Taobao for business: sales are now transparent to the tax authorities

Since 20 June 2025, the platform has been regularly reporting seller data to the tax authorities

Parameter	Details
Legal basis	PRC State Council Decree No. 810
What is reported	Seller details and revenue
Frequency	Quarterly
Who is affected	Both importing buyers and sellers

Conclusion

Trading without a legal entity and proper accounting is now visible to the tax authorities

How Taobao reports on its sellers

1 **E-Commerce Law, Art. 28**

Platforms are required to report seller information

2 **Decree No. 810 (20 June 2025)**

Reporting became regular, under a unified procedure

3 **Quarterly report**

Within one month after the end of each quarter

4 **Recipient**

The platform's competent tax authority within the STA system

Important

The first data submission took place from 1 to 31 October 2025

Choose a platform by order size, not by price

Platform	Model	Best for	Risk
Taobao 淘宝	C2C retail, no minimum order	Samples and small batches	Sellers often resell rather than manufacture
1688 阿里巴巴	B2B wholesale, minimum order of one pack	Repeat purchases	Ships within mainland China only; a freight forwarder is required
Tmall 天猫	B2C, official brand stores	Guaranteed genuine products	Highest entry threshold for sellers

Note

Taobao's English interface has been available since 2024–2025 in Singapore, Malaysia, Hong Kong and Macau. The translation is machine-generated, so bulk-order negotiations are still conducted in Chinese

The listed price is only the starting point

Product price

+ Purchasing agent fees
+ Domestic shipping within China
+ Warehouse consolidation
+ Customs duties and taxes in the destination country

Total

= true landed cost

Tip

Before your first payment, ask the agent for photos of the batch at the warehouse and its gross weight. This documents the condition of the goods before international shipping

A Taobao receipt won't reduce your tax. You need a fapiao

Provision	Content
Seller's obligation to issue the document	Art. 14 of the E-Commerce Law. Paper and electronic fapiao (发票) have equal legal force
Basis for deduction	Art. 5 of the Measures (公告2018年第28号)
Deadline	By 31 May of the following year (annual reconciliation)
Deduction for a late-received fapiao	Up to 5 years back

Warning

No fapiao → expense excluded from the tax base → additional corporate income tax of up to 25%

Rule

Agree on fapiao issuance before paying for the order

Selling on Taobao starts with a Chinese legal entity

Personal store

Linked to the owner's ID card

Corporate store

Linked to the business license and the company's Alipay account. Offers more sub-accounts for staff and more storefront slots

Legal requirements

- **Art. 10.** The seller registers as a market entity
- **Art. 15.** License details are permanently displayed on the store's homepage
- **Art. 27.** The platform verifies the seller before the storefront opens

Conclusion

A foreign company needs a WFOE with e-commerce included in its business scope

Cross-border e-commerce (CBEC): a storefront without a mainland entity

How it works

Goods are shipped to the Chinese buyer from an overseas warehouse

Buyer limits

CNY 5,000
per order

CNY 26,000
per year

Important

- Goods priced above CNY 5,000 are subject to full duties and taxes
- Purchases above the annual limit fall under the general trade regime
- Reselling the goods within China is prohibited

Use case

Test demand before registering a WFOE

From 25% to 5%: preferential tax regimes for WFOEs on Taobao

Corporate income tax

5% instead of 25%

- Profit up to CNY 3 million
- Up to 300 employees
- Assets up to CNY 50 million

VAT

1% instead of 3%

- Exemption for revenue up to CNY 100,000 per month or CNY 300,000 per quarter
- Once the threshold is exceeded, tax is due on the entire revenue

Platform report

Quarterly, within one month after the quarter ends

Incentives valid

Until 31 December 2027

Risks

Exceeding the profit threshold brings back the 25% rate for the whole year

Splitting revenue across several stores is visible in platform data

Taobao is a transparent storefront, not a grey import channel

Sourcing

Samples via Taobao, batches via 1688. Agree on the fapiao before paying

Selling

A domestic store can only be opened through a WFOE. No legal entity in China — use the cross-border model

Accounting

Revenue data goes to the tax authorities every quarter, regardless of your own reporting

Conclusion

A seller's tax discipline becomes part of its reputation and business value

CONTACTS

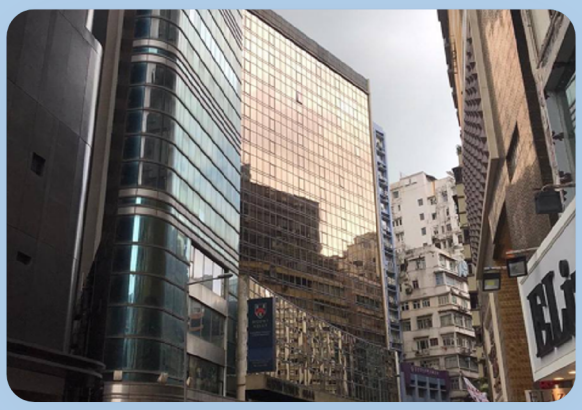
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