

For discussion
on 10 April 2018

Legislative Council
Panel on Commerce and Industry

Proposed Amendment to
the Import and Export (Registration) Regulations (Cap. 60E)
for Setting a Cap on Import and Export Declaration Charges

PURPOSE

The 2018-19 Budget announced the proposal of setting a \$200 cap on the import and export declaration (TDEC) charges, for lowering the cost of importing and exporting high-value goods to and from Hong Kong. This paper briefs Members on the legislative amendments and the implementation timetable.

BACKGROUND

2. Under the Import and Export (Registration) Regulations (Cap. 60E), any person who imports, exports or re-exports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete TDEC relating to such article within 14 days after the importation or exportation of the article and pay a charge to the Government in respect of the TDEC. Transit and transshipment cargo¹ are exempted from TDEC. The data reported in TDECs is used for compilation of imports and exports statistics.

¹ Transit cargo refers to cargo being brought into Hong Kong solely for the purpose of taking it out of Hong Kong and which remains in the same vessel or aircraft while in Hong Kong; transshipment cargo refers to cargo consigned on a through bill of lading or a through air waybill transshipping through Hong Kong with or without changing of conveyance.

3. The current TDEC charge rate, provided under Regulation 8 of Cap. 60E, is set out below:

	Import	Export
Food items	\$0.2, irrespective of goods value	\$0.2 for the first \$46,000 of goods value and \$0.125 for each additional \$1,000 ²
Non-food items	\$0.2 for the first \$46,000 of goods value and \$0.125 for each additional \$1,000 ²	

4. The rate of TDEC charges is kept at a low level. Indeed, for 2016-17, about 70% of total TDECs were charged at or below \$10 (corresponding to goods valued at or below \$124,000). However, the TDEC charges for high-value goods can still be quite substantial. The annual TDEC charges received by the Government, following the last adjustment taking effect in August 2012, ranged from \$866 million to \$913 million in the past four years³.

5. To guard against under-reporting of goods value, Regulation 10 of Cap. 60E provides that, where the goods value has been under-reported, an extra charge equivalent to the short-paid amount and a penalty (not exceeding 20 times of the extra charge but capped at \$10,000) would be imposed.

PROPOSED \$200 CAP ON TDEC CHARGES

6. As stressed in the 2018-19 Budget, it is the Government's strategic objective to develop Hong Kong into a trading, storage, logistics and distribution hub for high-value goods. The Government has put forward a number of initiatives in the Budget towards this objective. They include the proposal to cap the TDEC charge for each declaration at \$200, so as to encourage the trading and logistics industry to move up the value chain. The measure can further lower the cost of importing and exporting high-value goods to and from Hong Kong, and enhance Hong Kong's advantage as a trading hub.

² Or part thereof and rounded up to the nearest 10 cents.

³ Government revenue from TDEC charges amounted to \$878 million in 2013-14, \$913 million in 2014-15, \$866 million in 2015-16 and \$893 million in 2016-17.

7. The proposed \$200 cap on TDEC charges is expected to save the trade \$458 million per year (equivalent to about 48% of the estimated revenue from TDEC charges) and benefit about 900 000 TDEC cases involving goods at a value above \$1.644 million. To implement the proposed \$200 cap, we need to amend Regulation 8 of Cap. 60E accordingly.

8. While we propose to set a cap on the level of TDEC charge, it is important to ensure that the current safeguards against under-reporting of article values in TDECs would not be compromised, so as to maintain accurate compilation of trade statistics as far as possible. We will therefore make it clear in the legislative amendment that, for the purposes of computing the extra charge and penalty for cases of underreported article values, the computation will continue to be made in accordance with the current Regulation 10 as if the proposed \$200 cap had not been in place⁴.

WAY FORWARD

9. The Government will implement the proposed \$200 cap on TDEC charges by amending Cap. 60E. Drafting of the amendment regulation is under way, and we plan to submit the amendment regulation to Legislative Council for approval, say, in Q2 or Q3 2018, so as to enable early implementation of the measure.

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⁴ For example, in the case of an exported item which has a value of \$10 million (TDEC charge under the present rate is \$1,244.5), if its value is under-stated in TDEC as \$2 million in TDEC (TDEC charge under the present rate is \$244.5), the short-paid TDEC amount is \$1,000 at present (i.e. \$1,244.5 minus \$244.5). Accordingly, an extra charge of \$1,000 and a penalty up to \$10,000 would be imposed (being a maximum of 20 times of the extra charge but capped at \$10,000). In the above case, after the \$200 cap has been in place, the extra charge and the penalty would remain to be \$1,000 and an amount up to \$10,000 respectively.