

New China Tax Law to Benefit Shanghai Richina Leather, Ltd.

Beijing, China, March 13: The Chinese Ministry of Commerce, Ministry of Environmental Protection, and General Administration of Customs jointly announced a trade policy adjustment regarding the production and exportation of finished leather.

Under HTS: 4104-4106, the new China tax law states that importation of wet blue which is subsequently converted into finished leather and exported, the new export bovine tax (shoe and auto leather) will be reduced effectively from 22% (Duty and VAT) to 3.85% (VAT only). The new ovine tax (garment leather) will be reduced effectively from 33% (Duty and VAT) to 3.85% (VAT only). Both rulings are effective March 13, 2009.

Shanghai Richina Leather, Ltd. (SRL) owns and operates a leather complex outside of Shanghai, China, and produces premium automotive, garment, footwear and accessories leathers. This new tax law will benefit SRL and its export finished leather garment, footwear and auto customers in Korea, Vietnam, Japan, and other markets outside China.

According to Kerry Brozyna, General Manager of SRL's footwear leather operations, "this is very powerful tax change that will help SRL to better support our key customers in Vietnam and Indonesia, and to further grow our export business." Felix Lu, General Manager of SRL's automotive leather group said, "this export tax reduction validates a 'hub and spoke' sourcing strategy, and is positive news for us and our strategic partners."

The new tax law goes into effect March 13, 2009. For further information, contact the China Leather Industries Association or the China Ministry of Commerce.