



Relocating Expats to China: Visa, Contract and Tax Planning

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International Accountants

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All you need to know to work in China

China is a fantastic place to live and work, with plenty of opportunities to find success for one's business and themselves. However, before arriving, expats need to make sure that they are clear in what they need to do to and present to acquire a visa, check their contracts and see if all the fringe benefits you could have been included.

Moving is a stressful affair, especially if not guided through the process of getting all your documentation in order. Whilst at the time of publishing this article there are special restrictions on foreigners traveling to China, it is everyone's hope that these will be short lived and that normal travel and business will resume back to normal. Therefore, LehmanBrown has put together a few pieces of information to potentially guide new and current expats through the process of getting all documentation needed to legally work in China and looking at all the potential benefits they can enjoy.

China Work Visa Process

The following steps and timeline are for expats who fit under category B (certain expats who can meet of the criteria of category A can enjoy a reduced timeframe for approval).

Step I: Apply for the notification letter of foreigner's work permit in the People's Republic of China with SAFEA (15-20 working days):

The company residing in China usually will apply for the notification letter of foreigner's work permit. Newly set-up companies will need to register with SAFEA as it will also facilitate the renewal process for the work permits with any expatriate to be hired by business.

An Expat will need to produce these documents for the applicant for Step I:

- Health check report issued by a foreign medical institution authorized by the Chinese embassies or consulates in foreign countries.
- Authorized education degree and non-criminal record certificate.
 - **Education degree** - the applicant's highest degree authenticated by the Chinese Embassy or Consulate in his home country or degree's country, or authenticated by degree authentication institution in China;
 - **Non-criminal record certificate** – The applicant's clean criminal record of they home country authenticated by the Chinese Embassy or Consulate in his or authenticated by the foreign Embassy or Consulate in China.
- Work reference letter (confirming having at least two years of work experience outside of China)
- Two-inch colour photos
- Passport photocopy
- Employment contract or letter of key terms of employment
- SAFEA might additionally request other documents
- Authorized relationship certificate for family members

Step II: Submit Z Visa application with Chinese Embassy or Authorised visa centre overseas. (1-3 weeks, depending on the demand)

Normally expats apply for a Z visa which has a period of validity of 3 months starting from the issuing date, and once the applicant arrives in Beijing, the expats need to complete Step III and Step IV within 1 month. Family members can be linked to the visa if they are planning to relocate together.

Step III: Present expat's work permit application with SAFEA (15-20 working days)

At this point, expats should be in the country and must immediately report to the local police station within 24 hours to obtain the accommodation registration form.

- All Hotels in China generally register foreigners with the local authorities, and can provide an accommodation registration form.

Step IV: The work-type Resident Permit application to the Public Security Bureau (10 working days)

Step III and IV will be completed once in China, and an expat will have to have these documents:

- Original passports with at least 6 months of validity until the expiry date;
- Accommodation registration form
- Foreign work permit card
- Applicants are generally required to have a physical check-up in the city's health care centre where the expats works, however, this depends on the information the previous health check report provides.

What are Categories

In China expats are categorised according to their skills and expertise, only about 16% of expats are of category A which is the most prestigious category as the individuals of this category are considered essential to China's interests and development. Most expats are category B and C, which will be processed normally and have not unique benefits.

Labour Contract and Tax Planning

Before the visa process it is important to negotiate with the employer regarding a contract, as the company hiring will need to provide a confirmation letter in Chinese to submit to the authorities which will include the expat's working location, job description, salary, contract period, and job title, stamped with company's official seal and signed by the expat. It is also a requirement under Labor Law.

While negotiating the details of the contract, expats need to know about the many fringe benefits which can significantly improve an expats monthly tax home income. Most common fringe benefits are here listed:

- Housing Allowance
- Children's education allowance
- Home leave allowance

- Laundry allowance
- Meal allowance
- Language Education Allowance

Individual Income Tax and Social Welfare

Expats should consider doing some tax planning before entering China as there was a new Individual Income Tax (IIT) law that became effective in 2019.

Social Welfare plays another factor in the salary, which may change according to where the expat is being relocated, however, all cities and regions offer the same social welfare benefits and coverage. The breakdown of social welfare in the main cities are as follows:

Social Welfare Breakdown	Beijing		Shanghai		Shenzhen	
	Employee	Employer	Employee	Employer	Employee	Employer
Pension	8%	16%	8%	16%	8%	13%
Medical	2% + 3 RMB	10%	2%	9%	2%	5.2%
Unemployment	0.2%	0.8%	0.5%	0.5%	0.3%	0.7%
Maternity	0%	0.8%	0%	1%	0%	0.45%
Work-Related Injury	0%	0.16-1.52%	0%	0.16-1.52%	0%	0.14-1.14%
Total	10.2% + 3 RMB	27.76-29.12%	10.5%	26.66-28.02%	10.3%	19.49-20.49%

Non China Sourced Income and the Six-Year rule

For expats who receive earnings not sourced from China, they won't need to declare or pay taxes in China as long as they do not remain domiciled in China for longer than six years. In China, an expat becomes a domicile if they work in China for longer than 183 days in one year. It is possible to reset the Six-Year rule by leaving China for 30 full days at any point in their six years stay in China. This resets the following year to year one of six. Once an expat becomes domicile then they are subject to worldwide tax as long as they are resident in China during a tax year. Resetting after this can be done by not being resident in a year.

How can LehmanBrown Help?

If you are an expat about to relocate to China and would like to find out how best to prepare contractually and financially, it is recommended to call ahead of the arrival and talk with a professional. LehmanBrown's professionals can guide expats through every step of the visa acquisition process and provide tax plans which can maximise income and benefits.

To enquire, please email enquiries@lehmanbrown.com.



About Us

LehmanBrown is a licensed China-focused accounting, taxation and business advisory firm, operating dedicated offices in Beijing, Tianjin, Shanghai, Shenzhen, Guangzhou, Hong Kong and Macau, and with an extensive affiliate network throughout China and in over 100 countries worldwide.

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，我们致力于为本地区及国际客户提供高质量的专业服务和支撑。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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Financial Management

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Manager Function

CFO Function

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Set-up of Bank Account

Payroll Services

Payroll Processing Setup

Expatriate Employees

Local Employees

Secondment & Temping Service

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& Filing IIT Tax Payment Facilitation

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Expatriate Staff Individual Income Tax Staff

Filing Local Staff Individual Income Tax

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[Tax Compliance](#)

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VAT & Customs Duty Clearance

PRC Tax Receipt Verification

VAT Application

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Corporate Income Tax Reporting

Specialist Accounting & Risk Management

Internal Controls

Systems

Risk Management

Sarbanes - Oxley (SOX 404)

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[US GAAP](#)

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GAAP Conversion

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IFRS Financial Statement Preparation

IFRS Public Company Compliance

[SEC](#)

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For further information about how we can add value and support your individual or business needs, please contact us.

如需为个人或企业获取更多的增值服务及业务协助信息，请与我们联系。

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