



GMS Flash Alert

Immigration Edition

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People's Republic of China - Changes for Taiwan, Hong Kong, Macau Residents

The State Council of the People's Republic of China recently issued a new statement¹ regarding the cancellation of a series of administrative permits, which include the cancellation of work permit application requirements for residents of Hong Kong, Macau, and Taiwan inbound into mainland China.

WHY THIS MATTERS

Employers should find it simpler and more convenient to hire or assign in/to the People's Republic of China ("China") individuals resident in Hong Kong, Macau, and Taiwan. However, they should consult with their professional tax or global mobility advisers regarding the tax and social security implications of hiring residents of Hong Kong, Macau, and Taiwan, or assigning them to China.²

Abolishment of Work Permit Requirement for Hong Kong, Macau, and Taiwan Residents

Recent regulatory updates in relation to work permit requirements for Hong Kong, Macau and Taiwan residents in mainland China have the following implications:

- Effective 28 July 2018, Hong Kong, Macau, and Taiwan residents are no longer required to apply for a work permit to work on the mainland.
- Effective 23 August 2018, the Human Resource and Social Security Bureau ceased to process work permit applications for residents of Hong Kong, Macau, and Taiwan seeking employment in mainland China.

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- Existing work permits issued to residents of Hong Kong, Macau, and Taiwan will be valid through to 31 December 2018, and cease to be valid from 1 January 2019.

Effective 1 January 2019, Hong Kong, Macau, and Taiwan residents employed in mainland China can use their valid personal identity documents, such as the Mainland Residence Permit for residents of Hong Kong, Macau, and Taiwan, and Mainland Travel Permits for Hong Kong, Macau, and Taiwan residents for matters relating to human resources and social security. An industrial and commercial business license, labour contract, proof of salary payment, and proof of social security contribution payment could serve as evidence of employment on the mainland for residents of Hong Kong, Macau, and Taiwan.

KPMG NOTE

Abolishment of the work permit requirement for Hong Kong, Macau, and Taiwan residents and the issuance of Residence Permits for Hong Kong, Macau, and Taiwan residents should have the effect of providing convenience for those residents to work, study, live, and travel in mainland China. Hong Kong, Macau, and Taiwan residents who take up employment in mainland China will enjoy the same entitlement to labour security rights and other basic rights as their mainland compatriots.

It should be noted that Hong Kong, Macau, and Taiwan residents moving in and settling down in mainland China need to comply with the pertinent rules and regulations; the measures in respect of the Residence Permit for Hong Kong, Macau, and Taiwan residents shall not apply. Those who wish to apply for a residence permit for Hong Kong, Macau, and Taiwan residents should ascertain their eligibility before lodging an application.

In the meantime, in light of the recent passage of amendments to China's individual income tax law², employers should consult with their global mobility tax advisers to understand the tax implications and associated costs of hiring residents of Hong Kong, Macau, and Taiwan to work in mainland China, and make sure their policies and practices will foster proper compliance. The KPMG International member firm can assist with this.

This article is excerpted, with permission, from "Changes to Work/Residence Permit Requirements for Taiwan, Hong Kong, Macau Residents in Mainland China," published in *China Tax Alert* (Issue 19, September 2018), a publication of the KPMG International member firm in the People's Republic of China.

FOOTNOTES:

1 On 28 July 2018, the State Council promulgated the Decision on the Cancellation of a Series of Administrative Permits (Guo Fa [2018] No.28), formally abolishing work permit requirement for residents of Hong Kong, Macau, and Taiwan working in mainland China. On 6 August 2018, the General Office of the State Council released the Measures on Application and Issuance of Residence Permit for Hong Kong, Macau and Taiwan Residents (Guo Ban Fa [2018] No.81), which came into effect from 1 September.

On 23 August 2018, the Ministry of Human Resources and Social Security Bureau promulgated the Decision on Revocation of Provisions on the Employment Administration of Taiwan, Hong Kong, and Macau Residents in Mainland China (Human Resource and Social Security Bureau No.37). The Notice on Matters Relating to Employment of Hong Kong, Macau and Taiwan Residents in Mainland China (Human Resource and Social Security Bureau [2018] No. 53) was issued simultaneously, clarifying that Hong Kong, Macau, and Taiwan residents are no longer required to apply for work permits. The Ministry of Human Resources and the Social Security Bureau also issued guidance on administrative measures relating to employment of Hong Kong, Macau and Taiwan residents in mainland China following abolishment of the work permit requirement.

- Decision of the State Council on Cancellation of a Series of Administrative Permits (Guo Fa [2018] No.28).
- Notice of the General Office of the State Council on Promulgation of the Measures on Application and Issuance of Residence Permit for Hong Kong, Macau and Taiwan Residents (Guo Ban Fa [2018] No.81).
- Decision on Revocation of Provisions on the Employment Administration of Taiwan, Hong Kong, and Macau Residents in Mainland China (Human Resource and Social Security Bureau No.37).
- Notice on Matters Relating to Employment of Hong Kong, Macau, and Taiwan Residents in Mainland China (Human Resource and Social Security Bureau [2018] No.53).

2 For coverage of the government's plans to reform the individual income tax system, see GMS [Flash Alert 2018-098](#) (17 July 2018).

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* Please note the KPMG International member firm in the United States does not provide immigration or labour law services. However, KPMG Law LLP in Canada can assist clients with U.S. immigration matters.

The information contained in this newsletter was submitted by the KPMG International member firm in the People's Republic of China.

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