

# Analysis of the Influence of the New Policy of Postal Tax on Overseas Shopping

**Xiu-ling Wu**

Dongfang College, Shandong University of Finance and Economics, Taian China.

E-mail:wxling2005@163.com

**Abstract.** The new policy of postal tax has been implemented in China since April 8, 2016. The new deal has the greatest impact on cross-border E-commerce. Meanwhile, it will also affect the cost of shopping by overseas buyers. The cost will inevitably affect people's choice of the way of shopping. From the theoretical and empirical aspects, this paper analyzes the changes of people's shopping way after the new postal tax policy. Some suggestions are put forward to save money on how to buy foreign goods.

## 1. Introduction

Since April 8, 2016, China has implemented the tax policy on the retail import of e-commerce in cross-border commerce, and adjusted the policy of postal tax at the same time, which is the new policy of postal tax. The implementation of the new deal has the greatest impact on cross-border electricity providers. Secondly, the cost of overseas buyers and carrying goods into the territory of the country will also change accordingly. The change of shopping cost will inevitably affect the choice of shopping ways. Under this background, it is of practical significance to study the changes in the way of shopping for foreign goods.

## 2. Review of Literature

The research on the new policy of postal tax is mainly focused on the impact of the influence of the new deal on cross-border E-commerce. Xing Yun (2016) and Mao Liping (2016) studied how to spend less money to buy foreign goods. Xing Yun (2016) take the purchase of milk powder and cosmetics for example, compared with the cost of shopping through cross-border e-commerce and shopping by overseas buyers, a person who buys foreign goods should choose a suitable shopping method according to the different shopping prices. Mao Liping (2016) points out that not all the cost of shopping of the commodities are rising, and they should choose the way of shopping according to the kind and price of the shopping.

## 3. Content of the New Policy of Postal Tax

There are two main contents in the new policy of postal tax: firstly, the policy of postal tax on cross-border e-commerce has been adjusted; the second content of the reform is the change in the tax rate and grade of the postal tax.

### *3.1 the adjustment of the tax policy of cross-border E-commerce*

Before the implementation of the new postal tax policy, China's tax collection for cross-border e-commerce retail sales is generally lower than that of the general enterprises, and it can also be exempted if the payment amount of postal tax is below RMB 50 yuan (including 50 yuan). After the



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implementation of the new deal, the postal tax will no longer be implemented. All goods imported through cross-border e-commerce will be charged with tariffs, value added tax, and consumer taxes.

### 3.2 A new tax rate form for postal tax

Another content of the new deal is to change the original tax rate and grade, as shown in table 1. The tax items are simplified to 3 (15%, 30%, 60%) from 4 files (10%, 20%, 30%, 50% respectively). Compared with the previous tax reform, the overall rate of tax rate has increased.

Table 1: The tax rate table on the postal tax

before tax reform			after tax reform		
Tax item	category of applicable goods	tax rate	tax item	Category of applicable goods	tax rate
1	food, beverages, books, films, audio and video tapes, gold and silver products, computers, video recorders, cameras and other information products	10%	1	newspapers, magazines, educational video materials, computers, video camcorders, digital cameras and other information technology products; food, beverages, gold and silver, furniture, toys, game products, festivals or other entertainment products.	15%
2	textiles, television cameras, other electrical appliances, bicycles, watches, watches accessories	20%	2	sporting goods (excluding Golf and ball games), fishing supplies, textiles and finished products, TV cameras and other electrical appliances, bicycles, other commodities not included in tax items 1 and 3.	30%
3	golf and balls, fancy watches, etc	30%	3	smoke, wine, precious jewellery and jewel; golf and ball tools; top grade watches; cosmetics	60%
4	smoke, wine, cosmetics	50%			

Originally, the applicable tax rate of 10% tax items, now increased to 15%, such as a bag and publications and all kinds of printing products, camera, food and beverage, furniture and so on; the original applicable tax rate of 20%, now up to 30%, such as textiles and manufactured goods, cameras and so on; the remaining two grade 30% and 50% tax items, some up to 60%.

But the tax rates of some commodity have decreased. The tax rate of cosmetics is 50% before. The new rule makes the tax rate of the colour makeup increase to 60%, such as lipstick, eye shadow, mascara and so on, but the rates of skin care products such as face cream, face cream, eye cream and toner are reduced to 30%.

## 4. The influence of the new policy of postal tax on the different shopping ways to buy foreign goods

### 4.1 the influence of the new policy of postal tax on cross-border E-commerce

According to the regulations, there is no exemption from the purchase of goods through cross-border e-commerce, and at least a tax of 11.9% ( $17\% \times 70\%$ ) shall be paid at the limit of 2000 yuan. For example, the purchase of milk powder, before the implementation of the new deal, the purchase of 500 yuan of milk powder, enjoy 50 yuan tax exemption of the amount of tax. After the implementation of the administration, the purchase of the same value of milk powder needs to be paid  $500 \times 11.9\% = 59.5$  value added tax, and the tariff is exempted from exemptions. The new deal has a great impact on the original purchase of mother and baby, food, health care products and daily necessities, because it no longer enjoy the tax exemption.

After the new deal, when consumers buy overseas products, compared with the new deal, the tax rate of some commodities the has risen, and the And some of the goods have been reduced. Rational

consumers should choose the way of purchase according to the types and prices of the goods purchased.

#### 4.2 The influence of the new policy of postal tax on overseas buyers

After the implementation of the new deal, buying goods through overseas buyers still perform postal tax policy, taxes below 50 yuan are exempt from tax, but the postal tax items from 4 files (corresponding to the rate of 10% respectively, 20%, 30%, 50%) is simplified into 3 files (15%, 30%, 60%), the overall rate has risen compared with the previous.

Take milk powder as an example, before the tax reform, 500 yuan of milk powder is purchased, enjoying 50 yuan tax allowance. After tax reform, the milk powder purchased for 333 yuan is entitled to 50 yuan tax exemption due to the increase of tax rate. The purchase of milk powder with a value of more than 333 yuan is required to pay 15% of the postal tax. The cost of shopping abroad is increasing.

### 5. The empirical analysis

The new policy of postal tax has increased the cost of buying foreign products. What kind of changes has taken place in the shopping behavior of the people buying foreign goods? This part is explained by the questionnaire and the change of transaction volume of cross-border electricity providers and overseas buyers.

#### 5.1 A questionnaire survey and analysis of people buying foreign goods

After the new policy was implemented, a questionnaire was conducted on the changes in the way of purchasing foreign goods. The specific mode is carried out in the form of mobile WeChat and QQ; the questionnaire is designed as a single selection and a multi topic selection, and the following chart is formed through data sorting:

The survey received a total of 197 valid questionnaires, the specific situation is: the majority of women participating in the survey, which accounted for 70% of investigation number, indicating that most foreign purchases are women; 46% of respondents occasionally buy foreign goods, 14% of the respondents often buy foreign goods; survey shows that people generally do not understand the parcel tax deal, only 5% of the respondents understand the new policy of postal tax.

The main way for people to buy foreign goods is the purchase of overseas buyers, secondly, through the purchase of cross-border E-commerce; the most overseas shopping products are cosmetics, followed by food; people's overseas shopping is most concerned about the quality of overseas products, followed by the prices of overseas products.

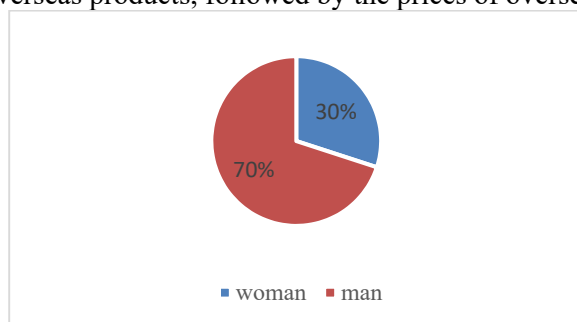
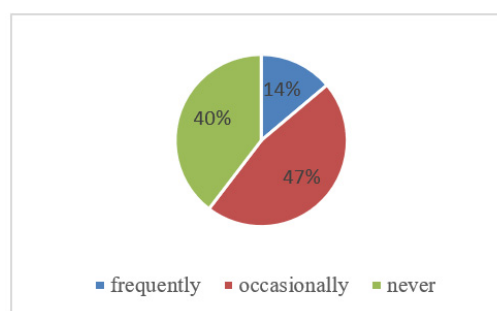
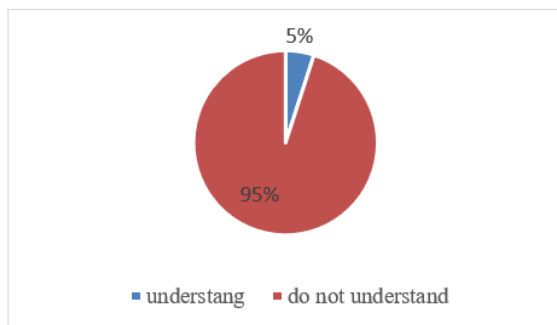


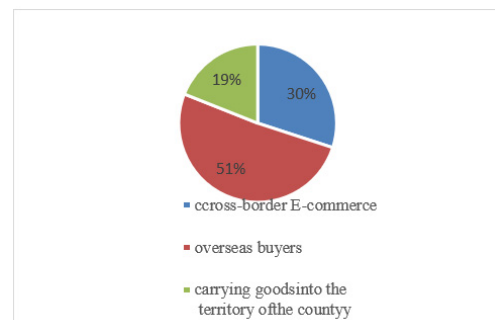
Chart 1: the sex of the participant



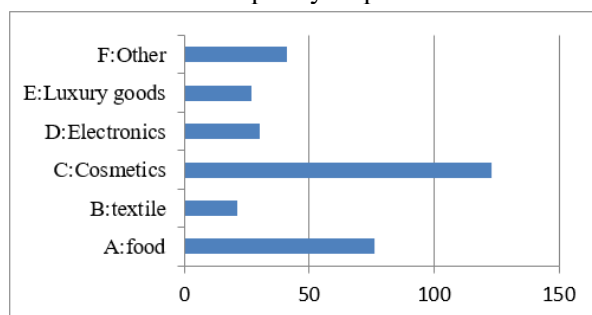
Char2:The frequency of overseas shopping



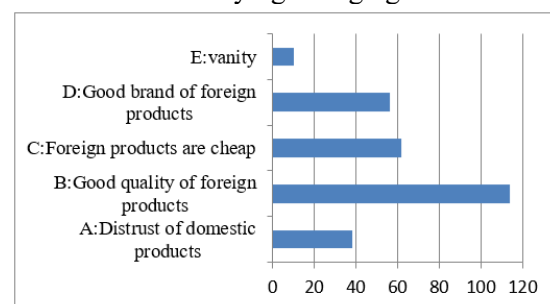
Char 3: People's understanding of the new policy of postal tax



Char 4: The choice of shopping methods for buying foreign goods



Char5: Kinds of goods for overseas shopping  
Unit: human



Char6: The reason for the purchase of foreign goods  
Unit: human

### 5.2 Transaction of cross-border E-commerce

Since 2008, the absolute number of cross-border e-commerce transactions has been increasing. The scale of transactions in 2008 is only 800 billion yuan, and in 2016 it reached 6 trillion and 300 billion yuan, an increase of 6.9 times. From the annual growth rate, there is a trend of twists and turns. In 2010, the growth rate reached the highest value of 44.4%, and then showed a downward trend. It decreased to 27.8% in 2012 and increased in 2013. After that, it showed a downward trend. According to the relevant prediction, the growth rate dropped to 19% in 2017. As shown in chart 7:

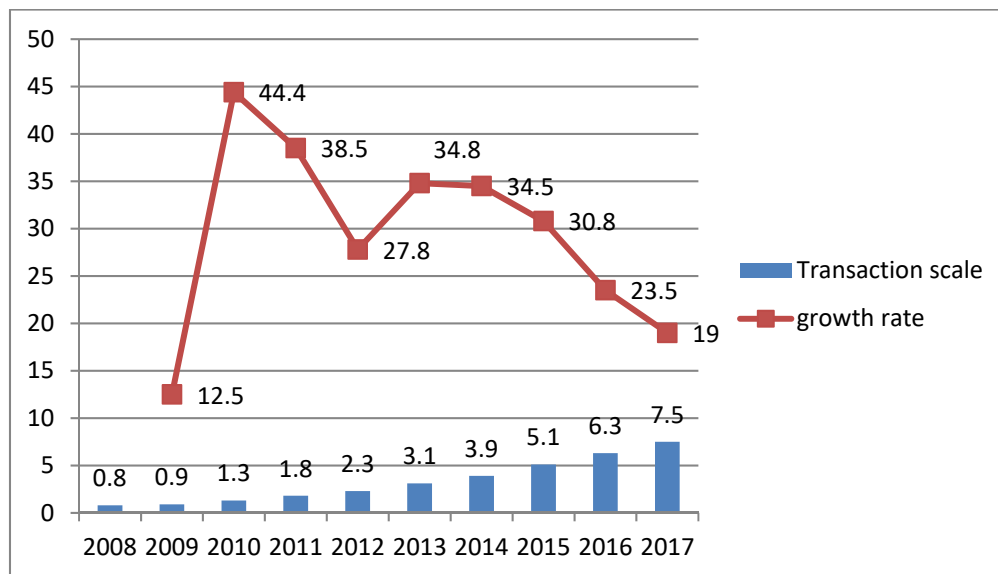
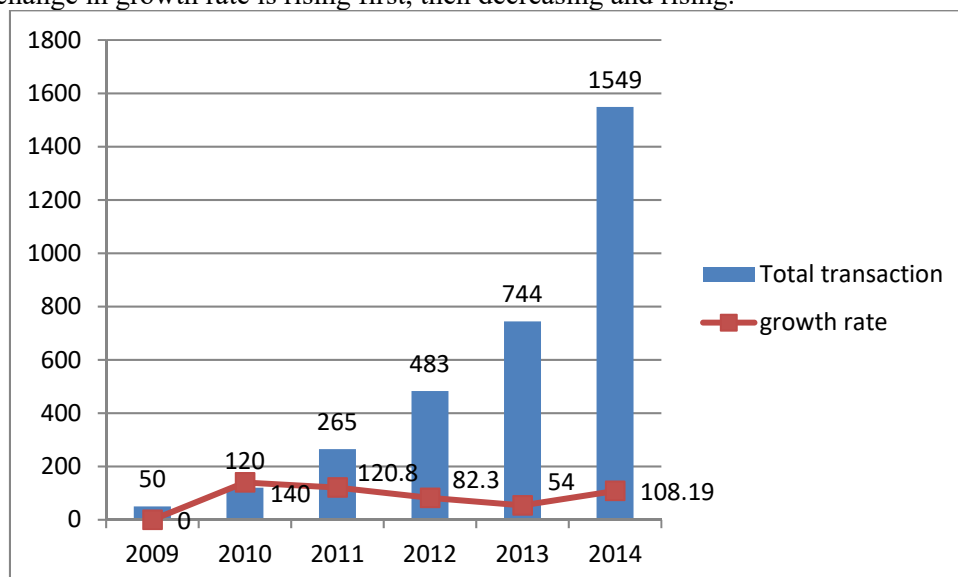


Chart 7: transaction size of cross-border E-commerce Unit: trillion ,%

### 5.3 overseas buyers

In recent years, the absolute number of overseas buyers is increasing. The scale of transactions is only 5 billion yuan in 2009, and it reached 154 billion 900 million yuan in 2014, an increase of nearly 30 times. The change in growth rate is rising first, then decreasing and rising.



Char 8: the size of the transaction Unit: billion yuan, %

## 6. The conclusions

Through the analysis of the data, the number of consumers buying goods through cross-border e-commerce after the new policy of postal tax has not been significantly reduced. The absolute number of the number of consumers and the number of shopping is still on the rise, and the growth rate has declined. This shows that after the new tax policy, the price advantage of purchasing goods through cross-border electricity providers is still obvious. Although some of the price sensitive consumers will respond, the overall price competitiveness of cross-border e-commerce providers has not changed. According to the questionnaire, consumers purchase 50% of goods by overseas buyers. The reason is

that they are relatively convenient, and acquaintances effect.

## 7. Corresponding Suggestions

After the new policy of postal tax, rational consumers need to compare and analyze the types and prices of shopping goods to buy foreign goods.

### *7.1 It will spend less money by the way of buying goods though overseas buyers in the tax exemption limit.*

After the implementation of the new deal, buying goods though overseas buyers can still be charged according to the postal tax, and the tax amount will continue to be exempted within 50 yuan. However, cross border e-commerce can't enjoy the tax exemption of 50 yuan tax. According to the classification of postal tax, the purchase amount of the 15% tax rate is not more than 333 yuan for the enjoyment of tax exemption. The purchase amount of the 30% tax rate is not more than 167 yuan for the enjoyment of tax exemption; for goods with a tax rate of 60%, the amount of goods is not more than 83 yuan for the enjoyment of tax exemption. It will spend less money by the way of buying goods though overseas buyers in the tax exemption limit.

### *7.2 It is necessary to make a comparative analysis to determine the way for shopping to exceed the tax exemption limit.*

Assuming the purchase of 1000 yuan of milk powder, the tax through the way of buying goods though overseas buyers is 150 yuan, And through cross-border electricity retail import, we need to pay 17% VAT, the tariff rate is 0, the comprehensive tax rate can also be thirty percent off, that is, the actual tax rate is 11.9%, the tax paid is 119 yuan, which is 31 yuan less than buying goods though overseas buyers, which will spend less money through cross-border electricity providers.

If you buy milk powder with a total amount of 3000 yuan, which has exceeded 2000 yuan, the tax rate is 17% through cross-border electricity providers; if by way of buying goods for others abroad, parcel tax rate is 15%. Obviously, a single purchase of milk powder more than 2000 yuan, which will spend less money through the way of buying goods for others abroad. Other cases are shown in Table 3.

## Acknowledgements

This is a phase achievement of the Research on Hai Tao's Behavior Choice Under the New Policy of Postal Tax(2016006) , which is a subsidized project of Dongfang College, Shandong finance and economics university.

## Author

Xiu-ling Wu, Lecturer of Dongfang College, Shandong University of Finance and Economics,

Master.Scientific interest: Finance and taxation

E-mail: wxling2005@163.com.Tel: 13969173511

Address: Finance and financial department of Dongfang College, Shandong University of Finance and Economic Zhengyang Road , Taian, Shandong , China

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