

Date Passed or Released

March 24th, 2016

Government Agency

China Ministry of Finance

Date Translated

March 25, 2016

China will implement the cross-border e-commerce retail sales import tax policy and parcel tax policy in April 8th 2016

我国将自 4 月 8 日起实施跨境电子商务零售进口税收政策并调整行邮税政策

Regulation's Main Points

China will implement the cross-border e-commerce retail sales import tax policy and parcel tax policy in April 8th 2016

Official website of the Ministry, March 24, in order to create a market environment for fair competition and promoting healthy development of cross-border e-commerce, approved by the State Council, with effect from April 8, 2016, China will implement the cross-border e-commerce retail sales (business to consumer, or B2C) import tax policies, and synchronizing adjustment parcel tax policy.

At present, for personal use, a reasonable number of cross-border electronic commerce, retailing and import commodities in actual operation parcel tax according to postal articles. parcel tax is property of imported articles other than trade, tariffs and import value-added tax, consumption tax of three tax levy, tax rates are generally lower than synthesis rates of similar imported goods. Cross-border e-commerce, retailing and import goods through the postal channel entry, but differs from the traditional trade of file notes, separation of passenger luggage, friends' gifts items, trading with trading properties, link and parcel tax only, overall tax level is lower than the domestic sales of the same general trade imports and excise tax forms of unfair competition. To this end, the policy on cross-border e-commerce retail imports goods tariffs and import value-added tax and consumption tax.

Tax on cross-border electronic commerce, retailing and import commodities in accordance with the goods at the same time, take into account most of the reasonable demand of consumers, policies will be single transaction limits by mail 1000 RMB in tax policy (Hong Kong, Macao is 800 RMB) up to 2000 RMB, and set annual individual transaction limit of 20000 RMB. Within limits imports of cross-border e-commerce, retailing and import goods, temporary tariff rates are set to 0%, import value-added tax, consumption tax abolition shall be exempt from tax, a provisional statutory tax liability is imposed by the 70%. More than a single limit, accumulated over the personal annual limit for single

transaction, as well as the duty-paid price of limit values of more than 2000 RMB a single indivisible goods, in accordance with general trade taxes in full. To meet the needs of day-to-day collection operations, relevant departments will develop the cross-border electronic commerce, retailing and import commodities list and announced separately.

Taking into account current regulatory conditions, for the time being will be able to provide trading, payment, logistics and other electronic information of cross-border electronic commerce, retailing and import products into the scope of policy implementation. Not part of the cross-border electronic commerce, retailing and import of personal belongings and unable to provide for electronic information cross-border e-commerce and retail imports will remain according to the current regulations.

While, for optimization items structure, convenient passenger and consumers declared, and tax, improve clearance efficiency, China will synchronization adjustment line parcel tax policy, will currently of four document items (corresponds to tax respectively for 10%, and 20%, and 30%, and 50%) adjustment for three document, which, items 1 main for MFN tax for zero of commodity, items 3 main for levy consumption tax of high-end consumer, other commodity return into items 2. After adjusting for all taxable items goods and parcel tax comprehensive rates broadly in line with the similar imported goods, items 1, 2, 3 tax rates, respectively for 15%, and 30%, and 60%.

The implementation of the two policy, will help to support emerging industry and traditional industry, foreign goods and domestic goods fair competition and improve market efficiency and promote common development. After the implementation of policy, for the development of cross-border e-commerce in China to create stable, unified tax policy, guide e-commerce enterprises to carry out fair competition, encourages business model innovation, promote the healthy development of cross-border e-commerce, and will be conducive to enhancing the customer experience, protect the legitimate rights and interests of consumers.

Cross-border e-commerce business to business (B2B) import line under general trade imports of finished goods, in accordance with the existing taxation policies.

P.S As you know that goods sold via the online trading platforms launched by these e-commerce zones are subject to the so-called “parcel tax,” which is much lower than the normal custom duties (i.e., import tariffs, value-added tax and consumption tax if applicable). Foreign merchants operating businesses with/in the zones may choose one of the following two approaches when selling directly to Chinese consumers:

- Direct Shipping Model (B2C)

Under the direct sale model, foreign manufacturers maintain warehouses in their home countries and send goods to customers after they have made orders online. Under this model, it becomes easier for the manufacturers to oversee the storage process and provide customers with a variety of products. However, it usually takes longer before the customers receive the goods as it involves a relatively more complicated customs clearance procedure.

- Bonded Warehouse Model (B2B or B2C)

Under the bonded warehouse model, investors may set up a warehouse within their respective E-commerce zone. Goods will then be transported and stored temporarily within the warehouse under the Customs supervision before they are delivered to domestic customers. In this case, exporters need to determine if the quantity of their products sent to China is reasonable and can be sold within a given period.

Except this official document published by the Ministry of Finance, we also collect some information from the mainstream media of China for your references as below:

- **11.9% VAT will be applied for food and infant formula in Free Trade Zone.**
- **11.9% VAT and 21% consumption tax will be applied for cosmetics in Free Trade Zone.**
- **Customers don't have to pay parcel tax when the tax amount is under RMB 50.**

我国将自 4 月 8 日起实施跨境电子商务零售进口 税收政策并调整行邮税政策

为营造公平竞争的市场环境，促进跨境电子商务健康发展，经国务院批准，自 2016 年 4 月 8 日起，我国将实施跨境电子商务零售（企业对消费者，即 B2C）进口税收政策，并同步调整行邮税政策。

目前，个人自用、合理数量的跨境电子商务零售进口商品在实际操作中按照邮递物品征收行邮税。行邮税针对的是非贸易属性的进境物品，将关税和进口环节增值税、消费税三税合并征收，税率普遍低于同类进口货物的综合税率。跨境电子商务零售进口商品虽然通过邮递渠道进境，但不同于传统非贸易性的文件票据、旅客分离行李、亲友馈赠物品等，其交易具有贸易属性，全环节仅征收行邮税，总体税负水平低于国内销售同类一般贸易进口货物和国产货物的税负，形成了不公平竞争。为此，政策将对跨境电子商务零售进口商品按照货物征收关税和进口环节增值税、消费税。

在对跨境电子商务零售进口商品按照货物征税的同时，考虑到大部分消费者的合理消费需求，政策将单次交易限值由行邮税政策中的 1000 元（港澳台地区为 800 元）提高至 2000 元，同时将设置个人年度交易限值为 20000 元。在限值以内进口的跨境电子商务零售进口商品，关税税率暂设为 0%，进口环节增值税、消费税取消免征税额，暂按法定应纳税额的 70%征收。超过单次限值、累加后超过个人年度限值的单次交易，以及完税价格超过 2000 元限值的单个不可分割商品，将均按照一般贸易方式全额征税。为满足日常征管操作需要，有关部门将制定《跨境电子商务零售进口商品清单》并另行公布。

考虑到现行监管条件，暂时将能够提供交易、支付、物流等电子信息的跨境电子商务零售进口商品纳入政策实施范围。不属于跨境电子商务零售进口的个人物品以及无法提供有关电子信息的跨境电子商务零售进口商品，仍将按现行规定执行。

同时，为优化税目结构，方便旅客和消费者申报、纳税，提高通关效率，我国将同步调整行邮税政策，将目前的四档税目（对应税率分别为 10%、20%、30%、50%）调整为三档，其中，税目 1 主要为最惠国税率为零的商品，税目 3 主要为征收消费税的高档消费品，其他商品归入税目 2。调整后，为保持各税目商品的行邮税税率与同类进口货物综合税率的大体一致，税目 1、2、3 的税率将分别为 15%、30%、60%。

两项政策的实施，将有利于支持新兴业态与传统业态、国外商品与国内商品公平竞争，提高市场效率，促进共同发展。政策实施后，将为国内跨境电子商务的发展营造稳定、统一的税收政策环境，引导电子商务企业开展公平竞争，有利于鼓励商业模式创新，推动跨境电子商务健康发展，并将有利于提升消费者客户体验，保护消费者合法权益。

跨境电子商务企业对企业（B2B）进口，线下按一般贸易等方式完成货物进口，仍按照现行有关税收政策执行。