



# Applying for an Exclusion from Chinese Tariffs: FAQs

Written by: Zoey Ye Zhang

On May 13, 2019, China's Customs Tariff Commission of the State Council released the [Trail Measures on the Exclusion Work for US Products Subject to Additional Tariffs](#) in [Announcement \[2019\] No.2](#).

On a trial basis, the document allows imported US products to be temporarily exempted from additional tariffs; tariffs can be refunded for the eligible products that have already been taxed.

So far, the first-round application allowing businesses to avail the tariff exemption had ended on July 5, 2019 and the second-round application is set to open on September 2 at the official website of China's Ministry of Finance (MOF): <https://gszx.mof.gov.cn/>.

Businesses are advised to pay attention to the upcoming application; those seeking third-party supports should also note the [internal application deadline](#) of their respective industrial association.

## Who can apply for exclusion from Chinese tariffs?

Firms in China that import, produce, or use the relevant products or the industrial associations of such firms are eligible to apply for tariff exemption.

Respective industrial associations are encouraged to collectively submit the application on behalf of their members.

However, repeated applications for tariff exemption on the same product by a firm and an industrial association must be avoided.

## Which Chinese imports are eligible and when will the application start?

The products that China has announced retaliatory tariffs on and those products that continue to be tariffed since the beginning of the [US-China trade war](#) can claim for exemption from the tariffs.



The time-frame of submitting the application is:

**June 3, 2019 to July 5, 2019** – for the first batch of imports that were subject to additional tariffs, which include:

- 545 items subject to the US\$34 billion list (The [Annex 1](#) in [Announcement \[2018\] No.5](#)); and
- 333 items subject to the US\$16 billion list (The [Annex 2](#) in [Announcement \[2018\] No.7](#)).

You can also download a combined list of the first batch of imports at the bottom of the MOF website: <https://gszx.mof.gov.cn/> (click “下载填报说明”).

**September 2, 2019 to October 18, 2019** – for the second batch of imports that were subject to additional tariffs, which include:

- Items subject to the US\$60 billion list (The Annex [1](#), [2](#), [3](#), [4](#) in [Announcement \[2018\] No.6](#)).

To be noted, some of the products in the above-mentioned lists, such as automobiles and auto parts of US origin are not eligible for the application – if the government rolled-back the tariff or suspended proposed retaliatory tariffs.

**How does the Chinese government decide if a product is worthy of tariff exemption?**

The Chinese government will consider three reasons when assessing the request for tariff exemption:

- The difficulties in seeking substitutes from countries outside of the US;
- The severe economic damage caused by the imposition of additional tariffs to the applicant; and
- The serious negative structural effects on the relevant industry caused by the imposition of additional tariffs (including industry development, technology advancement, employment, environmental protection, etc.) or serious consequences to Chinese society.

Enterprises need to pay particular attention to the above issues or seek professional assistance to increase the likelihood of successfully obtaining a tariff exemption.



## What are the documents required?

The exclusion request shall be made for products classified within one 8-digit HS subheading through the online declaration system of MOF (see the link: <https://gszx.mof.gov.cn/>).

Applicants may register and log in first and then fill in the application, according to the official instruction (click “下载填报说明”) shown at the bottom of the MOF website.

Documents that will need to be prepared include:

- Business license (scanned copy);
- Import declaration of imports applying for an exclusion during the period between 2017 to 2019 (PDF file); and
- Description of the market share and sales ranking of the enterprise in the country or a certain region, etc.

Information that needs to be provided includes:

- Basic information of the enterprise;
- Information on the products; and
- Import data (quantity and amount of relevant goods imported during the period between 2017 to 2019, etc.).

To be noted, the applicant who applies for the exclusion of multiple products with different 8-digit HS codes shall fill out a form for each product separately.

## What is the validity period of an approved exemption?

The period of exclusion will be valid for one year after the date of approval, which can be understood as the date when the Customs Tariff Commission of the State Council releases the exemption list.

Businesses should keep track of this and verify the status of their application against this list as the government has not yet confirmed a date of release.



Applicants who had already been hit with the additional tariffs and are eligible for tariff exemption can apply for a refund of the retaliatory tariffs within six months after the release of the exemption list.

Note: The official links in this article are in Chinese. Businesses are advised to seek professional assistance to understand the government requirements clearly. See [here](#) for our article explaining the US tariff exemption process.

*(Editor's Note: This article was originally published on June 27, 2019, and has been updated to reflect latest developments.)*

*This article was first published by [China Briefing](#), which is produced by [Dezan Shira & Associates](#). The firm assists foreign investors throughout Asia from offices [across the world](#), including in [China](#), [Hong Kong](#), [Vietnam](#), [Singapore](#), [India](#), and [Russia](#). Readers may write [info@dezshira.com](mailto:info@dezshira.com) for more support.*