

China Tax Alert

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New PRC Immigration Policy to Attract and Retain Foreign Talents

Regulation discussed in this issue:

- 12 Immigration measures introduced by the National Immigration Administration (NIA) to make immigration and entry-exit applications more easier and convenient for foreigners working in China

Background

On 17 July 2019, the National Immigration Administration (NIA) announced a policy containing 12 new administrative measures in relation to entry and exit matters for foreigners and their accompanying family, aiming at attracting and retaining foreign talents.

The new measures came into effect on 1 August 2019.

Executive Summary

The new measures have ramifications on the following:

Work and Residence Permit with extended validity period

Prior to 1 August 2019, foreigners are generally eligible for PRC work permit and residence permit with up to two year validity. The new measures allow foreigners who qualify for one of with the following characteristics to apply for residence permit with validity of up to 5 years:

- High-level and skilled foreign talents with in-demand skills who are invited by major higher educational institutions, research institutes and foreign expert administration authorities, or by high-tech and innovative companies approved by the Science and Technology Commission;
- Work in industries which are identified as key development areas, or sponsored by person in charge of certain enterprises specialising in innovations;
- Team members recommended by foreign talents who make significant contributions and possess in-demand skills.

PRC Permanent Residence (PR) applications

According to new PRC immigration policy, foreigners working in China can apply for permanent residence permit if they meet one of the following criteria:

- Make significant contributions and possess in-demand skills; or
- Worked in China for a minimum of four consecutive years and resided for at least 6 months in China for each of the calendar years; with annual employment income of not less than 6 times of the average salary of the relevant municipal in the preceding year; annual tax payment of not less than 20% of annual employment income; or
- Overseas Chinese with Doctorate Degree or worked in national key development areas in China for a minimum of 4 consecutive years and resided in China for at least 6 months of each of the calendar years.

Qualifying foreigners' accompanying spouse and children under the age of 18 are also eligible for PR applications.

Easy student residence permit applications policy

Foreign students who graduate from major Chinese higher education institutions or internationally renowned universities with bachelor degree or above are eligible to apply for 2-5 years residence permit.

Foreign students graduated from overseas universities who are invited by well-known enterprises in China or public institutions to take up internship can apply for an 1-year internship visa. Those from countries that have concluded internship agreement with China can apply for work-type residence permit directly.

KPMG Observations

In order to enhance China's business environment to encourage innovation and entrepreneurship, the new measures will undoubtedly act as a stimulus to attract and retain foreign talents.

Companies that are planning to hire and retain foreign talents in China should proactively re-assess candidate's eligibility for the above preferential policy, and adjust their internal policy on application process and timeframe accordingly.

Individuals, including high-level foreign talents, overseas Chinese who intend to apply for PRC PR should also review their eligibility based on the new measures and seek assistance from professionals where required. In the meanwhile, foreign individuals working in China shall also review and seek professional advice on the relevant PRC individual income tax implications of obtaining a work permit or PR status.

KPMG will provide updates as detailed implementation rules on the new measures are released, and assist with implementation where required.

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