



China Covid-19 Outbreak Snippets

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LEHMANBROWN
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International Accountants

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China is steadily coming out of lockdown, with some minor controllable outbreaks, as its economy recovers with business taking all safety measures to keep business running. China recovery thus far is the result of well implemented policies which have been put in place to help relieve businesses financially and business around the world should be looking to see the new possibilities which China has to offer as it continues to open up to foreign investment. LehmanBrown being inside China since 2001 has established deep roots into China's vast market allowing us to assist business or investors looking to expand their business ventures.

Acquiring the Visa to Enter China

As of late June, all applicants need to apply for the invitation letter with Development and Reform Committee (DRC) first, and their companies will initially submit the application to the Foreign Affairs Office who will issue the PU letter used for the foreigner based overseas to apply for the special entry visa.

The application papers can only be submitted to the DRC in Beijing, or the district foreign affairs office (FAO) in Shanghai, and the district epidemic control office in Guangdong province, wherever the company is located. Cities and districts vary on how difficult it is for the application and chances of approval. It seems currently easier to obtain the PU letter if located in cities and provinces outside of Beijing. When submitting it is important to state in which Chinese embassy or consulate the applicant will apply to for the visa, the applicant cannot apply for the entry visa in other embassies or consulates which are not stated in the PU letter.

The applications criteria have been slightly more relaxed in August, allowing family members to reunited in Beijing and Shanghai, however these changes seem to be only applicable at a local level.

Once the letter is obtained, the applicant can submit the letter together with the flight details and visa entry application form to the Chinese embassy in their home country.

- There are conflicting messages regarding families, with some areas seeming to allow, and others restricting to the applicant who needs to return for work only.
- Visa types applicable are M or F visa with single entry to enter China. The duration is 30 days/60 days/90days/180 days max. Once in China, an applicant that has an existing Z / work visa and permit can be registered as returning, and these will continue as usual from that point.
- Nucleic Acid Test must be carried out five days before the flight depending upon the country and needs to be carried out by facilities designated by the Chinese embassy or consulates.

Once arriving in China, the foreign employee with a residence permit will need to go to the local PSB to reactivate the permit which has been frozen due to the pandemic. Times for reactivation depend from location to location.

Fast Track and Green Channels have become available for some countries. Fast Track is thus far available to eight countries, including the Japan, and Singapore. Green Channels seem to involve

predominately US businesses who have Wholly Foreign Owned Entities ("WFOE") and US citizens who need to return to China for work.

From August 10th 2020, it was announced that the following countries do not require a PU letter to apply for a visa for entry, and free of charge application, as long as the individual holds valid work and residence permits, or alternatively is re-uniting with family in China. The list of the countries are as follows:

Albania, Ireland, Estonia, Austria, Bulgaria, North Macedonia, Belgium, Iceland, Bosnia and Herzegovina, Poland, Denmark, Germany, France, Finland, Holland, Montenegro, Czech Republic, Croatia, Latvia, Lithuania, Luxembourg, Romania, Malta, Norway, Portugal, Sweden, Switzerland, Serbia, Cyprus, Slovakia, Slovenia, Spain, Greece, Hungary, Italy, United Kingdom.

Recommendations

The options for those who have an urgent need to return are expanding, and it is recommended to apply following the procedures mentioned, and if delayed or denied to immediately inform your embassy and Chamber of Commerce if you are members.

However, if there is no urgent need for returning to China, it is recommended to watch the situation to see if China further opens its borders and re-establishes clear visa procedures officially. Applications are currently being approved based upon China's priority needs by industry and business nature.

Lastly it is essential to note that all flights to Beijing are rerouted to cities and regions adjacent to Beijing, and once landed there, there will be another Nucleic Acid Test followed by a mandatory 14-day quarantine in a Government Approved residence or hotel, before travelling to Beijing. Following this, there is then another seven days quarantine expected in the person's residence but this is down to the local authorities and their local requirements.

Managing Risks for Legal Representatives

Under Covid-19 the risks are amplified further as management may not have full oversight in business; furthermore businesses may face repercussions for inappropriate digital content or public comments in the eyes of China, which could cause the company in China issues.

Legal Representatives, Board of Directors, and the Supervisors are considered most at risk as they are registered with the Government as official positions and may face any legal repercussions for any wrongdoing. It is also important to note that all the persons in these positions remain in place even after resignation until the company deregisters them with the Government. Whilst registered then they have responsibility still.

General Managers and CFOs (except an accountant or cashier with the tax bureau) who are not registered with the Government are not exempt from legal action. They may still be liable and called into Government enquiries because of their access to information and therefore, knowledge of the businesses actions or situation.

Companies need to have a strategy for communication externally to ensure consistent messaging to guarantee that someone in another part of the world does not say something inappropriate, as this can

have ramifications on China-based management, or overseas management visiting China. At the same time, such positions when based overseas could consider carrying out an internal review or internal audit but using external resources acting on their behalf. This is to ensure financial, tax and legal compliance, but also could be to review their internal policies, processes, procedures and controls to ensure that these are operating and being followed, or to seek ways to improve and strengthen these.

Recommendations

Due to Covid-19, all levels management must take a more hands-on approach to approve all decisions and financial movements while reviewing their company policies, the creation and approval of public statements, announcements and press releases. Internal audits can be done to make sure that there are not procedural weak points or bottlenecks to avoid unforeseen risks. The scope of these internal reviews, or as known in the accounting world, “Agreed upon Procedures” review, can be anything that is deemed by management “a risk” or recommended for checking by the accounting firm.

Find Out More

In case you missed the last week’s snippets you can find them by clicking the [link here](#).

If you would like to find out how your business can benefit from these policies and potential others not motioned here please send your enquiries to enquiries@lehmanbrown.com.



About Us

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LehmanBrown combines years of international expertise with practical China experience and knowledge, offering expert advice and support to both local and international clients. We are committed to providing individually tailored financial and business solutions for each of our clients, recognizing that each client is different. Through offering “whole of life” services, LehmanBrown offers clients assistance throughout every step of their business life cycle, from pre-conception to afterlife. LehmanBrown is registered with the PCAOB in the US and is able to conduct SEC work, as well as being accredited by accounting bodies in the UK and Australia.

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综合多年的国际经验以及对中国市场的深刻理解和洞察，我们致力于为本地及国际客户提供高质量的专业服务和支持。我们了解每位客户都是独一无二的，承诺为每一位客户量身打造适合自身的财务和商业解决方案。从前期策划到市场退出，雷博通过提供“全生命周期”服务，为客户在不同商业生命周期的每一个阶段提供协助。雷博在美国公众公司会计监督委员会（PCAOB）已注册，有资质开展美国证监会（SEC）相关工作，同时在英国和澳大利亚也得到会计方面的专业认证。

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CFO Function

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Payroll Processing Setup

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Local Employees

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Tax Representatives for Tax Audit

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