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The Latest Insight

New Stipulation on Invoice Chop Took Effect

[20th May, 2011 Issue 5]

According to the Measures of the PRC on the Administration of Invoices promulgated by the State Council on December 20, 2010, effective from February 1, 2011, all official invoices (known as "Fapiao" in Chinese) are required to be affixed with a special chop created especially for such purpose ("Special Invoice Chop").

In the past, the financial chop of the company was widely accepted and used for the issuance of official invoices while some companies were already using the "invoice chop", separated from financial chop for purposes of convenience. With the new measures coming into effect, the use of Special Invoice Chop became compulsory requirement.

The new measures stipulate that the Special Invoice Chop should be carved at the agent designated by the public security bureau. The style of the Special Invoice Chop should conform to the specification as provided below:

Chop size and appearance
Oval length: 40 millimeters
Oval width: 30 millimeters
Margin width: 1 millimeter
Chop color: Red



Text

A Sample Special Invoice Chop

The Chinese characters on the chop should be simplified characters in imitation Song typeface. The Chinese characters corresponding to "Special Invoice Stamp" below the tax code should be 4.6 millimeters in height and 3.3 millimeters in width. The tax registration code of the enterprise should be centered in the chop and the Arabic numbers (Arial font) should 3.7 millimeters in height, 1.3 millimeters in width.

The new measures specified that since February 2011 and onwards, all official invoices

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should be stamped with the Special Invoice Chop on each page or they would be regarded as an invalid invoice. And the use of financial chops was required to be stopped immediately. The existing invoice chops which were carved previously and not fulfilling the standards as introduced above can be used during a transitional period which ends 31st December, 2011. Failure to comply with the new stipulations on the use of the Special Invoice Chop can subject the taxpayer to a fine of up to RMB10K.

The objective of the new stipulations is believed to be to further tighten up the administration on use of Fa Piaos and to better combat the use of fake invoices. From the business operator's point of view, the separation of financial chop and invoice chop can help to enhance risk management of chops, as the financial chop is required for bank transactions.

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Business-related enquiries can be emailed to beijing@lehmanbrown.com.