



China Trade Policy Update: Customs Declaration Filing Changes (March 2016)

The China General Administration of Customs released [GAC 2016 Circular 20](#) on March 24, 2016 to change Customs declaration filing requirements with an effective date of March 30, 2016.

Although the lead time for this change was extremely short, Amber Road has already incorporated all of these changes into our [China Trade Management](#) (CTM) solution. We have coordinated with our customers and their brokers to complete the adjustments in time for the Customs changes.

The declaration filing changes specified in the Circular 20 have significant declaration and post-clearance audit impacts on multi-national companies that conduct related party transactions with their China operating units.

We have informed our China customers of the following key changes during the week of March 21, 2016. This policy update is for our global customers:



Related Party Transaction Declaration

To better evaluate related party transactions and valuation risks, China Customs has asked the Importer of Record to explicitly specify:

1. Existence of Special Relationships
2. Special Relationship Impact on the Import Price
3. Confirmation on Royalty and License Fees

We recommend that multi-national companies carefully review status for each transaction, especially for shipments with Sender and Receiver names that may imply related party transactions, and accurately report them on the declarations. In addition, multi-national companies should consider including those shipments in the scope of their internal post-clearance audits per GAC Inspection Notice 111 on self-compliance.

Additional Filing Changes

1. Increase maximum items per declaration from 20 to 50.
Although this might lead to reduction in declarations, our understanding is that the Customs system would need more time to make this adjustment due to permit utilization and coordination with other regulating agencies such as CIQ. We are advising our customers to maintain the declaration items at 20 until further notice from Customs.
2. Add "Trade Country (Region)," which could be different from the Country of Origin.

3. Specify Country of Origin and Destination for both imports and exports.
In the past, a Customs declaration only needed to specify Country of Origin for imports or Destination for exports in the same field. This change will provide further support to promote China-based transshipment port business.
4. Add the new 18-digit Uniform Organization Code.
The new 18-digit code unifies the different Organization Codes issued by various China regulating agencies and will replace the 10-digit Customs Organization Code in the future.

Operational Notes and Suggestions for Companies

1. Review transfer pricing, royalty and license fee practice pre-declaration
2. Declare accurate related party transaction information upon declaration
3. Include shipments and declarations with transfer pricing designation into the post-clearance internal audit scope
4. Ensure Brokers are in compliance with the new changes

About Amber Road

Amber Road's (NYSE: AMBR) mission is to improve the way companies manage their international supply chains and conduct global trade. As a leading provider of cloud based global trade management (GTM) solutions, we automate the global supply chain across sourcing, logistics, cross-border trade, and regulatory compliance activities to dramatically improve operating efficiencies and financial performance. This includes collaborating with suppliers on development, sourcing and quality assurance; executing import and export compliance checks and generating international shipping documentation; booking international carriers and tracking goods as they move around the world; and minimizing the associated duties through preferential trade agreements and foreign trade zones. Our solution combines enterprise-class software, trade content sourced from government agencies and transportation providers in 145 countries, and a global supply chain network connecting our customers with their trading partners, including suppliers, testing/auditing firms, freight forwarders, customs brokers and transportation carriers. We deliver our GTM solution using a Software-as-a-Service (SaaS) model and leverage a highly flexible technology framework to quickly and efficiently meet our customers' unique requirements around the world.

For more information, please visit www.AmberRoad.com, email Solutions@AmberRoad.com or call +86 21 5289 6777.