

# Customs Clearance

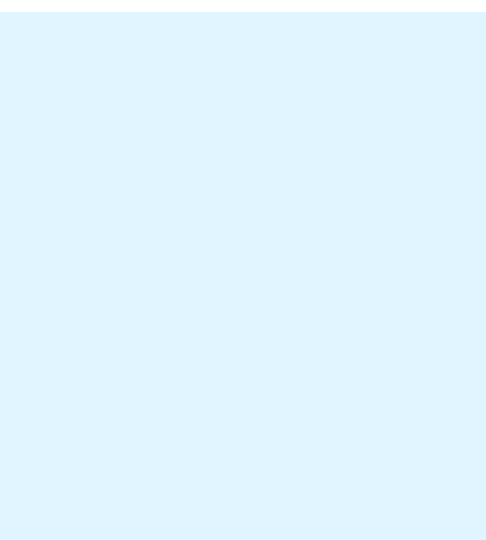
# News

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## Xinhai Customs Special Issue in Feb Cross-Border E-Commerce



## 2018 First Global Cross-Border E-Commerce Conference held in Beijing——Innovative, Inclusive, Strategic and Collaborative

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# Main Content Introduction

The First Global Cross-Border E-Commerce Conference was held at the CNCC in Beijing on Feb 9, 2018. General Administration of China Customs and WCO jointly host the event, and it was attended by Vice Premier **Wang Yang of the State Council**, **Dr. Kunio Mikuriya**, WCO Secretary General, **Ms. Ana B. Hinojosa**, WCO Director of Compliance and Facilitation, **Mr. Yu Guangzhou**, Minister and Member of the CPC Leadship Group of the General Administration of China Customs, Customs Commissioner-General, **Mr. Ni Yuefeng**, Secretary of the CPC Leadship Group and Vice Minister (Minister level) of General Administration of China Customs, Customs Commissioner-General, **Mr. Ma Yun**, Executive Chairman, Alibaba Group, **Mr. Bishar A. Hussein**, UPU Director General, **Ms. Liu Fang**, ICAO Secretary General, etc. The meeting was highly concerned by all circles at home and abroad. More than 1,000 representatives of customs, government departments, e-commerce enterprises, international organizations and academia from 125 countries and regions attended the meeting, covering all continents of the world.



**Mr. Yu Guangzhou Made a Speech**

In his welcoming speech, Mr Yu said: the booming cross-border e-commerce is becoming a new driving force for the growth of the world economy. The development of cross-border E-Commerce brings both opportunities and challenges, so it is necessary for all parties to work together .



**Dr. Kunio Mikuriya, WCO made a keynote Speech**

“E-Commerce has the potential of continuous development, and today's world trade is also being strongly driven by E-Commerce. The development of a global E-Business oriented standard is essential to create a good business environment, calling for standards to be issued asap”.



**Mr, Zhang Guangzhi, Head of National Office of Port Administration Made a speech**

Putting forward three initiatives, through the international trade single window, to achieve: (1) To accelerate the development of international trade single window global common cross-border E-Commerce data standards and models. (2) To provide a better business environment for cross-border E-Commerce; (3) To build a new engine for global economic growth through customs cooperation via international channels.



**Mr. Wu Youyi, General Engineer of GACC ( Right one )**

As early as 2012, the China customs began this kind of pilot exploration of cross-border E-Commerce regulation, the reason why cross-border E-Commerce can flourish in China? One is due to the inclusive and open attitude of all stakeholders to cross-border E-Commerce, and the other is to our extensive adoption of new technologies.

# Main Content Introduction

I think customs will not be the bottleneck of trade in the future. The future customs will be the engine to promote the development of trade. In the past, the customs will serve the internationalization, and it will serve the globalization. In fact, I think it is the hub of truly global big data, the use of big data, the use of artificial intelligence, the use of block chain technology. I believe all customs can use newer means to service global trade and the global economy.



**Mr. Ma Yun**

Executive Chairman,  
Alibaba Group

—Cross-border E-Commerce makes the world smaller and markets bigger  
As participants, we are very supportive of the Chinese customs taking the lead in developing a framework for cross-border E-Commerce standards, promoting a global system of international rules and extending more Chinese solutions, Chinese wisdom and Chinese experience to the world, and to create a better environment for global cross-border E-Commerce. Cross-border E-Commerce is an intellectual creation in which all of us here are innovators, evangelists, who have the potential to drive global trade through our own efforts.



**Mr. Ding Lei**

Founder & CEO of NetEase Inc.

With the growth of B2C trade of 90% SMEs will become their leading force to provide them with a customized more transparent global logistics infrastructure will be a very important infrastructure work. As a result, a number of challenges faced by SMEs, including global process management, cargo flow and data visualization, need to provide more comprehensive and detailed solutions via links such as global logistics elements.



**Mr. Wan Lin**

President, Cainiao Network

**What the new ways are there for cross-border E-Commerce in the future?**

Greater wisdom is needed, including cross-border E-Commerce, including the global promotion of the WCO framework and communication. Many countries can go out and take a look at what other countries have done. China can use such policies to realize the rapid development of economic and international trade. I believe that in many countries it can be very well reflected.

# Main Content Introduction

## **Mr. Ge Jizhong, Chairman of Xinhai Customs, participated in Forum to exchange activities**

The key point of the position and role of customs declaration enterprises is to transform them into "Internet + professional customs declaration" integrated service chain enterprises, familiar with domestic and foreign customs clearance policy. Cross-border e-commerce online and offline blending is the future trend, customs declaration and cross-border E-Commerce platform needs close to the cooperation, the healthy development of customs declaration industry will also help cross-border E-Commerce more secure and facilitated.



## **Mr. Ge Jizhong, Chairman of Xinhai is giving excellent speech at sub-forum**

He shares from four aspects: the trend and characteristics of cross-border trade, Xinhai customs declaration and cross-border services, the opportunities and challenges of cross-border E-Commerce, the target and role of customs declaration enterprises. And said that the rapid development of E-Commerce will become a new engine of economic growth, the new mode of trade will bring changes in consumer markets, circulation and procurement.



# Xinhai and the World Customs Cross-Border E-Commerce Conference

Mr. Ge Jizhong, Chairman of Xinhai (Right one) and Dr. Kunio Mikuriya, WCO Secretary General (Left one)



The Leaders of Xinhai and leaders of CCBA (Left two and three)



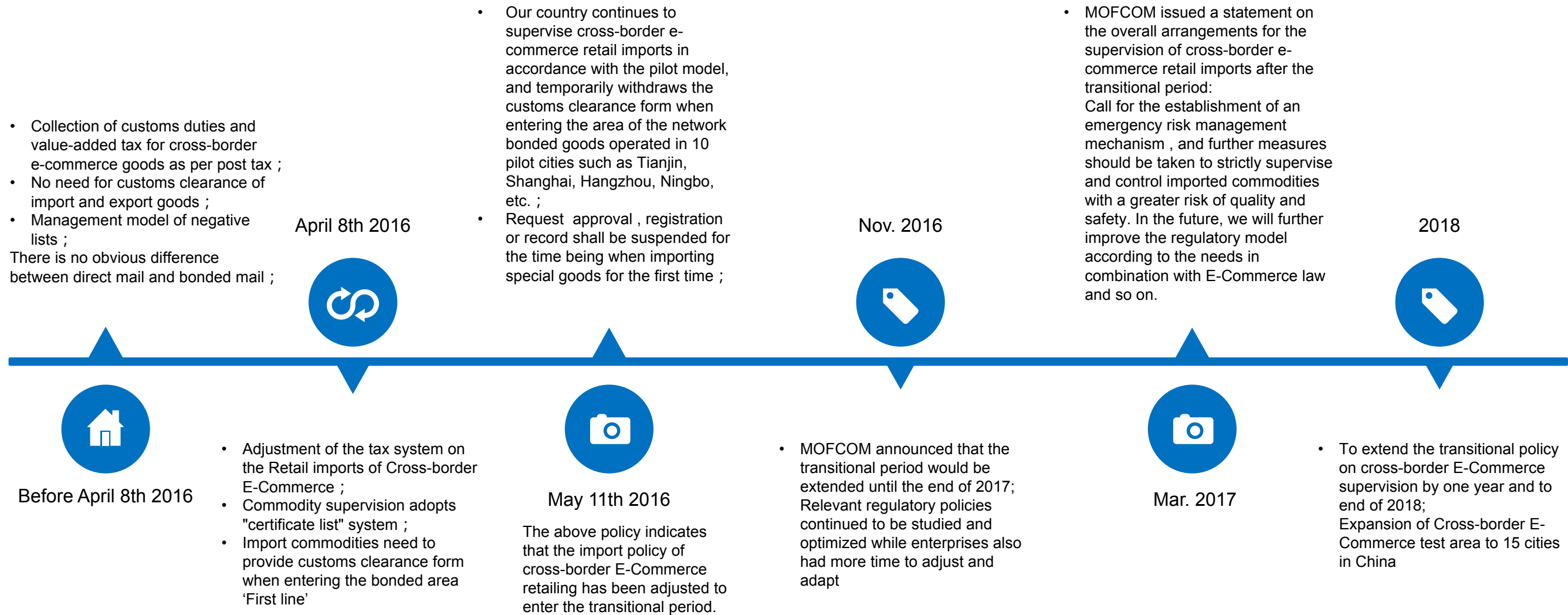
Mr. Ge Jizhong, Chairman of Xinhai (Right one) and Mr. Wu Youyi, General Engineer of GACC (Left one)

The Leaders of Xinhai and Mr. Pasupati N. Pandey, Technical Officer Compliance and Facilitation Directorate (Middle one)



Leaders of Xinhai

# Current Policy and Focus of Cross-Border E-commerce



# Current Policy and Focus Problem of Cross-Border E-Commerce

Release Time	Policy Title	Keywords	Main content
2016.3.24	《Circular on Import tax Policy of Cross-border E-Commerce Retail》	Transaction limit and tax	Define tax exemption, such as tariff, value-added tax, etc.; personal annual transaction limit; tax model for exceeding the limit
2016.4.7	《Announcement on the publication of the list of Retail imports of Cross-border E-Commerce》 《Customs administration decree no. 26 of 2016》	List of imported commodities, license certificates, customs clearance forms, timely adjustment	Clear list of goods may be exempted from submitting a permit to the customs, online bonded goods into the first line of the area to check the customs clearance
2016.4.15	《Second batch of cross-border E-Commerce retail import list》	List of new items	More goods can enter the Chinese market via E-Commerce model
2016.5.24	《The General Office of GACC on the implementation of the new regulatory requirements for cross-border E-Commerce retail imports》	Licensing certificates, customs clearance forms, first import, registration, filing, transition period	There is no need to provide customs clearance forms before May 11 <sup>th</sup> 2017, special commodities need not be put on record or registered with the Food and Drug Administration.
2016.7.7	《Dept. of Tariff Collection, Dept. of Processing Trade, General Administration of China Customs, PRC. questions about clarifying the duty-paid price of imported goods for cross-border E-Commerce》	Dutiable price, preferential promotion price	Explanation of the price determination of duty paid price and preferential promotion price
2016.11.15	MOFCOM Talking on extending the transition period for the Regulation of Cross-Border E-Commerce Retail Imports	Transition period, risk control	The transitional period is extended to the end of 2017 to strengthen enterprise quality risk prevention and control



# Current Policy and Focus Problem of Cross-Border E-Commerce

Continue

Release Time	Policy Title	Keywords	Main content
2016.12.5	GACC No. 75 of 2016	Regulatory code, bonded cross-border trade e-commerce A, front-line entry, e-commerce retail imports	E-commerce retail imports suitable for domestic e-commerce enterprises entering the territory through special customs areas or bonded logistics center (type B) with new customs supervision code
2016.12.19	The draft Law on E-Commerce was first submitted to the standing Committee of the National people's Congress	Electronic contracts, personal information, online dispute resolution mechanisms, cross-border e-commerce integrated service providers, regulatory systems, single windows, international cooperation	To provide legal support for the orderly development of cross-border e-commerce industry; The state promotes the establishment of cross-border e-commerce exchanges and cooperation with different countries and regions, participates in the formulation of international legal rules, and promotes the establishment of business dispute resolution mechanisms in different countries.
2017.3.17	Spokesman of MOFCOM on general arrangements for supervision of cross-border e-commerce retail imports after transitional period	Strengthening the Mechanism of main body responsibility, capacity expansion and risk emergency handling in E-commerce Enterprises	Through the strengthening of the main responsibilities of e-commerce enterprises, further optimization and improvement of regulatory measures to do a good job in quality and safety risk prevention and control. We will set up a mechanism for handling risks in case of emergency, and take further measures to strictly supervise and control imported commodities with relatively high quality and safety risks.
2017.9	Executive meeting of the State Council calls for the establishment of a new cross-border E-Commerce comprehensive pilot area to extend the transitional policy on cross-border E-Commerce supervision for one year until end of 2018	Extension and expansion of the transition period	Cross-border e-commerce model is becoming a new engine of China's foreign trade growth. As an important new type of business, cross-border e-commerce has put forward new challenges and requirements to the current mode of goods import supervision in China.
2018.2.10	The Beijing Declaration of the First Global Cross-Border E-Commerce Conference issued	Global cross-border e-commerce, standard framework, digital construction, creating a business environment of integrity	To convey to the outside world the consensus and vision of Chinese and world customs and other stakeholders on the global development of cross-border e-commerce, and to encourage customs of WCO members to explore cross-border e-commerce regulation and services.

# Current Policy and Focus Problem of Cross-Border E-Commerce

All goods involving E-Commerce are on the positive list	Old policy (personal post tax)	New policy (consolidated tax rate)
Single maximum import	1000CNY	2000CNY
Individual annual total amount	No	20,000CNY
Purchase of undivided items in excess of single import	Revenue Collection as per personal post tax	Collect according to general goods
Tax Rate	10%、 20%、 30%、 50%	Import duty temporarily zero , VAT ( 17%×70% ) 、 Consumer Tax ( Different types of tax rates×70% )
50 RMB and less of 50 RMB	Exemption	Cancellation of exemption

## Consumer concerns under the new tax regime

### Cross-border E-Commerce enterprises & consumers' worries

- Alibaba has suggested that "negative lists" allow consumers to choose to import a wider range of goods than "positive lists", and opening a single quota of 2,000 RMB will help stimulate the development of the e-commerce industry.
- It takes long and more cost for consumers to worry customs formalities

## Rising regulatory costs

### Most of Cross-border E-commerce taxes will be increased

- It is required that more government agency personnel participate in the collection of taxes and fees, and other customs clearance procedures has increased the cost of on-site supervision

## Technical difficulties in identity verification

### How to avoid using false identity to buy e-commerce goods?

- The policy is to set annual restrictions on individual purchases, but at the moment there is still a loophole, and identity verification has been a technical challenge

## Potential smuggling risk

### How to restrain the problem of non-compliance operation, fake inferior commodity and so on?

- The risk of customs supervision is increased. Small parcels, fragmented trade, fake inferior goods, goods infringing on intellectual property rights, and low-priced commodities in troubled waters pose a threat to consumers.

# Difference and Connection between Cross-Border E-Commerce and General Trade Post

Category	Scope of Application	Application of Permit Documents (Note: Application of license documents expanded)
General Trade	Non-cross-border trade, personal postal goods imported goods / articles, 8294 items in the Import and Export tariff of 2016	Permit documents for the goods should be submitted as confirmed by HS
Cross-Border E-Commerce	Goods included in the 'list of imported goods for Cross-border E-Commerce Retail', with a single transaction ≤ 2, 000 CNY and an individual annual transaction ≤ 20,000 CNY, except for the contents of the list remarks	Exemption from submission
	Goods included in the 'Cross-border E-Commerce Retail Import Commodity List', with a single transaction of more than 2, 000 CNY, and an individual annual transaction of more than 20,000 CNY, except for the contents of the list remarks  Exceptions from remarks in the list of Retail Import goods for Cross-border E-Commerce	Permit documents for the goods should be submitted as confirmed by HS
Individual Mail	Goods included in the 'List of Goods Entering the Territory of the People's Republic of China', and the limit value of each entry article conforms to the requirements of the General Administration of Customs notice No. 43 of 2010.	Exemption from submission, except for prohibited, restricted entry and exit items in the form of entry and exit
	Goods included in the 'List of Goods Entering the Territory of the People's Republic of China', either not in accordance with the personal use and reasonable quantity, or the limit value of each entry article does not meet the requirements of the General Administration of Customs notice No. 43 of 2010	Permit documents for the goods should be submitted as confirmed by HS
Personal luggage	Goods included in the 'List of Goods Entering the Territory of the People's Republic of China', and with the condition of self usage	Exemption from submission, except for prohibited, restricted entry and exit items in the form of entry and exit
	Goods included in the 'List of Goods Entering the Territory of the People's Republic of China', but it does not meet the reasonable condition of self-use quantity.  20 commodities for which the State provides no tax exemption	Permit documents for the goods should be submitted as confirmed by HS  Permit documents for the goods should be submitted as confirmed by HS if the quantity for personal use is not reasonable

# Difference and Connection between Cross-Border E-Commerce and General Trade Post



## On-line purchase bonded import

In conjunction with the Customs, E-Commerce enterprises carry the whole batch of commodities into the customs special supervision area or bonded Logistics Center (Type B) and declare to the Customs, which carries out the management of the account books. After the consumers purchase online, the enterprise transmits electronic orders, payment vouchers and electronic waybills to the customs, according to the cross-border e-commerce retail imports, the customs collects taxes, checks and releases the books of account for write-off.

## Direct purchase import

Enterprises and customs are connected to each other, after the domestic consumer purchases, E-Commerce enterprises will transfer electronic orders, payment vouchers, electronic transport documents to the customs, and goods are transported by mail and express mail,. They enter the country through the places under the supervision of customs mail and express mail, and levy taxes according to the cross-border E-Commerce retail imports.

## General export

Enterprises and customs are connected to each other. After purchasing by overseas consumers, E-Commerce enterprises transmit electronic orders, payment vouchers and electronic transport documents to the customs, and E-Commerce enterprises submit lists to the customs. Commodities are transported by mail or express mail, and exit through the places under the supervision of customs mail and express mail. Customs in the comprehensive test areas adopt simplified declaration, list checking, and collection of taxes to clear customs.

## Special regional export

Enterprises and customs are connected to each other, according to the general way of customs declaration, E-Commerce enterprises bring the whole batch of commodities into the customs special supervision area, for the goods that have entered the area tax refund, enterprises achieve tax rebate after purchasing online overseas. The customs approved the release against the list. After departure from the area, the customs will regularly release the list and form an export declaration form, at the same time E-Commerce go through the procedures for foreign exchange settlement.

# Trend in the Future



**Mr. Wu Youyi**  
General Engineer of GACC

It should be said that the China customs take the supervision of cross-border E-Commerce is gradually improved and standardized with the development of cross-border E-Commerce. This also promotes the development of our cross-border E-Commerce in China. The next step for us is to pay much more attention to the application of blockchain, in this aspect of cross-border E-Commerce, I think this is a very good application scenario.



**Mr. Li Yuanjing**  
Vice President Nutech Co. LTD

For the first time, we used dual-energy CD equipment in the intelligent inspection of customs. And also we used various advanced technologies to realize the intelligent identification of inspection items, explosion-related, drug-related, tax-related, and the identification of alarm. In the basis of a single window, customs clearance operations, logistics monitoring and other four platforms, we also build a business depth combined with big data analysis platform. As a unified data resource pool of cross-border E-Commerce integrated solution, big data provides storage and computing services to achieve customs data security in cross-border E-Commerce business. The intelligent inspection provides the guarantee of the platform.



**Mr. Chai Yueting**  
Professor of Tsinghua University

We are now pushing for a single window, and the only right option is to build a comprehensive online cross-border e-commerce platform with three core missions: the first is what I call data acquisition automation. The second aspect is called service process digitization. The third aspect is the networking of digital information. At present, we urgently need to formulate data exchange standards and multi-country coordination and communication mechanisms, so as to lay a good foundation for the mutual recognition of information such as customs clearance and inspection among different countries in different regions.

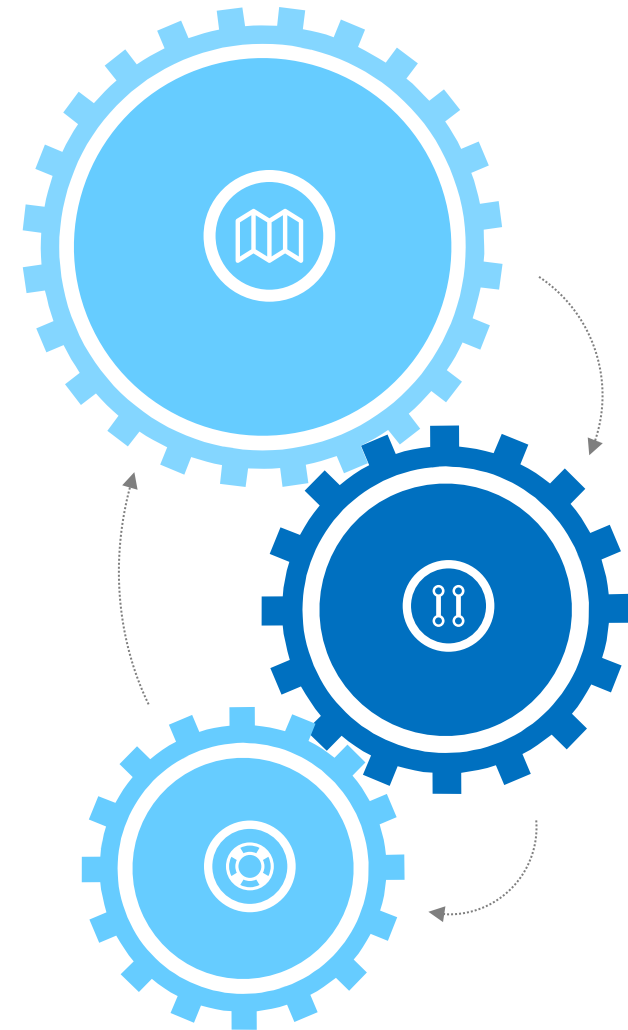
# International Management Model for Reference

International standards: as Trade Facilitation Agreement (TFA), it is a multilateral trade agreement of the World Trade Organization, which contains provisions for the release of goods and customs clearance. Measures have been developed for effective cooperation between customs and other organizations on customs compliance issues. To address the exchange of information between different countries through the development of international standards.

U. S. Customs tax system: low value goods are duty-free; The introduction of informal and simplified procedures for customs clearance with commodity values ranging from \$200 to \$2,500; Goods worth more than \$2,500 are subject to formal procedures for customs clearance and full tax collection. It makes unnecessary for consumers to compare and choose a particular channel when declaring imported goods to the Customs, and can also solve the problem of customs clearance in the principle of reasonable self-use on the spot.

Adoption of the technology-based customer relationship management strategy: taking the UK Customs as an example, the UK Customs has established a customer Information Centre to identify and collect customer needs and behavior, as well as the corresponding risks to imported goods .

Strengthening cooperation and exchange: by preventing links of common interests, such as tax evasion, the customs authorities of various countries can work together to develop standardized and simplified customs declaration procedures and to form automatic mechanisms for the exchange of information between customs offices of different countries. We will make full use of bilateral and multilateral exchange platforms to actively promote the effective control of cross-border E-Commerce by the China Customs and conduct cooperation projects and pilot projects with other countries and regions.



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