

China Insight – Chinese Tax Regulation Update



Circular Number	Issuance Date	Effective Date	Topic	What is new?
SAT Decree No. 56	2024-01-15	2024-03-01	Update of the Implementation Rules of the Invoice Administration Measures	<p>Due to the release of the new PRC Invoice Administration Measures ("Measures") in July 2023, it is necessary to update the auxiliary implementation rules as well to reflect the changes in the new Measures and the reform of the electronic invoices ("e-fapiao") and to protect the taxpayers' legal rights.</p> <p>The following main changes are made in the new implementation rules ("New Rules"), compared with the old version valid from 2019:</p> <ul style="list-style-type: none"> The basic measures are mentioned for the administration of e-fapiaos. "E-fapiao" is clearly defined in the New Rules and the legal status of e-fapiaos is emphasized. The tax authorities' responsibility for the set-up of e-fapiao service platforms and for the administration of e-fapiaos is clarified. "Fixed quota" is added as a new method of supply of blank invoices. Issuance of "red-ink" e-fapiaos is stipulated in the New Rules. More focus is given to the development of e-fapiao information systems. It is stipulated that the tax authorities have the responsibility for setting up the invoicing data protection system, the taxpayers have the responsibility for protecting the invoicing data and the invoice-related service vendors shall be supervised by the tax authorities. The tax authorities are empowered to extract, search out, review and copy the invoice data in the course of invoicing investigations.

				<ul style="list-style-type: none"> • The situation of false issuance of invoices which are not in line with the actual business transactions is clearly defined in the New Rules. • Redundant stipulations regarding the issuance of administrative penalty notices which are already stipulated in the PRC Administrative Penalty Law are deleted in the New Rules. Considering the lenient treatment regarding the simplified penalty or no penalty for first-time violation, the arbitrary wording that violation of invoice administration rules shall be formally set up as cases for investigation has been deleted in the New Rules. • According to the New Rules, the tax authorities shall supervise the invoice printing companies based on the government purchase contracts and the invoice anti-counterfeiting requirements. Stipulations regarding certain formalities and costs for the taxpayers to purchase invoices have been deleted under the New Rules for the purpose of reducing the taxpayers' administrative burden. • It is clearly stipulated in the New Rules that the invoice handling person must deal with the invoicing in real name. It is clarified that the invoice recipients shall not require the change of unit price and the volume for purchase in the invoices when the invoices are obtained. The requirements for cancelling the issued paper invoices are also improved in the New Rules.
Cai Shui [2024] No. 8	2024-02-06	2024-04-01	Pilot preferential stamp duty policies of offshore trades in the Shanghai Free Trade Zone and the Lin'gang New Area	<p>According to the Circular, the sales and purchase contracts signed by the enterprises registered in the Shanghai Free Trade Zone and the Lin'gang New Area for entrepot trades (under which the goods never go through the PRC customs border and both the upstream supplier and the downstream customer of the goods are non-PRC tax resident enterprises) are exempt from stamp duty.</p> <p>This pilot policy will expire on 31 March 2025 according to the Circular.</p>

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