



E-Invoicing & Retention in China

in Kooperation mit:



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CHINA

1. Standard requirements for invoices:

In China, “invoices” are called “fapiao”, which is actually a different term compared to the “invoices” in the western markets. Companies usually do not issue their own commercial invoices. All the invoices in China are controlled by the tax authority, with a standard format for each type. The invoice is one of the main measures for the Chinese government to monitor taxation. Taxpayers are required to purchase the invoices they need, according to their business scope, from the tax authority. They need to do so in advance of the actual transaction. Practices may differ in different regions.

China has different types of invoices. The following information is generally relevant to “paper special VAT invoices” and “general VAT invoices”, which are two of the main categories of invoices in China. In addition, there are a number of other invoices for business use, such as vehicle sales invoices, fixed-amount invoices, etc.

All paper VAT invoices usually have to be processed through an electronic anti-counterfeit system with a database controlled by the tax authority (i.e. Golden Tax System). An electronic invoice format is currently only applicable for general VAT invoices, which do not entitle to an input-VAT credit. In comparison, special VAT invoices could entitle to an input-VAT credit by going through certain procedures.

1.	✓	Designation as “invoice”
2.	✓	Remark regarding “self-billing”, if applicable
3.	✓	Full name and address of supplier (and/or service provider)
4.	✓	VAT ID number of supplier (and/or service provider) in domestic transactions
5.	no	VAT ID number of supplier (and/or service provider) in cross-border transactions
6.	✓	Full name and address of buyer (and/or service recipient)
7.	✓	VAT ID number of buyer (and/or service recipient) in domestic transactions



8.	✓	VAT ID number of supplier (and/or service provider) in cross-border transactions
9.	✓	Invoice number (in sequential order)
10.	✓	Invoice date
11.	no	Date of supply or date of service (even if identical with invoice date)
12.	✓	Quantity and nature of goods supplied and/or extent and nature of services provided
13.	✓	Net amount per item
14.	no	Taxable (net) invoice amount in any currency allowed
15.	✓	Taxable (net) invoice amount must be specified in RMB
16.	✓	Taxable amount must be specified separately for different VAT rates if applicable
17.	✓	VAT rate(s) for the items on this invoice
18.	no	VAT amount in any currency allowed
19.	✓	VAT amount must be specified in RMB
20.	✓	Total (gross) invoice amount
21.	n.a.	Remark on existing discount or bonus agreement
22.	n.a.	Remark on an existing VAT exemption on exports to overseas countries or any other reason
23.	n.a.	For VAT exemptions: Legal norm in national VAT must be stated on the invoice
24.	n.a.	Remark on the application of the reverse charge procedure
25.	n.a.	For reverse charge: Legal norm in national VAT law must be stated on the invoice
26.	✓	Remarks on the application of a VAT margin scheme
27.	n.a.	Remark if the invoice was processed by computer
28.	n.a.	Number of bill of delivery
Additional		If the invoice is an e-invoice, the indication "electronic invoice" needs to be in the name of the invoice



2. Special requirements for (incoming and outgoing) electronic invoices

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1.	Is a digital signature required if the authenticity of the origin and the integrity of the content of an invoice are ensured? If yes, which specific type of digital signature and digital certificate is required?	No. But the e-invoice needs to be processed through the authorized system (SAT Announcement [2015] No. 84).
2.	Is electronic invoicing subject to approval of the invoice recipient? If yes, can the approval be given tacitly?	No.
Requirements on the data type (data format) of electronic invoices:		
3.	Do they have to be in a “structured” data format (such as XML)? If yes, which format is appropriate?	Yes. The data format should comply with the relevant data interface standard published by the tax authority (SAT Announcement [2015] No. 53). For small tax payers, they are allowed to use third-party electronic invoice platforms to ease the application.
4.	May the invoice be issued in a PDF or PDF/A data format?	Yes, it is originally issued in PDF format.
5.	Are there any other restrictions regarding the data format? If yes, what kind of restrictions?	No.



3. Authenticity of the origin, integrity of the content and legibility of an (incoming) invoice

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1.	How can the authenticity of the origin and integrity of the content be ensured?	Both paper special VAT invoices and general VAT invoices are issued through the Golden Tax System with a database controlled by the tax authority. A special area is available on the invoice to print the anti-counterfeit code. Regarding electronic general VAT invoice, the tax authority's website provides a validation service.
2.	Which business controls on invoices must be implemented?	For paper special VAT invoices, the tax credit must be claimed within 180 days from the date of issuance. The format and stamp on it have to comply with regulations
3.	Are there any documentation requirements for these business controls on invoices?	No.
4.	Situation: Business controls are not sufficient. However, the incoming invoices are correct. Will this affect the ability of the invoice recipient to deduct input VAT?	Yes. A paper special VAT invoice is, after 180 days, usually not permitted anymore to claim a tax credit.
5.	How can the legibility of an invoice be ensured?	Refer to 1.



4. Archiving requirements for electronic invoices

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1.	Are there any archiving requirements regarding the data type (data format) of electronic invoices?	No. Data are transferred to the database of the tax authority on a real time basis.
2.	Do electronic invoices have to be archived in digital form?	No. Electronic invoices can be printed out from the system by both issuer and recipient for use whenever necessary (SAT Announcement [2015] No. 84).
3.	Is it allowed to print the electronic invoices on paper and delete the electronic data?	Electronic invoices can be printed, and such paper of an invoice is subject to the same effectiveness and regulation as those of invoices in paper form. The electronic database is controlled by the tax authority.
4.	Is it allowed to convert electronic invoices into a new digital format for storage?	n.a.
5.	Is it allowed to store the electronic archive in a different EU member state?	n.a. (The database is controlled by the tax authority).
6.	Is a digital time stamp required? If yes, at what point in time does the time stamp come into effect?	No.
7.	Are there any requirements regarding the archiving system?	No.
8.	What is the retention period?	5 years for printed electronic invoices. For now, no specific requirements on electronic data retention period since the system only went alive nationwide at the end of 2015.



5. Scanning of paper invoices

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1. Is it allowed to scan paper invoices and only keep the scan? If yes, what are the requirements to do this?

Basically no. Under some special circumstances, for example the loss of a paper special VAT invoice from suppliers, a scanned paper invoice could be allowed after going through a series of procedures with the tax authorities.