Regulations on Invoice Management of the PRC

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Revised in accordance with the Decision of the State Council on Amending the Measures for the Administration of Invoices of the PRC on December 20, 2010

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Chapter I — General Provisions

Article 1 — These Regulations are formulated in accordance with the Law of the PRC on the Administration of Tax Collection for the purposes of strengthening the administration of invoices and financial supervision and safeguarding the order of the State tax collection.

Article 2 — These Regulations shall apply to the printing, purchase, issuance, obtaining, keeping, and inspection of invoices within the territory of the PRC.

Article 3 — For the purposes of these Regulations, "invoices" means receipts of payment or receipts of money issued and collected in the course of the purchase and sale of commodities, the provision or acceptance of services, and other business activities.

Article 4 — The tax authorities under the State Council shall be in charge of the administration of invoices throughout the country. The tax authorities of provinces, autonomous regions, and municipalities directly under the Central Government shall, on the basis of their respective functions and responsibilities, be jointly responsible for the administration of invoices within their respective administrative areas.

Relevant government departments such as finance, auditing, public security, and industry and commerce administration shall, within the scope of their respective functions and responsibilities, cooperate with the tax authorities in the proper administration of invoices.

Article 5 — The types of invoices, their mutual association, their contents, and their scope of use shall be prescribed by the competent department of taxation under the State Council.

Article 6 — Units and individuals that have produced or generated business income in the course of the purchase and sale of commodities, the provision or acceptance of services, and other business activities, and that have the obligation to pay tax in accordance with the law, shall issue and use invoices to the payers of money when collecting money; where a special VAT invoice is issued, it shall be issued in accordance with the relevant State provisions.

Article 7 — Invoices shall be printed with a uniform invoice supervision seal throughout the country. The pattern of the invoice supervision seal and the measures for the administration of the printing of invoices shall be prescribed by the competent department of taxation under the State Council. Tax authorities shall exercise supervision over the printing of invoices by adopting the invoice production permit system.

Chapter II — Printing and Purchase of Invoices

Article 8 — Enterprises printing invoices shall be subject to the designation of the competent tax authorities of provinces, autonomous regions, or municipalities directly under the Central Government, and shall be issued an invoice production permit.

No unit or individual may print invoices without the invoice production permit.

Article 9 — Enterprises printing invoices shall, in accordance with the uniform regulations of the tax authorities, establish an invoice printing management system and a custody measure. Enterprises designated to print invoices shall guarantee the quality of invoice printing and submit invoices to the tax authorities for inspection on time.

Article 10 — Invoices shall be guarded against forgery by using special anti-counterfeiting products. The measures for the administration of special anti-counterfeiting products for invoices shall be separately formulated by the competent department of taxation under the State Council.

Article 11 — Tax authorities shall supervise the printing of invoices of units printing invoices themselves with the approval of the tax authorities. Units applying for printing invoices themselves shall have a fixed place of business, a sound financial and invoice management system, and a relatively large volume of invoices used.

Article 12 — Units and individuals that need to use invoices shall, in accordance with the provisions of the tax authorities, purchase invoices from the tax authorities with their tax registration certificates, the seals of the units, and the identity certificates of the invoice purchasers. Where units need to temporarily use invoices, they may directly apply to the tax authorities for invoicing on their behalf.

Where units and individuals temporarily engage in business activities in provinces, autonomous regions, or municipalities directly under the Central Government other than the place of their tax registration, they shall, with the certificates issued by the tax authorities at the place of their tax registration, apply to the tax

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authorities at the place of their business activities for the purchase of invoices at the place of their business activities.

Article 13 — Tax authorities shall, on the basis of the business scope and scale of the units and individuals applying for the purchase of invoices, verify the types and quantities of invoices to be purchased, and determine the mode of purchase. Units and individuals purchasing invoices shall pay the cost of invoices. The cost of invoices shall be collected in accordance with the standards approved by the price administrative department.

Chapter III — Issuance and Keeping of Invoices

Article 14 — Units and individuals selling commodities, providing services, and engaging in other business activities shall issue invoices to the payers of money when receiving payment from external business operations. Under special circumstances, invoices shall be issued by the payers of money to the recipients of money.

Article 15 — All units and individuals shall, when purchasing and selling commodities, providing or receiving services, and engaging in other business activities and making payments for them, obtain invoices from the recipients of money; no change shall be made to the description of the goods or services and the amount when obtaining invoices.

Article 16 — Units and individuals shall use invoices in accordance with the prescribed time limit, sequence, and in a column-by-column and one-off manner, and shall affix the special seal for invoices or the financial seal of the unit on the invoices.

Article 17 — It is prohibited to resell, transfer, or act as an intermediary for invoices, to illegally buy and sell invoice books, to traffic in or store forged invoices, or to illegally manufacture invoice anti-counterfeiting products.

Article 18 — No unit or individual may alter, lend, transfer, or introduce the transfer of invoices to others, or expand the scope of use of professional invoices or special VAT invoices.

Article 19 — No unit or individual shall have any of the following acts relating to invoices:

(1) Using the invoices of other units or individuals in place of their own;

(2) Allowing other units or individuals to use their own invoices;

(3) Using forged or altered invoices; or

(4) Using invoices for purposes other than those prescribed.

Article 20 — Units and individuals shall keep invoices in accordance with the provisions of the tax authorities, and shall establish an invoice use registration system by setting up invoice use ledgers. Invoices that have been issued shall be kept in accordance with the provisions of the tax authorities for a period of no less than five years. The destruction of invoices upon expiration of the period of keeping shall be subject to examination and verification by the tax authorities before destruction.

Article 21 — Where units and individuals that use invoices undergo changes such as merger, division, dissolution, or bankruptcy, they shall, prior to going through the formalities for the change or cancellation of tax registration, settle the invoices and invoice books in accordance with the provisions of the tax authorities.

Article 22 — No unit or individual may carry, mail, or transport blank invoices across the prescribed area of use. The carrying, mailing, or transportation of blank invoices into or out of the territory of the PRC shall be prohibited.

Chapter IV — Inspection of Invoices

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Article 23 — Tax authorities may, when needing to verify the authenticity of invoices that have been issued and obtained, inspect the relevant circumstances of invoices and issue certificates of verification of invoices in accordance with the law. Units and individuals shall accept the inspection of invoices by the tax authorities in accordance with the law and truthfully report the circumstances.

Article 24 — When conducting invoice inspection, tax authorities may consult, duplicate, or extract the materials relating to invoices; inquire of the parties concerned about the circumstances and clues relating to invoices; and investigate, inspect, and obtain evidence in connection with invoice cases. Units and individuals under inspection shall accept the inspection in accordance with the law and truthfully report the circumstances, provide relevant information, and may not refuse or conceal.

Article 25 — Tax authorities may record, video-record, photograph, and duplicate the circumstances and materials relating to invoices. When conducting invoice inspection, tax authorities shall present their tax inspection credentials and tax inspection notices.

Article 26 — Tax authorities shall properly keep the invoices and related materials obtained in the course of invoice inspection. Tax authorities may, when necessary, check the invoices issued or obtained by cross-regional units and individuals, and the relevant tax authorities shall provide assistance.

Chapter V — Penalties

Article 27 — Where an enterprise illegally prints invoices or illegally manufactures invoice anti-counterfeiting products in violation of these Regulations, the tax authorities shall seal up, seize, or destroy the illegally printed invoices, invoice anti-counterfeiting products, and illegal income, and shall impose a fine of not less than 10,000 yuan and not more than 50,000 yuan; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 28 — Where a unit or individual, in violation of the provisions of these Regulations, commits any of the following acts, the tax authorities shall order it or him or her to make corrections, confiscate the illegal income, and may impose a fine of not more than 10,000 yuan; where two or more of the following acts are committed concurrently, the penalties may be imposed separately:

(1) Failing to purchase invoices in accordance with the provisions;

(2) Failing to issue and obtain invoices in accordance with the provisions;

(3) Failing to keep invoices in accordance with the provisions; or

(4) Failing to accept the inspection of invoices by the tax authorities in accordance with the provisions.

Article 29 — Where a unit or individual illegally carries, mails, transports, or stores blank invoices in violation of these Regulations, the tax authorities shall confiscate the invoices and may impose a fine of not more than 10,000 yuan; where the circumstances are serious, a fine of not less than 10,000 yuan and not more than 30,000 yuan shall be imposed; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 30 — Where a unit or individual privately prints, forges, alters, or illegally buys or sells invoices, seizes the invoices of another person, steals invoices, resells invoices, introduces the transfer of invoices, or trafficks in or stores forged invoices, the tax authorities shall seal up, seize, or destroy the illegally manufactured, forged or altered invoices or the forged invoices, and shall confiscate the illegal income and the tools and appliances used for committing the illegal acts, and may impose a fine of not less than 10,000 yuan and not more than 50,000 yuan; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 31 — Where any violation of the provisions of these Regulations on the administration of invoices leads to the evasion of tax by another unit or individual, the tax authorities shall confiscate the illegal income

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and may impose a fine of not more than the amount of tax evaded.

Article 32 — Functionaries of tax authorities who take advantage of their office to commit any of the following acts shall be subject to sanctions in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law:

(1) Colluding with taxpayers or withholding agents to assist them in illegally printing, issuing, obtaining, or using invoices;

(2) Taking advantage of their office to accept or extort property from taxpayers or withholding agents, or seeking other improper benefits; or

(3) Other acts in violation of laws and administrative regulations.

Article 33 — Where a party is dissatisfied with a decision of the tax authorities on an administrative penalty, it may, in accordance with the law, apply for administrative reconsideration or institute an action in a people's court.

Chapter VI — Supplementary Provisions

Article 34 — The measures for the administration of the use of invoices by units and individuals that do not have tax obligations in the course of business activities shall be separately formulated by the State Council.

Article 35 — These Regulations shall come into effect on February 1, 2011. The Measures for the Administration of Invoices of the PRC approved by the State Council on December 12, 1993 and promulgated by the Ministry of Finance on December 23, 1993 shall be repealed on the same date.

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