

Taxation of international executives: China



January 2024

Contents

1	Overview and Introduction	4
2	Income Tax	6
3	Special considerations for short-term assignments	16
4	Other taxes and levies	18
5	Immigration	22

01

Overview and Introduction

1 Overview and Introduction

In China, the scope of taxation for individuals is generally determined by two factors:

- domicile status
- length of residence in China.

An individual who is domiciled in China is liable to income tax on worldwide income. This means that regardless of where the income is sourced or received, this income is subject to tax in China.

A non-domiciled individual of China is taxed in accordance with length of residence. A non-domiciled resident individual should be exempt from China Individual Income Tax (“IIT”) on his foreign-sourced income in a particular tax year provided that he can meet the requirements to claim relief under the “Six Year Rule” which applies from 1 January 2019. Specifically, a non-domiciled resident individual is taxed on income derived within China only, if during the six consecutive year period immediately preceding to the year of assessment, the individual:

- did not reside in China for 183 days or more in any of the tax years: OR
- was away from China on a single trip for more than 30 consecutive days in any of the tax years.

The count for the “Six Year Rule” starts from 1 January 2019, which means foreign-sourced income derived by non-domiciled individuals for tax years up to 2024 (inclusive) should be exempt from

China IIT.

A put-on-record filing requirement may be imposed on the non-domiciled individual in order to validate the six-year concession. Details of this filing requirement are expected to be released by the China tax authority at a later stage.

If a non-domicile is present in China for 90 days or less during a year, the compensation received for performance of services in China is not subject to tax if the economic employer of the individual is not a Chinese entity during their assignment in China and the costs of such employment are not borne by an entity within China. Where a tax treaty is applicable, a non-domicile may be exempt from tax in China for income earned during periods of up to 183 days in China during a taxable year, or a 12-month period, provided certain requirements are met.

The income tax rates on employment income range from 3 percent to 45 percent. Investment income and capital gains are generally taxed at a flat rate of 20 percent unless otherwise indicated.

The official currency of China is the China Yuan Renminbi (RMB).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they're not on assignment.

02

Income tax

2 Income Tax

2.1 Annual tax returns and compliance

When are tax returns due? That is, what is the tax return due date?

Monthly individual income tax returns are due by the 15th of the following month (but see discussion on compliance requirements).

Annual individual income tax returns should be performed between 1 March and 30 June of the following year if certain conditions are met.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in China?

Monthly returns

Employer's monthly individual income tax withholding returns are required to be filed on a monthly basis and the tax payments settled by the 15th day of the month following the date of receipt of income. The same monthly filing requirement and due date applies for individuals who receive employment income but have no withholding agent in China. Such individuals must file an individual income tax return on a self-declaration basis.

Annual returns

Effective from 1 January 2019, China resident individuals should perform an annual reconciliation filing between 1 March and 30 June following the end of the respective tax year, if certain conditions are met.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in China?

Residents

(A) Taxable income		(B) Taxable income subject to gross up		Tax rate	Quick deduction
In excess of RMB	To RMB	In excess of RMB	To RMB	Percent	RMB
0	36,000	0	34,920	3	0
36,000.01	144,000	34,920.01	132,120	10	2,520
144,000.01	300,000	132,120.01	256,920	20	16,920
300,000.01	420,000	256,920.01	346,920	25	31,920
420,000.01	660,000	346,920.01	514,920	30	52,920
660,000.01	960,000	514,920.01	709,920	35	85,920
960,000.01	Over	709,920.01	Over	45	181,920

With respect to comprehensive income (including employment income, income from independent personal services, author's remuneration, and royalties) derived by resident individuals, the applicable **annual** income tax rates are as follows:

If tax is borne by the employee, figures in Column A should be applied to calculate the tax as follows:

Tax liability = Taxable income x applicable tax rate – quick deduction.

If tax is borne by the employer, tax should be calculated on a gross-up basis as follows:

Grossed-up taxable income = (Taxable income subject to gross up – quick deduction B) / (100 percent - applicable tax rate B)

Tax liability = Grossed-up taxable income x applicable tax rate A – quick deduction A.

Non-residents

With respect to comprehensive income derived by non-resident individuals, monthly income tax rates should be applied, and are as follows:

(A) Taxable income		(B) Taxable income subject to gross up		Tax rate	Quick deduction
In excess of RMB	To RMB	In excess of RMB	To RMB	Percent	RMB
0	3,000	0	2,910	3	0
3,000.01	12,000	2,910.01	11,010	10	210
12,000.01	25,000	11,010.01	21,410	20	1,410
25,000.01	35,000	21,410.01	28,910	25	2,660
35,000.01	55,000	28,910.01	42,910	30	4,410
55,000.01	80,000	42,910.01	59,160	35	7,160
80,000.01	Over	59,160.01	Over	45	15,160

If tax is borne by the employee, figures in Column A should be applied to calculate the tax as follows:

Monthly Tax = Monthly taxable income x applicable tax rate – quick deduction.

If tax is borne by the employer, tax should be calculated on a gross-up basis as follows:

Grossed-up monthly taxable income = (Monthly taxable income subject to gross up – quick deduction B) / (100 percent - applicable tax rate B)

Monthly tax = Grossed-up monthly taxable income x applicable tax rate A – quick deduction A.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of China?

Domicile

An individual is domiciled in China if he/she habitually resides in China by reason of permanent registered address, family ties, or economic interests. An individual with a Chinese passport or a hukou (household registration) is generally regarded as being domiciled in China.

Non-domicile

Generally, a foreign national is treated as a non-domiciled individual of China.

A non-domiciled individual of China is taxed in accordance with his/her length of residence in China. Under the revised China IIT laws and regulations effective 1 January 2019, a non-domiciled individual would be deemed to be a China tax resident if he resides in China for 183 days or more during a calendar year.

Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No, there are no de minimus rules for Chinese IIT purposes.

What if the assignee enters the country/jurisdiction before their assignment begins?

An assignee's China residence days prior to commencement of an assignment in China would be counted to determine whether workdays spent preceding to the assignment would also be taxable in China. IIT relief may be sought under either the Chinese domestic regulation or by double tax treaty (where applicable).

2.4 Termination of China assignment

Are there any tax compliance requirements when leaving China?

For non-domiciles, all outstanding taxes should be settled, and individual income tax deregistration should be completed at the local tax authorities by the due date of the monthly tax filing following the last day of employment.

The employing entity in China should arrange for cancellation of the work and residence permits of non-domiciles upon termination of their employment in China.

What if the assignee comes back for a trip after residency has terminated?

Tax may be payable based on the workdays in China.

Communication between immigration and taxation authorities

Do the immigration authorities in China provide information to the local taxation authorities regarding when a person enters or leaves China?

Information sharing between the authorities could occur.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

Yes. The assignee could have a filing requirement on China-sourced income received after repatriation.

2.5 Economic employer approach

Do the taxation authorities in China adopt the economic employer approach¹ to interpreting Article 15 of the Organization for Economic Cooperation and Development treaty? If no, are the taxation authorities in China considering the adoption of this interpretation of economic employer in the future?

Yes, a Chinese entity may be regarded as economic employer even if no costs are recharged to it.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

No.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

Taxable income includes all compensation received by an employee, including amounts received directly or indirectly from the work performed for the employer. The following list includes typical items of an expatriate compensation package which are taxable in China. Please note that this is not a comprehensive list.

- base salary
- bonuses
- expatriate premiums
- cost-of-living allowances
- mobility premiums
- equity-based compensation
- employer contribution to overseas social security.

Intra-group statutory directors

Will a non-resident of China who, as part of their employment within a group company, is also appointed as a statutory director (i.e., member of the Board of Directors in a group company situated in China trigger a personal tax liability in China, even though no separate director's fee/remuneration is paid for their duties as a board member?

- a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in China?
- b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in China (i.e., as a general management fee where the duties rendered as a board member is included)?

In the case that a tax liability is triggered, how will the taxable income be determined?

Non-resident individuals are taxed in China on China sourced income only. Director's fee paid or borne by a Chinese entity is regarded as China sourced income, regardless of whether the individual performs director's duties inside China or not. If he is not remunerated for his role as a director of a Chinese entity, his China IIT obligations may also depend on other certain conditions. Given the complexity of determining a director's China IIT obligations, it is recommended that IIT position is assessed on a case-by-case basis.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in China? If so, please provide a general definition of these areas.

See discussion on expatriate concessions.

2.8 Expatriate concessions

Are there any concessions made for expatriates in China?

Certain benefits-in-kind provided to foreign national employees are exempt from tax provided that the amounts are reasonable and substantiated by official invoices/receipts and other supporting documentation. These include the following:

- rental of accommodation
- meals and laundry
- relocation
- language training (for the employee only)
- children's education expenses in China
- Home leave travel (up to two trips a year for the employee only).

Please note that according to the current regulation, the tax-exemption treatment shall be valid until the end of 2027. Subsequent to 31 December 2027, such benefits will be treated as taxable if there is no update from the China tax authority on any extension of the tax exemption treatment.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in China? If so, how?

Individuals of China domicile and non-domiciles who are long-term residents are liable for tax on worldwide income; therefore, such individuals are subject to tax on salary earned from working abroad.

Non-domiciles of China who are resident for less than 6 consecutive years are generally liable for tax on China-sourced employment income only. However, non-domiciles who are full-year residents of China within a calendar year are liable for tax on salary earned from working abroad if such salary is paid by an entity in China.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in China? If so, how?

Individuals of China domicile and non-domiciles who are long-term residents are liable for tax on worldwide income, therefore such individuals are liable for tax on investment income regardless of where it is sourced or received.

Non-domiciles of China who are resident for less than 6 consecutive years are generally liable for tax on China-sourced investment income only.

Certain types of investment income are provisionally exempt from tax in China. These are mentioned below.

Dividends, interest, and rental income

Dividends

Dividends are generally taxable at a flat rate of 20 percent. However, dividends paid out by companies listed on the Chinese stock exchanges are taxed at rates ranging from 0 to 20 percent depending on holding period.

Interest

Interest income is generally taxable at a flat rate of 20 percent.

Certain types of interest income, such as interest on bank savings account deposits, State treasury bonds issued by the Ministry of Finance and approved education savings funds, are exempt from tax.

Capital gains

Gains on the transfer of capital assets (such as securities, equity interests, land use rights, buildings, equipment, vehicles, and other assets) are generally taxable at a flat rate of 20 percent.

Gains on the transfer of stocks listed on the Chinese stock exchanges are provisionally exempt from tax.

Gains from stock option exercises

Stock options are generally taxable at exercise. The difference between the fair market price, which is the closing price of the stock on the date of exercise, and the exercise price is recognized as employment income and subject to withholding requirements.

Foreign exchange gains and losses

There is no specific provision in the current tax law and regulations regarding the taxation of foreign exchange gains.

Principal residence gains and losses

The tax treatment for gain on sale of a residence may vary based on the location, which is required to be assessed on a case-by-case basis.

Capital losses

Capital losses are not deductible against taxable income.

Personal use items

Gains on the sale of personal use items may be taxable as capital gains. Independent tax advice should be sought.

Gifts

Gifts from employers to employees generally constitute taxable employment income. There is no gift tax in China with respect to gifts between individuals.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in China? If so, please discuss.

No.

Are there capital gains tax exceptions in China? If so, please discuss.

See discussion on taxation of capital gains.

2.12 General deductions from income

What are the general deductions from income allowed in China?

For comprehensive income, a monthly personal exemption of RMB5,000/annual personal exemption of RMB60,000 is generally applicable per individual.

Deductions from employment income are also allowed for qualified charitable contributions, subject to limitations, and employee contributions to Chinese social security to the extent mandated by law.

China resident individuals could claim itemized deductions (including mortgage interest or housing rental, children's tuition, care for infants under the age of 3, continuing education, serious illness medical fees, and supporting elderly) if certain conditions are met.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in China?

Current month gross-up

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in China? For example, pay-as-you-earn (PAYE), pay-as-you-go (PAYG), and so on.

Pay-as-you-go (PAYG) withholding

Employers are required to withhold taxes from each payment of employment income.

When are estimates/prepayments/withholding of tax due in China? For example: monthly, annually, both, and so on.

Taxes withheld on employment income should be filed and paid monthly.

2.15 Relief for foreign taxes

Is there any relief for foreign taxes in China? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on.

Income tax paid in foreign jurisdictions by individuals on foreign-source income may be credited against the amount of income tax assessed in China where the foreign country/jurisdiction has the first right to tax.

2.16 General tax credits

What are the general tax credits that may be claimed in China? Please list below.

No general tax credits available

2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in China with two children whose 3- year assignment begins 1 January 2021 and ends 31 December 2023. The taxpayer's base salary is 100,000 US Dollars and the calculation covers 3 years.

	2021 USD	2022 USD	2023 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000

	2021 USD	2022 USD	2023 USD
Moving expense reimbursement	20,000	20,000	20,000
Home leave	0	0	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- Interest income is not remitted to China.
- The company car is used for business and private purposes and originally cost USD50,000. The car is leased and paid for directly by the employer.
- The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation. Salary and cost-of-living allowance are paid monthly in equal installments.
- Housing allowance is utilized in full on rental of accommodation in China, with valid tax invoices and lease agreements available for substantiation
- Valid tax invoices are available to substantiate the moving expense reimbursements.
- Home leave costs incurred are for the employee themselves, not exceeding two trips in a calendar year.
- Education allowance is utilized in full on children's education in China, with valid tax invoices available for substantiation.
- Tax is borne by the individual.

Calculation of taxable income

Year ended	2021 RMB	2022 RMB	2023 RMB
Days in China during year	365	366	365
Earned income subject to income tax			
Salary	690,000	690,000	690,000
Bonus	138,000	138,000	138,000
Cost-of-living allowance	69,000	69,000	69,000
Total earned income	897,000	897,000	897,000
Other income	0	0	0
Total income	897,000	897,000	897,000
Deductions	60,000	60,000	60,000
Total taxable income	837,000	837,000	837,000

Calculation of tax liability

	2021 RMB	2022 RMB	2023 RMB
Taxable income as earlier	837,000	837,000	837,000
Chinese tax thereon	172,320	172,320	172,320
Less:			
Domestic tax rebates (dependent spouse rebate)	0	0	0
Foreign tax credits	0	0	0
Total Chinese tax	172,320	172,320	172,320

Footnotes

¹ Certain tax authorities adopt an “economic employer” approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or a calendar year of a 12-month period), the employee remains employed by the home country/jurisdiction employer but the employee’s salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the “economic employer” and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country.

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

No. The determination of residency status for short-term assignees is the same as discussed in preceding sections.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No.

3.3 Taxable income

What income will be taxed during short-term assignments?

Unless exempt, under treaty or China tax law, all China-source income is subject to tax. Generally, compensation paid for services performed in China is China-source income.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in China?

No

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in China? If so, what are the rates for employers and employees?

Employer and employee

Social security contributions from both employee and employer are mandatory for individuals of China domicile who are employed in China.

The rates of contribution vary by location within China.

Effective from 1 July 2011, foreigners may be also subject to social security taxes in China.

From 1 January 2020, “Interim Measures for Hong Kong, Macao and Taiwan Residents’ Participation in Social Security Schemes in Mainland China” takes effect, which provides practical guidance for Hong Kong, Macao and Taiwan Residents’ Participation in Social Security Schemes in Mainland China.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in China?

There are no gift, wealth, estate, or inheritance taxes in China currently.

4.3 Real estate tax

Are there real estate taxes in China?

Yes, but property that is held for personal use may be provisionally exempt from real estate tax, provided that certain conditions are met.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in China?

Yes, there is value-added tax (VAT) in China. VAT is applying to both goods and service sectors. Standard rate of VAT ranges from 6 percent to 13 percent.

4.5 Unemployment tax

Are there unemployment taxes in China?

Yes. Unemployment tax is one of the components of the Chinese social security system. See discussion on social security tax earlier.

4.6 Other taxes

Are there additional taxes in China that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Shipments of household goods to China in relation to an assignment are generally subject to customs duties. Duties are either assessed on a lump-sum duty rate or based on percentage of the assessed value determined by China customs at the time of inspection.

There is also stamp duty in China, which is imposed on certain prescribed documents executed or used in China. Notably, lease agreements entered into for rental of accommodation in China are subject to stamp duty at the rate of 0.1 percent of the contract value, although this may not be strictly enforced in all locations throughout China.

4.7 Foreign financial assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the countries/jurisdictions fiscal or banking authorities?

No. But as China implements the Common Reporting Standard (“CRS”) and has exchanged the related information with other countries/jurisdictions and jurisdictions for the first time in September 2018, it is possible that the individual’s overseas account information will be exchanged to the China authorities when certain conditions are met.

05

Immigration

5 Immigration

Following is an overview of the concept of China immigration system for skilled labor.

(E.g., which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter China as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

Regular passport holders from Japan¹, Singapore and Brunei are allowed to enter the country/jurisdiction as non-visa national for business and personal purpose up to 15 days upon arrival.

Describe (a) the regulatory framework for business traveler being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

Business traveler enters the country/jurisdiction with a business visa (i.e., M visa). Allowable activities on M business visa:

- Business meetings or conferences, business to business marketing activities, contracts negotiation;
- Post sales equipment maintenance, installation, testing, dismantlement, coaching and training; Coaching, supervision or inspection over a bid-winning project in China
- Performing short term technical guidance, training, supervision and knowledge transfer for subsidiaries, branches or representative offices in China
- or Providing volunteer works in China without remuneration or remuneration is paid by overseas organization

Maximum length of stay for M visa in the country/jurisdiction will be depended by Chinese Embassy's jurisdiction.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

Business visa (i.e., M visa) is required to obtain from Chinese Consulate in applicant's home country/jurisdiction or the country/region where the applicant resides permanently. In general, the following is the required documents for M visa application with Chinese Consulate.

- 1 Original passport
- 2 Visa application form
- 3 Digital photo
- 4 Letter of Invitation
- 5 Residency proof – if the applicant filed the visa application in a third country, the document is required.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

There is not any visa waiver programs for technical support staff on short-term assignments.

¹ Visa-free for Japan passport holders has been suspended during COVID-19 period and yet to be resumed.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to China? In this context outline whether a local employment contract is required for the specific permit type.

Foreign national for long-term assignment have apply Z visa to enter the country/jurisdiction for work permit and work-type residence permit application. In some cities of China, local employment is a MUST for work permit application.

Provide a general process overview to obtain a work and residence permit for long- term assignments (including processing times and maximum validation of the permit).

Pre-arrival

- Application for Notification Letter of Work Permit with the Foreign Expert Bureau for the principal and their accompanying dependents, if applicable.
- Application for Single-entry Z-visa and S1-visas with the Chinese Embassy / Consulate / Chinese Visa Office in principal and the dependents' home country.

Post-arrival

- Application for **Registration Form of Temporary Residence (TRRF)** within 24 hours after entering into China with the Z-visa and S1-visas for principal and their accompanying dependents, if applicable.
- Attend Health check appointment at the China International Travel and Healthcare Center
- Application for **Work Permit** with the Foreign Expert Bureau for principal
- Application for Foreigner **Residence Permit** with the Public Security Bureau for principal applicant, and accompanying family, if applicable.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

Requirements on minimum salary and minimum tax payment apply to foreign nationals applying for certain category of work permit. Allowances which are subject to Chinese IIT can be accounted to meet the minimum salary and minimum tax payment requirements.

Is there a fast-track process which could expedite the visa/ work permit?

There is no fast-track service for work permit application. With respect to residence permit application, an online fast track service is available in some cities of China.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

The employee should commence full scope of work activities once both the Work Permit and Residence Permit are issued. Activities conducted in China whilst holding only a Z visa should be limited to business meetings, work transition related.

Can a short-term permit/ business visa be transferred to a long-term permit in China?

Depends on the local practice adopted at the time of application.

Is it possible to renew work and residence permits?

Yes.

Is there a quota or system or a labor market test in place?

Yes, for certain category of work permit, however details of which are not publicized.

5.3 General Immigration Related Questions

Would it be possible to bring family members to China?

Yes.

Is it possible to obtain a permanent residence permit?

Yes.

What if circumstances change after the Work and Residence application process (e.g., change of employment or personal situation, including job title, job role or salary)?

A foreign national is required to submit an application for amending details of their work permit and residence permit when there is a change to the following circumstances:

- Change of employer
- Change of job title
- Change of passport number
- Change of residential address
- Change of family member status
- Other material changes to details originally submitted for work permit or residence permit application

How long can a permit holder leave China without their permit becoming invalid?

The permit holder can leave China within the validity period of his/her permit. That being said, any extended absences from China may affect future permanent residence permit (i.e., China Green Card) application.

Must immigration permissions be cancelled by the end of the assignment/employment?

Work permit and residence permit must be de-registered by the end of the assignment/employment.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

- Foreigners who work in China illegally shall be subject to a financial penalty of at least RMB5,000 but not more than RMB20,000; where the offense is considered serious, in addition to the financial penalty, the individual may be detained for a period of not less than 5 days, but no more than 15 days.
- Individuals or sponsoring entities which illegally employ foreigners shall be fined RMB10,000 for each illegal employed foreigner, with a cap of RMB100,000 in total; and any monetary gains obtained illegally shall be confiscated.

5.4 Other Important Items

List any other important items to note, or common obstacles faced, in China when it comes to the immigration processes.

10-day policy for application for amending details relating to work and residence permit:

The application must be filed with the local authority within 10 calendar days of the relevant event occurring.

60-day policy for new-born baby in China:

New-born baby in China is obliged to apply for a dependent residence permit within 60 calendar days after birth, where both of his/her parents are foreign passport holders. Where such requirement is

not complied with, the new-born baby would be considered as residing in China unlawfully, and financial penalty may be imposed.

[Back to top](#)

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