

January 25, 2023

1. Agricultural Law: Revised agricultural Product Quality and Safety Law introduces new detention punishment and conformity commitment certificate for agricultural producers

The Agricultural Product Quality and Safety Law of the PRC (the “Law”) was revised at the 36th Session of the Standing Committee of the 13th NPC, and it became effective from January 1, 2023. Some important changes are as follows:

(1) Detention as a new form of punishment [1]

The person directly in charge of the following illegal actions may be **detained for 5-15 days**:

- (i) Using toxic or hazardous substances [2] in the production/operation of agricultural products;
- (ii) Selling the agricultural products containing any pesticide/veterinary drug/chemical compound prohibited by the State;
- (iii) Selling animals which have died of disease/poisoning/unknown causes as well as the products thereof.

(2) New requirement for conformity certificate [3]

The new regime provides for a **conformity certificate making a commitment of meeting the standards**. Any agricultural production enterprise/ specialized farmers’ cooperative/an entity or individual engaged in the purchase of agricultural products shall commit that it does not use any prohibited pesticide/veterinary drug/chemical compound and that the used residue of the conventional pesticide/veterinary drug does not exceed the standard.

Where one fails to issue the conformity certificate, or where an entity or individual engaged in the purchase of agricultural products fails to collect and keep the conformity certificate as required, it shall be **fined up to CNY1,000**.

<http://www.npc.gov.cn/npc/c30834/202209/666ec644e17d411ca0a2b1b01fb9f438.shtml>

[1] Article 70 of the Law.

[2] The use of toxic or hazardous substances prohibited by the State as well as other agricultural inputs prohibited by the State

[3] Articles 39 and 73 of the Law.

2. Foreign Trade Law: Simplified procedure for foreign trade Operations

The 38th session of the Standing Committee of the 13th NPC has adopted the Decision on Revising the Foreign Trade Law on December 30, 2022 (the “Revision”).

As of December 30, 2022, China’s Commerce authorities have canceled the **record-filing** requirements for enterprises engaged in foreign trade activities.[4]

Previously, when applying Customs license by enterprises engaged in foreign trade activities, a record-filing at Commerce authorities for registration of foreign trade operator shall be obtained first, before applying to the Customs authorities for completing the Customs registration.

From now on, the Revision allows enterprises to go directly to the Customs registration process, saving the time spent on preparation of paperwork for the previous first step at Commerce authorities.

<http://www.npc.gov.cn/npc/c30834/202212/1fb87c771e914c30918cf750b69cbaa6.shtml>

[4] Article 9 of PRC Foreign Trade Law was deleted in the Revision:

Article 9 A foreign trade operator engaged in import and export of goods or technologies shall make registration for record with the department in charge of foreign trade under the State Council or institutions entrusted by it; but those that are exempted from registration for record by laws, administrative rules and rules of the department in charge of foreign trade under the State Council shall be excluded. The detailed rules on the registration for record shall be stipulated by the department in charge of foreign trade under the State Council.

Customs shall not handle the declaration and clearance procedure for goods imported or exported by a foreign trade operator who fails to go through the registration for record in accordance with the rules.

3. Tax Law: VAT reduced for small-scale VAT taxpayers in 2023

The Ministry of Finance and the State Taxation Administration have jointly released the Announcement on Clarifying the VAT Reduction and Exemption Policy for Small-scale VAT Taxpayers and Other Policies (the “Announcement”) on January 9, 2023.

From January 1, 2023 to December 31, 2023, for small-scale VAT taxpayers:

1. monthly sales amount below CNY100,000 will be **exempted from VAT**;
2. taxable sales revenues subject to 3% levy rate shall be eligible for a **reduced rate of 1%**;
3. items subject to prepayment of VAT at the rate of 3% shall be made at a **reduced rate of 1%**.

http://szs.mof.gov.cn/zhengcefabu/202301/t20230109_3862530.htm

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