



DELIVERING THE FUTURE



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Trade Management Bulletin

Customs Value of Chinese textiles and clothing to include export tax

On 1 January 2005, the Chinese Government imposed an export tax on certain textiles and clothing. The export tax is scheduled to apply for three years. The tax ranges from 0.2 Yuan per piece to 0.5 Yuan per kilo.

The export tax must be paid prior to the export of the goods by the person or company that makes the export declaration in China.

The Australian Customs Services have just released ACN 2005/09 which states that the amount of export tax must be included in the Customs value of the goods when entered in Australia.

Where goods are being purchased on a FOB basis it is the responsibility of the vendor to make the export declaration and pay the export tax. If the vendor has increased the FOB price to the seller to take into account the additional tax, the increased price must be declared to Customs, there is no provision for the export tax to be excluded from the Customs value.

If, due to contractual terms, the vendor is not able to increase the FOB price and must bear the cost of the export tax there is no requirement to adjust the Customs value.

If the goods are being sold on an "ex-works" (EXW) basis and the purchaser pays the export tax to the vendor in addition to the EXW price then the amount of export tax paid must be included in the Customs value.

What the ACN does not state is that, if the export tax is paid directly by the purchaser or by the purchaser's freight forwarder, the export tax does not need to be included in the Customs value.

The Australian Customs Service has advised us that this point was not made in the ACN as the Chinese Authorities have advised them that the export tax can only be paid by the exporter and cannot be paid by the purchaser or purchasers freight forwarder.

The presumption is that the export tax will always be charged by the vendor to the purchaser and must be included in the Customs value.

Please feel free to contact Paul Angel from our Trade Management team on (02) 8219 4900 if you need any further clarification or assistance with your specific circumstances.

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