Measures on the Administration of Invoices of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Measures are formulated in accordance with the Law of the People's Republic of China on the Administration of Tax Collection for the purpose of strengthening the administration of invoices and the supervision of financial affairs, and safeguarding the order of the State tax collection.

Article 2 — Units and individuals that print, obtain, issue, use or keep invoices within the territory of the People's Republic of China shall comply with these Measures.

Article 3 — The term "invoices" as used in these Measures refers to receipts and payment vouchers issued or received in the course of the purchase or sale of goods, the provision or acceptance of services, or other business activities.

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Article 4 — The tax authorities under the State Council shall be uniformly responsible for the administration of invoices throughout the country. The tax authorities of provinces, autonomous regions and municipalities directly under the Central Government shall, in accordance with their respective functions and duties, be jointly responsible for the administration of invoices within their respective administrative regions. Finance, auditing, market regulation, public security and other relevant departments shall, within their respective functions and duties, cooperate with the tax authorities in the proper administration of invoices.

Article 5 — The types, form, content and scope of use of invoices shall be prescribed by the tax authorities under the State Council.

Article 6 — Units and individuals may report acts in violation of the invoice administration regulations to the tax authorities. The tax authorities shall keep the informants confidential and grant appropriate rewards.

Chapter II — Printing of Invoices

Article 7 — Value-added tax special invoices shall be printed by enterprises designated by the tax authorities under the State Council. Other invoices shall be printed by enterprises designated by the tax authorities of provinces, autonomous regions and municipalities directly under the Central Government in accordance with the regulations. Enterprises that print invoices without the designation of the tax authorities shall be prohibited.

Article 8 — Where invoices must be printed with anti-counterfeiting special products, a special-purpose invoice anti-counterfeiting product shall be used and managed by a special-purpose person. The specific administrative measures shall be separately prescribed by the tax authorities under the State Council.

Article 9 — The tax authorities of provinces, autonomous regions and municipalities directly under the Central Government shall implement a permit system for enterprises that print invoices. Enterprises that print invoices shall meet the following conditions:

(1) Having obtained the printing business permit and business license;

(2) Having sound systems for invoice printing management, warehousing management, security and confidentiality;

(3) Having the equipment, technology and professionals suitable for invoice printing;

(4) Meeting other conditions prescribed by the tax authorities.

Article 10 — Invoices shall be printed with a nationwide unified invoice supervision seal. The form and the measures for the administration of the use of the invoice supervision seal shall be prescribed by the tax authorities under the State Council. The system of printing the invoice supervision seal with anti-counterfeiting special products shall be implemented. The invoice supervision seal shall be made by the tax authorities of provinces, autonomous regions and municipalities directly under the Central Government. Invoices shall be subject to a system of irregular change of editions.

Article 11 — Enterprises that print invoices shall, in accordance with the uniform regulations of the tax authorities, establish an invoice printing management system, storage and safekeeping measures, and a special-purpose person management system for invoice anti-counterfeiting special products, invoice supervision seals, and invoice negative films and other relevant items.

Article 12 — Enterprises that print invoices must print invoices in accordance with the type and quantity approved by the tax authorities. They must examine and check the invoice printing process and finished products layer by layer, and must print strictly in accordance with the operating procedures to ensure the quality of printing.

Article 13 — Invoices shall be printed in Chinese. Ethnic autonomous areas may concurrently use the language of the local ethnic minority. Invoices may concurrently be printed in a foreign language as required

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for actual needs.

Article 14 — The use of invoices throughout the country shall be subject to a unified invoice inspection management system. The specific measures shall be separately prescribed by the tax authorities under the State Council.

Chapter III — Obtaining and Issuing Invoices

Article 15 — Units and individuals that need to use invoices shall, in accordance with the regulations, go through the procedures for obtaining invoices from the competent tax authorities. The tax authorities are the competent authorities for the administration of invoices, responsible for the issuance, supervision and inspection of invoices.

Article 16 — Units and individuals applying for the use of invoices shall go through the relevant formalities with the competent tax authorities with their tax registration certificates, identification documents, seals for invoices made in accordance with the uniform requirements prescribed by the tax authorities under the State Council, and other documents.

Article 17 — Units and individuals temporarily using invoices outside their province, autonomous region or municipality directly under the Central Government shall, with the certification of the tax authorities at the place where they are located, apply for the use of invoices from the tax authorities at the place where the business is conducted. The tax authorities at the place where the business is conducted may require the provision of a guarantor or a deposit not exceeding 10,000 yuan in accordance with the face amount and quantity of the invoices to be obtained, and require the timely cancellation of the invoices within the time limit. The deposit shall be refunded when the invoices are cancelled within the time limit.

Article 18 — Where a tax authority temporarily adjusts the printing, receipt, issuance or use of invoices or temporarily suspends the processing of invoices due to the needs of invoice administration or inspection, the units and individuals shall comply with the requirements and shall not refuse to do so.

Article 19 — All units and individuals engaged in production and business operations shall, when purchasing goods, receiving services or engaging in other business activities and making payments to the other party, obtain invoices from the payee. When obtaining invoices, they shall not require the alteration of the name of goods or the amount.

Article 20 — Units and individuals that fail to obtain invoices in accordance with the regulations shall not be allowed to deduct taxes or export tax refunds. The tax authorities shall reject such deduction or refund applications.

Article 21 — Units and individuals shall, when issuing invoices, issue them in sequence by number, fill in the items completely, verify the contents to be true, and have clear and complete handwriting. All copies shall be stamped with the special invoice seal or the financial seal. The issuance of invoices shall be in Chinese. Ethnic autonomous areas may concurrently use the language of the local ethnic minority. Units that need to use a foreign language due to actual needs may concurrently use a foreign language.

Article 22 — When selling goods, providing services or engaging in other business activities and receiving payments, units and individuals shall issue invoices to the payer. Under special circumstances, the payer shall issue invoices to the payee.

Article 23 — No unit or individual may lend, transfer, issue on behalf of others, or issue invoices on behalf of others. No unit or individual may expand the scope of use of special invoices without approval. It is prohibited to issue invoices on behalf of others for the purpose of tax evasion, tax fraud or tax avoidance.

Article 24 — Units and individuals that use computer-based invoice management systems shall obtain approval from the competent tax authorities and use invoices printed under the unified supervision of the tax authorities. Invoices other than those printed under the unified supervision of the tax authorities shall not be

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used as the basis for financial reimbursement.

Article 25 — Any unit or individual shall not resell, transfer or lend invoices without approval, shall not issue invoices beyond the prescribed scope of use, or issue invoices on behalf of others.

Article 26 — Invoices shall not be issued under any of the following circumstances:

(1) Where the payee and the payer are inconsistent with the actual transaction;

(2) Where the name or amount of the goods or services is different from the actual transaction;

(3) Falsifying the name or amount of goods or services;

(4) Other circumstances prescribed by the tax authorities.

Article 27 — When issuing invoices, units and individuals must establish an invoice use registration system, establish an invoice register, and regularly report the use of invoices to the competent tax authorities.

Article 28 — Units and individuals shall, when going through the formalities for change or cancellation of tax registration, simultaneously go through the formalities for change or cancellation of invoices and invoice purchase books.

Article 29 — Units and individuals that issue invoices shall keep the invoices in accordance with the regulations of the tax authorities. They shall not destroy invoices without authorization. The retention period for issued invoice stubs and invoice registers is five years. After the retention period expires, they shall be destroyed after verification by the competent tax authorities.

Chapter IV — Supervision and Inspection of Invoices

Article 30 — The tax authorities may, when exercising the power of inspection over invoices, conduct the following inspections:

(1) Inspect the printing, obtaining, issuance, use and keeping of invoices;

(2) Access and duplicate documents and materials related to invoices;

(3) Question the parties and make inquiries concerning matters and issues relating to invoices;

(4) Inspect, review or reproduce the invoices, receipts, account books and other relevant materials when investigating cases of violations of invoice administration regulations;

(5) Make records, notes, audio recordings, video recordings, photographs and reproductions of the circumstances relating to violations of invoice administration regulations at the place of occurrence.

Article 31 — Units and individuals that print and use invoices must accept the inspection of the tax authorities in accordance with the law, truthfully report the situation, provide relevant information, and shall not refuse or obstruct inspection. The tax authorities shall produce their inspection certificates when conducting inspections.

Article 32 — Where the tax authorities need to transfer the issued invoices for inspection, they shall issue a receipt to the units and individuals holding the invoices. The invoices transferred for inspection shall be distinguished from the original ones. Upon completion of the inspection, the tax authorities shall promptly return the invoices.

Article 33 — When the tax authorities go to another place for inspection, they shall request the assistance of the local tax authorities. The local tax authorities shall cooperate with the inspection.

Chapter V — Penalty Provisions

Article 34 — Where an entity or individual, in violation of the provisions of these Measures, commits any of the following acts, the tax authorities shall order it to make corrections and may impose a fine of not more than 10,000 yuan:

(1) Failing to issue invoices in a timely, complete or truthful manner in accordance with regulations;

(2) Failing to keep invoices in accordance with regulations;

(3) Failing to establish an invoice register or an invoice use registration system in accordance with regulations;

(4) Failing to report the use of invoices in accordance with regulations;

(5) Failing to destroy invoices in accordance with regulations after the expiration of the retention period.

Article 35 — Where an entity or individual, in violation of the provisions of these Measures, commits any of the following acts concerning invoices, the tax authorities shall order it to make corrections, confiscate the illegal gains and, where the amount of the illegal gains exceeds 10,000 yuan, impose a fine of not less than one time but not more than five times the amount of the illegal gains; where there are no illegal gains or the amount of the illegal gains is less than 10,000 yuan, impose a fine of not less than 10,000 yuan but not more than 50,000 yuan; where the circumstances are serious, impose a fine of not less than 50,000 yuan but not more than 500,000 yuan; where the act constitutes a crime, criminal liability shall be investigated in accordance with the law:

(1) Borrowing, transferring, issuing on behalf of others, or using invoices on behalf of others without approval;

(2) Printing invoices without authorization;

(3) Reselling invoices without authorization;

(4) Altering or forging invoices;

(5) Illegally manufacturing or using invoice anti-counterfeiting special products without approval.

Article 36 — Where an entity or individual, in violation of the provisions of these Measures, causes the loss of tax revenue as a result of unlawful acts related to invoices, the tax authorities shall confiscate the illegal gains and may concurrently impose a fine. Where the case constitutes a crime, criminal liability shall be investigated in accordance with the law.

Article 37 — Where tax authorities and their staff abuse their powers, neglect their duties, engage in malpractice for personal gain, or commit other violations of laws or administrative regulations in the course of invoice administration, they shall be subject to administrative sanctions in accordance with the law. Where the case constitutes a crime, criminal liability shall be investigated in accordance with the law.

Chapter VI — Supplementary Provisions

Article 38 — The detailed rules for the implementation of these Measures shall be formulated by the tax authorities under the State Council.

Article 39 — These Measures shall come into force on the date of promulgation. The Measures on the Administration of Invoices promulgated by the Ministry of Finance on August 13, 1986 and the Interim Provisions on the Administration of Invoices for Foreign-Related Business of Foreign-Invested Enterprises and Foreign Enterprises approved by the State Council on June 7, 1991 and promulgated by the State Administration of Taxation on August 16, 1991 shall be abolished simultaneously.

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