



China Tax Alert

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Pilot Program for New Employment Permit (Shanghai)

Regulations discussed in this issue:

- Notice by the State Administration of Foreign Experts Affairs of P. R. China on Carrying out the Pilot Program of Issuing Work Permits for Foreigners Getting Work in China (hereinafter referred to as “Notice of SAFEA [2016] No. 151”)
- “Value Table Based on a Point-Factor Method (trial version)” promulgated by the Shanghai Municipal Human Resources and Social Security Bureau on 18 October 2016
- Notice on Carrying out the Pilot Program of Issuing Work Permits for Foreigners Getting Work in China promulgated by the Shanghai Administration of Foreign Experts Affairs on 11 October 2016

Background

On 1 October 2016, the State Administration of Foreign Expert Affairs launched a pilot program to simplify foreigners’ application for Employment Permit in the PRC. Local administrative measures have been rolled out in Beijing, Tianjin, Hebei, Shanghai, Anhui, Shandong, Guangdong, Sichuan, Ningxia and Hebei. According to the guidelines of the pilot program, the former Alien Employment Permit and Foreign Expert Certificate which were issued by two different government authorities will now be consolidated into one single permit, aiming to improve efficiency on the administration and ongoing monitoring of the application procedures. The pilot will run until 31 March 2017, and the new nationwide administrative measures will be launched on 1 April 2017.

Shanghai, as one of the first cities in the nation to pilot the program, officially kick started on 1 November 2016 to establish mechanism for administration of work visa applications by classification and providing easy access to highly-skilled talents to apply for work visa, whilst stipulating quota on visas for seasonal unskilled workers.

Main contents

New Employment Permit

The new Employment Permit (officially known as the Notification of employment permit for foreigners) replaces the former Alien Employment Permit and Foreign Experts Certificate and will be issued in electronic form. The new Employment Permit echoes the principle of “one lifetime code per person,” which provides the foundation for nationwide administration of foreigners’ employment in the PRC.

Administration by classification

The new system focuses on administering the issuance of Employment Permit on a points-based methodology, which classifies foreigners who intend to take up employment in the PRC by their competencies-, relevant work experiences- and contributions-into the following categories:

- Category A: Highly-skilled talents
- Category B: Professionals
- Category C: Others

The guidelines issued defines a set of criteria with assigned points, which will be adopted to classify foreigners. The new points-based classification methodology will enhance the experience of Category A applicants by reducing the extent of application documents, and simplifies the application procedures. Whereas a quota is being proposed on the Category C applications.

Simplified Online Application

A new online application system will be introduced under the new system to simplify the application procedures and to reduce the number of in person visits required to the labour bureau. Employers are now required to complete the applications online and upload a copy of the supporting documents for labour bureau's pre-approval. Once pre-approved, hard copies of the supporting documents, such as certificate of degree, professional qualifications, non-criminal record, medical examination report, and employment contract should be submitted in person at the labour bureau for verification, whilst hard copies of the applicant's passport, receipt of issued permit, and resumes are no longer required.

KPMG's observations

The pilot on the administration of issuance of Employment Permit to foreigners according to a points-based methodology is a step forward in attracting talents in an internationally-competitive environment. This move will undoubtedly improve the administration of foreign talents in the PRC and balancing the quantity and quality of foreign talents required in the Chinese labour market. Companies with foreign talent needs in the pilot cities should familiarise themselves with the administrative guidelines rolled out in the respective city in order to improve the efficiency in meeting their recruitment needs.

Companies should also be aware that apart from Shanghai, the pilot program has also been rolled out on 1 November 2016 in provinces, such as Anhui, Sichuan and Hebei. Whilst the same online system will be deployed, there may be variations to the administrative guidelines issued by the respective local authorities. It is important for companies to keep abreast of updates on the local guidelines and administrative procedures in order to avoid delays in the application process. Your KPMG team can also support you and your foreign talents in obtaining Employment related permits on a timely manner.

