Content

Title：	Regulations Governing Customs Clearance for Goods in Free Trade Zones Ch
Date：	2020.10.16
Legislative：	1.Promulgated on December 08, 2003 2.Amended on August 31, 2005 3.Amended on November 29, 2005 4.Amended on January 16, 2008 5.Amended on December 3, 2008 6.Amended on November 24, 2009 7.Amended on July 29, 2011 8.Amended on August 28, 2013 9.Amended on November 9, 2016 10.Amended on October 16,2020
Content：	Article 1 The Regulations are enacted pursuant to the provisions set out in Paragraph (6, Article 17 of The Act for the Establishment and Management of Free Trade Zones (hereinafter referred to as "the Act"). Article 2 The term "depot in a free trade zone" in the Regulations is defined as premises that are set up with prior approval from the management authority of a free trade zone (hereinafter referred to as the "Free Trade Zone"), come equipped with computer systems connected to the guard-house unit at the free trade zone gate for online operation, and can be used for the storage of goods of the free-trade-zone enterprise, the inspection of goods entering or leaving the free trade zone, and the unloading/loading of palletized and/or containerized goods. Article 3 A free-trade-zone enterprise shall install computer systems and associated interface equipment, either by means of on-line operation or by way of electronic information transmission, so as to process and transact the business activities in connection with customs clearance, book-keeping, management, and control of the goods. Article 4 Matters subject to the autonomous management of a free-trade-zone enterprise are as follows: 1. Report of foreign goods to be stored; 2. Report of goods for export; 3. Report of goods transported to another free trade zone; 4. Customs clearance for goods transported to tax area(s) or bonded area(s); 5. Customs clearance for goods from tax area(s) or bonded area(s) for storage in the free trade zone; 6. Report of goods traded within the free trade zone; 7. Handling of the matters related to the repair, test, inspection, exhibition, and/or contracted processing of goods; Handling of commissioned matters related to the repair, testing, inspection, processing, exhibition and contracting of goods; 8. Report of the storage of goods (products) specified in Paragraph 1, Article 15 of the Act. 9. Report of goods (products) exported to foreign countries as specified in Article 16, Paragraph 1 of the Act; 10. Bookkeeping processing for goods and self-use machinery and equipment; 11. Management of goods under monthly consolidated declaration incoming to and outgoing from the zone/factory; 12. Conduct of inventory operations, and preparation and submission of inventory lists, and final financial statements; 13. Disposal of waste articles, scraps, and the useful portion thereof;

14. Measures to be taken upon theft or damage (from disasters) of goods (products) and other articles;
15. Gate access control;
16. Management of the operations related to the production/manufacture, logistics, and warehousing of goods, and other activities within the premises of a factory (or any other shop floor);
17. Cargo sealing and canceling of accounts after verification operations;
18. Report of short discharge, over-discharge, short loading or over-loading of cargoes;
19. Cargo processing, reconditioning, packaging, marking affixing or correcting and/or shipping carton/box serial number processing;
20. Sample inspection, sampling, and survey operations;
21. Inspection of incoming and/or outgoing empty containers;
22. Storage of computer data related to customs clearance, book-keeping, management and control of the goods;
23. Report of any illegal, law-violating and/or extraordinary event;
24. Compliance with regulations governing labeling of origin of goods;
25. Handling of matters related to cross-region movement of containers (goods) carried by the dedicated transportation means (dedicate fleet vehicles) of the Free Trade Zones; and
26. Other matters for observation as stipulated by the management authority of a free trade zone or the Customs.

Article 5

The reporting procedures with the Customs pursuant to Paragraph 1, Article 17 of the Act are as follows:
1. For foreign goods that are incoming to the free trade zone for storage, the free-trade-zone enterprise shall report, by means of electronic transmission of the declaration sheet, to the Customs, and may effect such storage operation only after having received, through on-line computer transmission, a reply from the Customs showing its registration of the said report.
2. Where a free-trade-zone enterprise exports goods overseas, the exporter of such goods shall, after such goods have been stored in a Depot in the free trade zone, report, by means of electronic transmission of the declaration sheet, to the Customs, and may load such goods for export on board the shipping vessel (aircraft) only after having received, through on-line computer operation, a reply from the Customs showing its registration of such report.
3. Where a free-trade-zone enterprise transports any goods to another free trade zone, the free-trade-zone enterprise shall, after such goods are stored in a Depot in the free trade zone, report, by means of electronic transmission of the declaration sheet, to the Customs for trans-shipment of the goods, and may effect the entry or exit of the same only after having received a reply, through on-line computer operation, from the Customs showing its registration of such report.

Any goods as set forth in Subparagraph 2 of the preceding Paragraph and meeting either of the following requirements may be exempt from being stored in a Depot in the free trade zone:
1. Where the goods fall under the scope of goods as defined in Article 30 of "The Guidelines for Examination and Inspection of Import and/or Export Goods"; or
2. Where the goods belong to one of the manufacturers defined in Article 9 of "The Guidelines for Examination and Inspection of Import and/or Export Goods", and in addition thereto, the premises of the manufacturer are equipped with computer equipment capable of making on-line access to the Container Dynamic Status System maintained by the management authority of the free trade zone as well as the warehousing and cargo examination/inspection facilities as approved by the Customs.
3. The free-trade-zone enterprise sold its goods to the international routes ships used as fuel (oil) or exclusive materials (including daily necessities of the ship/crew).

Article 6

The customs clearance procedures with the Customs pursuant to Paragraph 2, Article 17 of the Act are as follows:
1. Where a free-trade-zone enterprise transports any goods to a tax area or a bonded area, the duty-payer shall, after such goods have been stored in a

Depot in the free trade zone, report by electronic transmission of the declaration sheet to the Customs in accordance with the relevant importation regulations, and may transport such goods out of the free trade zone only after having completed the customs clearance procedure and having obtained a release message, and shall comply with the relevant regulations governing the importation and the storage of foreign goods in bonded areas.
2. For any goods transported from a tax area to a free-trade-zone enterprise, the exporter of the goods shall, after such goods have been stored in a Depot in the free trade zone, report, by means of electronic transmission of the declaration sheet to the Customs, and shall, after having completed the export clearance procedures and obtained a release message in accordance with relevant exportation regulations, deliver the goods to the free-trade-zone enterprise. However, in the case that the exporter of the goods does not seek to apply for duty drawback, and the goods conform to the relevant exportation regulations, the goods may be delivered directly to the free-trade-zone enterprise against the relevant commercial invoice or manifest. Where the goods entered from a tax area are stored in a Depot in a free trade zone for direct export, the exporter of such goods shall report by means of electronic transmission of the declaration sheet to the Customs, and shall then complete the export customs clearance procedures and obtain a release message before loading such goods on board the shipping vessel (aircraft) for export.
3. For any goods which are transported from a bonded area to a free-trade-zone enterprise, the exporter of the goods shall report by electronic transmission of the declaration sheet to the Customs in accordance with the relevant regulations governing bonded goods, and may deliver the goods to the free-trade-zone enterprise only after having completed the export customs clearance procedures and having obtained a release message in accordance with the relevant exportation regulations. Bonded goods transported from a bonded area stored in a Depot in a free trade zone for direct export thereof; to this end, the exporter of such goods shall report, by electronic transmission of the declaration sheet to the Customs in accordance with relevant regulations governing bonded goods, and shall complete the customs clearance procedures and obtain a release message in accordance with relevant exportation regulations before loading the goods on board the shipping vessel (aircraft) for export.

Article 7

In the case of transactions conducted among free-trade-zone enterprises within the free trade zone in accordance with Paragraph 3, Article 17 of the Act, the free-trade-zone enterprise shall report such transactions to the Customs by electronic transmission of the declaration sheet.

Article 8

After permit for establishing a free-trade-zone enterprise is approved, if self use machinery and equipment need to be stored during the establishment period, an application shall be filed with Customs for issuance of a temporary control number by presentation of the approval document from the management authority of the free trade zone. Customs declaration (clearance) procedures shall also be carried out in accordance with Articles 5 and 6, and a register shall be established recording such information as names, specifications, model numbers and quantities for inspection by Customs.

Article 9

A free-trade-zone enterprise that transports duty-free goods to a processing contractor located in a tax area or a bonded area shall file an application with the local Customs office, attaching an application form for commissioned processing, an agreement, a factory registration document of the contractor, a description or drawing of processing, the bill of materials to be used and a description about the operation of the outsourcing incoming/outgoing account write-off system. After the application is approved, the tax payment guarantee may be exempted. As required, Customs will form a review committee with relevant authorities to perform the review.
For applications approved to obtain outsourced processing services from a contractor located in a tax area or a bonded area, the customs clearance procedures as set forth in Article 6 hereof shall be completed, or a monthly consolidated declaration shall be made for the goods transported to

or returned from a tax area or a bonded area, and the same shall be registered in the relevant accounting books and records accordingly.
For the storage of foreign goods awaiting for commissioned processing referred to in Paragraph 1, the free-trade-zone enterprise may, after having reported to Customs by electronic transmission of the declaration sheet in accordance with the relevant importation regulations and having obtained a release message when completing the customs clearance procedures, transport such goods directly to a tax area or a bonded area without shipping them into the free trade zone. The provisions of Paragraph 1, Article 22 of Regulations Governing the Examination of Imported or Exported Goods shall apply mutatis mutandis to cases of short shipment or over shipment.
A commissioned processing contractor located in a tax area or a bonded area shall be limited to a factory that has completed the factory registration procedure, and the scope of its manufacturing business shall cover the manufacturing task commissioned to it. An exclusive storage area shall be made available for storing the goods to be processed under the relevant processing contract, and stock record cards shall be made available for registering thereon the quantity stored, released and inventoried of the duty-free goods therein, as well as for future inspection.
The goods undergoing the commissioned processing shall be limited to those other than controlled goods. A commissioned contractor located in a tax area may request a duty refund for the raw materials to be used during the processing procedure pursuant to the Regulations Governing Offsetting and Refund of Duties and Taxes on the Raw Materials of Export Products, except for the conditions set forth in Paragraph 2, Article 26 of the Act; a commissioned contractor located in a bonded area may make a request for the write-off from the property account of the bonded raw materials to be used during the processing procedure.
To process, review and approve the applications for commissioned processing referred to in Paragraph 1, Customs may delegate the management authority of the free trade zone to perform such matters. The management authority shall inform Customs of the results of its review along with the relevant documents.
Article 10
For a free-trade-zone enterprise that transports duty-free goods to a tax zone or bonded zone for commissioned repair, inspection and/or testing, an application form shall first be completed and submitted to the local Customs office, together with the agreement, company uniform tax number, description or drawing of repair, inspection and testing, bill of materials to be used and description of the operation of the incoming/outgoing account write-off system. In case of emergency for repair of any machinery and/or equipment, the foregoing application shall be filed within two days from the day following the date on which said machinery or equipment is released from the free trade zone.
Where a free-trade-zone enterprise has been approved to transport any duty-free goods to a tax area or a bonded area for repair, inspection and/or testing, the procedures for transporting the duty-free goods to and back from a tax area or a bonded area shall be realized in accordance with the customs declaration procedure under Article 6 or with monthly consolidated declaration and registration of relevant accounting books and records.
The scope of business of a processing contractor located in a tax area or a bonded area who is commissioned to provide outsourced repair, inspection and/or testing shall cover the items of services commissioned to it. An exclusive storage area shall be made available for the storage of the commissioned goods, and stock record cards shall be provided for recording thereon the stored, released and inventoried quantity of the duty-free goods for future inspection.
Duty-free goods that are approved to be transported to a tax area or a bonded area for repair and returned to the free-trade-zone enterprise upon completion shall refer to the main body of the good(s) for repair and the parts and components required for repair.
To process, review and approve the applications for commissioned repair, inspection and/or testing referred to in Paragraph 1, Customs may delegate the management authority of the free trade zone to perform such matters. The management authority shall inform Customs of the results of its review

along with the relevant documents.

Article 11

With the approval of the local Customs office, a free-trade-zone enterprise may accept the commissioning of a contractor in a tax zone, bonded zone or free trade zone to perform processing, repair, inspection and testing tasks.

The inward and outward transportation of goods under the previous paragraph shall be in accordance with the customs declaration (clearance) procedure under Subparagraph 3, Paragraph 1 of Article 5, Articles 6 and 7 or with monthly consolidated declaration and registration of relevant accounting books and records.

The task commissioned to the free-trade-zone enterprise that performs any undertaking included in the first paragraph must be consistent with the business scope of the enterprise. Any enterprise performing processing must also carry out factory registration. However, for simple processing, factory registration may be waived.

When the free-trade-zone enterprise commissioned to perform any task under the first paragraph by any contractor in a tax zone ships the goods back to the tax zone without adding any non-taxed raw material, taxes shall be levied in accordance with Paragraph 1, Article 23 of the Act.

Before the free-trade-zone enterprise commissioned to perform any task under the first paragraph by any contractor in a bonded zone or free trade zone ships the goods without adding any non-taxed raw material, a bill of the materials used shall be prepared and filed with Customs as proof for an account write-off.

Article 12

A free-trade-zone enterprise may complete an application form for transporting goods out of the free trade zone for exhibition, and submit relevant supporting documents to the Customs and apply to the Customs for transporting duty-free goods to a tax area for exhibition.

When the duty-free goods transported to a tax area for exhibition in the preceding paragraph are shipped to the tax zone and back from the tax zone, the customs clearance procedures set forth in Article 6 shall be complied with and such goods shall be registered in the relevant accounting books and records accordingly.

Article 13

A free-trade-zone enterprise may apply to Customs to export goods to a tax area or a bonded area or to import goods from a tax area or a bonded area with the customs clearance procedures henceforth to be effected on a monthly consolidated declaration basis. However, the manufacturer in the bonded area shall first be qualified to implement the monthly consolidated declaration and thereafter may transport the goods to or from the bonded area.

A free-trade-zone enterprise that transports goods to a tax zone or that is commissioned by a contractor in a tax zone to perform processing, repair, inspection or testing without adding non-taxed raw material shall, if approved by Customs to file a monthly consolidated declaration, furnish an adequate guarantee deposit or security and may thereafter transport the goods out of the free trade zone with an aggregate value under the ceiling of said deposit or security. However, this provision shall not apply to the goods transported out of a free trade zone for repair, testing, inspection or outsourced processing.

A free-trade-zone enterprise having been approved by Customs to process a monthly consolidated declaration shall, prior to the entry or release of goods, file an application with Customs to process the entry and release of goods on a monthly consolidated declaration basis, and upon approval of Customs, the said free-trade-zone enterprise may, based on the approval notice from Customs and relevant documents, proceed with the entry or release of the goods and keep details of the accounting records thereof accordingly. Prior to the 15th day of the following month, a consolidated customs declaration form along with the Container (Cargo) Note, packing list, transaction certificate, and other related documents shall be presented to Customs for the customs clearance process; the entry/release date of the last lot of such goods shall be regarded as the import/export date.

The monthly consolidated declaration shall not apply to any of the

following goods:
1. The goods (products) as specified in Article 15 of the Act;
2. The goods (products) subject to the applicable import/export control rules and regulations;
3. Automobiles and motorcycles; however, this requirement is not applicable to those enterprises approved under Article 9 that send automobiles (motorcycles) out of the free trade zone to process and then have the automobiles and motorcycles returned to the free trade zone;
4. The goods subject to tariff quotas;
5. The goods subject to special safeguard measures;
6. The goods to be transported to a tax area and subject to a commodity tax;
7. The goods(products) to be transported to a tax area for exhibition; or
8. Other goods not suitable for monthly consolidated declaration as designated by the Customs, per its public notice.
When the goods of a free-trade-zone enterprise, having been approved by Customs to process a monthly consolidated declaration, are transported out of and back to the free trade zone, the content of the Container (Cargo) Note, packing list, transaction certificate, and other related documents shall be consistent with such goods.
In the case that a customs clearance case processed on a monthly consolidated declaration basis is found to contain any false or incorrect information, the case shall be handled in accordance with the provisions set forth in Paragraph 2, Article 38 of the Act.
Article 14
Where the goods are transported by a free-trade-zone enterprise to another free trade zone pursuant to Subparagraph 3, Paragraph 1 of Article 5, or the cases are reported to the Customs pursuant to the Article 7 stipulating the transactions conducted within the free trade zone, except for the goods (products) set forth in the Article 15 of this Act, the free-trade-zone enterprise may apply to the Customs to use the monthly consolidated declaration procedures.
The free-trade-zone enterprise having been approved to implement monthly consolidated declaration shall process the entry/release of goods into/from the zone (factory) and report the goods to the Customs under Paragraph 3 of the preceding Article; moreover, the entry/release date of the last lot of goods shall be deemed as the import/export date.
Where the cases reported on a monthly consolidated declaration basis are found to contain any false or incorrect information, such cases shall be handled in accordance with the provisions set forth in Paragraph 1, Article 38 of the Act.
Article 15
Under any of the following circumstances, a free-trade-zone enterprise shall declare supplementary payment of import duty with the Customs:
1. Where the free-trade-zone enterprise has discovered on its own that the stored goods are lost due to theft under Paragraph 2, Article 18 of the Act;
2. Where the free-trade-zone enterprise has discovered during its inventory check that the quantity of the stored goods is less than that recorded in the books under Paragraph 2, Article 20 of the Act;
3. Where any duty-free goods shipped to a tax area for repair, test, inspection, contracted processing, or exhibition pursuant to Paragraphs 1 and 4, Article 25 of the Act have not been shipped back to the free trade zone within six months from the approval date;
4. Where an extension is approved pursuant to Paragraph 3, Article 25 of the Act, but the duty-free goods are not shipped back to the free trade zone before the expiration of the extension deadline; or
5. Where any goods originally transported into the free trade zone by a free-trade-zone enterprise for its operational use have been used for non-operational purposes under Article 30 of the Act.
The six-month period set forth in Subparagraph 3 of the preceding paragraph shall commence from the day following the goods customs clearance date. However, for the goods transported out of the free trade zone on the monthly consolidated declaration basis, the six-month period shall commence from the day following the date when the goods are transported out of the free trade zone.

Article 16
Where any goods are shipped to a domestic tax area or bonded area by a free-trade-zone enterprise under Paragraph 1 of Article 23 or Article 27 of the Act, the applicable tariff number and import regulations shall be designated according to the form of the goods at the time when they are shipped from the free trade zone, and the import duty and fees shall be assessed or exempted in accordance with the relevant applicable regulations. The date of the application for the tariff number, the tariff rate, and the import regulations shall be the date of the declaration to the Customs.
The term "added value" as referred to in proviso of Paragraph 1, Article 23 of the Act shall mean the customs value of the goods to be shipped to a tax area by a free-trade-zone enterprise less the untaxed imported raw materials, the bonded domestic raw materials and the tax-rebated domestic raw materials used on the goods, and the value of the semi-finished goods.
Where the goods are shipped to a tax area by a free-trade-zone enterprise, the levy of a tariff shall conform to the following principles:
1. Where the processed or manufactured goods are to be transported to a tax area, a tariff shall be levied according to the proviso of Paragraph 1, Article 23 of the Act on the balance of the customs value of the goods in the form when transported out of the free trade zone less the added value available in the free trade zone. However, in the event of a failure to present the relevant documents for Customs verification and inspection of the added value available in the free trade zone as stipulated in the regulations, a tariff shall be levied on the balance of the customs value of the goods in the form when transported out of the free trade zone less an amount equal to 30% thereof.
2. Where the reconditioned or simply processed goods are to be transported to a tax area, a tariff shall be levied on the amount of the customs value of the goods in the form when transported out of the free trade zone less the added value available in the free trade zone.
3. Where the imported goods are to be transported to a tax area in their original form, the evaluation of the customs value of the goods shall be processed pursuant to the Customs Act and related regulations.
Article 16-1
When goods transported from a free trade zone to a tax area are found to have been damaged or not conforming to specifications and quality as stated in the original contract, thereby necessitating compensation or replacement by the original free trade zone enterprise, the compensation or replacement goods shall be exempt from duty on the condition that the situation is reported to Customs within one month commencing from the date following the release of the original goods transported to the tax area.
The provisions of Article 41 and Paragraph 1 of Article 42 of the Enforcement Rules of the Customs Act shall apply mutatis mutandis to the documents required for the aforementioned report and its operating procedures .
Article 17
Goods to be exported from a free trade zone shall be transferred to maritime (air) express handling units with prior approval of Customs, and customs clearance procedures of the aforementioned goods shall be governed by the Regulations Governing Customs Clearance Procedures for Maritime (Air) Express Consignments.
The regulations governing any export goods of a free-trade-zone enterprise transferred to maritime (air) express handling units mentioned in the preceding paragraph shall be announced and implemented in different phases by Customs Administration.
Article 18
The free-trade-zone enterprise shall attend to the following bookkeeping matters related to the storage and collection of goods pursuant to Paragraph 2, Article 18 of the Act:
1.Upon storage of goods in or collection of goods from a depot, an account of the goods shall be recorded in two separate accounting books maintained respectively for the goods to satisfy sales requirements and for the machinery and equipment for its own use.
2.The entries to be recorded in such accounting books shall include the material number, the name, the type/model number and specifications of the

goods, the depot’s receipt/warrant number for incoming/outgoing goods, export/import zone or intra-area transaction certificate number, the date and time of storage into/collection from the depot, the quantity of the goods received/released by the depot, and the balance of the goods in stock.
3.Machinery or equipment for personal use may be written off from the property account after five (5) years from the date of its entry into the free trade zone. Such goods shall still be registered in the relevant accounting books and records if not released from the free trade zone yet.
4.The account record of any consumable material for machinery and equipment for personal use shall be written off against the quantity used thereof, with prior approval from Customs.
5.If the bill of the materials used cannot be prepared for parts and components used for operational goods in storage for repair purposes due to special circumstances, an explanatory document should be attached to an application to be filed with Customs before the repair and the account record shall be written off against the quantity used thereof, if approved. The list of actual quantity used shall be provided to Customs for further inspection before the fifth day of the following month. If the application is not filed in accordance with this provision, the account record shall not be written off against the quantity used.
6.In case of any natural reduction of quantity of any stored goods due to the nature of the goods, the account record may be written off if the shortfall is confirmed by Customs.
7.The duration of the storage of goods transported into a depot shall be free from any limitation provided, however, that for goods with a storage duration over two (2) years, a list thereof shall be printed out and made available for inspection by Customs.
8.A free-trade-zone enterprise shall be equipped with the necessary computer equipment capable of printing out relevant account records and statements, which shall be made accessible to Customs for remote verification and retrieval of relevant data and information.
9.A free-trade-zone enterprise having been approved by the Customs authority to transport goods to a tax area on a monthly consolidated declaration basis or to be commissioned by a contractor in a tax zone to perform processing, repair, inspection or testing without adding non-taxed raw material shall establish and maintain "The Records of the Revolving Use of the Deposit Furnished by Free-Trade-Zone Enterprises for the Transport of Goods to a Tax Area on a Monthly Consolidated Declaration Basis" and record thereon the data and information pertaining to the payment of the deposit, the shipping date, the name of the manufacturer, and the description, specifications, model number, material number, quantity, and price of the goods, as well as the estimated amount of tax payable in order to withdraw the goods from the free trade zone in batches within the ceiling of the deposit. Upon completion of the monthly consolidated declaration and approval by Customs for the release of the goods, the ceiling of the deposit shall be reinstated in accordance with the originally estimated amount of duty/tax payable in respect of each item of the goods released from the free trade zone.
Article 19
The free-trade-zone enterprise shall attend to the following book-keeping matters related to the reconditioning, processing, manufacturing, repair, inspection and/or testing of goods pursuant to Paragraph 2, Article 18 of the Act:
1. In the case that the reconditioning, processing, manufacturing, repair, inspection and/or testing of any goods by a free-trade-zone enterprise results in any change in the name, specifications, type/model number, and/or material number of such goods, the account records of such goods shall be entered based on the new material number; furthermore, the original account records of the goods shall be canceled in accordance with the bill of materials and relevant documents submitted to Customs for further inspection before the exportation, storage or domestic sale of the goods. If the application is not filed in accordance with this provision, the account record shall not be written off. However, where the material number remains unchanged, the relevant account records of the goods shall still be entered and maintained under the account of the original material

number.
2.In the case that goods are processed or manufactured by a free-trade-zone enterprise, the free-trade-zone enterprise may choose to prepare a bill of materials quantity with or without attrition on the basis of their nature and types.
3. In the case that a contractor in a tax zone or bonded zone commissions to perform processing repair, inspection, or testing as set forth in Article 9 or Article 10, if the name, specification, model number or material number of the original goods is changed, the bill of materials shall be prepared and submitted to the management authority or Customs for further inspection . If any alteration has been made to the approved bill of materials, it shall be sent to the Customs for reference.
4. Waste material, waste and scraps generated in the course of production shall be kept in separate storage, and a list there of shall be prepared and submitted to the management authority; the management authority shall dispose of such waste and scraps in the presence of Customs. Waste and scraps with residual value may be imported to tax areas after leviable duty and dues thereon have been assessed or exempted.
5. Waste material, waste and scraps generated in the course of testing, inspection, and/or processing contracted to a contractor outside the free trade zone shall be declared when the waste and scraps are shipped back to the free trade zone and shall be disposed of in accordance with the preceding Subparagraph.
6. For the waste material, waste and scraps referred to in the preceding subparagraph,if the contractor outside the free trade zone sets up a surveillance system for 24-hour continuous video recording or dynamic motion detection video recording, dedicated storage space and sound account control mechanism, the goods may remain outside the free trade zone with the approval of the management authority. The management authority shall dispose of such waste and scraps outside the free trade zone in the presence of Customs. Waste and scraps with residual value shall be subject to assessment or exemption of taxes.
Article 20
The free-trade-zone enterprise shall attend to the following book-keeping matters related to the loss of goods due to theft or damage by disasters pursuant to Paragraph 2, Article 18 of the Act:
1. Where any of the duty-free goods in the possession of a free-trade-zone enterprise are lost by theft, the free-trade-zone enterprise shall report such matter to the free trade zone management authority and the police office and obtain a certificate; moreover, the free-trade-zone enterprise shall further make supplementary payment of import duty leviable thereon and cancel the relevant account records of the lost goods within three (3) months from the day following the date of such theft, except under any extraordinary situation, in which case, an application may be filed with the Customs for the furnishing of a guarantee deposit by the enterprise in exchange for a provisional exemption from the supplementary payment of import duty leviable thereon provided, however, that the duration of such provisional tax exemption shall in no case be longer than six (6) months beginning from the day following the date of such theft. In the event that the lost goods can not be recovered upon expiry of the foregoing grace period, the Customs shall offset the guarantee deposit against the taxes so as to close the pending case; the guarantee deposit prepaid for the portion of the lost goods which has been recovered, if any, shall be refunded.
2. Where any of the duty-free goods in the possession of a free-trade-zone enterprise are damaged by flood, typhoon, fire or any other types of natural disasters during the period of storage thereof, and the damage has been declared within one week from the day following the date of termination of the fact of such disaster as justified by the free trade zone management authority, such damaged goods may be canceled from the account records thereof after verification; and the waste generated therefrom shall be subject to assessment or exemption of the taxes in accordance with Subparagraph 4 of the preceding Article.
When any of the duty-free goods in the possession of a free-trade-zone enterprise have no more commercial value, the said goods may be governed in accordance with Subparagraph 4 of the preceding Article.
Article 21

The free-trade-zone enterprise shall attend to the following matters related to the annual inventory process pursuant to Article 20 of the Act:
1. A notification shall be submitted to Customs and recognized by Customs no less than two (2) weeks before the scheduled inventory date.
2. In performing annual inventory, all goods shipped outside the free trade zone for the purpose of processing, repair, inspection, testing and exhibition with the approval of Customs shall be fully shipped back, included in the inventory and canceled. If any goods cannot be shipped back due to any reason, an application shall be filed with Customs for approval to conduct annual inventory outside the free trade zone on the same date.
3. The minimum length of time from the date of inventory check in the preceding year to the annual inventory check date of the current year shall be not less than ten (10) months, while the maximum length of time shall not exceed fourteen (14) months; however, the aforesaid intervals may be shortened or extended in the case of extraordinary situations, with prior approval of Customs.
4. In the case of any goods approved to be placed under the monthly consolidated declaration of a free-trade-zone enterprise, a consolidated customs declaration form shall be presented to Customs for the customs clearance process before the scheduled inventory check date.
5. Upon conclusion of the annual inventory check, the free-trade-zone enterprise shall prepare two copies of inventory lists and final settlement statements, respectively, of the goods for sales requirements inside and outside the free trade zone and of the machinery and equipment for its personal use inside the free trade zone. The inventory lists shall be submitted to Customs for future inspection within one month from the day following the date of the conclusion of the inventory check. Where circumstances require, an application for a one-month extension may be filed with Customs prior to the expiration of said deadline.
6. Raw materials under the same material number that are already stored in a tax-free or taxed manner shall be included in the inventory upon annual closing and the account for tax-free and taxed goods shall be written off against the actual quantity used. If the actual quantity used cannot be verified, the quantity of raw tax-free materials shall be written off with priority. In case of an inventory shortage of taxed raw materials, a supplemental payment of import duty to Customs shall be processed.
7. Where an inventory shortage is found during the inventory inspection process conducted by Customs in accordance with Subparagraph 5, a supplementary payment of import duty to Customs shall be processed and statements shall be prepared within 10 days from the day following the date on which the supplemental tax notice was issued by Customs. Where an inventory surplus is found during the inventory inspection conducted by Customs, an explanation shall be made, and at the same time the records on the accounting books shall be updated.

Article 22

Where a free-trade-zone enterprise is approved to close down its business operation, or its operation permit is invalidated or revoked, it is required to attend to the following matters pursuant to Article 31 of the Act:
1. The free-trade-zone enterprise shall stop the storage of duty-free goods from the day following the date of the approval of the free trade zone management authority for the closing of the operation.
2. The free-trade-zone enterprise shall, within two (2) weeks from the day following the date of approval of the management authority, conduct the closing inventory check, and prepare and submit inventory lists and final settlement statements according to the regulations.
3. In the event of an inventory shortage of any duty-free goods or machinery and equipment for its own use, supplementary payment of leviable duty shall be made to the Customs; the remaining goods, machinery and equipment for its own use in stock shall be subject to the monitoring and control of the free trade zone management authority before the processing of transfer or tax assessment or exemption for such goods or re-export of the goods.

If the free-trade-zone enterprise fail to make the closing stock referred to in the preceding paragraph, Customs may impose the duties and taxes payable based on the book inventory.

Article 23
When an application for establishment of a free-trade-zone enterprise is approved in accordance with Paragraph 2, Article 31 of the Act and if the establishment approval is canceled or withdrawn by a decision during the establishment stage, the following matters shall be carried out:
1. Stop the storage of personal use machinery and equipment from the day following the date of the decision by the management authority of the free trade zone.
2. Supplemental tariffs, goods tax, business tax, promotion trade service fees and commercial harbor service fees that were waived during the establishment period shall be paid, except if the exportation of the original goods is reinstated within six months from the day following the date of the decision by the management authority of the free trade zone.
3. Before the relevant supplemental taxes are paid for the goods under the previous Subparagraph or before the exportation is reinstated, the management authority of the free trade zone shall exercise supervision in accordance with Paragraph 3, Article 31 of the Act.
Article 24
A free-trade-zone enterprise shall attend to the following matters related to the control and management of goods pursuant to Paragraph 3, Article 18 of the Act:
1. The free-trade-zone enterprise shall be equipped with a complete computerized control and management system for the operation of the storage, collection, storage position, stock record changes, and entry and exit of cargo containers (or goods) to and from the factory (or premises). The relevant computer data and records as well as supporting certificates and documents shall be kept for three (3) years.
2. The security guard shall be stationed at the gate to take charge of the security and verification check of the cargo containers (or goods) entering/leaving the factory (or premises).
3. Under any of the following circumstances, a notice shall be given to the Customs:
(1) Where cargo containers (or goods) are lost due to theft or stealthy substitution;
(2) Where the seal is lost, damaged, broken and missing, or suspected to have been forged or altered, or the serial number of the seal is inconsistent with that as indicated in the " Container (Cargo) Note and Entry/Exit Permit" (hereinafter referred to as the "Container (Cargo) Note"),or the reading and comparing functions of electronic (paper)seals are abnormal ;
(3) Where the Container (Cargo) Note has been obliterated and/or altered;
(4) Where the cargo container (or goods) is found to have been sandwiched with other articles, or has a false bottom;
(5) Where the cargo container (goods) delayed its arrival at or fails to enter the free trade zone as scheduled;
(6) Where the name of the goods entered into or released from a depot is inconsistent with that originally reported;
(7) Where any goods prohibited from entering the free trade zone are found;
(8) Where any goods in storage are found damaged as a result of flood, typhoon, fire or any other natural disaster;
(9) Where the inventoried quantity of any goods is inconsistent with the booked balance of the same goods;
(10) Where the labeling of origin of goods is found to be obviously inconsistent ;or
(11) Upon discovery of any other illegal, law-violating and/or extraordinary event.
Article 24-1
In conformity with the following requirements, where foreign container cargos, other than tobacco, alcohol and the agricultural, fisheries, and animal products of Mainland China which are not permitted for importation by the Ministry of Economic Affairs, are transported by a free-trade-zone enterprise, the enterprise may apply to Customs on a case-by- case basis for the exemption from opening the container to be entered and permission to store the container in its original condition in the outdoor storage facility of that enterprise:
1.The enterprise has been running business for one year or more.

2.Within one year before the application, the number of penalties imposed on the enterprise in accordance with the Act does not exceed three and the enterprise is not suspended from transporting and storing goods.
3.The whole containerized cargo has the same product name and a detailed list of the packing lists or the container contents is provided .
4.The operating area of a free-trade-zone enterprise is equipped with an outdoor storage facility and a surveillance system for 24-hour continuous video recording or dynamic motion detection video recording, which can be recorded and retained for at least 30 days.
5.Container shall be sealed with self-prepared seals or Customs seals during its storage in the place of the free-trade-zone enterprise.
6.The free-trade-zone enterprise shall record the container marks, numbers, seal numbers and storage spaces in the accounting books and take note of the entry and storage of the unopened original container.
7.The reporting procedures shall be completed at the container terminal before the container cargo is entered in and stored.
After storing goods in accordance with the preceding paragraph, if a free-trade-zone enterprise is found to make false, incorrect statement(s) in any report filed with the Customs or conduct smuggling, it shall not apply for exemption from opening the container to be entered within one year from the date that punishment is imposed.
The storage container as prescribed in Paragraph 1 shall not be opened during its storage. However, in the event of special circumstances, the free-trade-zone enterprise may, upon approval by Customs, open or replace the container and set up a book to keep the sealing and unsealing records under the precondition that the goods in the container do not enter or exit the free-trade-zone enterprise in partial shipment.
Article 25
A depot located within a free trade zone shall attend to the following control and management matters pursuant to Paragraph 3, Article 18 of the Act:
1. For any foreign goods which have been unloaded and stored at a Depot in a free trade zone, the Depot shall verify the import manifest, check and accept the goods, and confirm the storage position, and thereafter transmit such warehousing information to the Customs.
2. For any goods transported to a Depot in a free trade zone from a tax area, a bonded factory, a bonded Depot, or a logistics center, the Depot shall check and accept the goods, confirm the storage position, transmit the information supporting the entry of the export goods into the Depot, as well as receive the release notice from the Customs so as to facilitate the collection of the goods by the free-trade-zone enterprise.
3. For any goods which are transported to a Depot in a free trade zone from an export processing zone, a science park, an agriculture-based technology park, or any other free trade zone, the Depot shall check and accept the goods against the release notice issued by the Customs and shall make such goods available for collection by the free-trade-zone enterprise.
4. For any export goods of a free-trade-zone enterprise which have been transported to and stored at a Depot in that free trade zone, the Depot shall transmit to the Customs the information supporting the entry of the export goods into the Depot, and receive the release notice against which it may subsequently have such goods containerized (or palletized) and further loaded on board the shipping vessel (aircraft). In case that the goods must be shipped out of the free trade zone for export, a separate Container (Cargo) Note shall be issued, and the goods shall be sealed up before the same are released from the free trade zone.
5. For any goods which are transported by a free-trade-zone enterprise to another free trade zone, the Depot shall, after having checked and accepted the goods for storage, transmit to the Customs the warehousing information of the goods, and receive the Customs' issued release notice against which it may issue the Container (Cargo) Note and release the goods from the free trade zone. In the case that the goods must be sealed up, the sealing procedures shall be processed in accordance with the regulations of the Customs.
6. For any goods which are transported by a free-trade-zone enterprise to a tax area or a bonded area, the Depot shall, after having checked and accepted the goods for storage, transmit to the Customs the warehousing

information of such goods, and receive the Customs' issued release notice against which it may issue the shipping order and release the goods from the free trade zone. In the case that the goods must be sealed up, the sealing procedures shall be processed in accordance with the regulations of the Customs.
7. Any goods approved to be placed under the monthly consolidated declaration of a free-trade-zone enterprise may not be transported to and stored in a Depot located within the free trade zone.

Article 26

The security guard unit stationed at the gate of a free trade zone shall attend to the following matters related to the control and management of the goods pursuant to Paragraph 3, Article 18 of the Act:
1. For any sea cargo containers (goods) which are unloaded from the vessel or shipped into the free trade zone from other areas, the security guard unit at the gate of the free trade zone shall check and verify that the markings, numbers and seals of the cargo containers (goods) are consistent with those as indicated in the Container (Cargo) Note and the special permit or trans-shipment permit message issued by the Customs, and confirm the seals are intact, and may thereafter process the entry of such cargo containers (goods) into the free trade zone, and thereafter transmit the updated status of the containers to the Container Dynamic Status System.
2. For any air cargo containers (goods) which are unloaded from the aircraft or shipped into the free trade zone from other areas, the security guard unit at the gate of the free trade zone shall check and verify that the serial numbers of the Container (Cargo) Note and the serial mark of the transportation means of bonded goods, or of the dedicated fleet vehicles of the free trade zone are consistent with those as indicated in the special permit or the trans-shipment permit message issued by the Customs, and confirm that the seals affixed thereon are intact, and thereafter handle the entry of the cargo containers (goods) into the free trade zone.
3. For goods which are shipped to a free trade zone from a bonded warehouse or a logistics center, the security guard unit at the gate of the free trade zone shall check and verify that the serial mark of the transportation means of bonded goods, vehicles of the logistics center, or the dedicated fleet vehicles of the free trade zone are consistent with those indicated in the Container (Cargo) Note, and confirm that the seals affixed are intact, and may thereafter process the entry of the goods into the free trade zone.
4. For any goods which are completed customs clearance and release procedures shipped to a free trade zone from an export processing zone, a science park, an agriculture-based technology park or another free trade zone, the security guard unit at the gate of the free trade zone shall check and verify that the seal mark of the transportation means of bonded goods or the dedicated fleet vehicles of the free trade zone are consistent with those indicated in the Container (Cargo) Note, and confirm that the seals affixed are intact, and may thereafter process the entry of the goods into the free trade zone. For any goods in an export processing zone, a science park, or an agriculture-based technology park, the security guard unit at the gate shall check and verify the goods to be consistent with the Container (Cargo) Note and may thereafter process the entry of the goods into the free trade zone.
5. For any goods which are shipped to a free trade zone from a tax area, a private bonded warehouse or a bonded factory, the security guard unit at the gate shall check and verify the goods to be consistent with the Container (Cargo) Note and may thereafter process the entry of the goods into the free trade zone.
6. For any goods which are to be exported from a free trade zone by a shipping vessel (aircraft) outside the free trade zone, the security guard unit at the gate of the free trade zone shall check and verify the Container (Cargo) Note issued by the Depot in the free trade zone against the relevant release message before releasing such goods.
7. For any goods which are shipped from a free trade zone to another free trade zone, a bonded area, or a tax area, the security guard unit at the gate of the free trade zone shall check and verify the Container (Cargo) Note issued by the Depot in the free trade zone against the relevant release message before releasing such goods.

8. Where the goods of a free-trade-zone enterprise are transported out of and returned to the free trade zone as a result of undergoing an outsourced repair, the test, inspection, processing, and the transportation and return of the goods shall be processed pursuant to the provisions of Articles 5 and 7. Where the goods are transported out of and returned to the free trade zone due to other special causes, the security guard unit at the gate shall attend to the matters in accordance with the approval documents issued by the Customs.
9. For empty cargo container(s) going in or out of a free trade zone, the security guard unit at the gate of the free trade zone shall allow the entry and exit of the container(s) against the Container (Cargo) Note, and the empty container shall be opened by the shipper to facilitate the physical check conducted by the security guard.
10. Information concerning the status of incoming and outgoing cargo containers shall be recorded, on a real time basis, in the goods control system of the free trade zone by the security guard unit at the gate of the free trade zone and shall be made available for on-line verification by the Customs. The computer records and supporting documents shall be kept for one year.
11. Where the goods or machinery and equipment placed under the monthly consolidated declaration are in urgent need of being shipped out of the free trade zone for repair, the security guard unit at the gate of the free trade zone shall process the entry and release according to the Container (Cargo) Note. Where the said goods or machinery and equipment are shipped back to the gate of the free trade zone, and are selected for sampling inspection through the sampling mechanism, the security guard at the gate shall detain the said goods and inform the Customs to conduct the sampling inspection accordingly.
In order to facilitate the operations set forth in Subparagraph 11 of the preceding Paragraph, the management authority of a free trade zone shall provide the Customs with a proper location, equipment, and necessary computerized automatic data correlation, verification, and data sheet printing and transmission facilities for the use of by the Customs to carry out on-line inspection tasks so as to check and monitor the transportation and delivery operations related to such goods.
Article 27
When the Customs considers, with justifiable reasons, that an act violates this Act, or it is necessary to initiate an inspection into or investigation of any particular matter subject to its autonomous management, the Customs may dispatch customs officers from time to time to inspect (investigate) the goods and relevant documents, accounting books, receipts, corresponding letters, and computer files, whereas the party subject to such inspection/investigation shall cooperate with the investigation and shall provide necessary assistance. Where the circumstances require needs, the customs officers may take samples, product catalogs, and/or instruction books or manuals.
When carrying out the inspection/investigation task, the customs officers shall wear uniforms or show any credentials sufficient to justify their identification, and shall advise the parties subject to such inspection/ investigation of the same. The processes of such inspection/investigation conducted by the customs officers shall be recorded in writing, and the Customs shall have the written records to be reviewed by all related persons at the scene, and shall cause the same to be affixed with the signature or personal seal of one of such related persons and of one of the inspecting/investigating customs officers. Where the related persons are unable to or refuse to affix a signature or personal seal, the cause thereof shall be annotated in the written record. In the case of the inspection/investigation of the goods or sampling operation conducted by the Customs, Article 23 of the Customs Law shall apply mutatis mutandis.
Article 28
Customs clearance and administration of goods belonging to enterprises other than a free-trade-zone enterprise shall be governed by the relevant provisions set forth in the Customs Law.
Article 29
These Regulations shall come into force from the date of promulgation.