

FINANCIAL SERVICES

Safety Tax Free offers mobile refund solution following Chinese consumers' trips abroad

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Image courtesy of Safety Tax Free

By JEN KING

Chinese consumers prefer to shop abroad for the experience and to avoid high prices at home, but the tax refund system upon returning to China can be complicated and time consuming.

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When goods are purchased in markets such as the Europe and the United States, Chinese consumers must claim the items when returning from their time abroad. Safety Tax Free, a new mobile application based out of Beijing and Munich, is looking to simplify the tax refund system to ensure that every traveler's refund request is filled out properly to yield the best returns.

"The Safety Tax Free app will drastically simplify the tax refund process and make traveling stress free," said Fabio Pullara, marketing and business development at Safety Tax Free, Munich. "Many Chinese travelers enjoy shopping abroad, especially in Europe and the U.S., since they trust and love foreign brands and know that they can benefit from up to 19 percent of VAT refund.

"The founder worked as a part-time tour guide in Germany during his studies and once filled out the complicated forms for the tourists of his group at the airport," he said. "Because he mixed up the passport numbers and the names, he accidentally made all tax refund forms invalid and the members of whole group could not get their refund.

"This experience made him sit down with his peers and think about a better way to get this process done. The whole idea behind it is to make traveling relaxing without the stress of filling out each form, getting to the airport early or queueing to obtain the cash refund. Everything is managed by a simple app which reduces effort at the point of sale, avoids queueing at the airport and transfers the refund directly to their Union Pay or WeChat Wallet account."

Refund ease

The worldwide tax-free shopping market is valued at \$50 billion euros, or \$53 billion at current exchange rates. Of

this amount, \$20 billion euros, or \$21 billion, is spent by Chinese travelers.

Of the 120 million outbound trips from China, 10 million journeys were to the European Union. Once in the E.U., the average Chinese consumer spends approximately 2,400 euros, or \$2,500, during a single trip.

With these numbers expected to increase by 20 percent by 2025, a huge amount of Chinese consumers will be filing for tax refunds upon returning from the EU and elsewhere.

Inspired by a personal mishap, the Safety Tax Free app aims to simplify the process to ensure that Chinese travelers receive the correct tax refund amount despite not having enough time at the airport to hand in the complete forms.

With 30 percent of tax refunds not being filed correctly, Safety Tax Free hopes to remedy a complicated and time-consuming process. Also, high fees are associated with a cash refund, a deterrent for many consumers.

The process using Safety Tax Free as a refund solution requires consumers to download the app and register their passport information. While on a trip abroad, their tour guide will provide a personalized Safety Tax Free-branded refund form that retailers will sign and stamp at the point of sale.



Safety Tax Free app displays

On their way home, consumers will present the form to the custom office to receive a stamp and have it mailed out via express mail. Safety Tax Free handles all financial interactions with the tax authority as to not burden the user, who is updated on the status via app notifications.

Once processed, the consumer uses Safety Tax Free to unlock the refund sum and transfer the payout amount using mobile payment solutions such as Alipay, Union Pay or WeChat Pay in one to 3 days. By transferring refunds in this way, consumers can avoid the high fees that come along with a cash refund.

Safety Tax Free is affiliated with approximately 7,000 Chinese tour guides to ensure brands benefit through targeted marketing. Tour guides will then direct shoppers to bricks-and-mortar stores that carry the Safety Tax Free form.

The app also features an integrated map that participating brands can leverage by pushing sales promotions and special offers.



易退税支持店家

Safety Tax Free map of Germany

Safety Tax Free is available for **iPhone** and **Android** users from their respective app stores.

Marketing potential with the platform includes branded content on the Safety Tax Free official WeChat account and sales promotions pushed by Union Pay. Safety Tax Free can also create customized content for its partners such as scannable QR codes.

Currently, Safety Tax Free has partnerships with Germany's family-owned Wellendorff Jewelry and high-end Munich department store Lodenfrey, which carries designer fashions such as Etro, Gucci, Marni, La Perla, Kenzo and Tod's among many others.

Safety Tax Free opens a Spanish office next month and has future plans to expand its local footprint to Italy and France in the fourth quarter of 2017. Doing so will help Safety Tax Free reach Chinese consumers at their favorite European destinations.

Mobile payment solutions

China's outbound luxury travelers spend \$65,000 per household on tourism per year, including \$34,000 on travel shopping, according to a 2016 study from the Hurun Research Institute and Marriott International.

Chinese outbound tourists have long been a high-priority group for luxury brands, but the demands and habits of younger travelers are changing quickly. The digital natives aged between 18 and 36 years old want a more personalized experience, including superior guest services and smart device integration ([see story](#)).

For example, LVMH-owned travel retailer DFS Group furthered its partnership with Ant Financial's Alipay by giving exclusive promotions to customers checking out with the mobile payment method.

A series of activations at DFS stores in December 2016 for Alipay's annual 12.12 shopping holiday allowed customers to access offers such as a 10 percent discount or coupons. For shoppers who had not yet adopted Alipay, this promotion provided prime incentive to start ([see story](#)).

"[Safety Tax Free] will not only benefit tourists, but also retailers. Due to language barriers, cultural differences and different shopping habits, Chinese tourists are one of the hardest segment to target for retailers," Mr. Pullara said. "Each partner store present on the Safety Tax Free app will have regular articles published on our WeChat official account.

"Furthermore, our tax refund terminals, those used to print our personalized tax refund forms, also contain push notifications, making it possible for the retailer to set Chinese messages and send them to all of our app users in the closer environment via bluetooth," he said. "These messages could be additional infos about the store, infos about new products or seasonal offers or even individualized coupons. The app makes the refund process easier for retailers alike as it eliminates the need to fill in forms by hand.

"Our process has reduced both time and costs, therefore apart from providing higher refund rates to the tourist, we are also able to provide retailers a kick-back on each refund. We have basically made it easier for retailers and customers to come together."

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