Provisions on the Control of Economic Inspections on Enterprises

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

Approved by the State Council; promulgated by the State Economic and Trade Commission on July 23, 1999 (Guojingmao Jiandu [1999] No. 706); effective as of the date of promulgation.

Article 1 — These Provisions are formulated for the purpose of regulating the conduct of economic inspections of enterprises by administrative organs, reducing the burden on enterprises, and maintaining the order of the socialist market economy.

Article 2 — For the purposes of these Provisions, “economic inspection” means an inspection conducted by an administrative organ of an enterprise’s compliance with laws and regulations in its production and business activities.

The administrative organs referred to in the preceding paragraph include the economic and trade, finance, auditing, pricing, taxation, industrial and commercial administration, quality and technical supervision, foreign exchange administration and statistics departments, among others.

Article 3 — Except as expressly provided by laws and regulations, no administrative organ may conduct an economic inspection of an enterprise on its own initiative.

Article 4 — When an administrative organ conducts an economic inspection of an enterprise in accordance with laws and regulations, it shall make overall arrangements, attach importance to efficiency, ensure quality, and avoid duplication.

Article 5 — Before conducting an economic inspection of an enterprise, an administrative organ shall formulate an inspection plan in advance. The inspection plan shall include the basis for the inspection, the time of the inspection, the objects of the inspection and the matters to be inspected.

The administrative organ shall submit the inspection plan to the department designated by the people’s government at the same level (hereinafter collectively referred to as the “designated department”) for the record. The designated department shall conduct necessary coordination of the inspection plans of the relevant administrative organs; where inspections can be combined, they shall be combined, and where inspections can be carried out jointly, the relevant administrative organs shall be organized to carry out the inspections jointly.

Where an administrative organ under a vertical management system conducts an economic inspection of an enterprise, it shall submit its inspection plan to the organ at the next higher level for the record. The organ at the next higher level shall conduct necessary coordination of the inspection plans of the administrative organs at the next lower level, and shall combine inspections wherever they can be combined.

Article 6 — The economic inspections of the same enterprise by the same administrative organ shall generally not exceed once per year, unless otherwise provided by laws, administrative regulations or these Provisions.

Article 7 — Tax inspections of enterprises by tax authorities shall be conducted, in accordance with the principles of centralized administration and unified inspection, by the State tax authorities and local tax authorities jointly, organized and implemented in accordance with their inspection plans, with coordinated arrangements at the three levels of province (autonomous region or municipality directly under the Central Government), city (prefecture or league) and county (banner). The tax inspections of the same enterprise by tax authorities shall not exceed twice per year.

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The supervision and sampling inspection by the quality and technical supervision authorities of the product quality of the same enterprise shall not exceed twice per year, except where the enterprise fails a quality sampling inspection.

With respect to key large State-owned enterprises to which special commissioners of the State Council have already been dispatched, unless otherwise provided by laws or administrative regulations, the relevant administrative organs shall no longer conduct financial inspections of the enterprises.

Article 8 — When conducting an economic inspection of an enterprise, an administrative organ shall issue an inspection notice. The inspection notice shall include the following particulars:

(1) the legal and regulatory basis for the inspection;

(2) the content of the inspection;

(3) the time limit of the inspection;

(4) the personnel carrying out the inspection and the person in charge thereof.

Article 9 — After completing an economic inspection of an enterprise, an administrative organ shall promptly prepare an objective, truthful and clear inspection report and submit it to the designated department or the department at the next higher level for the record. The designated department or the department at the next higher level shall, as the case may be, send a copy of the inspection report to the relevant administrative organs.

Where an inspection report of an enterprise by one administrative organ can satisfy the needs of other administrative organs in performing their duties, the other administrative organs shall make use of it so as to avoid duplicate inspections.

Article 10 — When conducting an economic inspection of an enterprise, an administrative organ shall not collect any fee from the enterprise, except for the fee-collection items prescribed by laws, regulations, the State Council, the Ministry of Finance, the State Planning Commission and the people’s governments of provinces, autonomous regions and municipalities directly under the Central Government, and shall not pass on the inspection costs to the enterprise in any form.

Article 11 — When conducting an economic inspection of an enterprise, the staff of an administrative organ shall not accept any gift, remuneration or welfare treatment from the inspected enterprise, shall not have any expense reimbursed by the inspected enterprise, shall not participate in banquets, entertainment, tourism or other activities provided by the inspected enterprise, and shall not seek benefits for themselves, their relatives or friends, or others through the inspection work.

Article 12 — Where an administrative organ commits any of the following acts, the leading personnel bearing direct responsibility and other directly responsible persons shall be given administrative sanctions in accordance with law:

(1) conducting an economic inspection of an enterprise on its own initiative without an inspection notice;

(2) the economic inspections of the same enterprise by the same administrative organ within one year exceeding the prescribed number of times;

(3) collecting fees from the inspected enterprise or passing on the inspection costs to the enterprise in violation of law.

Article 13 — Where the staff of an administrative organ commits any of the following acts, he or she shall be given an administrative sanction ranging from a warning to dismissal in accordance with law:

(1) going to an enterprise to conduct an economic inspection on his or her own initiative in violation of the provisions;

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(2) accepting gifts, remuneration or welfare treatment from the inspected enterprise;

(3) having expenses reimbursed by the inspected enterprise;

(4) participating in banquets, entertainment, tourism or other activities provided by the inspected enterprise;

(5) seeking benefits for himself or herself, his or her relatives or friends, or others through the inspection work.

The articles, remuneration and welfare treatment accepted by the staff of the administrative organ referred to in the preceding paragraph from the inspected enterprise shall be confiscated, recovered or ordered to be returned or compensated in accordance with law; the expenses reimbursed by the inspected enterprise, or the expenses of banquets, entertainment or tourism activities provided by the inspected enterprise in which the staff participated, shall be ordered to be returned, compensated or paid by the persons concerned.

Article 14 — Enterprises have the right to resist economic inspections conducted in violation of these Provisions, and any unit or individual has the right to report the matter to the supervisory department or other relevant departments. The department receiving the report shall be responsible for keeping it confidential and shall handle it promptly.

Article 15 — Where the staff of an administrative organ retaliates against or frames a reporter, and the act constitutes a crime, criminal liability shall be pursued in accordance with law; where the act does not constitute a crime, an administrative sanction shall be given in accordance with law.

Article 16 — Where an administrative organ has grounds to believe that an enterprise has committed, or is suspected of committing, an illegal act and conducts an investigation in accordance with law, the investigation shall not be subject to the restrictions of Articles 4, 5, 6, 7, 8 and 9 of these Provisions.

Article 17 — Special inspections conducted by decision of the State Council, by decision of the relevant departments of the State Council upon approval of the State Council, or by decision of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government, shall be carried out in accordance with the scope, content, time limits and procedures of the special inspections determined by the State Council or by the people's governments of the provinces, autonomous regions and municipalities directly under the Central Government, respectively.

Article 18 — The people's governments of provinces, autonomous regions and municipalities directly under the Central Government may formulate measures for implementation in accordance with these Provisions.

Article 19 — Inspections of enterprises by other administrative organs shall be carried out by reference to these Provisions.

Article 20 — These Provisions shall enter into force as of the date of promulgation.

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