

# Provisional Measures for Management of Sales and Payment of Foreign Exchange for Importation

*(Promulgated by the State Administration of Exchange Control on July 31, 1996)*

## *Chapter 1 General Provisions)*

**Article 1** These provisional measures are formulated for the purpose of perfecting the supervision and management of sales and payment of foreign exchange for importation, avoiding loss of foreign exchange, and in accordance with stipulations in the "Regulations of the People's Republic of China on Management of Foreign Exchange" and in the "Regulations on Management of Settlement, Sales and Payment of Foreign Exchange".

**Article 2** "Verification Form of Payment of Foreign Exchange for Importation"(in place of declaration form)(hereinafter referred to as Import Verification Form)refers to a certificate, which is made under the supervision of, preserved and issued by the State Administration of Foreign Exchange, which is filled out by the importers and the banks, and against which the banks process settlement, sales and payment of foreign exchange and verification for import trade of importers(see appended table 1).One Import Verification Form could only be used to go through one set of foreign exchange sales and payment formalities.

According to the "Detailed Rules for Measures on Reporting of International Balance of Payment Statistics", an Import Verification Form shall be used both for the verification of sales and payment of foreign exchange under the import trade, and for the declaration of international balance of payment statistics.

**Article 3** The State Administration of Exchange Control and its branch offices(hereinafter referred to as Administration of Exchange Control)are in charge of management, supervision and checkup, and the banks dealing in foreign exchange (hereinafter referred to as "the banks")are in charge of specific work on verification of sales and payment of foreign exchange and reporting of relevant data.

**Article 4** Enterprises(including Foreign Invested Enterprises)and institutions (hereinafter referred to as importers)approved by the Ministry of Foreign Trade and Economic Cooperation or by its authorized organizations to operate import business, when making the payment abroad for goods, down payment, remaining payment and material fee(hereinafter referred to as sales and payment of foreign exchange for importation), etc. by the way of foreign exchange sale or through foreign exchange account of the banks shall go through the verification formalities with the banks according to these measures.

## Chapter 2 Verification Management

**Article 5** When handling sales and payment of foreign exchange for import purpose, the bank shall request the importer to fill out the Import Verification Form according to stipulations and shall examine the consistency between every item of import verification form filled out by an importer and the situation of sales and payment of foreign exchange and relevant stipulations, etc.

**Article 6** The bank shall, after book binding, send the first sheets of the Import Verification Forms to the Administration of Exchange Control within the first 5 working days of each month, keep other relevant materials on separate file and make verification on time.

**Article 7** Besides the sales and payment of foreign exchange for the down payment, when an importer purchases foreign exchange for payment ,the importer shall go through the verification procedure at the same time if he has the customs declaration of import goods; if he does not have the customs declaration for the import goods, he shall go through the

verification within 30 working days. The sales and payment of foreign exchange for down payment shall be verified together with the remaining payment of the same contract.

**Article 8** For all sales and payments of foreign exchange under Import Verification Forms with the exception of sales and payment of foreign exchange provided for in Article 9 and Article 10, the bank shall go through verification procedures upon presentation of original import customs declaration forms. The (total) value of goods, description of goods and the importers on the import customs declaration form shall be consistent with the content on the verification form. After making the verification, the bank shall write the date of verification and put seal on the verification form.

Where several sales and payments of foreign exchange are made for one consignment for customs declaration, the total amount of payments on the verification forms should be the same as the value of the consignment on the customs declaration form;

Where one sales and payment of foreign exchange is made for several consignments for customs declaration under the same contract, the sum of the values of consignments on the customs declaration forms shall be the same as amount on the verification form.

**Article 9** Concerning sales and payment of foreign exchange for material fee, royalty fee and information fee under invisible trade, the bank shall make verification according to the Import Verification Form, import contract, invoice, the statement of status signed by the representative of the importer and other commercial documents.

**Article 10** Concerning sales and payment of foreign exchange for transshipment trade, the bank shall make verification according to the foreign exchange settlement sheet obtained after transshipment or the notification for collecting payment and relevant statement of status.

The settled amount or the amount received after transshipment trade shall be larger than the original amount of sales and payment of foreign exchange.

**Article 11** Concerning partial delivery of goods or partial rejection of goods, the bank shall make verification according to the settlement sheet of the withdrawn foreign exchange or the notification for collecting payment and relevant status statement as well as the corresponding customs declaration for import goods.

In the case of failure to deliver the goods for various reasons, the importer shall transfer the foreign exchange back to China in a timely manner, the bank shall make undertake the cancellation formalities of the Import Verification Forms according to the settlement sheet of the withdrawn foreign exchange or the notification for collecting payment and relevant status statement.

**Article 12** The bank has the duty to urge the importer to go through the verification procedure if the importer fails to do it within the specified time framework. If the importer fails to go through the verification procedure after being urged to do so, the bank shall report the relevant information to the Administration of Exchange Control within the first 8 working days of each month (refer to appended table 2), and the Administration of Exchange Control shall make investigation and decide on penalty according to the stipulations.

If the importer can not go through the verification procedure within the stipulated time framework due to special reasons, the importer shall make a report to the bank in written form. Failure to do so shall be regarded as failure to go through the verification procedure according to the time framework.

**Article 13** When performing the verification procedures on the sales and payment of foreign exchange for importation, in case the import customs declaration form requiring clarification and one consignment exceeding US\$ 500,000 (inclusive), the bank shall make checkup with the customs office issuing the relevant import customs declaration form, and perform the

verification procedures on the sales and payment of foreign exchange for importation only if no inconsistency is found after the checkup.

### Chapter 3 Supplementary Provisions

**Article 14** The bank shall apply for Import verification Forms to the Administration of Foreign Exchange in the region where the bank is located against the letter of introduction of the bank according to the turnover for sales and payment of foreign exchange handled by itself.

**Article 15** The bank shall establish "file for documents to be verified", "file for documents already verified" and "file for documents not verified within the stipulated time framework" separately, and exercise special control on them respectively. The documents already verified shall be kept for two years.

**Article 16** The bank shall transmit the report on the data of verified sales and payment for importation of the previous month to the local Administration of Exchange Control within the first 5 working days. The branch Administrations of Exchange Control shall transmit the report on the data of verified sales and payment for importation(see appended table 3)of the previous month to the State Administration of Exchange Control within the first 8 working days of each month.

**Article 17** The Administration of Exchange Control shall check up the verification work done by the bank on an irregular basis. The bank shall actively give cooperation and provide relevant documents when such checkup is made.

**Article 18** The banks and the importers shall strictly abide by the provisions of these Measures. The Administration of Exchange Control shall mete out punishment depend on the level of seriousness of the violations to the violators according to the Regulations of the People's Republic of China on the Management of Foreign Exchange.

**Article 19** These Measures shall be interpreted by the State Administration of Exchange Control.

**Article 20** These Measures shall enter into force on August 1, 1996. The Provisional Measures on Management of Verification on the Payment of Foreign Exchange for Importation and its implementation regulations shall be rescinded at the same time.

Appended table 1: Verification Form of Import Payment of Foreign Exchange(omitted)

Appended table 2: Table of the Contracts Not Verified according to Stipulations (omitted)

Appended table 3: Monthly Statistics Report on the Verified Sales and Payment for Importation (omitted).