

## New boosts on transformation of bonded zones

### Contacts

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#### In brief

- » China is upgrading its bonded zones to comprehensive bonded zones (CBZs) to meet complex business needs.
- » Shanghai is close to transform all of its bonded zones to CBZs.
- » More CBZs are being built or upgraded across the country.

Feedback

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### In detail

China is enhancing its boost on transforming bonded zones across the country to comprehensive bonded zones (CBZs), and harmonizing the incentive and facilitation systems for CBZ enterprises and operations.

New CBZs are also built in various places, like Yiwu, east China's Zhejiang Province, and Jiading in Shanghai recently.

In particular, Shanghai has had its ten special customs zones one by one upgraded and re-named as CBZs (including Waigaoqiao CBZ, Yangshan special CBZ, and eight other CBZs).

CBZ enterprises can enjoy a series of preferential policies in tax, customs and administration areas.

#### 1. Preferential tax treatments

- CBZs enterprises can obtain, upon an application, a “general VAT payer” qualification – which allows them to issue VAT invoices themselves, to enjoy input / output VAT crediting, and to enjoy export tax refund.
- CBZs enterprises can cut their operation cost, for example, via an obtaining export tax refund for the utilities (water, power and gas) purchased from sources outside the CBZ, or enjoying preferential treatment in advance before moving into a CBZ.
- CBZs enterprises, manufacturing or processing in a CBZ, are given an option to select how to pay import tariff for their sales to parties outside a CBZ, either based on the raw materials' cost or the products' price.
- CBZs enterprises can enjoy the same unique taxation treatments as those for cross-border e-commerce retail imports, for any of their e-retailing imports.

#### 2. Government support

##### a) Mobile phones and cars making

- Mobile phones and auto parts manufactured in CBZs are excluded from the import permit requirement.
- Automobiles from abroad can be stored and displayed inside a CBZ on a bonded (tariff free) basis.

##### b) R&D

- Medical devices bought into a CBZ from abroad can be used for R&D or display, exempted from any registration or record formalities.
- Goods imported for R&D purposes in a CBZ are exempted from an import permit.
- New R&D enterprises in CBZs can start their operation with the highest customs rating after passing an evaluation.

##### c) Manufacturing

- CBZs enterprises are allowed to process goods from other places outside the zone in the China mainland.
- New manufacturers in CBZs can get the highest customs rating after an evaluation.

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d) Storage location

- Large equipment (aircrafts, vessels, etc.) traded under a financial leasing contract, if not suitable to be placed in a CBZ, are allowed to be placed elsewhere under customs supervision.

3. Facilitation measures

CBZ enterprises can enjoy faster, easier and more flexible administrative treatments, such as simplified customs procedures, streamlined inspection for food, priority entry for animal and plant products, consolidated declarations, and convenient administration of non-bonded goods, etc.

**WTS China observation**

CBZs enterprises can enjoy preferential policies according to their own business models. CBZs, as a structural reform breeding foreign trading and investment growth, will mean fewer restrictions, quicker access and easier formality to foreign firms.

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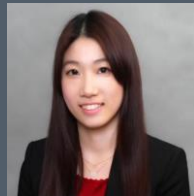


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