

Content

Title : The Regulations Governing Customs Clearance for Goods in Logistics Centers
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Content : Article 1 These regulations are enacted in accordance with paragraph 4 of Article 60 of the Customs Law.

Article 2 Customs clearance for the goods in logistics centers shall be governed by these regulations, unless otherwise provided in other laws and regulations.

Article 3 Logistics centers referred to these regulations shall mean the bonded location approved for registration by the Customs for engagement primarily in the business of warehousing, trans-shipment and distribution of bonded goods.

After obtaining approval from Customs, the logistics center is permitted to set up branches at different addresses. Apart from the capital, the branches should process registration, management and customs clearance, and set up independent accounts to control the entry and exit of goods, in accordance with the provisions of these regulations.

If necessary, reconditioning and simple processing may be conducted inside the logistics centers.

Article 4 Logistics centers are prohibited from storing the following articles:

1. Articles declared as contraband under Article 15 of the Customs Law.
2. Firearms, weapons, ammunitions, and explosive hazardous materials.
3. Narcotics and controlled substances.
4. Old vehicle parts, scrap iron, scrap metal, hazardous industrial wastes, pharmaceutical wastes, and other waste materials;
5. Goods placed under importation control;
6. Farm and fishery produce (regardless of whether the importer possesses a quota allocation certification) placed under customs quota restrictions;
7. Live animals;
8. Animal products, plants, and other products that have not passed epidemic control inspection;
9. The following articles unless duly authorized for importation by the respective competent authorities:
 - (1) Toxic chemical substances, chloro-fluorocarbons (HCFCs), and other controlled chemicals;
 - (2) Radioactive articles;
 - (3) Unauthorized specific strategic high tech articles;
 - (4) Articles likely to cause pollution or environmental pollution during the storage period;
 - (5) Body parts of or products from protected wildlife body parts; and
 - (6) Rough diamonds.
10. Other articles officially declared as unsuitable for storage by the Customs.

Article 5 Logistics centers applying for Customs registration approval should possess the following qualifications:

- 1.a limited-liability company with a paid-in capital of NT\$150 million or above. Where the applicant establishment is applying for approval for registration as a limited-liability company or a branch company, the minimum investment in the business capital of the logistics center should be at least NT\$150 million.
2. The facility should be located within the territory of an international harbor, international airport, export processing zone, science industrial park, or agricultural technology park; or a location adjacent to an international harbor or international airport; or at a location duly approved by Customs on a case-by-case basis;
3. The facility should have a space that is apparently segregated or isolated as well as equipped with an efficient security system and facilities or equipment to facilitate the processing of Customs procedures.
4. The applicant shall furnish the logistics center with computers and associated network facilities to undertake the processing of customs clearance, accounting affairs, cargo control, and other related operations by means of computer networks or electronic data transmission. Such equipment should be linked to the Customs computer network.
5. The facility should be equipped with a gate security system and use a computerized goods and vehicle entry and exit control system.
6. The applicant should remit the required guarantee deposit within the deadline herein prescribed.
7. Facility should conform with the conditions of autonomous management. In the matter of the "location adjacent to an international harbor or international airport; or at a location duly approved by Customs on a case-by-case basis" stated in Subparagraph 2 of the preceding paragraph, the applicant should apply for an inspection of the proposed premises of the facility by Customs prior to the establishment of such facility. Moreover, the applicant should have acquired the pertinent building usage permits from the competent authorities before filing such application.
A branch company of a foreign corporation may file its application for business registration as a logistics center with Customs under the provisions stated in the foregoing two paragraphs after the business capital requirement of NT\$150 million or above has been remitted and deposited into the company's local bank account.

Article 5-1 The logistics center with a paid-in capital of NT\$150 million or above, after obtaining approval from Customs, is permitted to set up two branches at different addresses. For each increment of paid-in capital of NT\$60 million, the business operator may set up one additional logistics center.

A subsidiary company which is located in a foreign country may file its application for business registration as a logistics center under the provisions as provided in the preceding paragraph.

Article 6 An applicant intending to establish a logistics center shall prepare and submit the following documents to the competent Customs Office for approval and registration. Registration certification shall be issued to applicant upon due Customs approval of its application:

1. Application form: The form shall state the name of the applicant; the business registration number of the enterprise, the business address, the full name, address, citizen's ID number, and telephone number of the responsible person; the address of the logistics center; and other necessary information.
2. The occupancy permits and the floor plans of the land and building structures of the logistics center, including the photocopies of the said documents and the pertinent authorization licenses of the respective competent authorities designating the building as suitable for use as warehousing purposes, as provided in Paragraph 2 of Article 5 hereof.
3. Checklist of equipment and a map showing the location of the equipment.
4. Where the applicant files an application for an outdoor storage facility for cargo containers under the provisions of Article 17-1, the said applicant should present a land storage space plan properly indicating the position and location of the storage spaces.

Article 7 All logistics centers shall provide a guarantee deposit to the Customs in the amount of NT\$20 million.

The guarantee deposit referred to in the preceding paragraph may be provided in accordance with Article 11 of The Rules Governing the Implementation of the Customs Law.

The Customs may deduct from the guarantee deposit all taxes due, penalty fines or other fees in arrears which a logistics center incurs.

In the case that the amount of the guarantee deposit specified under Paragraph 1 above is found to be inadequate and insufficient, it shall be replenished to the full amount before the incoming goods may be processed for storage.

Article 8 The registration certificate issued to logistics centers by the Customs shall be verified once every two years.

In the case that any changes are made to the entries in the company registration, the logistics center concerned shall file an application, attached with the photocopies of relevant evidentiary documents, for issue of a replacement certificate with the Customs within 15 days following the date of the alteration of the registration.

Any reduction in the paid-in capital or change in the address or the area of the logistics center shall be subject to approval by the Customs.

Article 9 For foreign goods awaiting processing to be stored in a logistics center, the logistics center shall declare to the Customs by way of on-line transmission to Customs computers; the incoming goods may be stored only after the declaration has been recorded on Customs computer files.

Where the goods originating from a bonded area at home are designated for storage in a logistics center, the logistics center and the operator in the bonded area shall jointly fill out an application and relevant forms and declare the goods to the supervisory Customs in the original bonded area. The goods may be stored in the logistics center only following completion of the customs clearance formalities.

Where the goods are from a taxed area, the logistics center shall fill out the form to be recorded in the computerized file without declaring to the Customs. The goods may be then stored following completion of the computerized registration.

Article 10 The following regulations shall govern the delivery of the goods of a logistics center to taxable zones and bonded zones:

1. Where goods are to be shipped to a taxable zone, the importer should fill out an application form and attach all necessary substantiating documents. The logistics center should declare the shipment with the Customs through the Customs online processing system before actual shipment, and shipment of the goods may be effected after the customs clearance procedure is completed. As for goods stored in a taxable zone and later sold and distributed in other taxable zones, the logistics center should fill out the necessary form and register the shipment with the Customs through the Customs online processing system. Goods may be shipped after registration; no customs declaration procedure is required under the circumstances.

2. Where goods are shipped to a bonded zone, the logistics center and the operator in the bonded zone should jointly fill out an application form and attach all necessary substantiating documents. The logistics center should declare the shipment with the Customs through the Customs online processing system before actual shipment, and shipment of the goods may be effected after the customs clearance procedure is completed and the official seals have been affixed. However, except for contraband goods, restricted goods as defined in Article 4 Paragraph 9 which may be stored in the warehouse upon the due authorization of the respective competent authorities, or goods that have been placed under limited storage period by Customs, no extra sealing shall be required for cargo stored in logistic centers located within an export processing zone or a science industrial park that are destined for delivery to business establishments located within the same processing or industrial zone. The same is true for such cargo as is stored in logistics centers located within the control zones of international harbors destined for delivery to warehouses located in other

ports but within the same control zones.

The internal cargo transfers between a logistics center and its branch logistics centers should comply with the conditions stated in Subparagraph 2 of the preceding paragraph.

Article 11 When exporting goods from logistics centers, the logistics center or the holder of the goods is required to file an application and declare it on-line to the Customs by the logistics center. Export is allowed only following completion of customs clearance. Once the goods are exported and duty offset or refund is desired, a certificate of export can be issued by the Customs upon which the process may begin.

Article 12 In the event of the rejection of a shipment of goods stored in the logistics center, the reason for rejection shall be filled out in the Remarks column of the application according to the following guidelines:

1. Where the goods are returned to the taxed area, Subparagraph 1 of Paragraph 1 of Article 10 shall govern before write-off of the goods from the account.

2. Where the goods are returned to the bonded area, Subparagraph 2 of Paragraph 1 of Article 10 shall govern before write-off of the goods from the account.

3. Where the goods are returned overseas, the preceding Article shall govern before write-off of the goods from the account.

Where cargo stored in the logistics centers has no more commercial value, the said cargo may, upon a written consent of the cargo owner and due approval of the Customs, be destroyed under Customs supervision; thereafter, such goods may be written off from accounts.

Where natural disasters, accidents or other reasons of force majeure shall cause a bonded cargo stored in the logistics center to suffer loss or damages thereby rendering cargo to lose its value, upon Customs verification and determination of such loss and reasons for such fact, the cargo may be approved for accounting write-off.

Where a discrepancy in quantity or amount is noted in a bonded cargo stored in a logistics center and such discrepancy is a result of the nature of the cargo, upon Customs verification of such fact, the cargo may be approved for accounting write-off.

Article 13 Where the goods shipped out from logistics centers are returned, the logistics center concerned shall, in accordance with Article 9 hereof, fill out the reason for rejection in the Remarks column.

Article 14 The operation of customs clearance at logistics centers shall be on a 24-hour basis. However the goods specified by Customs, unless otherwise approved in advance, shall be processed during Customs office hours.

Article 15 The operation of logistics centers shall be in the form of autonomous management and the items, scope, prerequisites and other matters to be observed thereof shall be carried out in accordance with related laws and regulations.

Article 16 The transport of goods from logistics centers to international harbors or airports and vice versa shall be conducted by the logistics center or carriers contracted by the logistics center. Any violations involving illegal activities or smuggling shall be dealt with according to the Customs Preventive Law under which both the logistics center and the carrier shall be jointly held accountable.

Article 17 (Delete)

Article 17-1 Under one of the following circumstances, a customs permit designating cargo as "unopened container for warehouse delivery" should be obtained for goods for delivery and storage into a logistics center. The security and management of cargo contained in its original container stored in the outdoor storage facilities of a logistics center shall remain under the responsibility of the such logistics center. Where circumstances

require, Customs may conduct a sampling inspection of the cargo.

1. The containerized cargo has the same product name and uniform packaging, and a detailed list of the container contents is submitted to Customs for inspection and approval.

2. The package is overweight, oversized, or in other such condition that the package could not be delivered to the warehouse.

Where cargo has been issued a customs permit for "container for warehouse delivery as is" under the preceding paragraph, the permit shall apply to all subsequent cargo providing that the container contents have the same product name; the applicant need not file a separate application per shipment.

The "outdoor storage facility", as prescribed in Paragraph 1 should be adjoined to the registered building to the registered building structures of logistics centers; moreover, facility should meet the requirements stated in Article 6 hereof.

Where a shortfall in quantity or a surplus is noted in a container that is officially designated as "container for warehouse delivery as is", as prescribed in Paragraph 1, the cargo should be declared pursuant to Article 18 of The General Rules Governing the Examination of Imports and Exports. No application for late cargo declaration shall be honored under the circumstances.

Article 18 With the exception of goods specified by Customs to have a storage time limit, the duration of the storage of the goods in logistics centers shall not be subject to any deadline. However, in the case of any goods that have been in storage for more than 2 years, the logistics center concerned shall keep related books on file properly and make the printouts available upon request by the Customs.

For goods with a storage time limit as regulated by Customs, on the transfer of such goods, which are stored in a logistics center, to the another bonded area upon approval by Customs, the duration of the storage time shall be counted as commencing from the date when they first entered the logistics center, and on the transfer of such goods, which are stored in the bonded warehouse, to a logistics center upon approval by Customs, the duration of the storage time shall be counted as commencing from the date when they first entered the bonded warehouse.

In the case of goods in the preceding paragraph for which no application has been made for import or return abroad within the time limit for storage, on the day after the time limit expires, such goods will be processed in accordance with Article 73 and Article 96 of the Customs Law. The goods in storage abandoned with a hardcopy statement jointly filed to the Customs by the logistics center and the owner of the goods will be processed in accordance with Article 96 of the Customs Law.

Article 19 All logistics centers shall take a regular inventory at least once a year. In the case that a shortage is found to exist, a supplementary report shall be filed to indicate so and, by law, close the case after taxes have been levied or exempted. Where there is a surplus after the inventory, a supplementary application is required which shall be entered into the book after verification by the Customs.

Article 20 Exempt from the rules specified under Articles 9 and 10 of these regulations hereof, incoming and outgoing bonded goods between the logistics center and the operator in the bonded area may be filed with the Customs for approval for submission in the monthly report. Nevertheless, the logistics center shall instantly register on the computerized system against related documents before entering the goods into the logistics center or releasing the goods from the logistics center, and shall, before the 15th day of the following month, file a consolidated application with the Customs for cancellation.

Article 21 Any attrition of goods resulting from reconditioning and simple processing at the logistics center may, subject to verification by the Customs, be approved for write-off. Any waste thus generated that needs to be imported may, by law, be levied or exempted from taxes provided that the value of the waste falls under the bonded category or taxes have not been

paid. Where the waste is of no value, it may be destroyed under the supervision of the Customs.

Article 22 The customs office under whose jurisdiction a particular logistics center belongs may assign a customs inspector to conduct regular and unscheduled audit inspections of the said logistics center.

In view of the requirements of said regular and unscheduled customs audit inspection, a logistics center is obliged to provide, free of charge, a goods inspection area, office space, and other necessary tools, equipment and manpower that the customs inspector may employ during the audit inspection procedure.

Where cargo stored in a logistics center is contained in one entire container, a detailed container cargo list should be submitted to Customs for evaluation and approval.

Article 23 The delivery of the cargo of a logistics center to taxable zones or bonded zones for testing, inspection, reconditioning, or simple processing purposes is subject to Customs approval, and, thereafter, the details of the information of the cargo should be entered into the computerized account journal. Once the goods have been returned to the logistics center, the pertinent journal entry should be deleted from the computerized account journal.

The goods referred to in the preceding paragraph should not fall under any importation control or restriction. Moreover, upon the return of such goods to the logistics center, the inspector should be able to identify the original condition of the goods.

The taxable zone or bonded zone factory contracted to process such goods should be a duly registered factory; moreover, the items approved for production in the registration license should be consistent with the contracted processing work. As for the storage of such goods, the processing factory should store the goods in a special storage area. A registration log should be placed in the area to record the entry, withdrawal, and inventory of bonded goods for inspection and verification purposes.

Except for circumstances where special testing or inspection conditions exist, the customs declaration, customs clearance, and cancellation of the computerized account journal entry of the goods referred to in Paragraph 1 may be processed through the customs online processing system upon due customs authorization, and, in which case, the goods need not to be returned to the logistics center. Otherwise, all such goods are to be returned to the logistics center within three months. Where an extension of the return deadline is necessary, an application for such extension may be processed. The deadline may be extended only once and the maximum period of temporary removal from the logistics center is six months .

All raw materials added to the goods during consolidation or simple processing are not subject to any tax refund, however, an application for deletion of the journal entry of such materials may be filed with Customs.

Article 23-1 Where a bonded cargo is shipped from the logistics center to a destination outside a duty-free or bonded zone for exhibit purposes, the cargo should be declared for the Customs approval. Moreover, a duty guarantee bond should be submitted, and, thereafter, the details of the information of the cargo should be entered into the computerized account journal. Once the goods have been returned to the logistics center, the pertinent journal entry should be deleted from the computerized account journal.

The aforesaid cargo are to be returned to the logistics center within three months. Where an extension of the return deadline is necessary, an application for such extension may be processed. The deadline may be extended only once and the maximum period of temporary removal from the logistics center is six months .

Article 24 In the event that any logistics center is found to have any of the following instances, Customs, in accordance with Article 90 of the Customs Law, may warn and request such a firm to rectify its behavior within a given time limit or impose a fine of NT\$6,000 to NT\$30,000. The

fine may be imposed consecutively. Where a consecutive fine for three times has been imposed and no rectification is completed, a suspension of bonded goods storage privileges for a period of less than six months may be adopted, or its registration may be repealed.

1. Violation of Article 4 hereof for storage of incoming goods.
2. Violation of Subparagraphs 3, 4 and 5 of Paragraph 1 of Article 5 hereof.
3. Failure to store goods in accordance with Paragraphs 1 and 2 of Article 9 hereof.
4. Violation of provisions in Article 15 hereof regarding autonomous management.
5. Violation of Article 17 hereof for failure to carry out computerized processing and linking with the Customs computer system.

Article 25 In the event that any logistics center is found to have any of the following instances, Customs, in accordance with Article 90 of the Customs Law, may warn and request such a firm to rectify its behavior within a given time limit or impose a fine of NT\$6,000 to NT\$30,000. The fine may be imposed consecutively. Where a consecutive fine has been imposed for three times and no rectification is completed, a suspension of bonded goods storage privileges for a period of less than three months may be adopted.

1. Failure to file any changes in the company registration of the logistics center in accordance with Article 8 hereof.
2. Failure to transport goods by the logistics center itself or its contracted carriers in accordance with Article 16 hereof.
3. Failure to attend to its security and management responsibilities in regard to the cargo container (goods) placed in its outdoor storage facility as required in Article 17-1.
4. Failure to make printouts in accordance with Article 18 hereof.
5. Failure to process inventory and related matters in accordance with Article 19 hereof.
6. Failure to provide an inspection site for goods, office space and necessary equipment in accordance with Paragraphs 2 and 3 of Article 22 hereof.
7. Failure to transport back the goods that were shipped out for inspection, testing, reconditioning, or simple processing before the deadline in accordance with Article 23 hereof.

Article 26 Logistics centers which fail to abide by Article 10, Article 11, and Paragraph 1 of Article 12 hereof in completing clearance procedures before the exit of goods from the warehouse, may be imposed a fine of between NT\$6,000 to NT\$30,000 by Customs in accordance with Article 90 of the Customs Law.

Article 27 In the event that any logistics center fails to operate by the computerized system or fails to file the consolidated declaration by the 15th of the following month in accordance with Article 20 hereof, the Customs, in accordance with Article 90 of the Customs Law, may warn and request such a firm to rectify its behavior within a given time limit or impose a fine of NT\$6,000 to NT\$30,000. The fine may be imposed consecutively. Where a consecutive fine has been imposed for three times and no rectification is completed, a suspension of monthly filing privileges for a period of less than six months may be adopted.

Article 28 Should a logistics center be guilty of illicit transportation or evasion of taxation, such matter will be dealt with in accordance with the Customs Preventive Law and other relevant laws.

Article 29 In the event that any logistics center is found to have any of the following instances, Customs may prohibit its entry of bonded goods or repeal its registration:

1. Failure to meet the requirements in Subparagraphs 1 or 7 of Paragraph 1 of Article 5 hereof.
2. Operations have terminated.
3. A bad financial record, already having debt that cannot be cleared off.

Article 30 The forms that logistics centers are required to fill out and the guiding rules for customs clearance shall be formulated and announced by the Customs.

Article 31 Supervision in regard to entry of unapproved goods to logistics centers from Mainland China will be regulated by the Customs in accordance with The Regulations Governing Permission of Trade between the Taiwan Area and the Mainland Area.

Article 32 These regulations shall become effective upon promulgation.

NOTE

Where there are discrepancies between the English and Chinese versions of these Regulations, the latter shall prevail.

Data Source : Ministry of Finance, R.O.C. Laws and Regulations Retrieving System