

HURRAY HURRAY!

It's the holi-holiday

Trade Intelligence Asia Pacific
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Trade Intelligence Asia Pacific seeks to capture the essence of selected issues that are of particular interest to clients of PwC. Our regional network of customs and international trade consultants routinely gather, analyse and disseminate information and knowledge to our clients. Based on studies as well as meetings and discussions that take place across the region with various trade and customs officials, we consolidate our findings into Trade Intelligence Asia Pacific.

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HURRAY HURRAY

It's the holi-holiday

In the run-up to and during the northern hemisphere summer holiday season, regulators typically seem to take a breather from regulating. That is also usually the case for customs and trade regulators. Consequently, there tends to be less to report on.

Nevertheless, there is always something going on.

"On the loop di loop, we swing and swoop - hey di hey di hoh"

The **WTO** managed to successfully hold its **12th Ministerial Conference**. Headline press reports fell over themselves to hail its significant outcomes. That may have more to do with the low expectations for the meeting than the substance of those outcomes. It avoided much of the acrimony of recent meetings. It managed to issue a number of positive sounding and constructive initiatives, including on food distributions, pandemic management and intellectual property. An agreement on fishery subsidies reminded us all how much above its weight this industry punches when it comes to global trade. Probably most relevant for our readers was the decision to extend the moratorium on imposing import duties on electronic imports. Even that only kicks a can a few years down the road, rather than trying to deal with it more decisively and sustainably. We hope that the next WTO MC will deliver outcomes that are far more ambitious and impactful.

"And what else we'll do is up to you (hey di hey di hoh)"

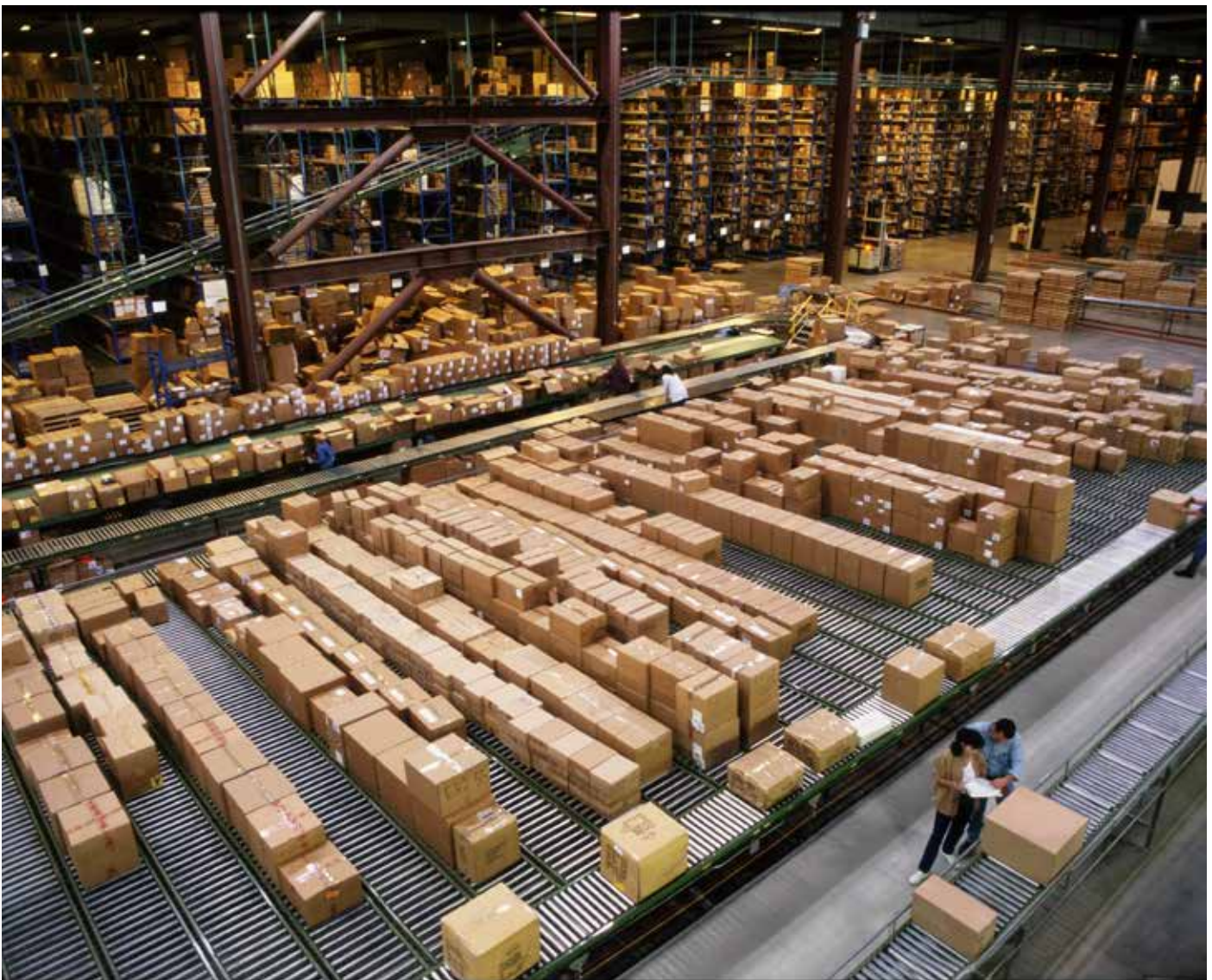
Meanwhile, closer to home the **ASEAN DGs of Customs** held their annual meeting, partly in-person (in Singapore). See our [ASEAN section](#) for more details on this meeting. It is also a meeting that is more symbolic than operationally impactful. Having said that, it is a necessary and important prerequisite for any of the ASEAN working groups to continue making progress, be that on low



value shipments, anti-smuggling, single window and many other priorities and initiatives. We attend as part of the Joint Business Councils, so have an opportunity to input, critique and discuss. It is always striking that despite the many grumblings about ASEAN's shortcomings in the business community, when asked for inputs that community is often deafeningly silent. It may be that there is a sense that inputs will not lead to any meaningful change and just help the regulators tick the public consultation box. However, that would be far too sceptical a view. Many current trade facilitative measures in ASEAN would not exist, or at least be far less facilitative, without this consultation process.

The tax and customs authorities in **Shenzhen** arrived at somewhat of a groundbreaking joint approach to **intercompany cross-border pricing**. As always, the proof of the pudding will be in the eating. It is early days to say how useful and reliable this initiative will be for importers. Nevertheless, the fact that we have gotten this far in an Asian country gives some reason for hope and celebrations. More details are in our [China territory report](#).

"What a world of fun for everyone... holi-holiday!"



The 31st Meeting of The ASEAN Directors-General of Customs

The [31st Meeting of the ASEAN Customs Directors-General \(DG\)](#) was held between the 10 ASEAN Member States and the ASEAN Secretariat in Singapore. Following the meeting, ASEAN published a [Joint Media Statement](#) for the public domain. Many topics were discussed during the meeting. Some notable ones:

- Linking ASEAN Single Window (ASW) for the electronic transfer of Certificate of Origin (CO) with other dialogue partners including China and Japan and possibility of expanding the system to other dialogue partners.
- Live exchange of Phyto Certificates between Indonesia, Malaysia and Thailand.
- Intensifying efforts to implement ASEAN Harmonised Tariff Nomenclature (AHTN) 2022 for territories that have not yet done so.
- Improving the usage of the ASEAN Customs Transit System (ACTS) by introducing ACTS Private Sector Partnership Building Outreach Events, the Two-Country Transit pilot between Cambodia and Vietnam, and conducting feasibility studies to expand coverage of ACTS.
- Adopting of the Joint Action Plan (JAP) on Mutual Recognition Arrangement (MRA) of Authorised Economic Operator (AEO) Programmes. The ASEAN AEO Mutual Recognition Arrangement (AAMRA) is planned to be signed in 2022.
- Simplification of customs procedures for Low-Value Shipments (LVS) to reduce clearance time, documents required.
- Consultations with private sector representatives from the ASEAN Business Advisory Council, the EU-ASEAN Business Council, and the US-ASEAN Business Council to discuss deepening of ASEAN economic integration, intra-ASEAN trade and supply chain connectivity to be aligned with the ASEAN Economic Community Blueprint 2025.

Our take: It is certainly exciting to see so many topics on the agenda of the ASEAN Customs DGs. It is easy to criticise areas where the business community is not seeing enough or quick enough progress. However, it is equally important to acknowledge and utilise AEC accomplishments to date, and support (by inputting into them) the many outstanding measures that need to be implemented to improve the ASEAN trade community as a whole in terms of simplification of supply chain processes, integration of ASEAN economies and introduction of technology to assist trades. Such inputs may be ambitious, may be critical, but must always be constructive, regardless of how sceptical we may be about chances of success. Based on our experience, there will be many bumps in the road ahead which will lead to delays (sometimes indefinitely) in implementation of such ASEAN wide policies, but the direction of travel remains the right one.

ASEAN, New Zealand reaffirm commitment to deepen cooperation

On 16 June 2022, the [10th ASEAN-New Zealand Joint Cooperation Committee \(ANZJCC\) meeting was held between ASEAN and New Zealand](#). ASEAN and New Zealand reviewed the implementation of the Plan of Action and noted the progress made within the first year of its implementation. The meeting looked forward to the resumption of activities previously halted due to the COVID-19 pandemic, including business and people-to-people exchanges as well as New Zealand's plans to reopen its border by the end of July 2022.

ASEAN and New Zealand looked forward to the conclusion of negotiations to establish an upgrade to the already existing ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). During the meeting, regional and international issues of common interest were discussed. The two parties also highlighted the importance of ASEAN-led mechanisms and ASEAN Centrality in maintaining peace, security and stability in the region.



Headline	New development
Free Trade talks between India and the European Union resumes after 9 years	India's Ministry of Commerce and Industry have announced that on 17 June 2022, India and the European Union (EU) have resumed free talks for a free trade agreement (FTA) after nine years. The first round of India-EU free trade agreement negotiations is slated to begin in New Delhi on 27 June 2022.
Conclusion of negotiations for the New Zealand - European Union FTA	On 30 June 2022, New Zealand (NZ) and the European Union (EU) concluded negotiations on a new free trade agreement (FTA), which is set to open significant economic opportunities for companies and consumers in both jurisdictions. While negotiations have completed, there are still a number of steps required before the EU NZ FTA comes into force, expected in 2024. More details in our New Zealand section .
Philippines and the EFTA to push for improved trade to recover from pandemic	On 19 June 2022, the Philippines and the European Free Trade Association (EFTA) territories agreed to push for more trade to improve utilisation of the free trade agreement (FTA) stressing the FTA as a tool for economic recovery after the pandemic.
Renewed negotiations between Thailand and the EFTA to start soon	Thailand has scheduled to start negotiations with the European Free Trade Association (EFTA) on 20 June 2022 to improve trade, services and investments. A study has found that an FTA with EFTA will help boost Thailand's leverage and competitiveness for Thai products and services in the bloc, as well as attract investors specialising in high technology and innovations to Thailand.
Economic Agreement draft finalised between Bangladesh and India	On 07 May 2022, The Commerce Ministry of India finalised the draft agreement for the proposed 'Bangladesh -India Comprehensive Economic Partnership Agreement' (CEPA). This agreement would increase the trade volume for both the territories and to reduce the trade gap in a phased manner.
Cambodia and India mulling Free Trade pact establishment	On 20 May 2022, Cambodia and India agreed to accelerate their internal technical work to establish the negotiation for a bilateral free trade agreement, stressing that the pact would enhance trade, investment, and cooperation in other sectors.
Cambodia and Myanmar expedite trade deals	As of 22 May 2022, it has been reported that both territories are in the process of expediting negotiations on two important draft agreements in a bid to swiftly increase trade cooperation with each other, citing low bilateral trade volume.
India-United Kingdom conclude third round of FTA talks	India and the UK concluded the third round of talks for the proposed free trade agreement in New Delhi on 08 May 2022; with the focus on issues including tariff concessions on alcoholic beverages, movement of professionals, among other things. The two territories hope to sign an interim deal by October 2022.
Singapore-United Kingdom Digital Trade Deal enters into force	The landmark digital trade deal, also known as the UK-Singapore Digital Economy Agreement (UKSDEA), establishes rules and standards for cross-border data flows and data protection between Singapore and the United Kingdom. The deal came into force on 14 June 2022. This is the first such agreement for Britain, and also the first between an Asian territory and a European one.
Bilateral Trade Agreement Between Thailand and Bhutan	On 11 May 2022, the government of Thailand and Bhutan agreed to sign a bilateral trade agreement, on top of the existing trade and economic cooperation agreement they have together.
Trade talks to be launched between Taiwan, R.O.C and US	On 2 June 2022, Taiwan R.O.C and the US announced that they would commence negotiations on a new trade agreement, dubbed the "Taiwan-US Initiative on 21st-century Trade"
China and Papua New Guinea discuss Free Trade deal	China and Papua New Guinea held talks on a free-trade deal on 3 June 2022, with discussions focusing on economic cooperation and a long-mooted trade agreement.

Australia

Gary Dutton

+61 (7) 3257 8783

gary.dutton@pwc.com

Overturn of decision relating to the responsibility for keeping underbond goods safe until duty is actually paid

The Full Federal Court (FFC) has set aside the decision of the Administrative Appeals Tribunal (AAT) in the recent case of *Hurley v Collector of Customs* [2022] which pertains to the responsibility to keep dutiable (i.e. underbond) goods safe. It clarified that the failure to keep goods safely will not apply beyond the period where the goods are subjected to customs control.

The FFC clarified that the phrase “fails to keep [the] goods safely” in section 35A of the Customs Act 1901 does not apply in circumstances where there was no payment of duty after the goods were delivered for home consumption. Rather, a failure to keep dutiable (i.e. underbond) goods safe relates to loss, destruction or consumption of the underbond goods which results in a loss of duty while being subjected to customs control.

Our take: While the decision provides clarity in relation to what constitutes a failure to keep dutiable goods safe while being subjected to customs control, it also serves as a reminder of the importance of ensuring that the arrangements (e.g. warehousing, reporting and clearing of goods and paying duty) for managing underbond goods are appropriately administered, with appropriate governance, processes and controls in place to keep goods safe and pay duty liabilities as they fall due.

Extension of Origin Waiver Benefit for Australian Trusted Trader importers under the RCEP

The Department of Home Affairs (DHA) has extended the existing ‘Origin Waiver Benefit’ available to Australian Trusted Trader (ATT) importers under the Regional Comprehensive Economic Partnership (RCEP) Agreement. The Origin Waiver Benefit for ATT importers applies retrospectively from 1 January 2022.

The extension of the benefit reduces red tape by allowing ATT Importers to claim preferential rates of duty for importing originating goods under the trade agreements covered by the benefit without the need to obtain or present Certificates or Declarations of Origin. For goods imported into Australia after 1 January 2022, ATT importers are eligible to claim a refund of the customs duty overpaid on goods originating from RCEP partner territories so long as they are able to present documentary evidence of origin such as the commercial documentation and manufacturer’s statements.

ATT importers will still be required to keep, and present if asked, sufficient evidence that imported goods comply with the relevant Rules of Origin under each FTA.

Our take: ATT importers should assess whether the Origin Waiver Benefit now provides a case for claiming preferential duty rates on imports into Australia under RCEP or if this benefit reduces the administration and compliance burden. However, it is also important to note that ATT must maintain origin compliance at the same standards as before. The fact that there is a waiver does not mean that the ATT is not required to perform checks on their origin compliance. Non-compliance over a period of time may lead to hefty penalties.



Asta Nie

+86 (21) 2323 2269
asta.nie@cn.pwc.com

Helen Y Han

+86 (10) 6533 2811
helen.y.han@cn.pwc.com

Nathan Pan

+86 (10) 6533 3730
nathan.pan@cn.pwc.com

Ryan GA Wu

+86 (755) 8261 8891
ryan.ga.wu@cn.pwc.com

Alex Qian

+86 (21) 2323 1306
alex.qian@cn.pwc.com

Public hearing on draft regulations for Export Control of Dual-Use Items

Since the Export Control Law came into force on 1 December 2020, the Ministry of Commerce and General Administration of Customs China (GACC) have actively been implementing the export control regulations to establish a control system. On 22 April 2022, the Ministry of Commerce drafted the [Regulations on the Export Control of Dual-Use Items](#) for public hearing. The export control system of dual-use items has been refined and the main contents are as follows:

1. Unified Dual-use Export Control List

Currently, China has 9 control lists for restricted and prohibited goods, technologies, and services under categories such as military, chemical, nuclear, biological and missile. Specifically, the existing lists include:

- Export Control List of Dual-use Nuclear Items and Related Technologies
- Export Control List of Dual-use Biological Products and Related Facilities and Technologies Subject to Export Control
- Export Control List of Relevant Chemicals and Related Equipment and Technologies
- Export Control List of Missiles and Related Items and Technologies
- Export Control List of Commercial Cryptography
- Catalogue of the Administrative Regulations on Controlled Chemicals

Based on the draft regulations, the export control lists will be combined into a single unified list for dual use items with the exception for the Catalogue of the Administrative Regulations on Controlled Chemicals.

2. Set Control Codes

Currently, China's "Catalogue of Dual-use Items and Technologies Subject to Import & Export Licensing Administration" provides the HS codes for certain items as reference. According to the draft regulation, export control classification codes will be assigned to dual-use items to replace the HS codes. Although there is no detailed explanation for the setting of control codes yet, we anticipate that this may be achieved through a similar method as used in the US and the EU on the setting of control codes, where codes are separated by corresponding items to territories/ regions, subjects, etc., for differentiated control.

3. Refine the System of Export Licencing

There are further refinements to the export licensing system to improve the operational procedures and reduce administrative burden. These refinements apply to licences including single-item licences, general licences, exemption from application for licences, etc. Additionally there are further clarifications on the procedures for applying for a licence and the application of a licence in the hope to increase clarity.

4. Reporting Obligation

The draft also specifies the reporting obligations for exporters to flag and/or report to authorities:

- Obligation of retrospective reporting
 - If an exporter discovers any risks of any exported goods, technologies or services, within 3 years after exportation, the exporter must promptly report the case to the authority.
- Reporting Obligation of End User and End Use Certificate
 - Where an exporter finds that the end-user and end-use certificate is forged, expired, or was obtained by improper means, the exporter must promptly report the case to the authority.
- Reporting Obligation of End User and End Use Change
 - Where the exporters or importers of dual-use items find that the end user or end use has changed or may change, they must promptly report the case to the authority.
- Regular Reporting Obligation of General Licence
 - Exporters granted general licence must regularly report uses of the licence to the authority.
- Reporting Obligations of Export Service Providers
 - When an export service provider finds that an exporter engages in export control violations, it must promptly report it to the authority.

5. Internal Export Control Compliance Programme

The draft regulation encourages enterprises to establish an internal export control compliance programme. This programme is designed to help exporters manage their internal compliance and reduce the chance of exporting dual use items to an unintended end user. Exporters with a well-established and operated internal export control compliance program of dual-use items may be provided with certain facilitation and reduced penalties in case of non-compliance.

Our take: The potential implementation of the draft regulation will further promote the effective implementation of the “Export Control Law”, which reflects the unification and improvement of China’s export control legislation and may indicate that export control enforcement will soon become the norm. It is recommended that affected enterprises pay close attention and consider establishing an internal export control compliance program according to their own business conditions.

Collaborative Transfer Pricing Administration Pilot scheme launched in Shenzhen

On 18 May 2022, Shenzhen Customs and the Shenzhen Tax Service, State Taxation Administration (Shenzhen STA) jointly issued a notice on the “[Implementation of the collaborative transfer pricing administration of related party importation](#)” (the Notice).

The Notice introduces a pilot scheme on cross department collaboration between the Customs and the Tax Authorities in transfer pricing administration and services. The aim of the Notice is to resolve the differences in administration measures caused by the different regulatory bases and differences in assessment methodologies for dealing with transfer pricing of taxpayers’ related party imports as well as enhance the certainty and predictability of transfer pricing and Customs declarations for taxpayers that carry out related party imports. The pilot scheme mechanism is summarised as shown below:

Approach

Shenzhen Customs and Shenzhen STA will jointly evaluate the pricing of taxpayers’ related party imports upon application by the taxpayers. After a consensus is reached, two departments and the applicant will co-sign a memorandum on collaborative transfer pricing administration of related party importation (hereinafter referred to as “Memorandum”) with taxpayers. A Customs advance ruling as well as an APA would be arranged.

Applicable taxpayers

This scheme is available to taxpayers in Shenzhen with strong transfer pricing compliance awareness and are compliant with:

- Article 4 in Order 236 of the General Administration of Customs ([Interim Measures of the Customs of the People’s Republic of China for the Administration of Pre-ruling, “Order 236”](#)): Taxpayers registered as overseas business companies with Customs for carrying out actual import and

export activities; and

- Article 4 in Public Notice No. 64 of State Taxation Administration ([Public Notice Issued by the STA on the Matters Regarding Enhancing the Administration of APA, “PN 64”](#)): The amount of annual related party transactions has exceeded RMB 40 million for the past three consecutive years.

Validity

The decision is valid for a period of three years. The collaborative arrangement will automatically expire after the expiration date. Taxpayers may apply to the Customs and the Tax Authorities for renewal within 90 days of the expiration date.

Process

The process includes four main stages: application and acceptance; evaluation and negotiation; memorandum signing; and memorandum execution. The main procedures and documents required at each stage are as shown below:



Process	Details
Application and acceptance	<p>Documents required:</p> <ul style="list-style-type: none"> • Submit the Application form for the collaborative transfer pricing administration on the related party importation to the two departments. • Submit the Application letter of Customs Advanced Ruling (Price), and the Application letter for APA Pre-filing Meeting, to the two departments respectively. • Timeline: the two departments jointly confirm within 10 days from the date of submission of application.
Evaluation and negotiation	<ul style="list-style-type: none"> • Timeline: The two departments shall jointly evaluate the application within 15 days from the date of acceptance and negotiate the pricing of related party importation with the taxpayers. • Interview and inspection: The two departments could individually or jointly arrange an interview or site visit with the taxpayers.
Signing of the memorandum	<ul style="list-style-type: none"> • Signing requirement: After the two departments reach a consensus, the Memorandum should be signed with the taxpayers and it should be signed by the legal representatives of three parties or their authorised representatives. • Deliverable: The Shenzhen Customs grants the advanced price ruling. The Shenzhen STA reaches an APA with the enterprises. • If the two departments could not reach an agreement, the procedure will be terminated and the taxpayers will be notified in writing.
Implementation of the memorandum Note: As the policy is still in pilot scheme stage, we understand the actual practices could still change.	<ul style="list-style-type: none"> • Price adjustment: The actual profit level of any year shall be implemented according to the median of the arm's length range. If it is lower or higher than the median, the price shall be adjusted according to the median. • Annual report: Within 6 months after the end of each year, the enterprises should submit annual reports on the implementation to the two departments, in both soft copy and hard copy. • Contents of reports: The taxpayers' operation and implementation of the collaborative administration. • Monitoring: Under the following circumstances, the two departments shall negotiate to amend or terminate the Memorandum: <ul style="list-style-type: none"> – The taxpayers fail to comply. – The Memorandum is not applicable due to substantial changes. – The taxpayers propose to amend or terminate the Memorandum.

In addition, the Notice also provides the "Application Form of Collaborative Administration (template)" and "Collaborative Administration Memorandum (template)", which provides further guidance on implementation measures for the scope of application, period of application, requirements for price adjustment, enforcement of supervision, and dispute resolution.

Our take: In the past when dealing with the transfer pricing of related party imports, it was difficult for taxpayers to obtain an approval from both Customs and the tax authorities at the same time. Customs would normally focus on whether the import price is lower than the fair market level, which could result in under-payment of customs duties, value added taxes etc. On the other hand, the Tax Authorities would focus on whether the import price is higher than the arm's length standard, which would lead to an erosion of the corporate income tax base. The divergent viewpoints caused issues of double price recognition and double taxation.

As the first collaborative administration between Customs and the tax authorities, the Notice improves compliance certainty and management efficiency for taxpayers and provides solutions to the aforementioned issues to applicable taxpayers via cross-departmental collaboration. The Notice opens a precedent for the coordinated governance of Customs and the Tax Authorities on transfer pricing of related party imports and puts forward higher compliance requirements for taxpayers.

This is a very ambitious project that could very well define the relationship between customs and transfer pricing where sometimes we feel it is a never ending tug of war. It is interesting to see how this pilot programme rolls out and will other territories around the Asia-Pacific region catch on with this. For those operating in China, we suggest that taxpayers actively evaluate the impact of the Notice and respond effectively according to their own situations and business plans in the future. Shenzhen taxpayers could take advantage of the pilot and evaluate the application, while other taxpayers could review the compliance status and plan for certainty improvement in cross-border related party transactions. It is expected that the pilot scheme in Shenzhen would impact other regions in China and similar policies and practices may be enacted in the future.



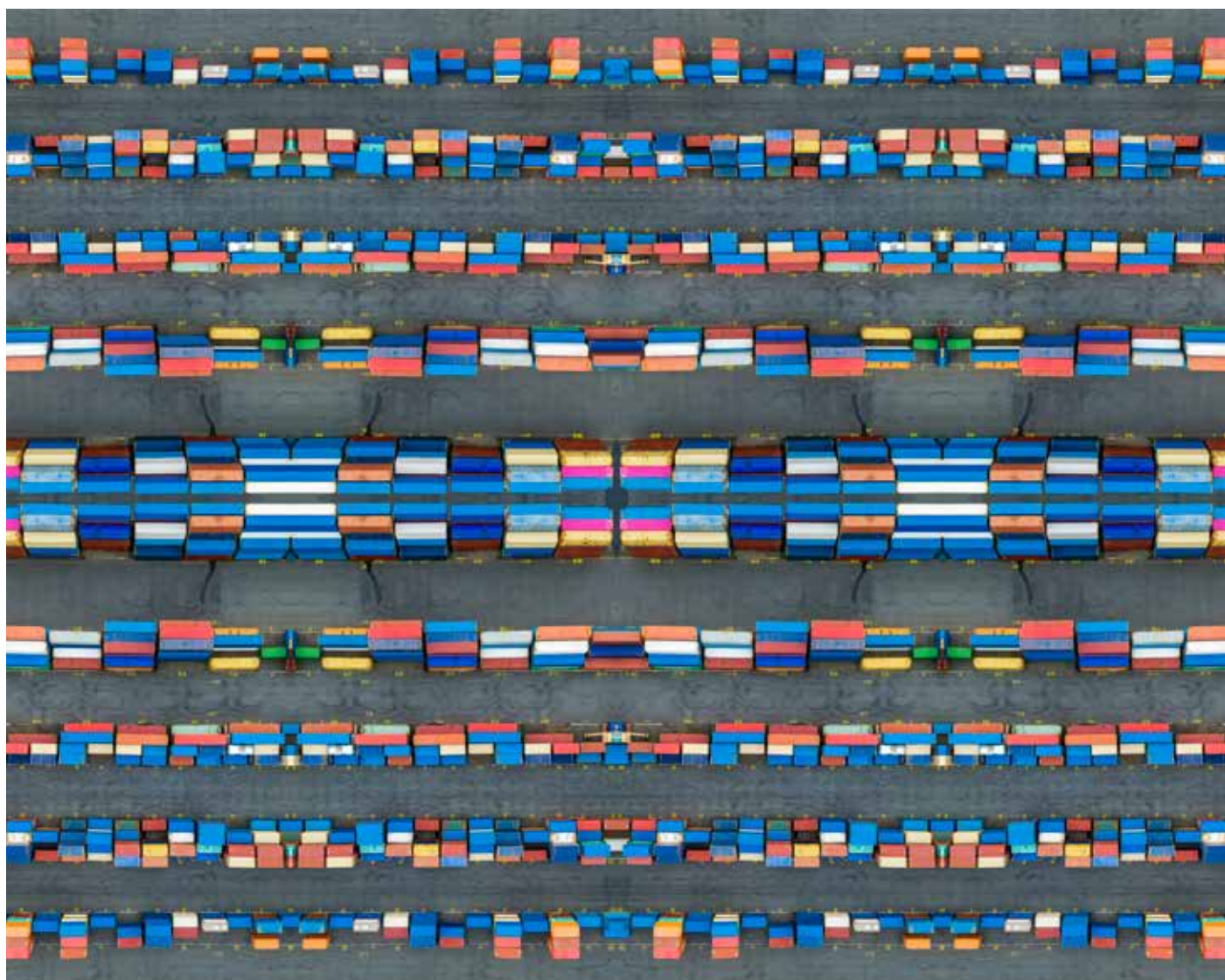
Nathan Pan

+86 (10) 6533 3730

nathan.pan@cn.pwc.com

Changes to payment system systems for IIC and DVC applications

The Hong Kong Trade and Industry Department announced the [Strategic Trade Controls Circular No. 7/2022: Application for International Import Certificate \(IIC\)](#) and the [Application for Delivery Verification Certificate \(DVC\)](#) both of which specify that as from 20 June 2022 onwards, online payment via credit card is acceptable for IIC and DVC applications submitted electronically. Before submitting an electronic application, E-applicants will be required to select the payment method and issue format of the IIC (i.e. either in-person payment with paper certificate or online payment with electronic certificate). Also, applicants are reminded that the original signed copy of the IIC Application Form must be provided to the TID in all circumstances.



Nitin Vijaivergia

+91 (0) 982 023 9915
nitin.vijaivergia@pwc.com

Gautam Khattar

+91 (0) 981 809 2502
gautam.khattar@pwc.com

Rahul Shukla

+91 (0) 981 002 9614
rahul.shukla@pwc.com

India announces export ban on wheat due to food security concerns

The Directorate General of Foreign Trade announced [prohibitions imposed on the exportation of wheat](#) under Notification No. 06/2015-2020 dated 13 May 2022 and Instruction No. 05/2022-Customs dated 16 May 2022 due to issues related to food security of India and neighbouring territories arising from a sudden spike in the global prices of wheat. The details are as follows:

- The Government has prohibited the exportation of wheat which were freely exportable before this announcement.
- Exportation of wheat will be allowed in cases where the Irrevocable Letter of Credit has been issued on or before 13 May 2022. Exports will also be allowed on the basis of permission granted by the Government to other territories to meet their food security needs and based on the request of their governments.

Our take: We are seeing more governments looking to ban exports of various agricultural products due to food security concerns arising from the uncertainty around the world. It would be prudent for companies in the agricultural sector to look for alternate sources of products in case there are any export bans in your current source.

Updated timelines to digitisation initiatives under the DGFT

The Directorate General of Foreign Trade announced the extension of date for mandatory [electronic filing of Non-Preferential Certificate of Origin \(CO\)](#) under Trade Notice No. 04/2022-2023 dated on 27 April 2022 and [electronic filing and issuance of Preferential Certificate of Origin for India's exports under India-UAE Comprehensive Economic Partnership Agreement \('CEPA'\)](#) under Trade Notice No. 05/2022-2023 dated on 29 April 2022.

Details are as below:

- Extension of date for mandatory electronic filing of Non-Preferential Certificate of Origin (CO)
 - The transition period for mandatory filing of applications for Non-Preferential Certificates of Origin through the e-CO platform has been extended till 01 August 2022.
- Electronic filing and issuance of Preferential Certificate of Origin for India's exports under India-UAE Comprehensive Economic Partnership Agreement ('CEPA')
 - From 1 May 2022 onwards, the electronic platform for Preferential CO will be further expanded to facilitate electronic application of Preferential CO under the India-UAE CEPA.

India-UAE Comprehensive Economic Partnership Agreement (CEPA)

Following India's signing of the Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE), the Indian government rolled out notifications to give effect to the concessional customs duty benefit on trade in goods as well as outline the eligibility requirements in terms of origin to claim the benefits under the CEPA. These notifications are effective from 1 May 2022 onwards. The key features of the notifications to operationalise the CEPA are as shown below:

- India is to eliminate or reduce its customs duties on goods originating from the UAE in accordance with Annexure 2A (Schedule of Specific Tariff Commitments of India). The proposed elimination or reduction is to cover 11,908 tariff items across the customs tariff over a ten-year period as prescribed in the CEPA. The notification provides Table I, II and III in the annex to specify the tariff lines that are applicable under the agreement. Traders looking to utilise such privileges should review whether their tariff codes are eligible under the CEPA.
- The rules also cover proof of origin for establishing origin criteria, Certificate of Origin (COO) and certification procedures, issuance, presentation and verification of COO, maintenance and preservation of records, consultation and data interchange by the notified authorities and restoration or suspension of benefits and penal implications on non-compliance.

Our take: With the operationalisation of the CEPA, the companies involved in the import and export of goods that are potentially eligible for preferential treatment will need to review and amend their products' database relating to cross-border transactions in order to identify possible customs duty benefits. The implementation of the additional tariff reductions, customs procedures, rules of origin and other technical standards should be actively monitored to further reduce the costs, if any, and enhance efficiencies in the supply chain. We recommend that companies study and review the rules of origin against your current imports and exports before proceeding with utilising such privileges.

Alignment of the RoDTEP with the Finance Acts 2021 and 2022

A new Schedule for Remission of Duties and Taxes on Exported Products (RoDTEP) schedule (Appendix 4R) was announced to align with the changes to the Customs Tariff Schedule to align with the Finance Acts 2021 and 2022 under [Notification No. 12/2015-20](#) dated on 01 June 2022 and [Notification No. 04/2015-20](#) dated on 11 May 2022. The Finance Act 2022 became effective on 01 May 2022.

The RoDTEP is a scheme that refunds exporters the embedded central, state and local duties and taxes paid on inputs that were so far not refunded or rebated. The benefit of the scheme was notified in August 2021 and is available for exports made from 1 January 2021 onwards.

Extension of deadline to file annual report under the EPCG Scheme

Under the Export Promotion Capital Goods (EPCG) scheme, import of capital goods is allowed duty free, subject to fulfilment of an Export Obligation (EO). In order to enhance the ease of doing business and reduce compliance burden, certain relaxations have been provided under the scheme under [Public Notice No. 13/2015-20](#) dated on 09 June 2022

The key relaxation provided in the initiative was that the due date to comply with the annual reporting of EO was shifted from 30 April to 30 June every year. The due date for the filing of the annual report under the EPCG scheme for FY 2022-23 has been extended even further until 30 September 2022. It has also been clarified that a penalty of INR 5,000 will be imposed for the late filing of annual reports from FY 2022-23 onwards.

Postponement of cash ledger facility till 29 November 2022

A cash ledger facility has been introduced recently for the importers and exporters to make payment for customs duties including cess and surcharge. This facility will help to reduce the time required for the payment of customs duties as well as the lead time for the clearance of goods for importation/exportation.

The said facility was originally scheduled for implementation on 01 June 2022. However, the implementation date has now been postponed to 29 November 2022.

DGFT Helpdesk support now available on a 24/7 basis

On 22 April 2022, the [Government announced that the services of Directorate General of Foreign Trade \(DGFT\) Helpdesk](#) will now be available on a 24/7 basis to facilitate trade and extend more proactive help desk support to the exporting community.



Enna Budiman

+62 (21) 5289 0734

enna.budiman@pwc.com

Revocation of COVID-19 relief related incentives for Bonded Zone and KITE companies

On 13 June 2022, the Indonesian Minister of Finance issued Regulation No. 96/PMK.04/2022 on the revocation of additional incentives for Bonded Zone and Ease of import for Export Purposes / Kemudahan Impor Tujuan Ekspor ("KITE") companies. This is in relation to the COVID-19 recovery efforts as regulated in Regulation No. 31/PMK.04/2020. The Ministry of Finance evaluated that Indonesia has sufficiently recovered from the COVID-19 pandemic and the additional incentives for Bonded Zone and KITE companies will no longer be necessary. Therefore, this regulation is announced to accommodate the transition to revoke such COVID-19 relief measures. The key points of the regulation are as shown below:

1. Treatment of incoming goods to Bonded Zone becomes in accordance with the Bonded Zone regulation;
2. Percentage of Bonded Zone production output for 2022 is calculated based on:
 - Realisation value of 2022 for Bonded Zones established in 2020, 2021, and 2022;
 - Realisation value of 2019 and 2022 for Bonded Zones established in 2019;
 - Realisation value of 2019 for Bonded Zones established before 2019;
3. Approvals given to Bonded Zone company to conduct independent service must undergo evaluation in accordance with Bonded Zone Regulation;
4. Local incoming goods to KITE exemption company that receives uncollected VAT or LST must:
 - Be produced, assembled and/or equipped and exported within 12 months from the date of importation and submit a realisation within 30 days from the export deadline;
 - If the KITE company exported incoming goods without undergoing production, assembling and/or equipping process, the KITE exemption company must pay the uncollected VAT or LST;
5. Delivery of production result from the KITE return company to Bonded Zone company can be used as:
 - Accountability for goods and/or material used by the KITE exemption company;
 - Basis for import duty return request by the KITE return company.



Updates to import licence regulations

The Indonesian Minister of Trade (MOT) issued the first amendment to the existing import licence regulation (i.e. MOT regulation number 20 year 2021) under the [MOT regulation number 25 year 2022](#), which came into force on 24 May 2022. Overall, the updates are mainly to adjust the tariff codes in the regulation to follow AHTN version 2022. Other than this, the regulation also re-adjusts the port of entry for several restricted goods as well as allows for a quota allocation revision for restricted goods that was not possible previously. Notable changes are as listed below:

No.	Goods Description	Details of Changes	
		MOT Regulation number 20 year 2020	MOT Regulation number 25 year 2022
1.	Steel, iron, and its derivative products	Requirements <ul style="list-style-type: none"> Available data, in case the commodity balance has not been established 	Requirements <ul style="list-style-type: none"> Technical considerations from the ministry that administers government affairs in the industrial sector, and/or available data, in the event that the commodity balance has not been determined Exceptions <ul style="list-style-type: none"> Addition of exemption formula to exception category
2.	Foods and drinks	<ul style="list-style-type: none"> Provisions for the import destination port for certain products 	<ul style="list-style-type: none"> Re-adjustment of the provisions of the port of destination for the importation of certain products
3.	Apparels and their accessories	<ul style="list-style-type: none"> Provisions for the import destination port for apparels and its accessories It is with regards to changes in the import approval, only regulates identity changes 	<ul style="list-style-type: none"> Re-adjustment of the provisions of the port of destination for the importation of apparels and its accessories Regulates change in identity and commodity data (tariff heading, goods description, type, quantity and unit of goods, origin country, and/or destination port)
4.	Electronics	<ul style="list-style-type: none"> Provisions for the import destination port for certain products 	<ul style="list-style-type: none"> Re-adjustment of the provisions of the port of destination for the importation of certain products

The regulation also adds requirements for importers to submit a distribution report in addition to the import realisation report for the importation of restricted goods if the commodity balance has been applied for the imported goods. The commodity balance contains information that has to be provided by the importer through the online system before applying for the import licences.

After the issuance of this regulation, import licences such as registered importer (IT), producer importer (IP) and import approval (PI) issued under MOT regulation number 20 year 2022 are still valid until the expiration date.

Our take: We understand that this import licence regulation is a challenge for many companies importing into Indonesia, which in turn causes supply chain disruptions due to unapproved import licences. Importers should take note of these changes in the destination port and allowance for quota allocation revision for restricted goods to avoid disruptions to their import activities.



Amendments to Form D provisions

The Indonesian Minister of Finance issued an amendment to the use of Form D under the ASEAN Trade In Goods Agreement (ATIGA) through Minister of Finance (MOF) regulation number 81/PMK.04/2022, which came into effect on 17 May 2022. The key amendments made by the regulation are as follows:

1. If a Form D is issued after the shipping date or export date, the issued retroactively box in the Form D must be ticked. Previously, the issued retroactively box will only be ticked if Form D is issued more than three days after the shipping date or export date
2. Requirement for the e-Form D to be filled out in accordance with the overleaf notes as well as the ticking of the accumulation or partial accumulation box in the Form D if applicable.
3. Allows back-to-back COO to be issued based on one or more COO from the first exporting country; in this case the validity period of the back-to-back COO is based on the earliest issued COO covered by the back-to-back COO.
4. Back-to-back COO in the form of e-Form D now must include the reference number and date of the original COO as well as indicate the back-to-back COO in the e-Form D.
5. A retroactive check process must be completed within 180 days from the date the retroactive check request was received. Previously, the retroactive check process must be completed within 180 days from the date the retroactive check request was sent.
6. There is a new Form D format which removes the "Preferential Treatment Given Under ASEAN Industrial Cooperation Scheme" Column 4.

New preferential tariff agreement between Indonesia and Mozambique

The Indonesian Minister of Finance issued Regulation No. 89/PMK.04/2022, Regulation No. 94/PMK.04/2022 and Regulation No. 37 year 2022 which details the procedure and preferential tariff rate for import and export of goods under the Indonesia – Mozambique Preferential Tariff Agreement ("IMPTA"). The regulation came into effect on 6 June 2022.

IMPTA covers 270 HS codes in total. The following are examples of goods covered under the IMPTA: coffee substitutes containing coffee (HS 0901.90.20); crude sunflower seed or safflower oil (HS 1512.11.00); unprocessed rock salt (HS 2510.00.20); pesticide and fungicide (HS 3808.91 & HS 3808.92); cotton, not carded or combed (HS 5207.10.00); and, unwrought Aluminium, not alloyed (HS 7601.10.00).

Our take: If you are importing goods from or exporting goods to Mozambique, you may consider using the IMPTA to obtain a preferential tariff rate if the goods are covered. Importantly, you should consider the rules of origin and review whether your product qualifies for preferential tariff before utilising the IMPTA.

Changes to the description and preferential tariff rate of several goods under various FTAs

The Indonesian Minister of Finance issued four new regulations to amend minor mistakes in the description of goods for certain HS codes and/or preferential tariff rate for several goods under the ASEAN Japan Comprehensive Economic Partnership (AJCEP), the Indonesia-European Free Trade Association Comprehensive Economic Partnership Agreement (IE-CEPA), the ASEAN India FTA (AIFTA) and the ASEAN Hong Kong FTA (AHKFTA) through Ministry of Finance Regulation No. 90/PMK.04/2022, 91/PMK.04/2022, 92/PMK.04/2022, and 93/PMK.04/2022. The regulation came into effect starting from 2 June 2022. We do not expect any significant impacts to our readers from these amendments.

New export duty tariff for palm oil, CPO and its derivatives

The Indonesian Minister of Finance has issued the first amendment to export duty rate regulation in the Minister of Finance regulation No 98/PMK.010/2022. The regulation adds new export tariffs for Palm Oil, crude palm oil (CPO), and its derivatives with price reference of above USD 1,300 per ton. The regulation became effective on 10 June 2022.

Our take: We anticipate that protectionism on key agricultural commodities will be the trend going forward. It is therefore important for companies to keep their supply chain diversified to combat any challenges due to imposed hurdles to export of such products.

New regulation for export duty in the context of acceleration programme

The Indonesian Minister of Finance issued Regulation No. 102/PMK.010/2022 related to the announcement of exported goods that are subject to export duty in the context of acceleration program for the distribution of the following palm oil products through export:

- Crude Palm Oil (CPO)
- Refined, Bleached and Deodorised Palm Oil (RBD Palm Oil)
- Refined, Bleached and Deodorised Palm Olein (RBD Palm Olein)
- Used Cooking Oil (UCO)

The goods mentioned above are not subjected to the export duty regulated in the Minister of Finance Regulation No. 39/PMK.010/2022 and its amendment. The export duty rate regulated in the Minister of Finance Regulation No. 102/PMK.010/2022 will remain valid until 31 July 2022. The regulation became effective on 14 June 2022.



Robert Olson

+81 (0)03 5251 6737

robert.olson@pwc.com

Japan Tariff Association releases results of survey on FTA usage

On 19 April 2022, the Japan Tariff Association [released a survey on FTA usage in Japan](#) on behalf of the Ministry of Finance's Customs and Tariff Bureau. The survey was conducted from 9 December 2021 through 31 January 2022. There were 1,034 respondents from a broad range of companies including customs brokers, logistics companies, manufacturers and trading houses.

Some of the most notable findings include:

- The Japan-EU and Japan-Thailand FTAs were the most widely used FTAs for both imports and exports.
- While the percentage of respondents using FTAs has increased year-over-year, the most recent numbers showed that 72% of the respondents exporting to FTA partner territories were using FTAs. 84% of the respondents were using FTAs for imports from FTA partner territories.
- The top 3 reasons cited by exporters who have never used FTAs were:
 - Lack of appropriate internal structures in place
 - Lack of duty savings benefits available
 - Too much work to determine the originating status of goods
- Among exporters who currently self-certify the origin of goods, the top three issues were:
 - Lack of confidence in the accuracy of certification
 - High degree of work involved in self-certifying
 - Inability to obtain necessary information from suppliers/manufacturers

Our take: While the majority of respondents importing from or exporting to FTA partner territories were using FTAs, the results nonetheless imply that a significant number of businesses are leaving the benefits from FTAs on the table.

Solutions such as organisational restructuring and origin automation may help many of these businesses to utilise FTAs to the fullest and maximise their duty savings. Furthermore, engaging with and educating suppliers and manufacturers are important to remain compliant with the FTAs. This is particularly the case for FTAs with self-certification regimes such as the Japan-EU Agreement.

Businesses should assess their customs duty profile to determine whether there is any room for savings through the use of FTAs. Should savings be available, they should ensure that they have a robust FTA compliance program in place to take full advantage of opportunities and minimise risk.

Sanctions and measures related to the situation in Ukraine

Following the issuance of the previous edition of the Trade Intelligence, the Japanese government has announced further [sanctions against Russia in relation to the situation in Ukraine](#). These include:

- Withdrawal of the Most-Favoured Nation (MFN) treatment from Russia
- [Ban on all exports to 71 Russian organisations](#)
- [Ban on exports of high-tech goods \(e.g., quantum computers, 3D printers\)](#)
- [Ban on exports of goods considered to contribute to the enhancement of Russian industrial infrastructure \(e.g. trucks, steel storage tanks, electrical equipment\)](#)

Our take: As a result of the loss of MFN status, certain Russian-origin imports may be subjected to higher customs duty rates upon importation. Businesses importing from Russia should assess the impact on their duty rates and consider alternative sourcing strategies. Furthermore, businesses exporting from Japan should screen their transactions to ensure they are compliant with the new measures.

Japanese yen weakens significantly

Over the past few months, the [Japanese yen has weakened significantly](#) compared to other major currencies. As of the week of 19 June 2022, the official Japan Customs exchange rate is 132.90 yen to 1 US dollar, compared to 103.51 yen to 1 US dollar in the first week of the year.

Based on reports, it's forecasted that the weakening of the yen will continue to be the trend.

Our take: Imported goods that are valued in foreign currencies must be converted to yen for customs valuation purposes. Hence, the weakening of the yen could lead to increased customs values for importation and thus higher customs duty and consumption tax costs. Importers may wish to consider transacting in yen in order to safeguard against this risk.



Chandrasegaran Perumal

+60 (3) 2173 3724

chandrasegaran.perumal@pwc.com

Implementation of HS 2022 for customs duties, excise duties, sales tax and ATIGA

Following our update in the previous edition of Trade Intelligence regarding the implementation of the new Customs Duties Order 2022, which took effect on 1 June 2022, the following orders also took effect on the same day to reflect the revision of HS 2017 to HS 2022.

- [Excise Duties Order 2022](#)
- [Sales Tax \(Rates of Tax\) Order 2022](#)
- [Sales Tax \(Goods Exempted From Tax\) Order 2022](#)

Our take: Companies are advised to revisit their HS codes to ensure that their products are properly classified with the corresponding customs duty, excise duty and sales tax rates according to HS 2022. For reference purposes, [the correlation table between HS 2017 and HS 2022](#) is published.

New and revised Orders for designated areas

On 31 May 2022, the Ministry of Finance (MOF) gazetted eight new and revised Orders with regards to the importation of goods into designated areas in Malaysia. They pertain to the replacement of the preceding Customs Duties Order 2017 with the Customs Duties Order 2022 and are related to tobacco products and motor vehicles. Designated areas in Malaysia refer to Labuan, Langkawi, Pangkor and Tioman. The Orders came into effect on 1 June 2022.

- [Customs Duties \(Labuan\) \(Amendment\) Order 2022](#)
- [Customs Duties \(Langkawi\) \(Amendment\) Order 2022](#)
- [Customs Duties \(Pangkor\) \(Amendment\) Order 2022](#)
- [Customs Duties \(Tioman\) \(Amendment\) Order 2022](#)
- [Excise Duties \(Labuan\) Order 2022](#)
- [Excise Duties \(Langkawi\) Order 2022](#)
- [Excise Duties \(Pangkor\) Order 2022](#)
- [Excise Duties \(Tioman\) Order 2022](#)

Our take: Importers of cigarettes, tobacco products and motor vehicles should adhere to the new harmonised tariff codes specified in the Customs Duties Order 2022 to mitigate the risk of delays in customs clearance of goods that are imported into the designated areas. For more details of the updates on the imposition of customs duties, excise duties and sales tax on tobacco products and excise duties on motor vehicles that are imported into the designated areas, refer to the [June-July 2021 edition of Trade Intelligence](#).

Prohibition of movement of goods between West and East Malaysia

On 31 May 2022, the MOF published [an amendment to the Customs \(Prohibition of Removal\) Order 2014](#) regarding the prohibition of removal of goods between West Malaysia and Sabah and Sarawak in East Malaysia.

From 1 June 2022 onwards, the list of prohibited goods will be expanded to include more goods such as rice, animal and vegetable oils, petroleum oils, palm oil and its fractions, food preparations, margarine, cigarette and tobacco products and certain alcoholic beverages such as wines and spirits. Such goods are prohibited from being moved between West Malaysia and East Malaysia, unless specifically permitted by a relevant authority.

Our take: We recommend affected companies to refer to the complete list of prohibited goods from in the amendment to check if any of their sales transactions between West and East Malaysia are affected by the change.

Import duty exemption on lithium ion

From 1 June 2022, any person importing lithium ion into Malaysia will be exempted from import duty provided that the goods are imported solely to be used for laptops, including notebooks or subnotebooks or in an aircraft. This [amendment](#) was made to Customs Duties (Exemption) Order 2017 through Customs Duties (Exemption) 2017 (Amendment) (No. 3) Order 2022.

Import duty exemptions will also be given to lithium ions that are purchased from a licensed warehouse or licensed manufacturing warehouse (LMW) under Section 65 or 65A of the Customs Act 1967.

Our take: Companies who wish to benefit from this exemption should review the source and usage of their goods to ensure that the conditions are met to enjoy the import duty relief. Do note that misuse of the exemption requirements may lead not only to payment of the duty shortfall but also fines and penalties.



New Excise Duties Payment Order for motor vehicles

The new [Excise Duties \(Motor Vehicles\) Payment Order 2022](#) superseded the existing Excise Duties (Motor Vehicles) Payment Order 2017 on 1 June 2022. Certain subheadings have been removed and consolidated in line with the implementation of Excise Duties Order 2022.

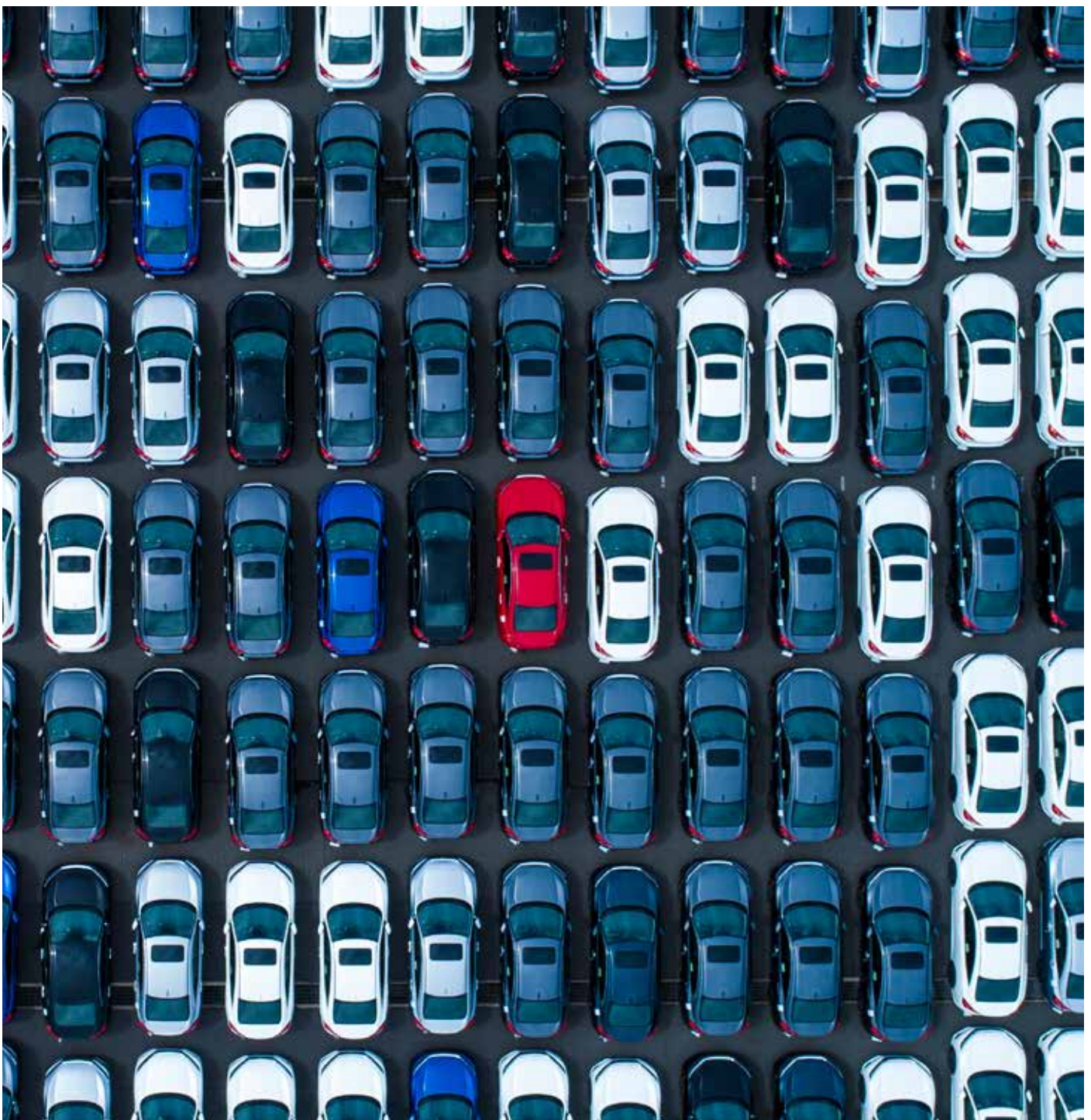
Nevertheless, the method of payment for removal of motor vehicles from places of manufacture (excise factory) and other key required procedures remains unchanged.

In addition, any security (bank guarantee) given under the revoked Excise Duties (Motor Vehicles) (Payment) Order 2017 will be deemed to be given under this Order and will remain in force and fully effective.

New AHTN Order

The [Customs Duties \(Goods of ASEAN Countries Origin\) \(ASEAN Harmonised Tariff Nomenclature and ASEAN Trade In Goods Agreement\) Order 2022](#) superseded the Customs Duties (Goods of ASEAN Countries Origin) (ASEAN Harmonised Tariff Nomenclature and ASEAN Trade In Goods Agreement) Order 2017 in order to reconcile the tariff codes under the ATIGA with the Customs Duties Order 2022 on 1 June 2022.

The key changes in this Order are the inclusion of new headings in some Chapters and Article 39, providing for a sub-committee on Rules of Origin pursuant to Article 90 to serve the functions of monitoring, reviewing of the implementation as well as operation.



New Zealand

Eugen Trombitas

+64 (9) 355 8686

eugen.x.trombitas@pwc.com

Conclusion of negotiations for the NZ - EU FTA

On 30 June 2022, New Zealand (NZ) and the European Union (EU) [concluded negotiations on a new free trade agreement](#), which is set to open significant economic opportunities for companies and consumers in both jurisdictions.

The key commitments made under the FTA include the following:

- The agreement will remove tariff duties on all EU originating goods exported to NZ at its entry into force, including on high duty products such as clothing and vehicles.
- 91% of current NZ originating goods will enter the EU duty-free on entry into force, through tariff elimination or duty-free quotas. This will rise to 97% after seven years.
- The agreement will remove tariff duties in full on certain NZ originating goods exported to the EU at its entry into force. This will include tariff elimination on the following:
 - Kiwifruit, onions, apples and other horticulture products.
 - Wine, manuka honey and other agricultural products.
 - Majority of fish and seafood.
 - Manufactured products including plastics, aluminium, organic chemicals and machinery.
 - Limited tariff quotas will be introduced for dairy and beef products.

- The agreement will introduce agreed rules of origin to ensure that preference is able to be claimed in the EU and NZ respectively (on the basis of goods being wholly obtained or meeting a proportional requirement).
- Other commitments include the facilitation of trade through streamlined customs procedures to ensure efficient clearance for traders. Further, there will also be mutual recognition of authorised economic operators (AEO), enabling such operators to benefit from quicker and more streamlined processing.

While negotiations have completed, there are still a number of steps required before the EU NZ FTA comes into force, expected in 2024.

Our take: NZ and EU exporters should perform an impact assessment of the EU NZ FTA to take full advantage of the FTA when it comes into force, though in reality expected timelines are very likely to be delayed. That being said, this may be a good time to review benefits that other FTA's may already offer to ensure an overall FTA strategy is optimised. We will update you again for any progress on the EU NZ FTA.



Paul Sumner

+66 (2) 844 1305

paul.sumner@pwc.com

Temporary reduction of tariffs to combat inflationary pressures

The Philippines temporarily reduced the import duty rates on various products to stabilise the impact of inflation in the territory through [Executive Order no. 171](#). The reduction in duty rates applies to corn, coal, rice, and pork meats and will be effective from 15 June 2022 to 31 December 2022. The table below provides the updated duty rates for reference purposes.

Commodity	MFN rate in %	
	Until 31 December 2022	Starting 1 January 2023
Pork meat (0203)		
– in-quota	15	30
– out-quota	25	40
Corn (1005.90.90)		
– in-quota	5	35
– out-quota	15	50
Rice(1006.10.90, 1006.20-1006.40)		
– in-quota	35	40
– out-quota	35	50
Coal (2701)		
– Anthracite	0	1
– Bituminous coal	0	7

Our take: Impacts of food security and inflation ring true around the world. Reductions of tariffs and export bans for agricultural goods are expected to happen more frequently if the trends continue. Without a diversified supply chain, reductions in tariff would not be effective as companies may be affected by export bans in source territories. To mitigate the need to scramble for substitute suppliers, companies should have contingency plans in place to diversify their supply chains.

Update AHTN version from 2017 to 2022

The Philippines implemented the 2022 version of the ASEAN Harmonised Tariff Nomenclature (AHTN 2022) on 1 July 2022. As a result, all the advance rulings on classification issued using AHTN 2017 will have to be reapplied with the Tariff Commission to obtain a valid classification ruling. Refer to the [correlation tables between 2017 and 2022 AHTN versions](#) issued by the Tariff Commission.





Frank Debets

+65 6236 7302

frank.debets@pwc.com

Singapore accedes Revised Kyoto Convention

On 25 June 2022, [Singapore acceded to the International Convention on the Simplification and Harmonisation of Customs Procedures \(Revised Kyoto Convention\)](#) to ensure that Singapore Customs aligns with international standards.

The Revised Kyoto Convention is WCO's flagship convention on customs procedures and trade facilitation. It aims to facilitate international trade by providing standards and recommended practices for contracting parties on customs procedures and techniques. Some of the standards provided under the convention are import and export formalities, duties and taxes collection, customs warehouses schemes, regulation of free trade zones, and temporary import and export of goods.

Our take: It may surprise many of our readers that Singapore was not yet a signatory to the RKC, especially as in practice Singapore has implemented most if not all of the principles of it for a long time, arguably more comprehensively than other existing signatories. This reflects a need of Singapore authorities to be absolutely certain that all commitments can be met before they sign up to any international commitment. It also suggests that when they do, appropriate implementation and availability of schemes can be relied upon.

Prohibition on transfer of items with potential military application to areas of conflict and violence

On 25 April 2022, the Singapore Police Force and Singapore Customs issued a [joint advisory on the transfer of items with potential military application to areas of conflict and violence](#). No transfer of items that have been assessed to have potential military application is allowed to Myanmar, and other jurisdictions within the region, in circumstances where there is a serious risk that the items may be used to perpetrate violence against unarmed civilians.

This banning of exports for such items to Myanmar and other jurisdictions is in consideration of the public interest of Singapore and for the maintenance of regional peace and stability. Traders may wish to take note of this when applying for a permit or licence with Singapore Customs and/or the Singapore Police Force for the transfer of such items into Myanmar.

Implementation of the STCCED 2022

Singapore Customs [announced that the Singapore Trade Classification, Customs and Excise Duties \(STCCED\) 2022](#) replaced the current 2017 version on 19 June 2022. The STCCED 2022 incorporates the ASEAN Harmonised Tariff Nomenclature (AHTN) 2022 where the Harmonised System (HS) codes are harmonised at the 8-digit level for use by all ASEAN territories.

The AHTN 2022 amendments include the creation, deletion and merging of sub-headings. With the implementation of AHTN 2022, new permit applications must be submitted using AHTN 2022 HS codes.

Our take: Although most goods enter Singapore free of duties, tariff codes are still an important aspect of compliance as they determine other trade requirements, such as licensing, as well as trade statistics that are being used to formulate trade policy. Tariff codes do not always define whether a product is restricted or prohibited, but can be an indication to Singapore Customs as to which products may require a licence. Therefore, importers would do well to ascertain that their tariff codes are up to date.

Updates to list of approved wines for duty exemption and GST relief

On 25 May 2022, Singapore Customs published an update on the [list of approved wines that are meant for use at wine exhibitions and conference events](#) approved under the Business Events in Singapore (BEiS) scheme.

Wines falling under headings 2204 and 2205 and selected headings 2206 will qualify for duty exemption and GST relief. Traders and declaring agents should observe the revised procedures when applying for duty exemption and GST relief for the importation of approved wines.



Nathan Pan

+86 (10) 6533 3730

nathan.pan@cn.pwc.com

Proposal to reduce tariff and excise duties on goods to combat inflationary pressures

The Ministry of Finance stated that in order to ensure the abundance of domestic civilian materials and stable prices in response to the conflict in Ukraine, a new proposal was submitted to the Executive Yuan for approval in accordance with Articles 7 and 10 of the Commodity Tax Regulations and Article 71 of the Customs Act. The proposal suggests a reduction of excise tax on gasoline, diesel and cement as well as the tariff rate on beef, milk powder, butter and wheat, for a period of three months.

Our take: The impacts on food security and inflation rings true round the world. Reductions of tariffs on such goods, as well as export bans to secure local food sources, can be expected to happen more frequently if current trends continue. Without a diversified supply chain, reductions in tariffs would not be effective as companies may be affected by export bans in source territories. To avoid needing to scramble for substitute suppliers, companies should have contingency plans in place to diversify their supply chain.

Paperless submission of customs documents

In order to promote the electronic operation of post-release payment and to simplify guarantees, the Ministry of Finance [revised and promulgated implementation measures](#) for post-release payment on 9 May 2022. The electronic operation of the post-release payment system is now operational. Using the new electronic system, importers can apply for the first release online and transmit the guarantee documents through the electronic blockchain platform. This marks a big step forward in making customs operations paperless.

In addition, in order to make application processes electronic, if an application form was originally delivered to Customs in paper form, the importer can apply for the application through the single window of Customs, port and trade, together with the above-mentioned electronic credit agencies. The letter of guarantee makes the application process more convenient and faster.

Our take: Paperless policies have been laid out for the past few years. As this trend goes on, we view that the electronic submission of documents will continue and increase in future. Companies must prepare to update their systems and prepare for a future where only electronic documents are accepted, if they have not done so already.

Anti-dumping investigation on imports of floating flat glass from Malaysia, Indonesia and Thailand

The Customs Department of the Ministry of Finance stated that the Taiwan Glass Industry Association applied for the imposition of anti-dumping duties and temporary anti-dumping duties on imports of floating flat glass from Malaysia, Indonesia and Thailand. In order to investigate if similar goods that were domestically produced were subjected to unfair competition from imported products, the Ministry of Finance announced on 6 May 2022 after the submission of the deliberation results of the tariff rate review group that [an investigation will be launched](#) to protect the domestic industry.

The Ministry of Finance has requested the Ministry of Economic Affairs to conduct an investigation on whether there is any damage to the industry in Taiwan in accordance with the regulations on the implementation of the balance tax and anti-dumping duties. The Ministry of Economic Affairs will notify the Ministry of Finance on the results of the preliminary investigation. If it is determined that there is damage to the industry in Taiwan, the Ministry of Finance must, within 70 days from receiving the notification from the Ministry of Economic Affairs, make a preliminary determination as to whether there is dumping and then decide if it should temporarily levy anti-dumping duties.



Paul Sumner

+66 (2) 844 1305

paul.sumner@pwc.com

Import duty exemption or reduction for battery electric vehicles

The Ministry of Finance (MOF) announced a [notification on customs privileges for battery electric vehicles](#) (BEVs). This notification covers import duty exemption or reduction for BEVs if they are completely built up (CBU) and imported between 4 May 2022 and 31 December 2023.

The completely built-up BEVs that are eligible for duty exemption or reduction under the MOF notification can be categorised into two groups:

1. BEVs with a suggested retail price (SRP) of THB 2 million or less
2. BEVs with a SRP of over THB 2 million but no more than THB 7 million and with a battery capacity of no more than 30 kilowatt-hours (kWh).

The customs privileges provided to these two groups vary depending on whether the importer is using an FTA privilege and what the duty rate is. This will largely determine what additional duty reduction or exemption (if any) will be granted. For example, if a BEV with an SRP of THB 1 million is imported into Thailand using an FTA privilege at a duty rate of 20%, the importer may be eligible for a duty exemption under the scheme. On the other hand, if another BEV with the same SRP is imported into the territory but without using any FTA privilege, the importer may be eligible for a duty rate of 40% under the scheme. A summary of the privileges is shown in the table below:

SRP	Battery Capacity	FTAs	FTA duty rates	Duty privileges
THB 2 million or under	Not specified	Yes	40% or under	Duty exemption
		Yes	Above 40%	40% reduction
		No	N/A	40% duty
Above THB 2 million to THB 7 million m	Maximum capacity of 30 kWh	Yes	40% or under	Duty exemption
		Yes	Above 40%	20% reduction
		No	N/A	60% duty

Thai Customs also announced Notification No. 63/2565 which specifies the rules and procedures for imported BEVs to be eligible for the duty exemption or reduction under the MOF notification. It is to be used as a guideline for all importers who aim to use the privileges under this measure.

Our take: The use of BEVs has become an important national agenda for Thailand. This measure is a valuable opportunity for Thailand's automotive industry to import BEVs with lower import duties to enhance their competitiveness in the local market. So, they should examine if their imported BEVs qualify under the measure's rules and conditions and comply with its import procedures. It should be noted that non-qualifying products and non-compliance with import procedures carry the risk of not only losing duty privileges but possibly fines and penalties.



Update to ATIGA's OCP Form D

Thai Customs issued [Notification No 58/2565 re: Amendment of Customs Notification 229/2564](#) which updates the Operational Certification Procedure (OCP) under the ASEAN Trade in Goods Agreement and introduces a new Form D which became effective on 1 May 2022. This notification covers three main updates:

1. Supporting the use of back-to-back Form Ds for consolidated shipments

Previously, back-to-back Form Ds (B2B Form D) can only be issued based on a single Certificate of Origin (CO). With the new OCP, exporters in an intermediate member state can now request the relevant authority to issue B2B Form Ds from multiple original COs. The consolidated B2B Form D is valid as long as the earliest Form D in the consolidation is valid.

2. 'Issued Retroactively' to be marked in Form D if it is issued one day or more after the declared shipment date

Previously, 'Issued Retroactively' in Box 13 was ticked if the form was issued three days or more after the declared shipment date. The change from three days to one day better reflects the common understanding of 'retroactive'.

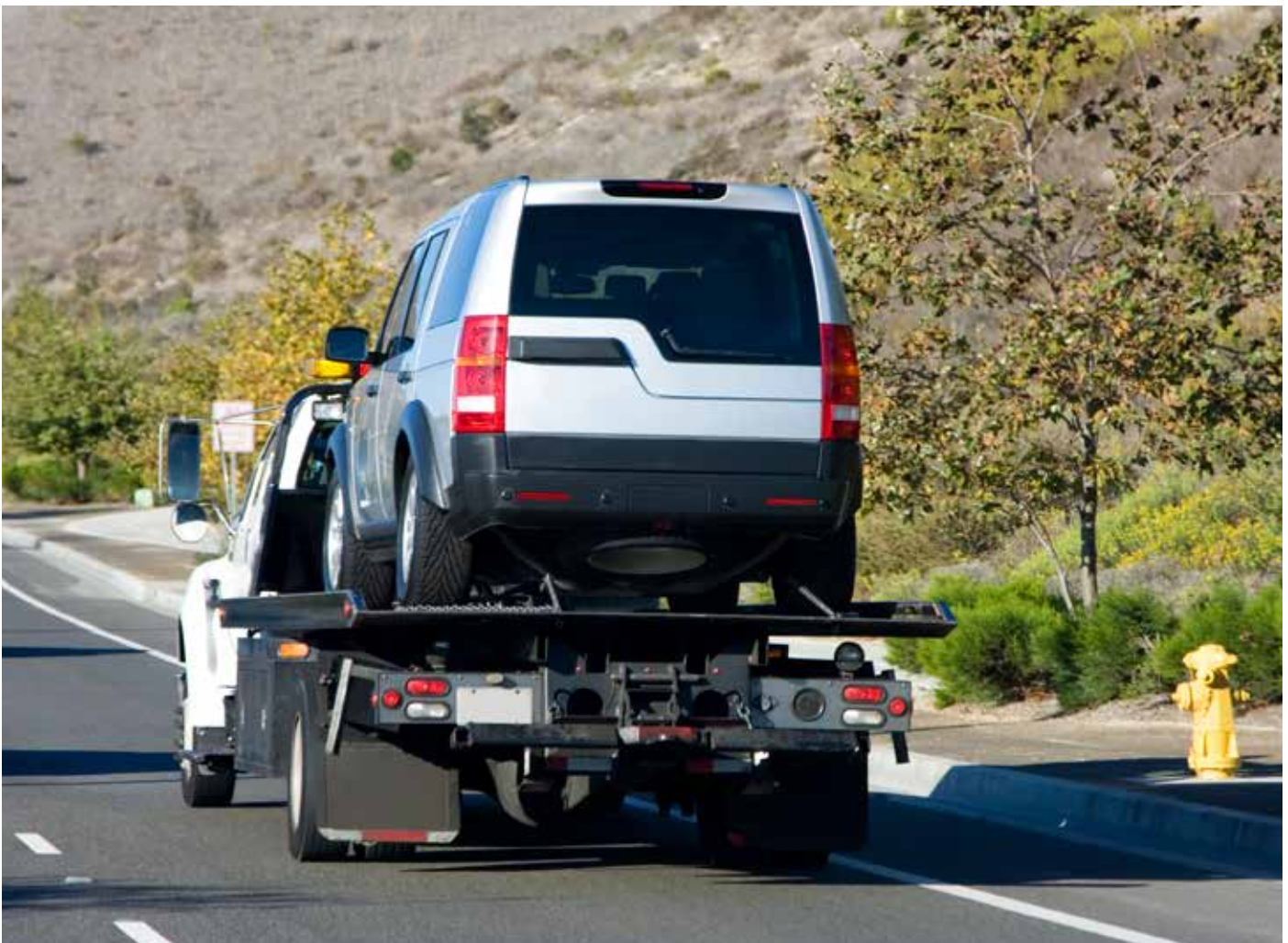
3. Amended wording in Form D

- a. The 'Preferential Treatment Given Under ASEAN Industrial Cooperation Scheme' choice in Box 4 has been removed since the scheme has been terminated.

- b. The words 'The Customs Authority' have been added under the area for the 'Signature of Authorised Signatory of the Importing Country' in Box 4 to make it clearer who the authorised person is.
- c. Minor changes were made in overleaf notes 9, 12, and 14 (some words were added or deleted) while the key content remains the same. For example in note 9, 'Preferential Treatment Not Given' has been added to tell the issuer that they need to tick it in Box 4 if no preferential treatment is granted for any of the items in the form.

Our take: The new OCP opens the opportunity for exporters in intermediate member states to consolidate multiple Form Ds into one B2B Form D (outbound) which offers much more flexibility in supply chain planning. However, under this arrangement, exporters will need to keep track of the validity of all the Form Ds which are expected to be covered by the B2B Form D. A Form D is only valid for one year after the date of issue, and the Form D in the B2B Form Ds issued first defines the validity of the entire consolidated B2B Form D. If the first Form D expires, the entire B2B Form D grouping will no longer be eligible for preferential duty.

Importers should also make sure that the 'Issued Retroactively' box is ticked if the Form D is issued later than the declared shipment date. Otherwise, that Form D will be invalid and the importer could be challenged for evasion of duty.



Pham Van Vinh

+84 (8) 3823 0796 Ext.1503

pham.van.vinh@pwc.com

Operational and formatting changes to Form D

On 4 May 2022, the General Department of Customs issued [Official Letter 1568/TCHQ-GSQL](#) which provided guidance on the new regulations of Form D.

The changes and adjustments to Certificate of Origin (CO) Form D issued from 1 May 2022 onwards are as shown below:

- Retroactively issued: In cases where a Form D is issued after the date of exportation or shipment, Box 13 “Issued Retroactively” must be ticked. Previously, Box 13 is only ticked when the Form D is issued three days after the date of exportation or shipment.
- The “Preferential Treatment Given Under ASEAN Industrial Cooperation Scheme” box from column 4 of the Form D and the instructions on AICO in the 1st and 2nd line on the back of the CO has been removed;
- The phrase “Original CO (Form D)” in the 12th line on the back of the CO will be amended to “Original Proof(s) of Origin”;
- “Signature of Authorised Signatory of the Importing Country” in Column 4 of the CO is changed to “Signature of Authorised Signatory of the Customs Authority of the Importing Country”;

Previously, a Form D comprised 1 original and 2 carbon copies. After the issuance of this guidance, the carbon copies are now omitted. Instead, companies can download the electronic form or print Form D in A4-size paper for retention.

Our take: This change is in line with other ASEAN territories with the change of Form D. Traders should be aware of the changes, especially with the changes to the timeline for retroactively issued Form Ds. Administrative non-compliance such as this may well lead to a rejection of a preferential tariff claim.

CO forms provided free of charge

On 19 May 2022, the Ministry of Industry and Trade announced that all [Certificate of Origin \(CO\) forms will be issued free of charge](#) from 21 May 2022 onwards.

Notable points on the criteria for issuing CO free of charge are summarised as follows:

- Enterprises can only register to receive the new CO form after using up all the old forms with regards to each type of CO;
- The number of forms will be issued in a 7-day cycle based on the number of registrations according to the company’s business plan;

- Enterprises are responsible for self-declaring the information relating to the goods on the CO and are responsible for the accuracy and authenticity of the information declared;

Upon receiving CO forms, enterprises must submit an Official Letter which clearly states the following information: name, address, tax code; type and quantity of each form that will be used within 07 days.

Amendments to implementation of ATIGA rules of origin

On 1 June 2022, The Ministry of Industry and Trade issued [Circular 10/2022/TT-BCT](#) which amends and supplements the Circulars on Rules of Origin under the ASEAN Trade in Goods Agreement (ATIGA).

Notable points regarding the issuance of Certificate of Origin (CO) Form D are as follows:

- Form D (old form) as regulated in Circular 19/2020/TT-BCT will be issued until the end of 31 October 2022;
- In the transition period from now until the end of 31 October 2022, the customs authority will accept the old Form D and the new Form D;
- From 1 November 2022 onwards, the customs authority will only accept Form Ds issued according to the new form regulated under Circular 10/2022/TT-BCT.

The Circular took effect from 16 July 2022 onwards.

Our take: Traders should be aware of the timeline changes to avoid any risks of preferential tariff claims being rejected by Customs. It may be best for traders to start transitioning to avoid any rush to meet the deadline.



Amendments to implementation of Rules of Origin under the VKFTA

On 1 June 2022, The Ministry of Industry and Trade issued [Circular 09/2022/TT-BCT](#) which amends and supplements Circular 40/2015/TT-BCT on Rules of Origin under the Vietnam-Korea Free Trade Agreement (VKFTA).

Notable points are as follows:

- Update of the Product Specific Rule (Appendix II, Circular 40/2015/TT-BCT). The updated Appendix issued together with this Circular;
- The product-specific rules specified in the Appendix attached to Circular 09/2022/TT-BCT are based on the Harmonised System (HS 2017);
- Procedures for issuance and inspection of CO shall comply with the guidances in Circular 40/2015/TT-BCT, Decree 31/2018/NĐ-CP and Circular 05/2018/TT-BCT);

The Circular will take effect from 01 August 2022 onwards.

Customs supervision conditions for Export Processing Enterprises

The General Department of Customs has issued Official Letter No. 1939/TCHQ-GSQL regulating the conditions for customs inspection and supervision for Export Processing Enterprises (EPEs) starting from 25 April 2022, it specifies the following requirements:

- Fences that separate an EPE from the outside;
- Surveillance cameras at the entrances and exits and places where goods are stored throughout the day (24/7, including days off and holidays); images recorded by these cameras must be transmitted to the supervisory customs authority of the EPE;
- Software for the management of duty-free goods.

EPEs with many manufacturing facilities will be considered as qualified only when all manufacturing facilities satisfy the conditions as prescribed. EPEs that have been operating before 25 April 2022 that do not fully meet conditions for customs supervision after 1 year according to the above provisions will not be entitled to tax incentives for non-tariff zones until conditions are satisfied.



Contact details

Worldtrade Management Services (WMS) is the global customs and international trade consulting practice of PwC. WMS has been in Asia since 1992 and is a regionally integrated team of full-time specialists operating in every location. Our team is a blend of Asian nationals and expatriates with a variety of backgrounds, including ex-senior government officials, customs officers, lawyers, accountants, and specialists from the private sector who have experience in logistics, customs and international trade.

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Regional Partners	Frank Debets	+65 6236 7302	frank.debets@pwc.com
	Paul Sumner	+66 (2) 844 1305	paul.sumner@pwc.com
Australia	Gary Dutton	+61 (7) 3257 8783	gary.dutton@pwc.com
Cambodia	Paul Sumner	+66 (2) 344 1305	paul.sumner@pwc.com
China	Asta Nie	+86 (21) 2323 2269	asta.nie@cn.pwc.com
Beijing	Nathan Pan	+86 (10) 6533 3730	nathan.pan@cn.pwc.com
	Helen Y Han	+86 (10) 6533 2811	helen.y.han@cn.pwc.com
Shanghai	Alex Qian	+86 (21) 2323 1306	alex.qian@cn.pwc.com
	Frank Pan	+86 (21) 5368 4080	frank.ya.pan@xinbailaw.com
South China, Hong Kong, Shenzhen	Ryan GA Wu	+86 (755) 8261 8891	ryan.ga.wu@cn.pwc.com
India	Nitin Vijaivergia	+91 (0) 982 023 9915	nitin.vijaivergia@pwc.com
	Gautam Khattar	+91 (0) 981 809 2502	gautam.khattar@pwc.com
	Rahul Shukla	+91 (0) 981 002 9614	rahul.shukla@pwc.com
Indonesia	Enna Budiman	+62 (21) 5289 0734	enna.budiman@pwc.com
Japan	Robert Olson	+81 (0)03 5251 6737	robert.olson@pwc.com
South Korea	Young-Mo Lee	+82 2 3781 3140	youngmo.lee@pwc.com
Laos	Paul Sumner	+66 (2) 344 1305	paul.sumner@pwc.com
Malaysia	Chandrasegaran Perumal	+60 (3) 2173 3724	chandrasegaran.perumal@pwc.com
Myanmar	Paul Sumner	+66 (2) 344 1305	paul.sumner@pwc.com
New Zealand	Eugen Trombitas	+64 (9) 355 8686	eugen.x.trombitas@pwc.com
Pakistan	Syed Shabbar Zaidi	+92 (21) 2413 849	s.m.shabbar.zaidi@pk.pwc.com
Philippines	Paul Sumner	+66 (2) 844 1305	paul.sumner@pwc.com
Singapore	Frank Debets	+65 6236 7302	frank.debets@pwc.com
Taiwan, R.O.C.	Nathan Pan	+86 (10) 6533 3730	nathan.pan@cn.pwc.com
Thailand	Paul Sumner	+66 (2) 844 1305	paul.sumner@pwc.com
Vietnam	Pham Van Vinh	+84 (8) 3823 0796 Ext.1503	pham.van.vinh@pwc.com
Wider Europe Leader	Claudia Buysing-Damste	+31 6 51030463	claudia.buysing.damste@pwc.com
Americas Leader	Anthony Tennariello	+1 (646) 471 4087	anthony.tennariello@pwc.com



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