Case Study

Automating the Issuance of VAT Fapiaos via Integration of ERP with China's Golden Tax System

Using accounting and tax automations to resolve inefficiencies arising from the use of different invoice management systems.

Challenges

Our client faced the challenge of efficiently issuing official invoices (fapiaos) to their customers through China's Golden Tax System. Differences in software resulted in duplication of work that needed to be done manually, leading to more mistakes and inconveniences to their own clients.

Solutions

Dezan Shira and Associates was able to help our client streamline their procedures for issuing fapiaos by integrating their ERP system with the Golden Tax System, allowing the systems to share information with each other..

Impacts

With the integration, our client was able to cut out the redundant manual labor needed to input data into each system. This reduced the amount of time and manpower needed to issue fapiaos and considerably reduced the costs related to invoice management.

CHALLENGE: Improve the efficiency of processing Golden Tax System invoices.

One particular challenge for foreign companies doing business in China is organizing the issuance of official invoices (called fapiaos) to its customers for the products or services they provide. As the number of fapiaos that need to be issued increases, the time spent in managing that issuance process also grows steadily.

The process involves various manual elements, making mistakes inevitable. These can be time-consuming to remedy and cause inconveniences to the client. The core problem arises from the fact that fapiaos in China must be issued through the central government Golden Tax System (known as the GTS). Users need to login, enter the details to be shown on the fapiao, instruct the system to issue the fapiao number, and print the paper fapiao. At this time the VAT amount on the transaction is logged with the government's system.

SOLUTION: Seamless integration between company ERP system and the Golden Tax System.

In order to reduce both the time needed and human error, Dezan Shira & Associates configured the client's ERP system to store the required information that needed to be delivered to the GTS in the correct format. A file was created that permitted the process of integration between the ERP and the GTS tool, allowing files to be transferred directly between the two systems. Customer data, along with details, about specific product and service offerings and tax details were transmitted automatically from the company ERP to the GTS.

Within this ecosystem, instructions to issue the VAT number and print the fapiao can be made in batches or individually. Once a request is made in the GTS to issue a fapiao, details about the issued VAT number can be written back into the client's ERP and stored there.

IMPACT: Client saves time, manpower, and money while reducing errors.

By configuring the client's ERP with the GTS, all information required for issuing fapiao is available pre-verified from the ERP, eliminating the need to manually input the information. By doing so, we were able to reduce the time spent during this process as well as the occasional errors that came with it.
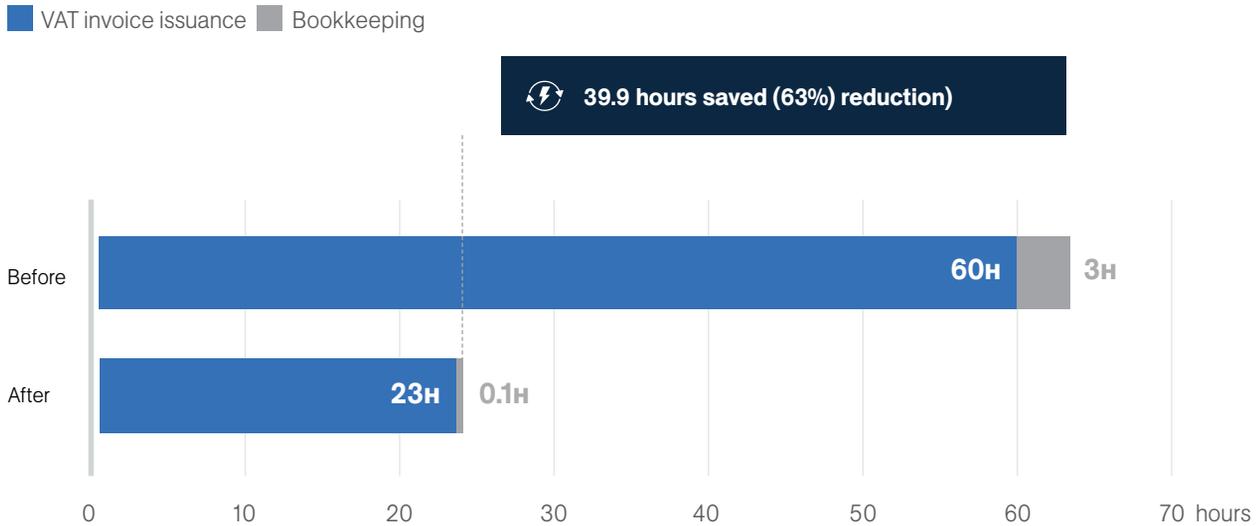
Through this integrated approach set up by us, the client could efficiently manage edits, cancellations and credits, as well as issue VAT numbers and fapiaos. Concerns that could be bothersome from an accountant's perspective, such as decimal point differences, were also easily resolved.

Under the new system issuing invoices could be done split or combined, giving our client the flexibility to adapt their invoices based on the situation. If a product or project exceeded the maximum amount allowed on a single fapiao, our client was able to issue multiple fapiaos. Conversely, our client could also easily combine multiple projects into one fapiao.

Below is an estimate of the time saved on a monthly basis for a company which issues 150 invoices per month. Manually inputting information into the GTS would take around 60 hours per month. Using our integration method, where data would only need to be maintained in the ERP, reduces that time by over 63 percent. Assuming the cost to input all this data manually is around 100 RMB/hour, the monthly savings of integration is almost 4,000 RMB per month. As the company grows larger, so do the savings.

Monthly Time Saved on VAT Invoice Management (average 150 invoices issued per month)

■ VAT invoice issuance ■ Bookkeeping

39.9 hours saved (63%) reduction)

Before	**60н** 3н
After	**23н** 0.1н

0   10   20   30   40   50   60   70 hours

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