Measures for the Customs Supervision and Administration of Bonded Zones

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Approved by the State Council on June 10, 1997; promulgated by the General Administration of Customs as Order No. 65 on August 1, 1997; amended in accordance with the Decision of the State Council on Repealing and Amending Some Administrative Regulations dated January 8, 2011.

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Chapter I — General Provisions

Article 1 — These Measures are formulated in accordance with the Customs Law and other relevant laws for the purpose of strengthening and improving customs supervision over bonded zones and promoting the sound development of bonded zones.

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Article 2 — The establishment of bonded zones within the territory of the People's Republic of China must be approved by the State Council.

Article 3 — A bonded zone is a specific area under customs supervision. Customs shall, in accordance with these Measures, exercise supervision over goods, means of transport, and personal effects entering and leaving a bonded zone.

Isolation facilities conforming to customs supervision requirements shall be set up between a bonded zone and other areas within the territory of the People's Republic of China (hereinafter referred to as "non-bonded zones").

Article 4 — Only the administrative organ of a bonded zone and enterprises shall be established within a bonded zone. Apart from security personnel, no other persons may reside within a bonded zone.

Article 5 — Enterprises established within a bonded zone (hereinafter referred to as "in-zone enterprises") shall complete registration formalities with customs.

In-zone enterprises shall, in accordance with the provisions of the relevant State laws and administrative regulations, set up books of account, prepare statements, keep accounts on the basis of lawful and valid vouchers, conduct accounting, and record the inventory, transfer, movement, sale, processing, use, and wastage of goods and articles entering and leaving the bonded zone.

Article 6 — A bonded zone shall implement the customs audit system.

In-zone enterprises shall be connected to customs through computer networks for electronic data interchange.

Article 7 — Customs shall have the right, in accordance with the Customs Law, to conduct inspection and examination of goods, articles, means of transport, and persons entering and leaving a bonded zone, and of the relevant places within the zone.

Article 8 — Goods and articles whose import or export is prohibited by the State shall not enter or leave a bonded zone.

Chapter II — Supervision over Goods Entering and Leaving Between Bonded Zones and Overseas

Article 9 — Customs shall exercise simple and effective supervision over goods entering and leaving between a bonded zone and overseas.

Article 10 — Goods entering and leaving between a bonded zone and overseas shall be filed with customs by the consignees, consignors, or their agents.

Article 11 — With respect to goods entering and leaving between a bonded zone and overseas, import and export quotas and license administration shall not apply, except for goods subject to passive export quota administration.

Article 12 — With respect to goods entering a bonded zone from overseas, their import duties and import-stage taxes shall, except where otherwise provided by laws and administrative regulations, be handled in accordance with the following provisions:

(1) machinery, equipment, and other infrastructure materials needed for in-zone productive infrastructure construction projects shall be exempted from duty;

(2) production and management equipment for the own use of in-zone enterprises, office supplies in reasonable quantities for their own use and the spare parts needed for their repair, fuel for production use, and materials and equipment needed for building production plants and storage facilities shall be exempted from duty;

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(3) management equipment in reasonable quantities for the own use of the administrative organ of the bonded zone, office supplies, and the spare parts needed for their repair shall be exempted from duty;

(4) raw materials, parts, components, elements, and packaging materials needed by in-zone enterprises for processing export products shall be placed under bonded status.

Goods or articles entering a bonded zone from overseas that fall outside the scope specified in items (1) to (4) of the preceding paragraph shall be subject to tax in accordance with the law.

Transit goods and goods stored within a bonded zone shall be administered as bonded goods.

Chapter III — Supervision over Goods Entering and Leaving Between Bonded Zones and Non-Bonded Zones

Article 13 — Goods entering a non-bonded zone from a bonded zone shall go through formalities as imported goods; goods entering a bonded zone from a non-bonded zone shall go through formalities as exported goods, and export tax rebates shall be handled in accordance with the relevant State provisions.

Customs shall exercise supervision over goods entering and leaving between a bonded zone and a non-bonded zone in accordance with the relevant State provisions on import and export administration.

Article 14 — With respect to machinery, equipment, infrastructure materials, and articles entering a bonded zone from a non-bonded zone for use within the zone, the users shall provide customs with a list of the said goods or articles, which shall be released after inspection by customs.

Where import duties and import-stage taxes have already been paid on the goods or articles referred to in the preceding paragraph, the taxes already paid shall not be refunded.

Article 15 — Where goods of a bonded zone need to be imported or exported through a port in a non-bonded zone, or goods within a bonded zone are to be transported to another bonded zone, a written application shall be submitted to customs in advance, and, after approval by customs, the relevant formalities shall be completed in accordance with the provisions on customs transit transportation and other relevant provisions.

Chapter IV — Supervision over Goods Within Bonded Zones

Article 16 — Goods within a bonded zone may be transferred and moved between in-zone enterprises; the parties shall file the transfer and movement with customs for the record.

Article 17 — Transit goods within a bonded zone may undergo simple processing such as grading, sorting, marking, and re-packaging in warehouses or other places within the zone.

Article 18 — In-zone enterprises holding exhibitions of overseas goods and non-bonded-zone goods within a bonded zone shall subject the exhibited goods to customs supervision.

Chapter V — Administration of Processing Trade Goods in Bonded Zones

Article 19 — In-zone processing enterprises shall complete with customs the filing formalities for the materials and parts entering and leaving the bonded zone.

Article 20 — In-zone processing enterprises producing export products subject to passive quota administration shall obtain prior approval from the competent department of the State Council.

Article 21 — When finished products processed by in-zone processing enterprises and the scraps and residues produced in the course of processing are transported overseas, the relevant formalities shall be completed with customs in accordance with the relevant State provisions; export duties shall, except where otherwise provided by laws and administrative regulations, be exempted.

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When in-zone processing enterprises transport processed finished products, defective or substandard products, or the scraps and residues produced in the course of processing to a non-bonded zone, import declaration formalities shall be completed with customs in accordance with the relevant State provisions and taxes shall be paid in accordance with the law.

Article 22 — When finished products processed entirely with materials and parts transported in from overseas are sold to a non-bonded zone, customs shall levy duties on them as imported finished products.

When finished products processed with materials and parts transported in from overseas are sold to a non-bonded zone, customs shall levy duties on the finished products in respect of the overseas materials and parts they contain; where the descriptions, quantities, or values of the overseas materials and parts contained are declared inaccurately, customs shall levy duties on the products as imported finished products.

Article 23 — In-zone processing enterprises entrusting processing to non-bonded-zone enterprises, or accepting processing entrusted by non-bonded-zone enterprises, shall obtain prior approval from customs and meet the following conditions:

(1) the enterprise has a production site within the zone and has formally commenced processing business;

(2) for processing entrusted to non-bonded-zone enterprises, the principal processes shall be carried out within the zone;

(3) the duration of processing entrusted to non-bonded-zone enterprises shall be six months; where the duration needs to be extended under special circumstances, an application for extension shall be submitted to customs, and the extended duration shall be six months. Products completed in a non-bonded zone shall be transported back to the bonded zone; where they need to be directly exported from a non-bonded zone, verification and cancellation formalities shall be completed with customs;

(4) for processing accepted from non-bonded-zone enterprises, the in-zone processing enterprise shall complete the filing formalities with customs for the entrusted materials and parts, and the entrusted materials, parts, and products shall be accounted for in separate books and used separately from those of the in-zone enterprise. Completed products shall be transported back to the non-bonded-zone enterprise, and the in-zone processing enterprise shall close the case with customs.

Article 24 — Customs shall not apply the bank guarantee account system for processing trade to the inward processing and processing-with-supplied-materials business of in-zone processing enterprises.

Where processing business is entrusted to non-bonded-zone enterprises, the non-bonded-zone enterprises shall complete contract registration and filing formalities with the local customs, and the bank guarantee account system for processing trade shall apply.

Chapter VI — Supervision over Means of Transport and Personal Effects Entering and Leaving Bonded Zones

Article 25 — Means of transport and persons entering or leaving a bonded zone shall pass through dedicated passages designated by customs and be subject to customs inspection.

Article 26 — Persons in charge of means of transport entering or leaving a bonded zone shall complete registration and filing formalities with customs by presenting the documents approved by the competent authority of the bonded zone, together with a list of the names, quantities, and plate numbers of the means of transport and the names of the drivers.

Article 27 — Without approval by customs, means of transport and persons traveling from a bonded zone to a non-bonded zone shall not transport or carry duty-free goods and articles within the bonded zone, bonded goods, or products manufactured with bonded materials and parts.

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Chapter VII — Supplementary Provisions

Article 28 — Violations of these Measures shall be handled by customs in accordance with the Customs Law of the People's Republic of China and the Regulations on the Implementation of Administrative Penalties of the Customs of the People's Republic of China; where the circumstances are serious, customs may revoke the registration of the in-zone enterprise with customs.

Article 29 — The specific measures for the filing formalities provided for in these Measures shall be formulated by the General Administration of Customs.

Article 30 — These Measures shall enter into force as of the date of promulgation. The Measures of the Customs of the People's Republic of China for the Administration of Goods, Means of Transport and Personal Effects Entering and Leaving the Shanghai Waigaoqiao Bonded Zone shall be repealed simultaneously.

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