

China adjusts certain 2020 commodity import tariff rates

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

Starting from 1 January 2020, China's import tariff rates for certain commodities have been adjusted in accordance with the "Notice of the Customs Tariff Commission of the State Council on the 2020 Adjustment Plan for Import Tentative Tax Rates and Other Adjustments" (CTC Public Notice [2019] No. 50). In addition, China's interpretation of domestic subheading of import and export tariffs has been revised as per the "Notice of the Customs Tariff Commission of the State Council on Adjusting Interpretation of Certain Domestic Subheadings" (CTC Public Notice [2019] No. 51).

Major Adjustments

Import Tariffs

According to CTC Public Notice [2019] No. 50, from 1 January 2020, import tariffs for certain commodities were adjusted and are summarized as below:

Tariff type	Adjustments
Most Favored Nation (MFN) rate	<ul style="list-style-type: none"> ▶ From 1 January 2020, the import tariffs for 859 commodities (excluding the commodities with tariff quotas) will be reduced (the application of tentative import tariffs). ▶ From 1 July 2020, the tentative import tariffs for seven information technology products will be repealed. ▶ On 1 July 2020, a further tariff reduction for information technology products listed in the Schedule of the Amendment to the Tariff Concession Schedule of the People's Republic of China to Join the World Trade Organization will be implemented.
Tariff quota	<ul style="list-style-type: none"> ▶ The tariff quotas continue to apply to eight commodities, including wheat. The quota tariff rate for fertilizers, urea, compound fertilizer, ammonium hydrogen phosphate will remain unchanged at 1%. Sliding duties shall continue to be imposed on a certain quantity of cotton imported beyond the quota.
Conventional tariff rates	<ul style="list-style-type: none"> ▶ From 1 January 2020, new reduced rates will be implemented under trade agreements or preferential rate arrangements concluded with New Zealand, Peru, Costa Rica, Switzerland, Iceland, Singapore, Australia, South Korea, Chile, Georgia, Pakistan, and agreement rates for the Asia-Pacific Trade Agreement will be reduced. ▶ From July 1, 2020, in accordance with the provisions of the bilateral trade agreement between China and Switzerland and the Asia-Pacific Trade Agreement, the relevant conventional tariff rates will be further reduced.
Preferential tariff rate	<ul style="list-style-type: none"> ▶ Except for Equatorial Guinea, preferential tax rates will continue to be applied to other lesser developed countries that have established diplomatic relations with China and completed exchange procedures. ▶ From January 1, 2020, Equatorial Guinea will cease to enjoy the preferential treatment of zero tariffs.

Interpretation of Domestic Subheading

According to CTC Public Notice [2019] No. 51, from 1 January 2020, the interpretation of 24 domestic subheadings have been adjusted, which are distributed in 9 chapters of the China Tariff Schedule.

Implications

It is recommended that businesses conduct an analysis of the import/export tax amount changes arising from China's tariff rate adjustments as early as possible to clarify the impact on finance and supply chain.

Businesses are also advised to compare the HS codes of goods exporting to China with the China domestic subheading adjustments to ensure the accuracy of the declared HS codes and compliance with customs declarations.

Endnote

1. Chapters involved in the modification of subheading notes: Chapters 7, 20, 22, 28, 54, 55, 84, 85, 86.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Ernst & Young (China) Advisory Limited, Shanghai

- ▶ Bryan Tang bryan.tang@cn.ey.com

Ernst & Young Ernst & Young (China) Advisory Limited, Beijing

- ▶ Tina GY Zhang tina-gy.zhang@cn.ey.com

Ernst & Young Ernst & Young (China) Advisory Limited, Guangzhou

- ▶ Kelvin Ma kelvin.ma@cn.ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Indirect Tax

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 000574-20Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com