

## Import tax on copper waste and scrap

Q: What is the import duty on copper waste and scrap in China?

A: [1] The import duty on copper waste and scrap (HS Code 74040000) is 1.5% if they come from countries receiving MFN treatments. Countries who are members of the WTO receive the MFN duty rate. The import VAT is 17%. Assume that the following information is available: CIF Shanghai USD100; seller's commission USD5; and the exchange rate USD1 to RMB8, one can show the computations for the imported copper waste and scrap.

[2] Detailed computations

(a) Dutiable value = (CIF price + seller's commission) x rate = 105 x 8 = 840

(b) Import duty = dutiable value x duty rate = 840 x 1.5% = 12.60 (exempt)

(c) VAT = (dutiable value + duty) x VAT rate = (840 + 12.6) x 17% = 144.94.

(d) The exchange rate is the reference rate as per announcement by the People's Bank of China on the Wednesday of the third week in the preceding month. It is now assumed to be USD1 to RMB8.

(e) The Chinese customs valuation rule provides that seller's commission should be included into the dutiable base, but buyer's commission is excluded.

(f) Import duty is exempt if the amount is less than RMB50 per consignment.

[3] Note that the consignee must submit the following documents to the customs at the time of importation: (a) Import Permit for Solid Wastes, issued by the local office of the Environmental Protection Bureau; (b) Automatic Import License, issued by the local office of the Ministry of Commerce; and (c) Inspection and Quarantine Certificate for Inward Goods, issued by the frontier port office of the China Inspection and Quarantine.

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