

Circular From NORTH**Date: 26 June 2017****China: Tax Cut May Lead to Requests for Delay**

The Ministry of Finance and State Administration of Taxation has issued a circular in which they will reduce Value-Added Tax (VAT) on the sale and import of a number of products from 13% to 11% with effect from 1 July 2017.

The VAT reduction applies to the sale and import of agricultural products, which include grain cargoes such as soya beans.

Other products where the VAT reduction applies are: liquefied petroleum gas, natural gas, edible vegetable oil, coal gas, coal products used by residents, edible salt, agricultural machinery, feed, pesticide, agricultural film, fertilizer, biogas, dimethyl ether, books, newspaper, magazines, audio and video products, and e-publications.

In light of the forthcoming VAT reduction, ship owners may be asked to postpone cargo delivery to beyond the 1 July deadline. This may result in cargoes remaining on board longer than anticipated, delays due to port congestion and cargo quality/damage allegations.

The Club is therefore recommending that Members work closely with shippers/charterers and local port agents so as to avoid any potential problems.

Source of Information: North of England P&I Club