Updates on Customs Regulations and Requirements

Updated as of Feb 3, 2020

Lower De Minimis Exemption Limit and Tariff Rationalization on Inbound Shipments to Indonesia

In accordance with Indonesia's Ministry of Finance Regulation No. 199/PMK.010/2019, with effect from January 30, 2020, the de minimis exemption limit for inbound shipments to Indonesia will decrease from USD 75 to USD 3 per shipment.

In addition, under the new regulation, dutiable goods valued at or above USD 3 will now be subject to a standard import duty of 7.5% and a value-added tax (VAT) of 10%, while income tax (PPh) will be reduced to 0%. Goods valued below USD 3 will not be subject to an import duty or income tax, but will be subject to a VAT of 10%.

The new standardized import duty and income tax (PPh) rate will not however be applicable to shoes, bags and textile products, which will continue to be subject to the following tariffs and taxes:

- Import duties of 15-20% for bags, 25-30% for shoes and 15-25% for textile products;
- VAT of 10%, and
- Corporate income tax (PPh) of 7.5-10%

To ensure smooth clearance of shipments, consignees in Indonesia are reminded to submit their Tax ID/ NPWP (Nomor Pokok Wajib Pajak) number to customs when importing shipments.

For more information and updates on this new policy, you may click here (available in Bahasa Indonesia only) or, alternatively, please contact your local Account Representative or Customer Service Representative.

New Two-Step Process for China Customs Clearance

The General Administration of Customs of the People's Republic of China (GACC) has launched an initiative to streamline the integrated customs clearance process by implementing a two-step customs declaration process* for all formal-entry (include Entry Category "D"**) shipments to Mainland China.

The new process will fully come into effect on January 1, 2020. It will provide consignees in China with the option to clear customs clearance faster with basic information submission. Previously, consignees were required to submit all declaration information before the imported goods were released by the Customs.

The two steps are as follows:

Step 1: A simplified declaration before customs release – Consignees in China are only required to provide an entry summary declaration on the goods, and if they are subject to any inspection, quarantine or taxes.

Step 2: A complete declaration – Consignees in China are then required to submit all necessary information and documents, and pay for import taxes within 14 days from the date of entry.

*The current process is still retained for companies to choose for import clearance

** Entry Category "D" Shipments: Import express shipments not classified in Category A/B/C

The above information is for reference only, shall not be construed as UPS solutions. For more information on the above, please visit the GACC website (in Simplified Chinese only).

Update to IATA Regulations in 2020

Effective 1 January 2020, all manufacturers and distributors of cells, batteries and equipment powered by cells and batteries manufactured after 30 June 2003 are required to make available a test summary as specified in the UN Manual of Tests and Criteria.

Distributors and shippers are not required to provide printed copies of the test summary with each consignment containing lithium batteries, and are encouraged to make it available using technology, for example, by listing it on the company's website.

For more information on IATA regulations, please visit the IATA website, or contact your local account executive or customer service representative.

Changes in Customs Declaration Process in Vietnam

The General Department of Vietnam Customs has revised the customs declaration process. Effective 15 October 2019, the new process requires a VAT tax code for customs declaration of both low value and high value shipments. A detailed declaration (or invoice line declaration) will also be required for low value shipments.

To ensure smooth facilitation of clearance for shipments, please ensure that:

1. You provide your VAT tax code (shippers' VAT code for export shipments, receiver's VAT code for import shipments) to your UPS sales representative or as part of your Arrival Notice or Export Notice, if you have not already done so.

2. You or your shipper provide an accurate commodity description in the invoice (invoice line declaration), so that UPS can apply the correct tariff code during the customs declaration process.

3. If you are using third party brokers for export clearance, please write down on the UPS air waybill, the number of the corresponding Customs Declaration Form (CDF) and accompany this with a signature from one of your representatives. This additional step will help to facilitate smooth clearance of your shipments.

For more information on the changes, please visit the General Department of Vietnam Customs website or contact your local account executive or customer service representative.

GST on Imported Low-Value Goods to New Zealand and Changes to Import Documentation

The New Zealand Government has enacted the Goods and Services Tax (GST) legislation, requiring certain businesses** outside of New Zealand to apply a 15% GST on their sales of low-value goods* imported to consumers in New Zealand starting from December 1, 2019. Further, from December 1, 2019, changes will be made in respect of import documentation. Please see below for more details.

GST on Low-Value Goods
Businesses** outside of New Zealand with an annual turnover of NZ$60,000 and above generated from supplying low-value goods* to non-GST registered consumers in New Zealand will need to the following:

- Register for GST with New Zealand Inland Revenue via this link,
- Provide the GST registration number, also known as the IRD number, to your customs broker by December 1, 2019,
- Collect GST on each low-value good* sold to consumers in New Zealand,
- Provide receipts to consumers, clearly indicating the amount of GST charged,
- Complete relevant import documentations by including GST registration number or IRD number and GST paid indicator on the goods item line,
- Provide the completed import documentations to the customs broker, and
- File for GST returns quarterly and pay GST to New Zealand Inland Revenue.

Take note, the New Zealand Customs will no longer collect duties and border cost recovery charges on all low-value goods at the border beginning December 1, 2019. Further, the current GST collection process for goods valued over NZ$1,000 remains unchanged.

Changes to Import Documentation
Low-value goods* can be cleared on an Inward Cargo Report (ICR), or a Simplified Import Declaration (SID). ICRs and SIDs will be written off as GST paid (collected by supplier) or not required (supplier not registered for GST) unless the goods are:

- Alcohol or tobacco, or
- On the same craft or in the same mail dispatch for the same importer with a combined value exceeding NZ$1,000.

In these cases, an Import Declaration is required.

For more information on the above, please visit the New Zealand Inland Revenue website.

*valued at or below NZ$1,000 per item
**Include sellers, operators of online marketplaces and entities that assist New Zealand consumers to acquire goods from overseas (e.g. an offshore mailbox and a personal shopping service provider)

Air Cargo Advance Screening Programme for Global Shipments to U.S.

In order to increase security along the air cargo supply chain and further reduce the risk posed by aviation security threats, U.S. Customs and Border Protection (CBP) and the Transport Security Administration (TSA) has begun full implementation of the Air Cargo Advance Screening (ACAS) programme.

Starting June 12, 2019, ACAS requires the carriers of all international air shipments either destined for or transiting through the U.S. to submit the following information in advance of air cargo shipments:

- Shipper's name and address
- Consignee's name and address
- Cargo description
- Cargo value and total shipment value
- Total number of packages
- Total weight of the shipments in pounds or kilograms
- Air waybill number

This information should be accurately submitted on both the waybill and commercial invoice prior to shipping. This can be done either manually or electronically.

The ACAS programme was previously a voluntary initiative, but after a seven-year pilot and a one-year grace period, ACAS is now a requirement for all U.S.-bound air shipments.

UPS has been participating the ACAS programme since 2010 and was first to submit shipment information for CBP security screening. All UPS entities are compliant with the programme requirements.

Revised Regulation for Tobacco Goods Entering Australian Market

Prior to the revisions, under Section 69 of the Customs Act 1901, the payment of import duties for goods containing tobacco entered for personal consumption can be deferred by transferring the goods to a licensed warehouse.

In November 2018, the Australian Government revised Section 69 of the Customs Act 1901, requiring all importers to comply with the following when importing goods containing tobacco into Australia for personal or business purposes from July 1, 2019:

1. Make payment of import duties as soon as the goods are declared at the Australian Customs
2. Present an import permit issued by the Department of Home Affairs

Failure to comply with the above will result in disposal of the goods by the Australian Customs. Please find below some examples of goods containing tobacco that require/ do not require an import permit beginning July 1, 2019:

Permit Required
1. Cigarettes
2. Shisha/Molasses tobacco
3. Loose leaf tobacco for pipes or roll-your-own cigarettes usage

Click here for a more detailed list of prohibited goods that require a permit.

Permit Not Required
1. Cigars
2. Chewing tobacco and snuffs intended for oral use under 1.5kg (permission is required from the Australian Competition and Consumer Commission to import more than 1.5kg)
3. Unaccompanied Personal Effects provided that you:
   - Are 18 years of age or older
   - Declare any tobacco product

Please visit the Home Affairs website for more information on the above, or email the Department of Home Affairs at tobaccopolicy@homeaffairs.gov.au if you have any inquiries.

CCIC Required for B2C Shipments to South Korea

After a revision to Article 254-2, Korean Customs now requires importers in South Korea and exporters from the rest of the world to submit their consignees' Customs Clearance Indigenous Code[1] (CCIC) for all B2C informal entry shipments[2] to South Korea.

A CCIC is a reusable 13-digit code that starts with "P" and is unique to each individual. Consignees in South Korea can apply for a CCIC in the following two ways[3]:

1) Via the Internet Clearance Unique Code Portal System (in Korean only)

2) By visiting the local customs office (Locate your nearest customs office and providing your RRN (Korean citizens) or alien registration card or passport (non-Korean citizens)
In addition to the CCIC, the shipper must provide UPS with the name, address and phone number of the consignee.

If the CCIC is not submitted at the point of origin, when the shipment arrives in Korea a request for a CCIC will be sent by SMS to the consignee. It is therefore important that the consignee's mobile phone number is provided. Depending on the length of any delays, a warehousing fee and duties and taxes may also incur.

For more information on the above, please contact your local account executive or customer service representative.

[1] At the time of writing, Korean customs is also accepting the consignees' date of birth, however this is subject to change without further notice and UPS therefore recommends applying for and using a CCIC on all B2C informal entry shipments to South Korea
[2] Valued at USD200 and below for U.S. origin, and USD150 and below for non-U.S. origin
[3] A Consignee only needs to apply once as the same code can be reused for subsequent shipments