

e-Tax alert

Issue 88 – October 11, 2016



Use of Computer Uniform Invoices will be terminated starting 1 January, 2018.

On June 2016, Taiwan's Ministry of Finance (MOF) announced plans to amend Article 25 of the "Regulations Governing the Use of Uniform Invoices", effectively terminating the use of Computer Uniform Invoices for business entities starting 1 January, 2018. This amendment was passed on 15 July, 2016.

Various divisions from the National Taxation Bureau of Taipei, since June 2016, have continuously been issuing official letters to Taipei City business entities still using Computer Uniform Invoices informing them of the impending termination for using computer invoices by

1 January 2018, pursuant to the "Enforcement Directions of the Electronic Uniform Invoices". Business entities will need to assess whether their existing Computer Uniform Invoice systems meet these new amendments, and ensure that their computer invoice system properly connects with the MOF's E-Invoice Platform.

Below is a summarization of the application of the new "Enforcement Directions of the Electronic Uniform Invoices", as well as the relevant amended rules for the preservation of files and supporting documents.

Item	Description
Electronic uniform invoice system regulations	<p>The Invoice system must:</p> <ul style="list-style-type: none"> Have encryption and decryption mechanisms or other information security measures to ensure privacy, and comprehensive source identification, as well as, undeniable and can attribute clear responsibility of the information provided and transmission of data. Have functions to confirm the issuance, receipt, nullification, sales return, discount and printing of the electronic uniform invoices certificate. Have detection functions to prevent uniform invoice numbering errors, duplications or omissions when uploading to the E-Invoices Platform. Have functions to accept common carriers used for requesting e-invoicing. Have functions to accept MOF announcements regarding donations in the form of electronic uniform invoices Be In line with the Message Implementation Guideline (MIG) issued by MOF.

Item	Description
Authentication of E-Invoice Platform	Business entities are required to apply for a multi-option certificate in accordance with the Government Certification Authority's (GCA) prescribed provisions, and obtain an electronic signature approval from the MOF before they may use, issue or transmit electronic uniform invoices.
Eligibility	Entities who have obtained a business registration license from local tax authorities are eligible to use or issue electronic uniform invoices.
Regulations on the alphanumeric code number of the electronic uniform invoices	<ul style="list-style-type: none"> ● A business entity shall apply for an electronic uniform invoice alphanumeric code, and will be assigned an E-Invoice platform code number from the local competent tax authorities. ● The head office and/or the entity's other fixed place of business shall collectively apply for the electronic uniform invoices' alphanumeric code number. ● The business entity, upon receipt of their newly assigned alphanumeric code, shall transmit to the E-invoice platform the alphanumeric code, serial order numbers and unused blank electronic uniform invoice numbers in the prescribed format within 10 days of receipt of the new alphanumeric code. The head office shall be responsible to collect, upload and transmit this information.
Transmit time limit	<ul style="list-style-type: none"> ● Pursuant to Article 7 (IV) of the "Regulations Governing the Use of Uniform Invoices", a business entity issuing electronic uniform invoices must upload the uniform invoice information and the identification codes to E-Invoices Platform within the prescribed time limit. ● Should the invoice be nullified, or revised due to sale cancellations, goods returned or discounted, donated or other changes made in relation to the electronic invoice, the business entity shall transmit the invoice information and changes to the E-Invoice Platform.
Retention of files and supporting documents	<ul style="list-style-type: none"> ● Issued and nullified invoices, as well as invoices for sales returned or discounted good must obtain consent from the trading counterparty and the business enterprise should retain the relevant supporting documents for at least 5 years. ● Pursuant to the Tax Collection Act and Regulations Governing the Accounting Documents of Business Entities, a business entity shall retain the retention media file or the receipt media file of electronic uniform invoices, sales returns, discount and allowances on merchandise sold.

KPMG Observations

In recent years, the MOF has continuously launched comprehensive projects to implement the electronic invoices system in Taiwan, and have achieved significant progress. Due to the termination of the use of Computer Uniform Invoices for business entities from 1 January 2018, we have already observed some of the business entities implementing the electronic uniform invoice system in advance, in an effort to better coordinate with their transaction parties. As such, the use of electronic uniform invoices in the future is inevitable.

For business entities still issuing computer uniform invoices, their first priority should be to assess and ensure that their existing Computer Uniform Invoice system meets the requirements prescribed with this amendment, and is able to connect with the MOF's E-Invoice Platform.

For business entities still using hand written invoices or cash register uniform invoices, these business will be MOF's next target groups in pushing through the use of electronic uniform invoices system with a view to have a full e-invoice environment.

Whether your entity is currently utilizing computer uniform invoices or written invoices or cash register uniform invoices, it is imperative the entity plan and prepare in advance to facilitate the soon-to-be mandatory implementation of the electronic invoice system and related procedures. **K**

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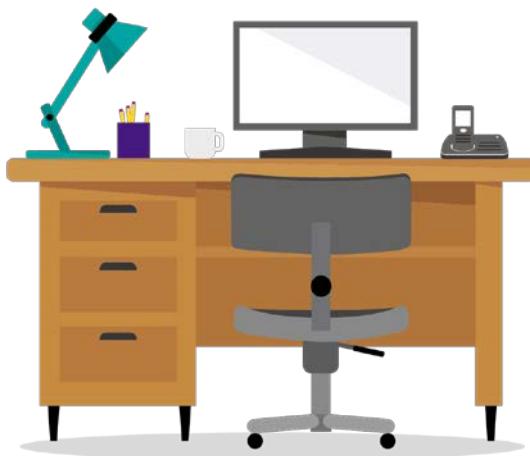
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