

Case -Exemption of Exempt from import duties, import value-added tax and consumption tax on raw and auxiliary materials imported for production

Case 1: A certain airline company registered in Hainan Free Trade Port with independent legal status (with its main operating base in Hainan) needs to import aircraft landing gear (within the scope of listed goods, 8-digit tariff number: 8807.2000, according to the Customs Import and Export Tariff of the People's Republic of China (2022), the combined import tax rate is 14.13%) for routine maintenance. Assuming the dutiable price of the landing gear is 20 million RMB, the enterprise would need to pay import taxes of $20 \text{ million} \times 14.13\% = 2.826 \text{ million RMB}$. By enjoying the "zero-tariff" policy for raw and auxiliary materials, the enterprise would need to pay 0 RMB in import taxes.

Case 2: On September 30, 2022, the first aircraft engine imported under the Hainan Free Trade Port's "zero-tariff" policy for raw and auxiliary materials completed customs clearance smoothly under the guidance of the business at Haikou Meilan Airport Customs and Yecheng Customs. The value of the benefited goods is nearly 90 million RMB, and the duty-free is more than 10 million RMB. The engine is specially used for the maintenance of Boeing 787 aircraft. The aviation maintenance industry is an important feature of the construction of Hainan Free Trade Port. "zero tariff" for raw and auxiliary materials, and other preferential tax policies of the FTIP is conducive to promoting the development of the aviation industry, to help Hainan serve as a center for the global aviation maintenance industry, and to enhance the development of service and trade in Hainan's FTIP and enhance the level of service trade development in Hainan's free trade port.