



Central Government of the People's Republic of China

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General Administration of Customs Announcement [2018] No. 59 General Administration of Customs Announcement (Concerning the Comprehensive Promotion of Enterprise-based Processing Trade Regulatory Reform) Announcement [2018] No. 59

To implement the *Several Opinions of The State Council on Promoting the Innovation and Development of Processing Trade* (G. F. [2016] No. 4), comprehensively deepen the regulatory reform of customs processing trade and bonded operations, further propel the streamlining administration and delegating power, guide enterprises for self-discipline management, release the enterprise vitality, and enhance their endogenous power, after a year of pilot, relevant enterprises actively cooperate and thus achieve initial results. To this end, the General Administration of Customs (“Customs”) has decided to comprehensively carry out the “enterprise-based processing trade regulatory reform” (hereinafter referred to as the “New Regulatory Model”). The New Regulatory Model is an important measure for the Customs to deepen the regulatory reform of processing trade, a strong guarantee to support the development of processing trade enterprises, enhance the comprehensive competitiveness and support, and back the development of production services related to processing trade, and an important content to promote the innovation and development of processing trade. The relevant matters are hereby announced as follows:

I. Scope of Reform Implementation

(I) Enterprises implementing the reform of the New Regulatory Model must be the production enterprises carrying out processing trade business in their own name, and meet one of the following conditions:

1. With customs credit rating as general certification or above;
2. With customs credit rating as general credit, transparent and clear internal processing trade goods flow and data flow, complete logical chain, and traceable consumption, meeting the requirements of customs supervision

(II) The business scope of the New Regulatory Model includes: Account book establishment (change), import and export, outward processing, deep processing carry-over, domestic sales, surplus materials carry-over, verification and write-off, and after-sales maintenance of the

enterprise or the group, etc.

II. Main Contents

(I) Enterprises implementing the New Regulatory Model shall carry out relevant business in the following ways:

1. Ledger establishment. Enterprises can choose to establish account books with material number or item number according to industry characteristics, production scale, management level and other factors. The maximum import volume in the account book is the production capacity listed in the *Certificate of Operation Status and Production Capacity of Processing Trade Enterprises*, that is, the corresponding amount of imported materials and parts.
2. Write-off cycle. Enterprises can independently choose a reasonable write-off cycle according to the production cycle, determine the unit consumption declaration link in accordance with the existing regulations, and independently choose the unit consumption declaration time.
3. Outward processing. When conducting the outward processing business, the enterprises shall no longer submit the receipt and shipment list, and shall keep relevant materials and records for future reference.
4. Centralized domestic sales. The enterprises shall, before the 15th of each month, handle the tax formalities for the domestic sales of bonded goods in the previous month in a centralized manner under the premise of providing tax collection guarantee according to law, but shall not be allowed to do so in split years.
5. Deep processing carry-over. When handling the deep processing carry-over procedures, the enterprises shall make a centralized declaration of the deep processing carry-over of the previous month before the end of each month, and cease to submit the receipt and delivery records, and shall save the relevant information and records for reference.
6. Surplus materials carry-over. The enterprises shall dispose the actual inventory by carrying over the surplus materials before the verification and declaration.

(II) Within the write-off cycle, the enterprises shall go through the write-off formalities with the Customs by means of independent verification and declaration. For those with write-off cycle exceeding one year, the enterprises shall make annual declaration.

1. Independent verification and declaration. It refers to that the enterprises independently check the consumption of bonded imported materials and components and truthfully declare to the Customs. Enterprises may independently choose to declare the current accounting results to the Customs and go through the write-off procedures by adopting such accounting methods of bonded import materials consumption as unit consumption, material consumption list and work order, etc. When declaring the accounting results, the enterprises shall submit the following data within this write-off cycle:

- (1) Application for verification and declaration of relevant materials for processing trade books;
- (2) Import, export, transfer, sales and actual inventory data at the end of the period;
- (3) Relevant information of leftover material, defective products, by-products, bonded goods affected by disasters and destroyed goods;
- (4) Return or exchange of materials and finished products;
- (5) Purchase of domestic materials and parts;
- (6) Consumable materials;

(7) Supplementary instruction of the enterprises declaring other situations.

2. Annual declaration. For enterprises with a write-off period of more than 1 year, they shall declare the bonded materials consumption and other account book data to the Customs at least once a year. The sum of the annual declaration data is taken as the total consumption of bonded materials in this write-off cycle.

(III) Before the end of the account book verification cycle, where the enterprise takes the initiative to supplement the declaration to the Customs due to emergencies and problems found in internal self-examination and self-control within the verification cycle, and takes timely control or rectification measures, the Customs shall deal with the enterprise declaration in a central manner.

(IV) The enterprises shall, according to the material number or item number when the account book is established, declare the import and export by way of incoming material processing or incoming material processing supervision according to the facts.

(V) The enterprise shall submit, retain and store the corresponding electronic data and paper documents in accordance with the applicable provisions.

(VI) In any of the following circumstances, the Customs will cease to implement the New Regulatory model on the enterprises:

1. With customs credit rating downgraded to an untrustworthy enterprise;
2. With incomplete internal information system, and incomplete logical chain of processing trade goods flow and data flow, and material consumption management failing to meet the requirements of customs supervision;
3. Failing to handle customs formalities in a standardized manner, failing to submit, retain or store relevant data, documents and materials in a timely manner as required;
4. Voluntarily applying to not implement the New Regulatory Model;
5. Others needing to revoke the New Regulatory Model.

If the Customs ceases to implement the account book management of the New Regulatory Model, the enterprises shall, within 30 days from the date of determination, go through the procedures for the account book cancellation with the Customs.

III. Other Matters

(I) The General Administration of Customs will supplement and refine the annual declaration system, and will study and introduce the relevant system of customs bonded maintenance business supervision. Before the introduction of the relevant system, the enterprises and the groups requesting the bonded maintenance shall contact the local customs to submit the relevant needs as soon as possible, and the General Administration of Customs will clarify the unified supervision rules before the introduction of the measures according to the situation.

(II) After the formal implementation of this Announcement, for the processing trade ledgers that have not been completed, the enterprises may transfer the processing trade goods that have not been exported to the newly opened ledgers.

(III) Matters not specified in this Announcement shall be administrated in accordance with the general provisions of processing trade supervision.

The contents of the Announcement shall take effect as of the date of promulgation, and the *Announcement 2018 No. 19 of the General Administration of Customs of the People's Republic of China* shall be repealed simultaneously.

It is hereby announced.

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General Administration of Customs

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