

Accounting Records and Vouchers Management

The taxpayers, withholding agents should set up accounting records in accordance with the relevant laws, administrative regulations and the rules of the Ministry of Finance, the State Administration of Taxation and make records, accounting based on valid vouchers.

- 1) The taxpayers engaged in production and business operations should, by following the relevant rules of the State, set up the accounting records (including general ledger, subsidiary ledger, journal and other supporting records) within 15 days after the date of receiving the business license or the date of tax payment obligation arising.
- 2) Upon verification by the tax department, the taxpayers with small scale of production, business operation and being unable to set up the accounting records may not set up the accounting records and hire the professional institutions engaged in accounting record agency approved by the tax department or the financial accountants confirmed by the tax department to set up the records and handle the financial accounting matters for them. Having difficulty in hiring the above institutions or accountants, the taxpayers may, upon approval by the tax department at or above county level, set up the revenue and spending voucher sticking books, the recording books of buying and selling of goods or use the tax control equipment in line with the rules of the tax department.
- 3) The taxpayers engaged in production, business operation should, within 15 days after receiving the tax registration certificates, submit the financial and accounting system or financial and accounting method to the tax offices for records.

Where the taxpayers use computers for recording, they should submit the accounting software, the instructions and the relevant materials of the accounting computerization system to the tax department for records before they use the computer for accounting records.

The taxpayers should set up the accounting computerization system in conformity with the relevant rules of the State and may be able to correctly and completely account the revenue and income.

- 4) The withholding agents should, within 10 days after the accrual of withholding liability by laws and administrative rules and regulations, set up separate accounting records for the taxes withheld and remitted and the taxes collected and remitted in terms of different types of taxes.
- 5) where the taxpayers, withholding agents have sound accounting system and are able to correctly, competently account their revenue and income or the withholding of taxes by computers, the print-out of the computers may be regarded as the accounting records. Where the taxpayers, withholding agents have no sound accounting system and are unable to correctly, completely account their revenue and income or the withholding of taxes by computers, they should set up the general ledger and other accounting books relevant to the tax payment or the withholding of the taxes.
- 6) Where the financial, accounting system or the financial, accounting method of the

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- taxpayers, withholding agents are contrary to the relevant tax rules of the State Council or the Ministry of Finance, the State Administration of Taxation, they should follow the relevant rules of the State Administration of Taxation in computing the tax payable, the tax withheld and collected/
- 7) Chinese should be used for the accounting records, accounting vouchers and statements. One nationality language may be used concurrently in nationality autonomous regions. The enterprises with foreign investment and foreign enterprises may concurrently use one foreign language.
 - 8) Taxpayers should install and use the tax control facilities by rules of the tax department and report the relevant materials (at present, the facilities encouraged for use mainly include the tax control cash machines, tax control gasoline filling machines and the tax control charge meters on taxi). They should not damage or self-change the tax control facilities.
 - 9) Taxpayers and withholding agents should maintain the accounting record, accounting vouchers, tax payment leaf and other relevant documents for a time period specified by the Ministry of Finance and the State Administration of Taxation. The accounting record, accounting vouchers, statements, tax payment leaf, invoices, export documents and other tax relevant documents should be legal, real and complete and should be kept normally for 10 years.
 - 10) The accounting records, accounting vouchers and tax payment leaf and other relevant documents should not be falsified, altered or damaged at discretion.
 - 11) The taxpayers engaged in production and business operation should follow the relevant rules of the State to open a basic depository account and other depository accounts in banks or other financial institutions by showing the tax registration certificates and report all account numbers to the tax department in writing within 15 days after the opening of the accounts. In case of any change occurring to accounts opened, the taxpayers should report in writing to the tax department in writing within 15 days from the date of the change occurring.

The banks and other financial institutions should record the tax registration certificate numbers in the accounts of the taxpayers engaged in production and business operation and record the account numbers of the taxpayers in the tax registration certificates.

When the tax authorities inquire by law about the accounts of the taxpayers engaged in production or business operation, the relevant banks and other financial institutions should provide assistance and cooperation.

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