

## [China]

# Working in China

## Visa and Social Insurance Policy

Compiled by:

Swiss Business Hub China, Beijing Office

Beijing, July 2015

After having taken the decision to enter the Chinese market, your company might have to dispatch a current employee from Switzerland to your Chinese entity. Any Swiss company with a foreign invested entity – WFOE, JV, Partnership Enterprise, or Foreign Representative office in China are eligible to dispatch or hire foreign staff in China.

For foreign investors pursuing business in China, knowing the Chinese working visa policy and application procedure as well as the local social insurance policy is quite important before sending any experts to China. Switzerland Global Enterprise herewith compiles an overview of the latest policy, procedures and useful information about working in China for foreign employees.

Starting from January 2015, China released a new rule (RenSheBuFa [2014] No. 78)<sup>1</sup>, especially for foreigners travelling to China to finish a short term work assignment (less than 90 days). The rule determines what counts as short-term assignment (Z Visa) and what would be considered as non-short-term assignment (M Visa or F Visa). For example, applicants providing respective maintenance, installation, testing, disassembling, guidance and training for purchased machinery and equipment should apply for an M Visa.

In Shanghai, new local visa rules<sup>2</sup> have been implemented from July 1<sup>st</sup> 2015. The revised terms facilitate the access for foreign residents to both the long term residence permit and the permanent residence permit (Chinese green card). For example, a foreign employee will be able to apply for a 5 years long term working residence permit after 2 years of continuous employment in Shanghai with a working visa, provided that he or she didn't break any China immigration law or regulation.

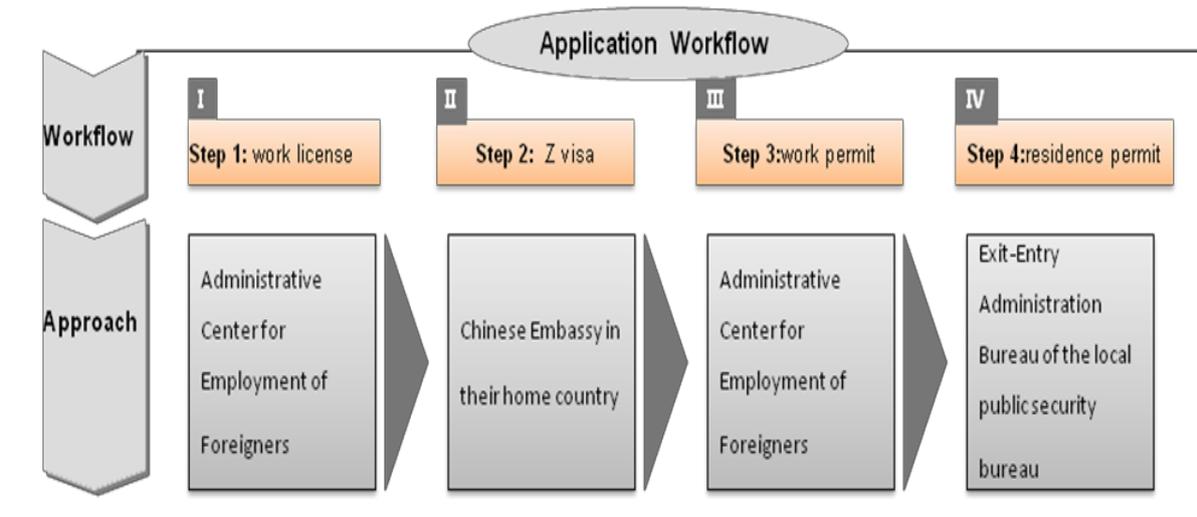
---

<sup>1</sup> Full text of No.78 Notice: <http://www.finexchina.com/en/publications/22>

<sup>2</sup> Explanation of new Shanghai visa rules:

<http://www.shanghai.gov.cn/shanghai/node27118/node27818/u22ai80307.html>

- **Work license . Working Visa & Residence permit**



**STEP1:** According to the Administrative Measures for Employment of Foreigners in China (laobufa [1996] No. 29), employers wishing to employ a foreign national in China need to go to the related Administrative Center for Employment of Foreigners to obtain the Employment License of the People's Republic of China for Foreigners (hereinafter referred to as "work license"). This has to be done by the subsidiary in China. <http://www.jmit.gov.cn/en/ShowNews.aspx?NewsId=1648>

**STEP2:** China Work Visa (also called Z visa or residence permit now) is issued to an alien who comes to China for a post or employment, commercial performance or academic exchanges.

To obtain a work visa from overseas Chinese consulates or visa office in Hong Kong, you are required to provide two basic documents: an Alien Employment License and a Z visa Invitation letter (or called Z visa notification form, Z visa notice). Most of Chinese consulates require original copies of the two documents. In addition to those two documents, a medical examination report could also be required in certain countries.

Chief Representatives in the representative office, legal representatives or investors of WFOEs who have their name appearing on the business license are allowed to change their L or M visas into Z visa/residence permit in China without leaving.

If you are applying for a 1 Year Work Permit and Residence Permit with your employer the first time, you should submit the below documents:

1. Passport with valid visa
2. Resume or C.V. (in English or Chinese is ok) [ [Sample](#) ]
3. Registration Form Of Temporary Residence (up to date) [ [Sample](#) ]
4. Credentials (e.g. copy of academic degree)
5. Reference letters from any foreign company to prove you have 2 years full-time working experience (after graduated) in your current field and position.
6. Employment Contract (oversea assignment contract also works)
7. Copy of the company Business License [ [Sample](#) ]
8. Copy of the company Enterprise Code License [ [Sample](#) ]
9. Copy of the company Approval Certificate (only for foreign investment company) [ [Sample](#) ]
10. Health Certificate

- Haidian Clinic of Beijing International Travel Healthcare Center Tel.: 010-82403675
- Shanghai International Travel Health Center Appointment Tel: 021-62688851 or [Book online here](#)
- Guangdong Healthcare Center For International Travel Headquarters Tel: 020-8753 7322, 020-8754 8300, 020-8526 2033 or [Book online here](#)

11. 5 Passport Photographs (size 4.5cm\*3.5cm)

If your position reaches GM or Vice GM of the company, you have to provide the following extra document:

1. Company's Articles of Association (Obtain from Administration of Industry and Commerce)

For some industries (for example, Culture Exchange industry), your company might need to provide following extra documents:

1. Company status paper copy ([Check the sample](#), your company can get it from local Administration for Industry and Commerce)
2. Company recently tax receipt copy ([Check the sample](#), your company accountant has it)
3. Company letter head – blank ([Check the sample](#))

Normal Service takes: 30 working days

**Notice:** As per 1st July 2015, any person to be employed by a company who is already holding an L, F or X visa and wants to apply for the working permit (Alien Employment Permit) and residence permit DOESN'T NEED to leave the country anymore for this purpose.

**Procedures:**

For Foreign employee outside of China	For Foreign employee inside of China
↓	↓
Alien Employment License (working license)	Medical checkup
↓	↓
Z visa notice (Z visa invitation letter)	Local registration form of temporary residence
↓	↓
Applicant apply the Z visa (working visa) in HK or Home country	Alien Employment License (working license)
↓	↓
Medical checkup	Residence permit
↓	↓
Local registration form of temporary residence	Employment permit (working permit)
↓	
Alien Employment permit (working permit)	
↓	
Residence permit	

**Note:**

- 1) Since the new rules just came out on 1st July 2015, please be aware that during the procedure, the government officer might ask for extra documents or slightly change the time frame.

- **Social Insurance for foreign employees**

The Ministry of Human Resources and Social Security (“MOHRSS”) of the People’s Republic of China promulgated the long awaited “Measures for the Participation in Social insurance of Foreigners Employed in China” (the “Measures”) on 6 September 2011 and they became effective on 15 October 2011. These Measures present the groundwork for the actual implementation of the Chinese Social Security Law (the “Law”, which came into force on 1 July 2011) for foreign employees working in the PRC.

Exceptions are only available for the countries that have signed social insurance treaties with the PRC such as Germany and South Korea. A social security agreement between Switzerland and China is currently still under negotiation: [www.bsv.admin.ch/themen/internationales/02094/index.html](http://www.bsv.admin.ch/themen/internationales/02094/index.html)

Whether the foreign employee should participate in the Chinese social insurance system does not depend on the labor contract with a PRC entity, but on the place where actual work is rendered. However the implementation of this law in China is not the same in all cities. Shanghai is the most notable exception, where for the moment foreigners do not have to pay social insurance.

Mandatory participation cities: Beijing, Chengdu, Shenzhen , Guangzhou, Qingdao, Shenyang, Jinan, Xiamen, Nanjing, Hangzhou, Foshan, Xi’an, Zhuhai, Tianjin, Suzhou, Chongqing, Huhehaote, Kunshan, Zhangjiagang, Wuxi, Nantong, Zhengzhou, Ningbo, Zhongshan.

Non Mandatory participation cities: Shanghai, other cities.

In principle, foreign Employees have to participate in the Chinese social insurance system which consists of 5 types of insurances (retirement, medical, maternity, work-related injury & unemployment) granting the same benefits to both foreign and local employees.

Contribution proportion of employer and employee: Valid from the middle of 2014 to the middle of 2015

	Beijing		Shanghai		Guangzhou	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Pension</b>	8%	20%	8%	21%	8%	12%
<b>Medical</b>	2%+RMB 3	10%	2%	11%	2%	8%+RMB 15.1
<b>Unemployment</b>	0.2%	1%	0.5%	1.5%	0.5%	8%+RMB 15.1
<b>Maternity</b>	0%	0.8%	0%	1%	0%	0.85%
<b>Work – Related Injury</b>	0%	0.3%-1%	0%	0.5%	0%	0.5%-1.5%
<b>Total</b>	10.2% + RMB 3	32.1%-32.8%	10.5%	35%	10.5%	22.25%+15.1-23.25%+15.1
<b>Ceiling For 2014 Monthly Salary Base for Contribution (RMB)</b>	17,379		15,108		17,424	
<b>Maximum Monthly Contribution (RMB)</b>	1775.7	5578.7-5700.3	1586.3	5288	1508	3410-3584

There is a defined maximum salary for the contributions to social insurance usually defined as 3 times the average salary of the respective city. Salaries above this limit do not pay additional social insurance. For Beijing for example the maximal salary is RMB 17, 379 (adjusted in Year 2014), the maximal employer social contribution amount is RMB 5,700.30. This maximal salary will be adjusted every year according to the development of the average salary.

Date: 22 July, 2015

Author: CHEN Fangfang

Author's address:

Swiss Business Hub China

c/o Embassy of Switzerland in Beijing No. 3 Sanlitun Dong Wu Jie, Beijing 100600, China

Tel: +86 10 8532 7538

Fax: +86 10 6532 2736

Email: [fangfang.chen@eda.admin.ch](mailto:fangfang.chen@eda.admin.ch)

<http://www.eda.admin.ch/eda/en/home/rep/asia/vchn/embbei/sbh.html>