Regulations of the PRC on Customs Import and Export Tariff

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Chapter I — General Provisions

Article 1 — These Regulations are formulated in accordance with the relevant provisions of the Customs Law of the People's Republic of China for the purposes of implementing the policy of opening to the outside world and promoting the development of foreign economic relations and trade and the national economy.

Article 2 — All goods permitted to be imported into or exported from the People's Republic of China shall, unless otherwise provided for by the State, be subject to the levy of customs duties in accordance with the Customs Import and Export Tariff of the People's Republic of China. The State Council shall establish the Customs Tariff Commission, which shall be responsible for the administration of the Customs Import and Export Tariff and the Table of Tariff Rates.

Article 3 — Customs duties shall be classified into import duties and export duties. The import and export goods shall be subject to the levy of customs duties at the tax rates applied on the date of acceptance of the declaration by the customs authority. The taxpayers of customs duties shall be the consignees of imported

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goods, the consignors of exported goods, and the owners of articles entering the territory.

Article 4 — The State Council shall formulate the Regulations of the People's Republic of China on Customs Import and Export Tariff, which shall specify the tariff headings, tariff numbers, descriptions of goods, and tax rates, and shall serve as an integral part of these Regulations.

Article 5 — The Customs Tariff Commission under the State Council shall be responsible for interpreting the Customs Import and Export Tariff and making decisions on matters such as the classification of goods subject to tariff headings, the conversion of dutiable value, and tariff reductions and exemptions.

Chapter II — Tariff Rates

Article 6 — Customs import duties shall be levied at the most-favored-nation (MFN) tariff rate, the conventional tariff rate, the special preferential tariff rate, the general tariff rate, the tariff-rate quota rate or other rates, as applicable. The specific types of tariff rates and their application shall be determined by the Customs Tariff Commission.

Article 7 — Import goods originating from countries or regions that are members of the World Trade Organization and to which the MFN treatment clause applies shall be subject to the MFN tariff rate. Import goods originating from countries or regions that have concluded regional trade agreements containing preferential provisions on tariff rates with the PRC shall be subject to the conventional tariff rate. Import goods originating from countries or regions that have concluded trade agreements containing special preferential tariff provisions with the PRC shall be subject to the special preferential tariff rate. Import goods originating from countries or regions other than those specified above, or import goods whose origin is unknown, shall be subject to the general tariff rate.

Article 8 — Export duties shall be levied on a small number of resource products and semi-finished products at the export tariff rates set forth in the Customs Import and Export Tariff.

Article 9 — Interim tariff rates may be applied to import and export goods within a prescribed period. The specific goods, tax rates and time periods for the application of interim tariff rates shall be decided by the Customs Tariff Commission and promulgated for implementation.

Article 10 — Anti-dumping duties, countervailing duties, safeguard duties and retaliatory duties may be levied on imported goods in accordance with the relevant provisions of the State.

Article 11 — The country of origin of imported goods shall be determined in accordance with the relevant rules of origin of the State.

Chapter III — Dutiable Value

Article 12 — The dutiable value of imported goods shall be determined by the customs authority upon examination in accordance with the following methods in sequence: (1) the transaction price of the goods; (2) the transaction price of identical goods; (3) the transaction price of similar goods; (4) the deductive value method; (5) the computed value method; or (6) a reasonable method.

Article 13 — The dutiable value of imported goods shall include the transportation charges and their associated expenses and the insurance premiums incurred before the goods arrive at the place of entry within the territory of China.

Article 14 — The dutiable value of exported goods shall be determined by the customs authority upon examination on the basis of the transaction price of the goods, and shall exclude the export duties and the transportation charges and their associated expenses and insurance premiums after the goods are loaded for shipment at the place of departure within the territory of China.

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Article 15 — Where the customs authority has doubts as to the truthfulness or accuracy of the transaction price declared by the taxpayer, it shall notify the taxpayer of the grounds for such doubts, and the taxpayer shall provide relevant information to prove the truthfulness or accuracy of the declared price. If the customs authority, upon examination, still has doubts, it may determine the dutiable value in accordance with the different methods set forth in these Regulations.

Chapter IV — Levy and Collection

Article 16 — Taxpayers shall, within 15 days from the date of issuance of the customs duty payment certificate by the customs authority, pay the customs duties at the designated bank. If a taxpayer fails to pay the customs duties within the prescribed time limit, the customs authority shall impose a late payment surcharge.

Article 17 — Where a taxpayer is unable to pay customs duties on time due to force majeure or adjustment of state tax policies, the customs authority may, upon approval, defer the payment of customs duties. The period of deferment shall not exceed six months.

Article 18 — Customs duties may be reduced or exempted for the following import and export goods: (1) goods with a customs duty amount below the starting point for levying customs duties; (2) advertising materials and samples of no commercial value; (3) goods and materials donated by foreign governments or international organizations free of charge; and (4) other goods for which customs duties may be reduced or exempted as provided for by the State.

Article 19 — Customs duties on goods that are damaged, deteriorated or lost due to force majeure before their release by the customs authority may be reduced or exempted. The specific measures shall be formulated by the General Administration of Customs.

Article 20 — Where a taxpayer disputes the determination of dutiable value or the classification of goods by the customs authority, the taxpayer shall first pay the customs duties and may subsequently apply for administrative reconsideration or bring an administrative lawsuit in accordance with law.

Article 21 — Customs duties on imported goods that are found to be short-shipped, damaged or of inferior quality upon inspection may be refunded in part or in full. The refund shall be applied for within one year from the date of payment of the customs duties.

Article 22 — Where customs duties are short-levied on imported or exported goods, the customs authority may pursue the payment within one year from the date of payment of the customs duties or the date of release of the goods. Where customs duties are short-levied due to violation of relevant provisions by the taxpayer, the customs authority may pursue the payment within three years.

Article 23 — Customs duties on goods entering or leaving the territory by post shall be levied in accordance with the relevant provisions of the State on articles entering or leaving the territory by post.

Chapter V — Supplementary Provisions

Article 24 — The collection of customs duties on articles carried by individuals entering or leaving the territory or on articles mailed by individuals shall be governed by the relevant provisions of the State.

Article 25 — Where any law or administrative regulation provides otherwise for the administration of special areas such as bonded areas and export processing zones, such provisions shall prevail.

Article 26 — The collection of customs duties on goods temporarily imported or exported shall be governed by the relevant provisions of the State.

Article 27 — The Customs Tariff Commission shall be responsible for the interpretation of these Regulations.

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Article 28 — These Regulations shall come into force as of January 1, 2004. The Regulations of the People's Republic of China on Customs Import and Export Tariff promulgated by the State Council on March 7, 1985 and revised on March 18, 1992 shall be repealed simultaneously.

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