

China Insight – Chinese Tax Regulation Update



Circular Number	Issuance Date	Effective Date	Topic	What is new?
<p>Announcement [2023] No. 75 jointly released by the Ministry of Finance, the Ministry of Ecology and Environment ("MEE"), the Ministry of Commerce ("MOFCOM"), the General Administration of Customs ("GAC") and the State Administration of Taxation</p>	<p>2023-12-27</p>	<p>2023-12-27</p>	<p>Pilot import taxation policies in free trade areas</p>	<p>According to the Announcement, preferential import taxation policies have been given to the goods which enter certain free trade areas temporarily and the goods re-transported back to the Hainan Free Trade Port ("HNFTP") after overseas repair.</p> <ul style="list-style-type: none"> For the aircrafts and vessels (including the components) temporarily transported abroad for repair and re-transported back to the HNFTP, the import duty can be exempted if (1) the aircrafts (including the components) are operated by the airline enterprises registered in the HNFTP and using the HNFTP as their main operation base or (2) the vessels (including the components) are operated by the shipping companies registered in the HNFTP and treating the ports in the HNFTP as the ports of registry. The import VAT and consumption tax, if any, are not exempted. The underlying aircrafts and vessels (including the components) must be used by the qualified enterprises themselves and be subject to the customs' supervision. Otherwise the exempted import duty shall be made up. For the goods temporarily transported into the HNFTP for repair and re-transported abroad after the repair, the import duty, import VAT and consumption can be exempted. This policy is currently valid only in the Yangpu Free Trade Port, Haikou Comprehensive Free Trade Zone, Haikou Airport Comprehensive Free Trade Zone and other special customs-supervised areas approved by the State

				<p>Council and in the HNFTP. The qualified goods for repair include the goods listed in the catalogue of products for repair in the comprehensive free trade zones made by the MOFCOM, the MEE and the GAC, the goods covered by the circular Shang Zi Mao Fa [2021] No. 264 and other goods allowed for repair under bonded status in the HNFTP.</p> <ul style="list-style-type: none"> • No import duty, import VAT and consumption tax need to be paid for certain goods temporarily entering the free trade zones in Shanghai, Guangdong, Tianjin, Fujian, Beijing and the HNFTP ("Pilot Regions") if the taxpayer has paid the deposit or provided other guarantees equalling the tax payable amount. These goods include the special equipment necessary for the personnel who enters China temporarily for carrying out the business, trading or other specialist activities, the goods for display or demonstration, commercial samples, advertising videos and audio records and sports requisites for sports competition, performance or training. The goods can only be used in the Pilot Regions and cannot be used for commercial purposes such as sale or leasing. The goods must also be re-transported abroad within 6 months from the date of entrance unless the application for extending the period for re-transportation is approved by the GAC. The import duty, import VAT and consumption tax will be levied if the goods are not re-transported abroad within the prescribed period.
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