China launched pilot foreign exchange policy on goods trade

Description

According to a recent circular issued jointly by State Administration of Foreign Exchange, State Administration of Taxes and State Administration of Customs, from December 1, 2011, a pilot policy to streamline and simplify the administration of foreign exchange matters in relation to trade for goods will be started in some provinces and cities in China including Jiangsu, Shandong, Hubei, Zhejiang (Ningbo excluded), Fujian (Xiamen excluded), Dalian and Qingdao. The main contents of the Circular:

1. Forex departments will conduct overall inspection of the flow of both goods and funds, and then based on the results of such inspection to categorize enterprises for purpose of differentiated management of those enterprises from time to time, giving most enterprises the maximum facilities in handling their receipt and payment of foreign exchange.

2. Streamline and simplify the fomalities and procedures for receiving and paying of foreign exchange. Trading companies will not be required to go through the post-export forex checkup (shou hui he xiao). Compliant companies will be much relieved from documentation work when applying to banks to pay foreign exchange for imported goods, and now such companies will be able to handle payment with their banks upon presentment of customs declaration statement for import, contract OR invoice (fapiao) which can evidence the genuineness of the transaction.

3. Make simpler the presentment of documentation for tax rebate. During the life period of the pilot policy, exporters in those provinces and cities will not be required to present the paper form as used before for the post-export forex checkup.

4. When this pilot policy is expanded nationwide, the procedures for export customs declaration will be accordingly adjusted with the major change that the form for the post-export forex checkup (chu kou shou hui he xiao dan) will be eventually abandoned.

It is quite clear that this new Circular aims to facilitate China international trade practice by reducing bureaucracy and paper work.

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Date Created
November 2011
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