

# Working in China

## Visa and social insurance policy

Compiled by:

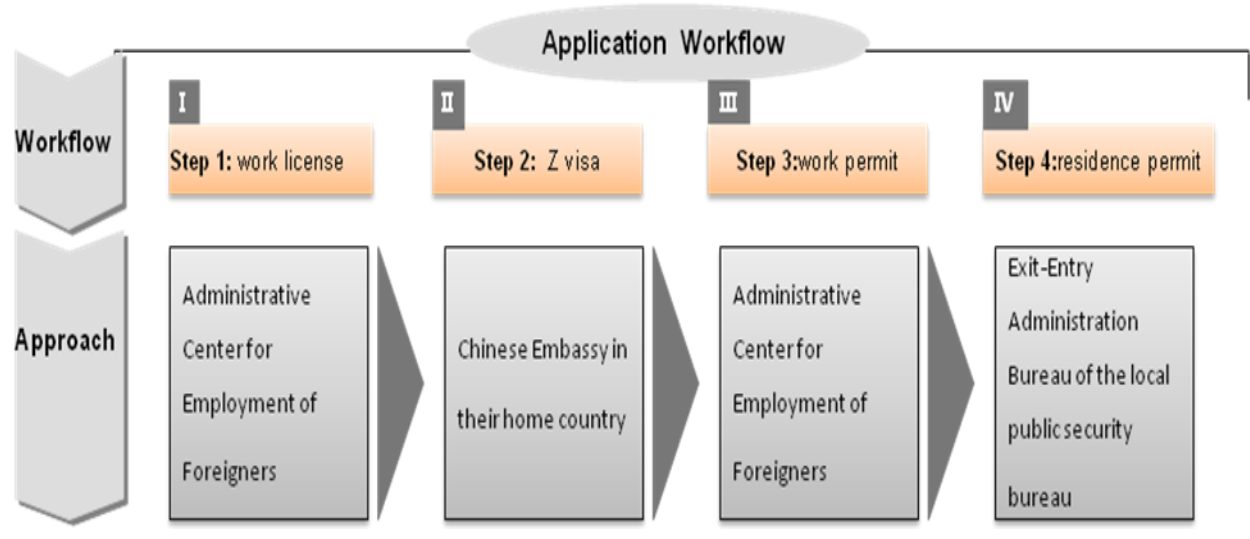
**Swiss Business Hub China, Shanghai Office**

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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. Companies which don't have any legal entity in China are not allowed to dispatch or hire neither local staff nor foreign employees in China.

For the foreign investors entering 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.

- 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.bjld.gov.cn/tszl/wgrjy\\_1/xgzc/200109/t20010923\\_21231.htm](http://www.bjld.gov.cn/tszl/wgrjy_1/xgzc/200109/t20010923_21231.htm)

*Documents required for company work license:*

- Application form for foreigner's employment in China:
- Employee's resume (in Chinese, stamped)
- Certificate of employee's work experience
- Report of reasons of employment
- Proof of capability of the employee
- Employee's degree certificate Other legal documents required by related authorities (foreigner permits application IC card issued by the Labor Bureau; stamped copy of business license; stamped copy of corporate code certificate)

**STEP 2:** After the employer successfully has obtained the working license for the employee, the employee in person needs to go to the Chinese Embassy in their home country to obtain a Z visa. The Z visa is only a vehicle to enter China for a limited period of time. Upon arrival, the Z visa holder must then obtain work and residence permits which will allow them to legally work in the country.

*Documents required for a Z visa, please refer to the China Embassy visa application:*

<http://www.china-embassy.ch/ger/lsw/sbqz/P020110824807801950248.pdf>

**STEP3:** After entering China with the Z visa, every foreign employee in order to obtain the work permit must undergo a mandatory health test and will then obtain a health certificate. The employer has to go to the related Administrative Center for Employment of Foreigners to apply for a work permit.

*Documents required for work permit:*

<http://www.12333sh.gov.cn/200912333/2009wsbs/dwbs/jwry/01/>

- Copy of the employment registration form of foreign employees in China (x2)
- Copy of the work license from the Labor Bureau Copy of labor contract Valid passport and visa (original) Copy of passport and visa Copy of health certificate 2-inch photo of employee (x3)
- Copy of the registration form of temporary residence Employee's Chinese name

**STEP4:** After the issuance of the work permit, the employee shall be able to go to Exit-Entry Administration Bureau of the local public security bureau to apply for their residence permit.

**FINAL:** After reviewing the application, the Exit-Entry Administration Bureau of the local public security bureau will deliver the passport back to the employee with the residence permit affixed inside.

The whole process from entry to residence permit takes around 2 months.

- **Social Insurance for foreign employee**

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 the Measure 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.

Exception only available for the countries that have the social insurance treaties entered into by the PRC together with such as Germany and South Korea.. Switzerland is still under negotiation with China.

<http://www.bsv.admin.ch/themen/internationales/02094/index.html?lang=en>

The Measures to adopt the principle the mandatory participation 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 (July 2013).

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

Non Mandatory participation cities: Shanghai, other cities.

The foreign Employees have to participate in the Chinese social insurance system which consists of 5 insurances (retirement, medical, maternity, work-related injury & unemployment) benefits same as local employee.

Contribution proportion of employer and employee: Year 2013

	Beijing		Suzhou	
	Employer	Employee	Employer	Employee
Maximum basis for assessment	RMB 15,669		RMB 14,407	
Retirement	20%	8%	20%	8%
	RMB 3,133	RMB 1,254	RMB 2,881	RMB 1,152
Medical	10%	2%(+RMB3)	9%	2%
	RMB 1,567	RMB 316	RMB 1,297	RMB 288
Maternity	0.8%	-	1%	
	RMB 1,254		RMB 144	
Work injury (rate depends on industry of employer)	1%	-	1%	
	RMB 157		RMB 144	
Unemployment	1%	0.2%	2%	1%
	RMB 157	RMB 31	RMB 288	RMB 144
Sum	32.8%	10.2%(+RMB3)	33%	11%(+RMB5)
	RMB 5,139	RMB 1,601	RMB 4,757	RMB 1,854

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 RMB15, 669 (adjusted in Year 2013. Year 2012 was RMB 14,016), the maximal employer social contribution amount is RMB 5,139. This maximal salary will be adjusted every year according to the development of the average salary.

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