

UPDATE:

New Regulations on Cross-Border E-Commerce (Import) - Positive list announced



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Asia Distribution and Retail
Fung Business Intelligence Centre

Background

From 8 April, 2016 onwards, China has implemented new tax policies for cross-border B2C import e-commerce. Cross-border e-commerce (CBEC) imported goods will no longer be charged by personal postal articles tax. Instead, import tariff, value-added tax (VAT) and consumption tax will be imposed.

Recap:

Under the new policies, transaction limit per order will be increased from 1,000 yuan to 2,000 yuan; new upper limit per person per year will be set at 20,000 yuan. For orders within the transaction limit, the new tax will include import tariff, VAT and consumption tax, where the actual tax payable will be 70% of the calculated taxable amount. Import tariff is temporarily set at 0%. The tax exemption applicable to the previous postal tax regime is abolished.

For details, please refer to our earlier publication, "[New Regulations on Cross-Border E-Commerce \(Import\)](#)".

Positive List

On 7 April, 2016, 11 government authorities, including the Ministry of Finance, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Commerce, General Administration of Customs and State Administration of Taxation, jointly released a positive list for CBEC imported goods.

The positive list will replace the previous negative list for CBEC imported goods; only goods that are on the list are eligible to be sold via CBEC channels. The positive list has 1,142 types of product categories. These products are mostly daily consumer goods with solid demand in China. According to the China Customs, these products can satisfy supervision requirements of authorities concerned, and can enter China via express delivery or direct mail. Product categories on the list include food and beverages, apparel and footwear, home appliances, cosmetics, paper diapers, children's toys and so on. Products on the list are exempted from submitting an import license to China Customs. Inspection and quarantine approvals are required when imported products enter bonded warehouses. Direct mailed products do not require such approvals.

The list of product categories will be reviewed on a regular basis.

Key highlights of the positive list:

- Cosmetics first imported into China cannot be sold on CBEC platforms.
- Infant formula requires China Food and Drug Administration Bureau (CFDA) approval first before selling on CBEC platforms.
- Liquid milk (UHT milk) products are not on the positive list.
- Unlicensed nutritional products without approvals from the CFDA are not on the positive list.
- Pet food and red wine can now be sold on CBEC platforms; previously these categories were on the negative list.

Views and Implications

- Many industry practitioners believe that the positive list for CBEC imported goods is not inclusive enough as it covers only 1,142 types of product categories.
- Liquid milk is a very popular CBEC product category and is heavily stocked in bonded warehouses. As it is not included on the positive list, CBEC retailers may have to pull the products off from the platform and face major losses.
- Infant formula is now required to be registered in accordance with the *Food Safety Law*; this means that CBEC platforms may not be able to sell certain overseas milk powder.
- The definitions of some categories are not clear, e.g. healthcare products. Further implementation details are needed.
- Regarding the new tax policies, some industry players think the 20,000 yuan annual limit per person is too low and they expect the government to raise the annual purchase limit in the future, given the rising popularity of foreign goods among domestic consumers. To avoid loss of customers due to the new taxes, some CBEC players such as VIP Global, Mia.com and Bolo.me have provided subsidies for customers to cover the tax payment.

Reference

The announcements can be accessed at the website of the Ministry of Industry and Information Technology of the PRC (in Chinese):

<http://www.miit.gov.cn/n1146295/n1652858/n1652930/n4509607/c4701533/content.html>

Please click [here](#) for the full positive list (in Chinese).

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