. All shipments with duty liability (**less than RMB50/US\$7.00**) are automatically exempt from tax and duties.

## FAQ IN RESPONSE TO THE CHANGE IN CHINA CUSTOMS

### 1. What are the recent changes in China's Customs?

There are 3 new changes in the China Custom Regulations:

- a) **Harmonized System Code (HS Code)** - All shipments exporting/importing into China **require a Harmonized System Code (HS Code)** on the submitted **Customs Declaration Form** with the exception of **Documents**. (For more information on HS Code, please log on to: <http://service.customs.gov.cn/default.aspx?tabid=9409>)
- b) **Customs Registration Codes (CR Code) For Importers/Exporters** - All shipments exporting/importing into China **require a Customs Registration Code (CR Code)** on the submitted **Customs Declaration Form** with the exception of **Documents and Personal Effects**. (All exporters/importers in China will need to **register with Customs Authorities** to obtain this code from Customs)
- c) **Samples & Advertising Materials Duty Exemption Withdrawal** -The existing advertising & samples exemption (**materials under RMB\$400/ US\$71**) is no longer in effect. All advertising & sample material will now be tax based on HS Code and duty liability. All shipments with duty liability (**less than RMB50/US\$7.00**) are automatically exempt from tax and duties.

### 2. When does this new change in China's Customs Regulation come into effect?

The new regulations became effective on **1st July 2010**.

### 3. How do you register for a CR Code?

You need:

- a) To be a **Chinese Registered Entity** in order to be **eligible to apply** for a CR Code from **China's Custom Authorities**; otherwise,
- b) You will need to **appoint an IOR/EOR agent to import/export on your behalf** to use their IOR/EOR's CR Code number.

### 4. Can an exporter/importer apply for a CR Code in advance?

You can follow the Custom's Guidelines by logging on to the following websites:

<b>Beijing:</b>	<a href="http://beijing.customs.gov.cn/tabid/29866/Default.aspx">http://beijing.customs.gov.cn/tabid/29866/Default.aspx</a>
<b>Guangzhou:</b>	<a href="http://guangzhou.customs.gov.cn/tabid/4028/Default.aspx">http://guangzhou.customs.gov.cn/tabid/4028/Default.aspx</a>
<b>Shanghai:</b>	<a href="http://shanghai.customs.gov.cn/Default.aspx?tabid=5771">http://shanghai.customs.gov.cn/Default.aspx?tabid=5771</a>
<b>Shenzhen:</b>	<a href="http://service.customs.gov.cn/default.aspx?tabid=12293">http://service.customs.gov.cn/default.aspx?tabid=12293</a>

### 5. Will there be an administrative fee to process shipments requiring a CR Code?

No. There will be no additional charges.

### 6. Will we need the CR Code if shipping to individuals?

Currently, the CR Code is not required for a Consignee who is a private individual **BUT** Customs will require proof that the items being imported are only for Personal Use. The Consignee will need to **submit a Passport or ID Copy** and a **Letter of Explanation** to the China Customs Authorities. They will then decide whether to allow the import of the shipment as Personal Effects. In the case where Customs finds the explanation or quantity to be insufficient, they may reject the entry and classify the import as General Trade; thus, a CR Number will then be required. (We suspect that China Customs Authorities will release a new policy on the Import of Personal Effects soon.)

**7. Are there any other requirements for Speedy Clearance?**

There are none at the moment but a detailed description of the shipment and accurate declaration values will help.

**8. What is reasonable and fair value?**

This should be the Customs Valuation based on the 5 methods mentioned below. China Customs will use the CIF Value for duty calculation purposes so they will require the true Declared Value on all imported items

Please use the Customs Valuation Methods:

- a) Transaction Value of Identical Goods
- b) Transaction Value of Similar Goods
- c) Deductive Value Methods
- d) Computerized Value Method