

# Measures of The People's Republic Of China For The Control Of In-Voices

(Ministry of Finance: 23 December 1993)

## Chapter I-General Provisions

**Article 1:** The measures are made in accordance with the People's Republic of China for Tax Collection and Administration in order to strengthen the control of invoices and the supervision of financial affairs, to ensure taxation income of the State and maintain economic order.

**Article 2:** Units and individuals who print, receive, purchase, issue, obtain, and keep invoices (hereinafter referred to as "units and individuals who print and use invoices") within the territory of the People's Republic of China, must comply with the Measures.

**Article 3:** "The invoice" Stated in the Measures refers to the certificates of payment or receipt of money made out or received in purchases and sales of goods, provision or acceptance of services and in other business activities.

**Article 4:** The State Administration of Taxation takes the overall responsibility for the control of invoices nationwide. The branches of the State Administration of Taxation and local tax bureaux of the provinces, autonomous regions and municipalities (hereinafter referred to as "tax authorities of the provinces, autonomous regions and municipalities") shall, base on their respective responsibilities, make joint efforts to have good control of invoices in their respective administrative regions.

The relevant departments of finance, audit administrations for industry and commerce, and public security shall within the scope of their responsibilities coordinate with the tax authorities to have good control of invoices.

**Article 5:** The categories, order of duplicates, contents and the range of usage of invoices shall be determined by the State Administration of Taxation.

**Article 6:** Any unit and individual can inform against any act violating

the legislation for the control of invoices. Tax authorities shall maintain secrecy for the informers and present them with appropriate awards.

## **Chapter II-Printing of Invoices**

**Article 7:** Invoices shall be printed by enterprises appointed by tax authorities of the provinces, autonomous regions and municipalities; special invoices for Value-Added Tax shall only be printed by the State Administration of Taxation. Printing, forgery and revision of invoices without permission are prohibited.

**Article 8:** Devices against forgery of invoices shall be produced by enterprises appointed by the State Administration of Taxation. Illegal manufacturing of these anti-forgery devices is prohibited.

**Article 9:** Tax authorities of the provinces, autonomous regions and municipalities shall implement the principle of unified control of the printing of invoices, strictly examine the qualifications of the enterprises engaged in printing invoices and issue invoice printing permit to these appointed enterprises.

**Article 10:** Invoices shall be stamped with a nationwide uniform stamp for supervision of the printing of invoices. The form of the stamp and the requirements for the printing and layout of invoices shall be stipulated by the State Administration of Taxation. The stamp for supervision of the printing of invoices shall be made by the tax authorities of the provinces, autonomous regions and municipalities. Forgery of the stamp for supervision of the printing of invoices is prohibited.

A system of changing the printing plate at indefinite intervals shall be implemented.

**Article 11:** In accordance with unified regulations of tax authorities, enterprises printing invoices shall establish a system for printing and managing invoices, and measures for safe-keeping.

A system of person-in-charge of the usage and control of the stamp for supervision of the printing of invoices and the special anti-forgery devices shall be implemented.

**Article 12:** Enterprises printing invoices must print the invoices in accordance with the type and amount approved by tax authorities.

**Article 13:** Invoices must be printed in Chinese. In autonomous regions, a national language used in common in that particular region can be added to the invoices. If necessary, invoices can be printed in both Chinese and a foreign language simultaneously.

**Article 14:** Apart from the special invoices for Value-Added Tax, the invoices used by units and individuals in various provinces, autonomous regions and municipalities should be printed within the respective provinces, autonomous regions and municipalities; if for any reason they must be printed in other provinces, autonomous regions and municipalities, the tax authorities of the relevant provinces, autonomous regions and municipalities should obtain consent from the tax authorities of these other provinces, autonomous regions and municipalities that undertaking the printing of invoices. The invoices shall then be printed by the enterprises appointed by the tax authorities of these other provinces, autonomous regions and municipalities which undertaking the printing of invoices.

Printing of invoices outside the territory of the People's Republic of China is prohibited.

### **Chapter III-Purchasing of Invoices**

**Article 15:** All units and individuals who perform tax registration according to the law shall, upon receiving the tax registration certificate, apply to acquire invoices from the respective tax authorities.

**Article 16:** Units and individuals applying for acquisition of invoices shall file an application for purchasing invoices; provide certificates of identity, tax registration certificates or other relevant documents, as well as moulds for stamps of the financial department or special stamps for invoices. After examination and approval of the relevant tax authorities, invoice purchase books will be issued.

Units and individuals who need invoices shall based on the categories, quantity and mode of acquisition approved by the relevant authorities as indicated in the invoice purchase books to purchase invoices from the relevant tax authorities.

**Article 17:** Units and individuals who temporarily need to use invoices may directly apply to the relevant tax authorities for purchase.

**Article 18:** Units or individuals who temporarily carry on business activities outside their own provinces, autonomous regions and

municipalities should by presenting the certificates from the tax authorities of their original location, apply for the acquisition of invoices from the local tax authorities where their business activities take place.

Tax authorities of the provinces, autonomous regions and municipalities shall regulate the procedures for acquisition of invoices by units or individuals who temporarily carry on cross city or county business within the provinces, autonomous regions and municipalities.

**Article 19:** For units and individuals from other provinces, autonomous regions and municipalities applying for purchase of invoices for temporary business activities in the areas under their own jurisdiction, tax authorities can request for provision of guarantors or a security deposit of not exceeding 10000 yuan based on the face value of the invoices purchased and hand in the invoices for disposal within a set time limit.

Those who hand in invoices on time for disposal shall be released their guarantors' commitments and returned their security deposit; for those who fail to hand in the invoices for disposal on time, their legal liabilities should be taken over by the guarantors or satisfied with the security deposit.

Tax authorities shall issue receipts upon collecting security deposit.

#### **Chapter IV-Issuance and Safeguarding of Invoices**

**Article 20:** Units and individuals engaged in the sales of goods, provision of services and other business activities, should issue invoices to the payers when collecting payment in business activities with outside parties. However, under some special circumstances, payers can issue invoices to payees.

**Article 21:** Units and individuals engaged in production and business activities should obtain invoices from payees for payment made in purchasing commodities, accepting services and taking part in other economic activities. Upon receipt of the invoice, they should not ask for alternation of the name of article and amount of payment.

**Article 22:** Invoices not in line with the regulations must not be taken as the proof for reimbursement. Any unit and individual has the right to refuse such invoices.

**Article 23:** Invoices should be issued column by column and with all the duplicates, in strict accordance with the time limits, sequence stipulated

in the regulations and be stamped with the unit's stamp of the financial department or a special stamp for invoices.

**Article 24:** In use of computers to generate invoices, prior approval from the respective tax authorities should be obtained. Standard invoices issued under the supervision of tax authorities besides the computer-generated invoices shall be used. The stubs of the invoices so issued must be bound into booklets with sequential numbers.

**Article 25:** No unit or individual can lend, transfer or issue invoices on other unit's or individual's behalf. Without the prior approval from the tax authorities, they cannot use invoices by tearing invoice books apart, nor expand the scope of usage of the invoices of professionals.

Illegal sales or purchases of invoices, stamps for supervision of the printing of invoices and anti-forgery devices for invoices are prohibited.

**Article 26:** The area of issuance of invoices is limited to the provinces, autonomous regions and municipalities where the units and individuals purchase them.

Tax authorities of the provinces, autonomous regions and municipalities may regulate the procedures for issuance of invoices cross city or county.

**Article 27:** Without prior approval, no unit or individual can carry mail or transport blank invoices beyond the regions where these invoices are bound to be used.

Carrying, mailing and transporting blank invoices into or from the territory of China is prohibited.

**Article 28:** Units and individuals issuing invoices should establish a system for the use and registration of invoices, prepare an invoice register and report to the respective tax authorities on the use of invoices at regular intervals.

**Article 29:** Units and individuals issuing invoices should, at the same time as they go through the formalities for changing or cancelling tax registration, go through the formalities for changing or cancelling invoices and invoice purchase books.\

**Article 30:** Units and individuals issuing invoices should, in accordance with the regulations of the tax authorities, store and keep invoices and

shall not destroy the invoices without authorization. The stubs of the invoices already issued and the invoice register should be kept for five years. Upon completion of the period the invoices shall be destroyed after examination by the relevant tax authorities.

## **Chapter V-Inspection of Invoices**

### **Article 31**

In managing invoices, the tax authorities have the right to do the following:

- (1) Examining the printing, purchasing, issuing, obtaining and safekeeping of invoices;
- (2) Selecting invoices to be examined;
- (3) Investigating and duplicating documents and materials related to the invoices;
- (4) Inquiring the parties concerned about the problems and the conditions related to the invoices;
- (5) Making notes, tape-recording, video-recording, taking photographs and making copies on the related state of affairs and data when dealing with cases of investigation of invoices.

**Article 32:** Units and individuals printing and using invoices must accept lawful inspection by tax authorities, present the truth and provide the relevant data, without refusal or concealment.

Tax officials should present their tax inspection permits at the time of inspection.

**Article 33:** When tax authorities take away the invoices already issued for inspection, they should issue certificates for exchange of the invoices to the units and individuals to be inspected. The certificates for exchange of the invoices and the invoices to be examined are equally effective. The units and individuals whose invoices have been taken away for inspection must not refuse the above arrangement.

Tax authorities should issue receipts when taking away blank invoices for inspection, blank invoices should be returned in time.

**Article 34:** In the course of examining the reporting of tax, should the tax authorities find any doubt with invoices or evidence concerning the reporting of tax obtained outside or evidence concerning the reporting of tax obtained outside china by the units or individuals, they may ask the units or individuals for certificates of confirmation provided by foreign

notary or chartered accountants. After examination and approval by the tax authorities, these invoices on evidence could be taken as basis for book-keeping.

**Article 35:** In the course of examining invoices, tax authorities may find the need to check how the stubs and the invoices are completed, they may send out invoice completion checking cards to the units in possession of the invoices or stubs. These units concerned should complete the cards in accordance with facts and return them in time.

## **Chapter VI-Provisions on Penalty**

### **Article 36**

Acts violating the law for management of invoices include:

- (1) Failure to print invoices or manufacture anti-forging de
- (1) Failure to purchase invoices in accordance with the relevant regulations;
- (2) Failure to issue invoices in accordance with the relevant regulations;
- (3) Failure to obtain invoices in accordance with the relevant regulations;
- (4) Failure to keep invoices in accordance with the relevant regulations;
- (5) Failure to accept inspection by tax authorities in accordance with the relevant regulations.

For all the units and individuals who have committed one of the above said, the tax authorities may order them to rectify within a prescribed time limit, confiscate their illicit income, and impose a fine of up to 10000 yuan at the same time. Those who have committed two or more of the acts listed above can be penalized on separate accounts.

**Article 37:** Tax authorities shall confiscate the blank invoices and the illicit income of those who illegally carry, mail, transport or keep these invoices and a fine of up to 10000 yuan may be imposed at the same time.

**Article 38:** Tax authorities shall seal up, detain, or destroy the invoices illegally printed, counterfeited, bought or sold, and the privately made stamps for supervision of the printing of invoices and the anti-forgery products for invoices. Tax authorities shall also confiscate the illicit income and the tools used in committing the offenses; a fine between

10000yuan and 50000 yuan may be imposed at the same time; if these offenses constitute crimes, legal actions will be taken against the offenders.

**Article 39:** In cases of violations of the regulations on the control of invoices leading to the evasion and defraudation of tax by other units or individuals, tax authorities shall confiscate the illicit income and a fine of no more than the actual amount of the tax evaded, unpaid or underpaid may be imposed at the same time.

**Article 40:** If the units or individuals concerned do not agree to the decisions of the tax authorities on the penalties imposed, they can apply to the higher tax authorities for reconsideration or file a suit at the People's Court in accordance with the law; the tax authorities which have made the decision on the penalties can apply to the People's Court to forcefully execute the penalties if the parties concerned have neither applied for reconsideration within the prescribed time, nor filed a suit at the People's Court, nor implemented the decisions.

Article 41: According to the relevant regulations, administrative discipline shall be given to any tax officials, by taking advantage on their positions, deliberately place obstacles before any units or individuals who print or use invoices or have violated the regulations concerning the management of invoices. If such acts have constituted criminal charges, they shall be penalized according to the law.

## **Chapter VII-Supplementary Provisions**

### **Article 42**

The special invoices used by State-owned financial, posts and telecommunications, railways, airline, road and water transport institutions, etc., may be managed by the respective competent departments of the State Council or the respective departments of the People's Governments of the provinces, autonomous regions and municipalities after the approval of the State Administration of Taxation or its branches in the provinces, autonomous regions and municipalities.

**Article 43:** In accordance with the need for economic development and for the collection and supervision of tax, the State encourages the use of cash registers. Specific procedures will be promulgated separately.

**Article 44:** These Measures are subject to the interpretation of the State Administration of Taxation and the detailed rules for their implementation

shall be made by the State Administration for Taxation.

**Article 45:** These Measures shall come into effect on the day of their promulgation. At the same time, the of the People's Republic of China for the control of Invoices promulgated by the Ministry of Finance in 1986 and the Regulations concerning the control of Invoices of Enterprises with Foreign Investment and Foreign Enterprises promulgated in 1991 by the State Administration of Taxation shall be repealed on the same date.