



Understanding Mainland China's Labour Law and Employment Regulations

Presenter: Kevin Zhou

Organiser: **BIPO** | Make Life Easier.

Your Webinar Experience

Housekeeping Notes

01

Presentation slides will be shared.

02

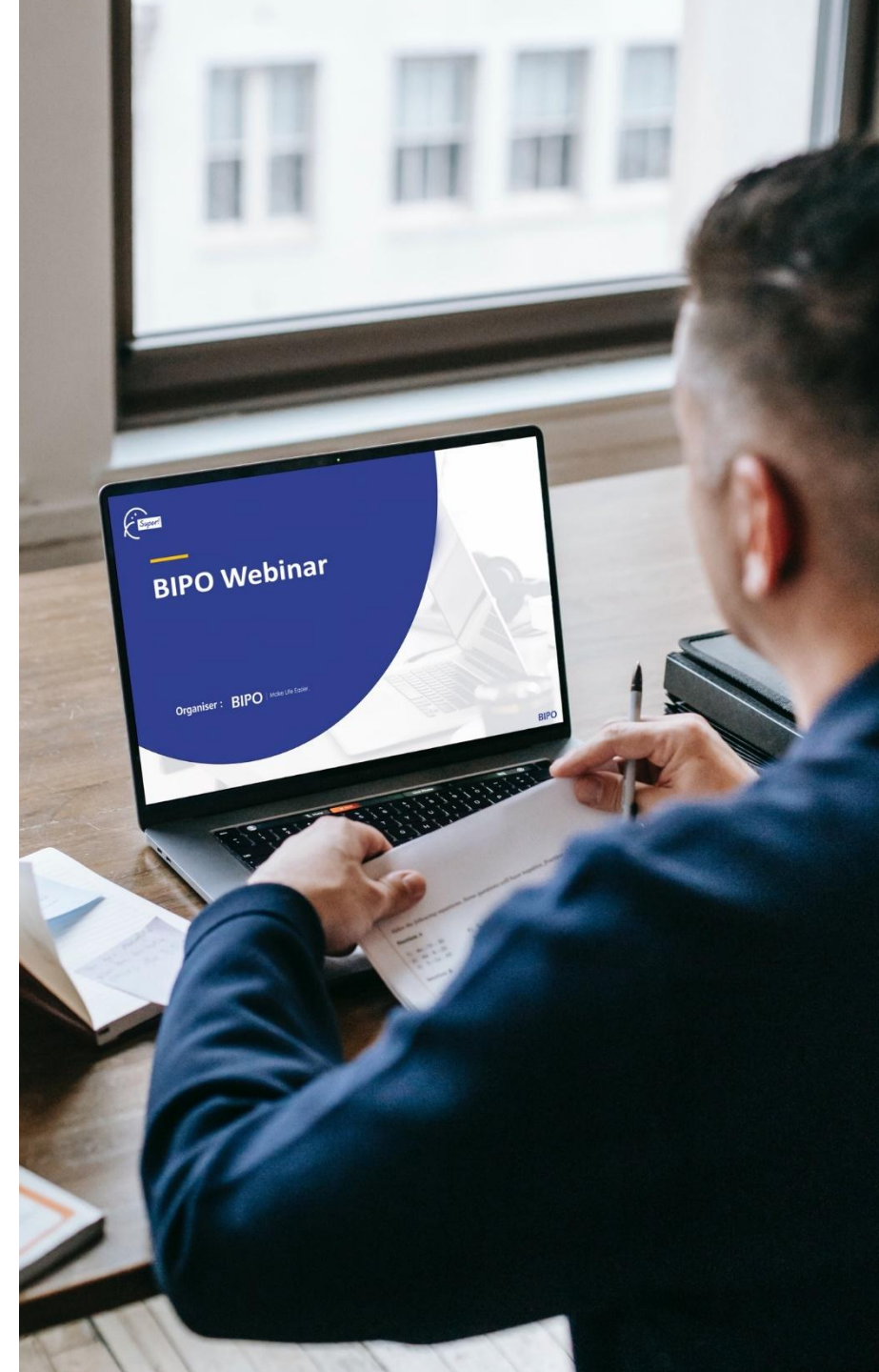
There will not be a Q&A at the end of the session

03

Connect directly & share your questions

04

Give us your feedback through the form!



Speaker



Kevin Zhou

Senior Consultant, BIPO Shanghai

18 years of HR compliance consulting experience, focusing on risk management in HR outsourcing services and providing consulting services for HR compliance control. The consultant has collaborated with over 1000 clients in the area of HR legal and compliance control.

About Us

Established in 2010 and headquartered in Singapore, BIPO is a **global payroll and people solutions provider**.

Trusted by companies across **150+ global markets**, we offer a total workforce solution that includes our Human Capital Management (HCM) suite, Global Payroll Outsourcing (GPO) and Employer of Record (EOR) service.

At BIPO, we understand the power of technology in building the best-in-class solutions. That's why we leverage our award-winning HR Management System (HRMS), Athena BI, Global Payroll Outsourcing and Employer of Record technology platform to deliver customised services and scalable solutions that automate HR processes, simplify workflows, and generate actionable insights.

40+

Global Offices

3,300+

Clients

460,000+

Users



Our Global Footprint

Legend

● BIPO Offices (39)

◆ BIPO Business Partners (155)

Coming Soon (14)

Argentina
Bosnia and Herzegovina
Denmark
Egypt
France
Italy
Ivory Coast
Kenya
Nigeria
Portugal
Romania
Rwanda
Saudi Arabia
Switzerland



Awards & Accolades



Centuro INT-X Awards – UK

- Most Inspirational Global Expansion



Gold

- Best Employee Experience Platform - **Hong Kong**
- Best HR Management System (Enterprise) - **Malaysia**
- Best HR Management System (SMB) - **Malaysia**
- Best Attendance Automation System - **Malaysia**



Human Capital & Performance Awards 2022 - Indonesia

- Best HC Technology Strategy (System Provider Industries)
- Best Overseas Strategy (System Provider Industries)



HRM Asia Readers' Choice Awards 2022 Best HR Tech

- Cloud Solution - **Gold**
- Time & Attendance Management System - **Gold**
- Human Resource Information System - **Silver**
- Payroll Solution - **Silver**



Best of the Best Awards – Indonesia

- HR Tech - HR Outsourcing

Scale Up Your Business with BIPO



Globalisation

- Global Payroll Outsourcing
- Employer of Record (EOR)
- Enterprises Going-Global
- Enterprises Global Mobility Solutions



Digitalisation

- **BIPO HRMS**
Cloud and mobile-based platform
- Supports the **Employee Lifecycle**
from onboarding to off-boarding
- **Payroll and Reporting**
 - > Payslips
 - > Attendance
 - > Leave Management
 - > Multi-language
 - > Multi Statutory Compliance



Compliance

- Employment practices and labour regulations
- Payroll, Statutory Benefits & Tax Submission
- Visa & Work Permit applications
- Data security and privacy
 - > ISO 27001 certification
 - > Hosted on AWS and Ali Cloud

Around the World with BIPO

Opportunities in Africa

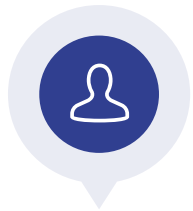


- BIPO's CEO, Michael Chen was part of the **Singapore Business Federation's** delegation, in conjunction with PM Lee's official visit to South Africa and Kenya that happen in May 2023.
- We have embraced the call to “**adapt, transform, and explore new markets**” through EOR Services.
- Our mission extends beyond Singapore's borders as we seek to tap into the dynamic global markets. **Journey together as you globalise.**

About BIPO

- Supported by a professional team of experienced local talents, BIPO's service network **Enterprises and SMEs** scale with ease, **with or without a local HR**.
- Our integrated, one-stop HR service model offers comprehensive solutions for businesses – from global recruitment options, outsourced HR functions, local HR legal consulting to HR compliance management. Stay compliant, achieve efficiency and simplify overseas deployment and global mobility process with cost control.

Without Overseas Business Entity Established



Employer of Record
(EOR)



HR Compliance
Consultancy



Dedicated local
support and
communication



Work Permit
Application

With Overseas Business Entity Established



Local salary
computation



HR Compliance
Consultancy



Dedicated local
support and
communication



Work Permit
Application

Payroll & People Solutions



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- 02.** Statutory Wage Structure and Payment Responsibilities

- 03.** Overview of the Working Hours Control and Rest & Leave System

- 04.** Obligation to Participate in Social Security and Impact on Labour Costs

- 05.** Basic Rules for Termination of Labour Contracts and Statutory Compensation

Legal Definition of Labour Relations

<Labour Law of the People's Republic of China> #2

- This Law shall apply to all enterprises and individual economic organizations within the territory of the People's Republic of China (hereinafter referred to as "employers") and workers who form a **labour relationship** therewith.

- The subject qualifications of the employers and employees as stipulated by laws and regulations.
- The various labor regulations and systems formulated by the employers in accordance with the law are applicable to the employees. The employees are subject to the labor management of the employers and engage in the paid work arranged by the employers; and
- The work provided by the employees is part of the business of the employers.



Maximum working hour



Minimum wage



Days off and statutory holidays



Leave (with pay)



Legal grounds and restrictions on dismissal



Statutory termination indemnification



Social insurance obligation

Part-time employment: refers to a form of labor for which the remuneration is mainly calculated on an hourly basis, and the average working hours of an employee **per day shall not exceed four hours** and **the aggregate working hours per week shall not exceed 24 hours** for the same Employer.



Maximum working hour



Minimum wage



Days off and statutory holidays



Leave (with pay)



Legal grounds and restrictions on dismissal



Statutory termination indemnification



Work-related Injury Insurance

Rules Concerning the Form and Duration of Labor Contracts with Employees

China Mainland	Contract Starting Date	Termination Date	Probation Period
Fixed term	Clear	Clear	set as per the contract term, and it shall not exceed 6 months;
Non-fixed term	Clear	set until the legal termination conditions are met	shall not exceed 6 months
based on certain work assignments	Clear	With the completion of the relevant work items as a mark	×

(Generally) Circumstance to Enforce the Execution of an Open-ended Labor Contract

- The employee has been working for the employer for ten consecutive years;
- Where a fixed-term labor contract has been concluded twice on a continuous basis, and the employee, who is not under any of the circumstances stipulated in Article 39 and Items 1 and 2 of Article 40 hereof, renews his or her labor contract.



Mutual Agreement of the Parties

Advance notice period:
upon discussion

Proposed by the employee
Acceptance by the employer

Proposed by the employer
Acceptance by the employee

The employee

Advance notice period:
Statutory

30 days in advance

Probationary period
3 days in advance

Immediate Resignation of the employee

Advance notice period: **0**

Failure to provide labor protection or working conditions

Delay in payment of wages

Forced labour, hazardous work

Failure to Pay Social Security Contributions

Rules and regulations unlawfully damage the rights and interests of laborers

Invalidity of Contract Caused by Fault of Employer

Employer (negligent)

Advance notice period: **0**

Failure to meet recruitment conditions within probation period

Material Breach of Rules and Regulations

Fraudulent Negligence, Significant Loss

Repeated Establishment of Labor Relationship

Invalidity of Contract due to Fault of Laborer

Being Investigated for Criminal Liability

Employer (without negligent)

Advance notice period : **30days**

unable to work or arrange other work upon the expiry of medical treatment period

Incompetent & still Incompetent After Post Transfer and Training

Material change in objective circumstances Agreement to amend a labour contract fails

Economic retrenchment

Termination of the Labour Contract

Advance notice period : **0**
(with exceptions)

Expiry of employment contract

On pension insurance/ up to retirement age

Dead or declared dead

Bankruptcy of the employer

Early Dissolution of Employer etc.

Causes for dismissal and the notice period are statutory, and the right to reasonable causes or negotiated conditions of dismissal is excluded.

Statutory Wage Structure & General Rules of Payment

Wages:

- 1. Wages paid to workers by employers in various forms in accordance with the provisions of a labour contract.
- 2. Wages shall be paid in legal tender. Payment in kind and in negotiable securities may not be substituted for payment of legal tender.

Hourly wage

Piece rate wage

Bonus

Allowance

Subsidy

Overtime Pay

Wages paid in exceptional circumstances

Payment carriers		Legal Currency (CNY)			
Payment Period	Full-time	Salary shall be paid at least once a month	Eligible Method of Payment	Time of Payment	Can be collected in advance by other person as entrusted
			Personal receipt	Paid in advance in case of statutory holidays	
			Bank transfer	Paid at the agreed time	
	Part-time	Shall be paid once every 15 days			
Provision of pay rolls (keep for two years for reference)		• Wage amount, item, time, name of employee			
Items that may be deducted by Law		• Individual income tax withheld and remitted by the employer; • Various social insurance premium that shall be borne by the employee that the employer withholds and pays; • Child support and maintenance payments that shall be withheld according to the judgments and rulings of the court; • Other expenses that can be deducted from the employee's salary as stipulated by laws and regulations (housing provident fund, workers' dues, etc.)			
		• Compensation for the economic loss caused to the employer due to the employee's reason: the monthly deduction shall not exceed 20% of the individual's monthly salary and the actual salary after deduction shall not be lower than the minimum salary.			

Statutory Wage Structure & General Rules of Payment

Hourly wages refer to:

- Labor remuneration paid to individuals according to the time rate and working hours. For example:
 - Wages paid for finished works according to the time rate;
 - Basic wages and job (post) wages paid to employees by an entity that implements structural wages;

Piece-rate wages refer to:

Labor remunerations paid for finished work according to the piece-rate unit price. For example:

- Wages paid to individuals according to the labor quota and piece-rate determined in accordance with the law;
- Wages paid to individuals in the form of task contract; and
- Wages paid to individuals by drawing a percentage of commission from turnover or profit.

Hourly wage

Piece rate wage

Bonus

Allowance

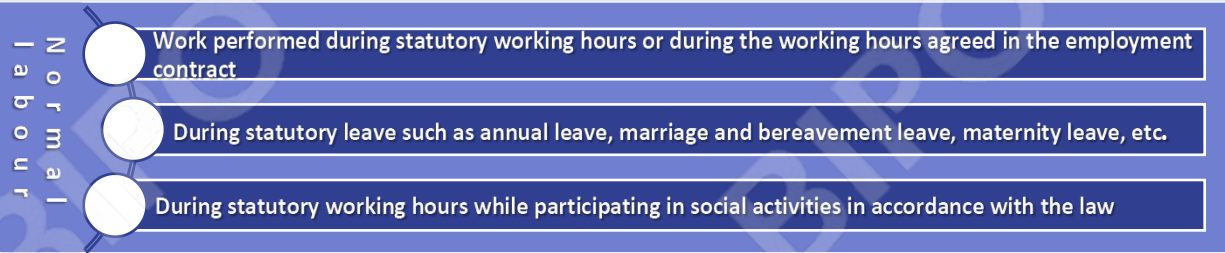
Subsidy

Overtime Pay

Wages paid in exceptional circumstances

Minimum Wage

- The minimum remuneration for labour payable by the employer in accordance with the law, provided that the worker has provided normal labour during the statutory working hours or the working hours agreed in the employment contract.
- Employers who adopt such forms of wages as piece-rate wages or commission wages shall not pay workers less than the corresponding minimum wage on the basis of scientific and reasonable labour quotas.



	Full-time labour relationship	Part-time labour relationship
2023	(Shanghai) 2590 yuan/month	(Shanghai) 23 yuan/hour

(2023.03.31) Distribution of minimum wage levels by region



Statutory Wage Structure & General Rules of Payment

Hourly wage

Piece rate wage

Bonus

Allowance

Subsidy

Overtime Pay

Wages paid in exceptional circumstances

Bonus

- Excess labour remuneration paid to employees and labour remuneration for income and cost savings

- **Annual salary of 13 months:** to be agreed by both parties
- **Year-end Bonus:** to be agreed by both parties
- **Bonus paid based on deliverables:** to be agreed by both parties

Allowance

- Allowances to compensate employees for special or additional labour consumption

Compulsory payment matters:

- Allowances established to safeguard the health of employees working in special environments and positions, such as **high temperature allowances, field allowances, underground allowances, sanitation and epidemic prevention allowances and regional allowances** for employees working in high temperature, underground, dusty and toxic environments and those exposed to radiation or in special areas.

Subsidy

- Various allowances paid to ensure that employees' wage levels are not affected by price increases or changes

- N/A

Working Hours & Payment for Overtime

Hourly wage

Piece rate wage

Bonus

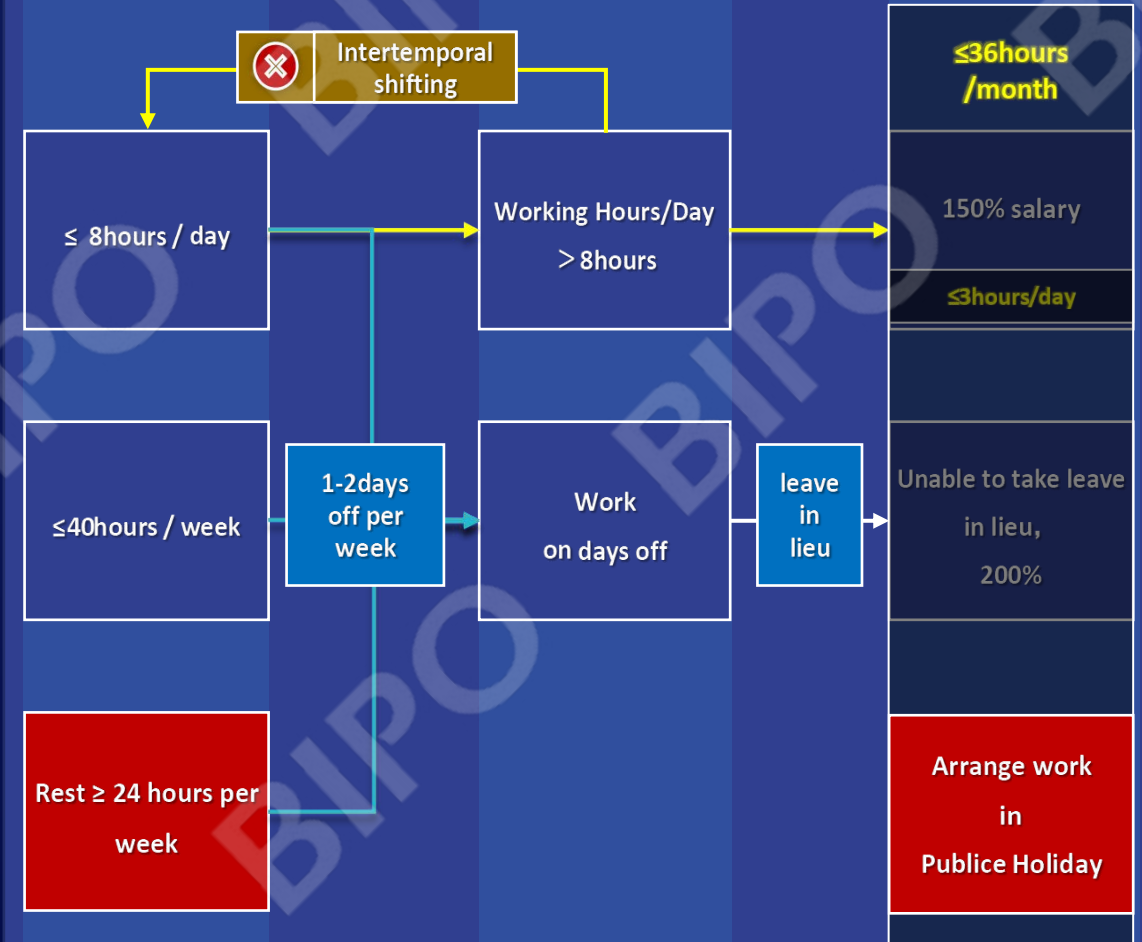
Allowance

Subsidy

Overtime Pay

Wages paid in exceptional circumstances

<Labour law>	36	<ul style="list-style-type: none"> The State shall practice a working hour system wherein laborers shall work for no more than eight hours a day and no more than 44 hours a week on the average.
	38	<ul style="list-style-type: none"> The employer shall guarantee that its laborers have at least one day off a week.
	39	<ul style="list-style-type: none"> If an enterprise can not follow the stipulations in Article 36 and Article 38 of this Law due to special characteristics of its production, it may follow other rules on work and rest with the approval by labor administrative departments.
	41	<ul style="list-style-type: none"> The employer can prolong work hours due to needs of production or businesses after consultation with its trade union and laborers. The work hours to be prolonged, in general, shall be no longer than one hour a day. If an extension of working hours is needed for special reasons, the overtime shall not exceed 3 hours per day under the condition that the health of workers is guaranteed. However, the amount of overtime shall not exceed 36 hours per month.
The State Council <Provisions of the State Council on Working Hours of Workers and Staff>	3	<ul style="list-style-type: none"> The State stipulates the system of working 8 hours per day, and 44 hours per week on the average for workers and staff.




Working Hours & Leave

Hourly wage	Piece rate wage	Bonus	Allowance	Subsidy	Overtime Pay	Wages paid in exceptional circumstances
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Public Holiday	Annual leave	Marriage leave	Bereavement Leave	Sick leave	Maternity-related leave	Nursing Leave for the Elderly
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	Holidays	Dates	Holiday Arrangements
The citizenry Holidays off	New Year's Day	January 1st	One day off
	Spring Festival	Lunar New Year	Three days off from the 1st to 3rd Lunar New Year
	Tomb Sweeping Day	Lunar Ching Ming	One day off
	May Day	May 1st	One day off
	Dragon Boat Festival	May 5th Lunar New Year	One day off
	Mid- Autumn Festival	August 15th Lunar New Year	One day off
	National Day	October 1st	Three days off from October 1st to 3rd
Some citizens Holidays off	Women's Day	March 8th	Half day off for Women
	Youth Day	May 4th	Half day off for youth
	Children's Day	June 1st	Half day off for children under 14
	Army Day	August 1st	Half-day holiday for soldiers in active service

Arrange work	300% Daily wage	
		Intertemporal shifting

- Where a holiday falls on a Saturday or Sunday, there shall be no compensatory leave.
- The employer shall pay salary remuneration to the employees who participate in celebrations organized by the society or the employer and who work as usual, but overtime salary shall not be paid for the holidays.

Working Hours & Leave

Hourly wage	Piece rate wage	Bonus	Allowance	Subsidy	Overtime Pay	Wages paid in exceptional circumstances
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Public Holiday	Annual leave	Marriage leave	Bereavement leave	Sick leave	Maternity Related Leave	Nursing Leave for the Elderly
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- The statutory holidays and rest days shall not be included in the annual leave period.
- Family leave, marriage leave, bereavement leave, maternity leave and other leaves regulated by the state, and the period of suspension of work but reservation of salary for work-related injuries shall not be calculated into annual leave.

Initial conditions	Social Accumulation Years of work	Days	Treatment	Liability for untaken annual leave			
≥ 1 year of continuous employment of work experience	More than one year but less than ten years	5days	Salary ×100%	Exemption arrangements	Summer and winter holidays, with more days off than annual leave		
	More than 10years but less than 20 years	10days			Leave of absence of more than 20 days in total without deduction of salary as stipulated by the Company		
					Accumulated sick leave during the year	Working more than 1 year but less than 10 years	≥2months
						Working more than 10 year but less than 20 years	≥3months
	≥20years	15days			Working more than 20 years	≥4months	
				Written offer of annual leave exclusion			
				<div><div>Remaining unused annual leave</div><div>Consensual extension of use for one year</div><div>Days left Daily wage ×200%</div><div>December 31st</div></div> <div><div>Remaining unused annual leave</div><div>Days left Daily wage ×200%</div><div>The Next December 31st</div></div>			

Working Hours & Leave

Hourly wage

Piece rate wage

Bonus

Allowance

Subsidy

Overtime Pay

Wages paid in exceptional circumstances

Statutory leave

Annual leave

Marriage leave

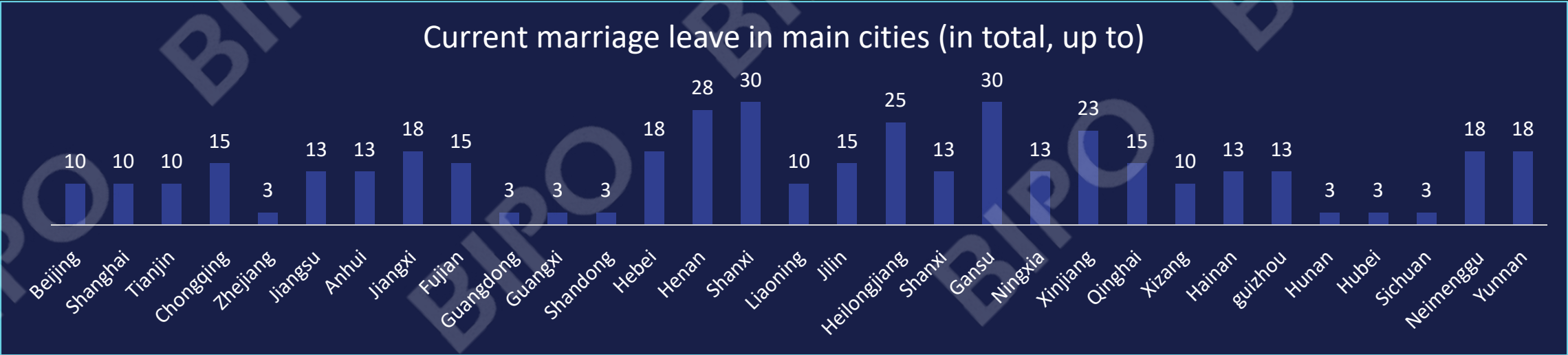
Bereavement leave

Sick leave

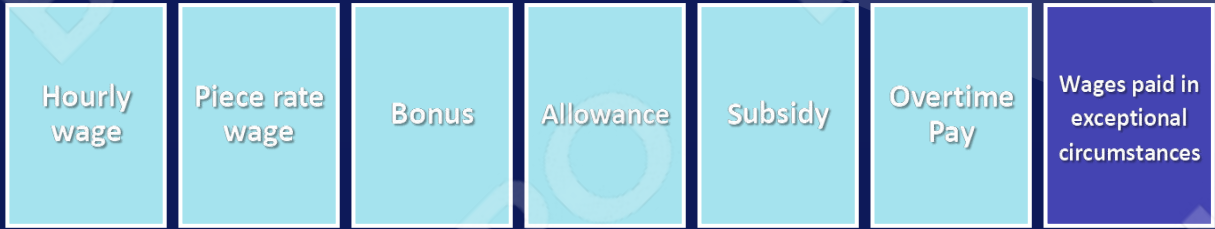
Maternity Related Leave

Nursing Leave for the Elderly

	Marriage Leave	Bereavement leave			
Trigger conditions	The employee himself gets married	Death of an immediate family member	Parents	Spouse	Children
Days	1-3 days+Additional days specified by each region	1-3days			
Treatment	Salary × 100%				



Working Hours & Leave



<LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON EMPLOYMENT CONTRACTS > Article 40

- An Employer may terminate an employment contract by giving the Employee himself 30 days' prior written notice, or one month's wage in lieu of notice, if:
- (1) after the set period of medical care for an illness or non-work-related injury, the Employee can engage neither in his original work nor in other work arranged for him by his Employer;
- The medical period refers to the time limit during which an enterprise employee may not terminate his/her employment contract if he/she stops working for treatment of illness or injury not caused by work.

Certification for sick leave
(Sick Leave Form)

Medical diagnosis

- During the period of treatment for illness or injury not arising from work, the enterprise shall pay the employee sick pay or sickness relief during the prescribed medical period in accordance with the relevant regulations, which may be less than the local minimum wage but not less than 80% of the minimum wage.

- <Opinions of the Ministry of Labour on Certain Issues Concerning the Implementation of the Labour Law of the People's Republic of China>Article 59

Types	Representatives	Typical provisions
Capped at a percentage of the employee's salary	Shenzhen	Not less than 60% of employee's standard salary
As per corporate system or contractual agreement	Beijing	The enterprise pays sick pay as agreed in the employment contract or collective contract
Pro-rata payment of salary in relation to length of service	Shanghai	Payments are set according to the employee's length of service (2 year increments)

End of Sick Leave → Exhaustion of Medical Period

<LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON EMPLOYMENT CONTRACTS > Article 40

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- The medical period refers to the time limit during which an enterprise employee may not terminate his/her employment contract if he/she stops working for treatment of illness or injury not caused by work.

Provisions on Medical Treatment Periods for Enterprise Employees Suffering from Sickness or Injury not Attributable to Work (Ministry of Labour [1994] No. 479)

Actual years of working experience	Years of service in this company	Medical treatment period	Medical period calculation cycle
Less than 10 years	Less than 5 years	3 months	6 months
	More than 5 years	6 months	12 months
More than 10 years	Less than 5 years	6 months	12 months
	More than 5 years but less than 10 years	9 months	15 months
	More than 10 years but less than 15 years	12 months	18 months
	More than 15 years but less than 20 years	18 months	24 months
	More than 20 years	24 months	30 months

Working Hours & Leave

Hourly wage

Piece rate wage

Bonus

Allowance

Subsidy

Overtime Pay

Wages paid in exceptional circumstances

Statutory leave

Annual leave

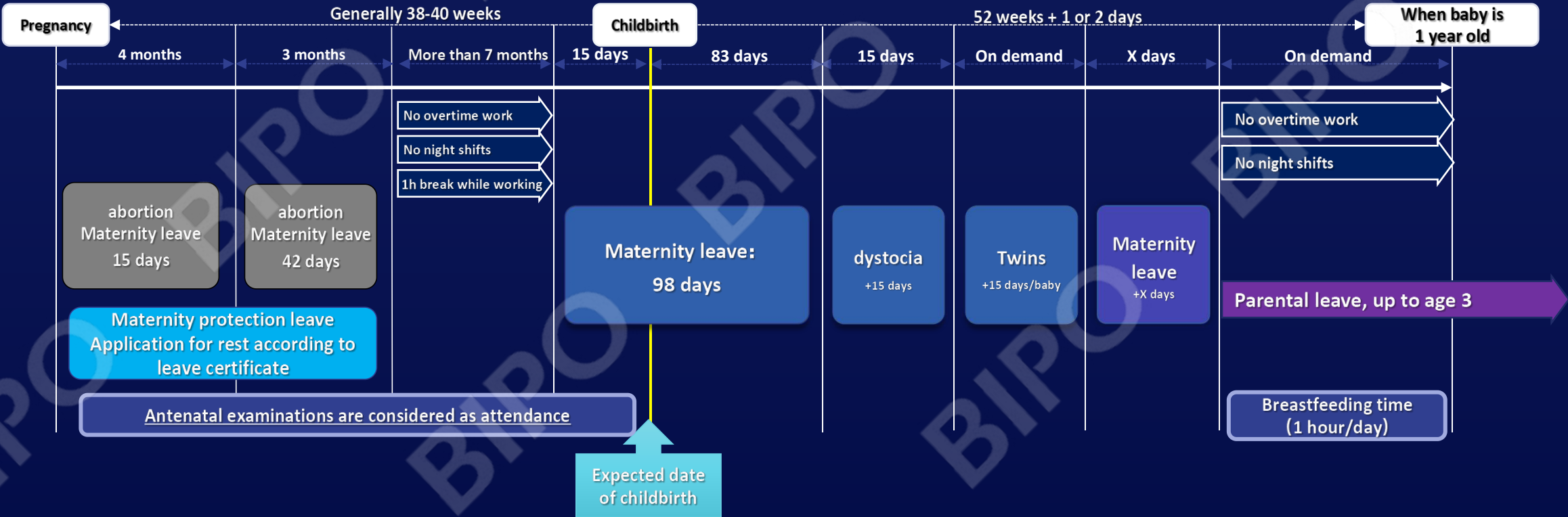
Marriage leave

Bereavement leave

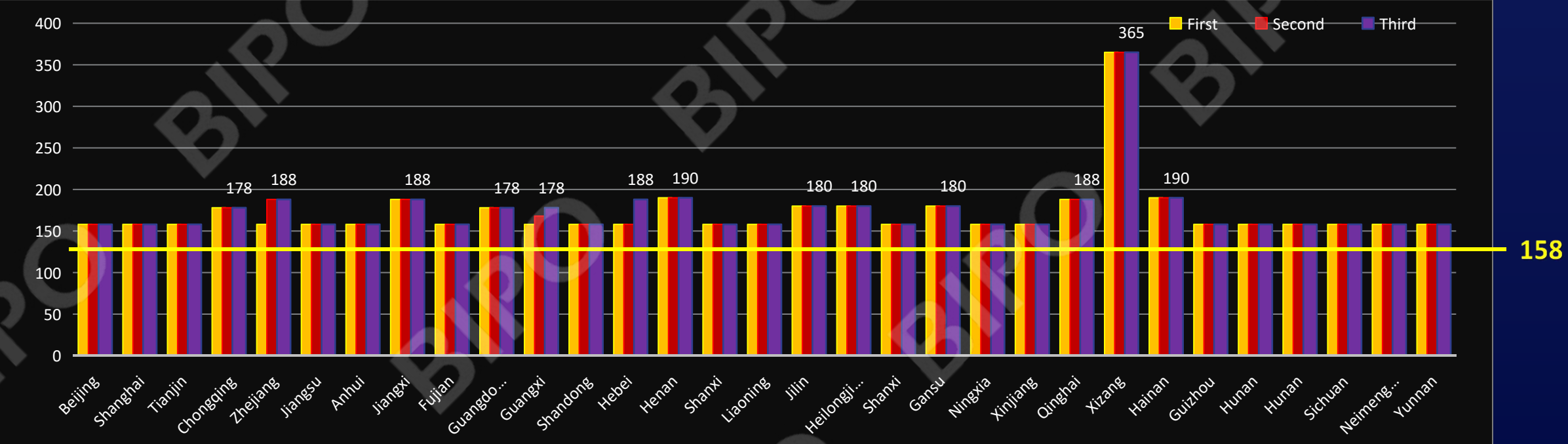
Sick leave

Maternity Related Leave

Nursing Leave for the Elderly



Working Hours & Leave



Working Hours & Leave

Hourly wage

Piece rate wage

Bonus

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Statutory leave

Annual leave

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Sick leave

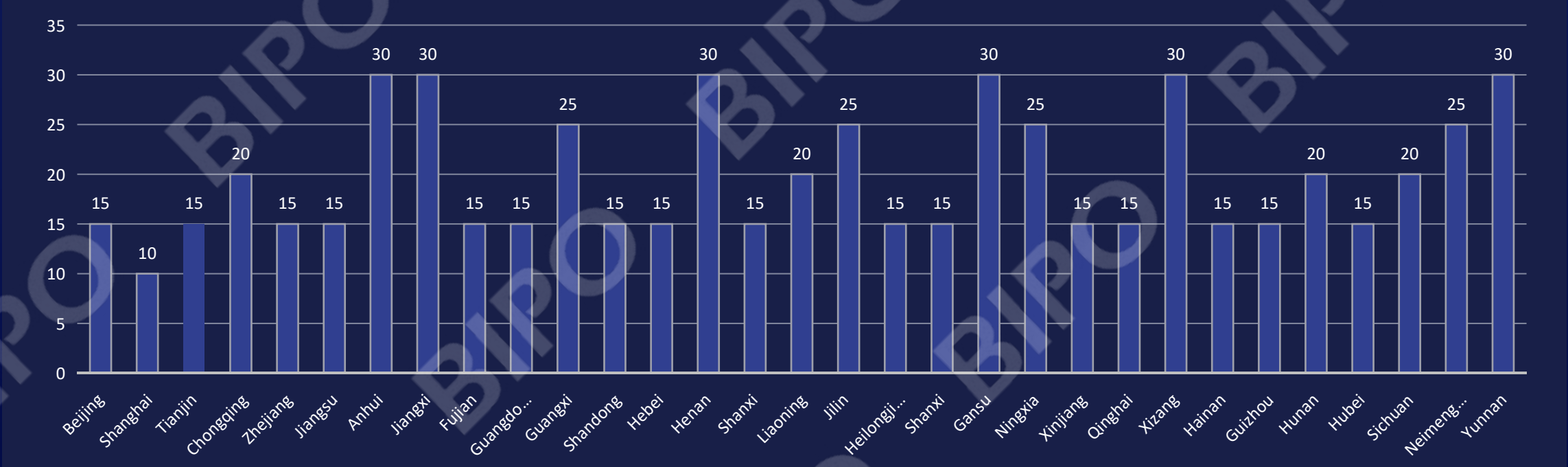
Maternity related leave

Nursing Leave for the Elderly

Maternity Leave + extended maternity leave

Nursing Leave

Childcare Leave



Working Hours & Leave

Hourly wage

Piece rate wage

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Wages paid in exceptional circumstances

Statutory leave

Annual leave

Marriage leave

Bereavement leave

Sick leave

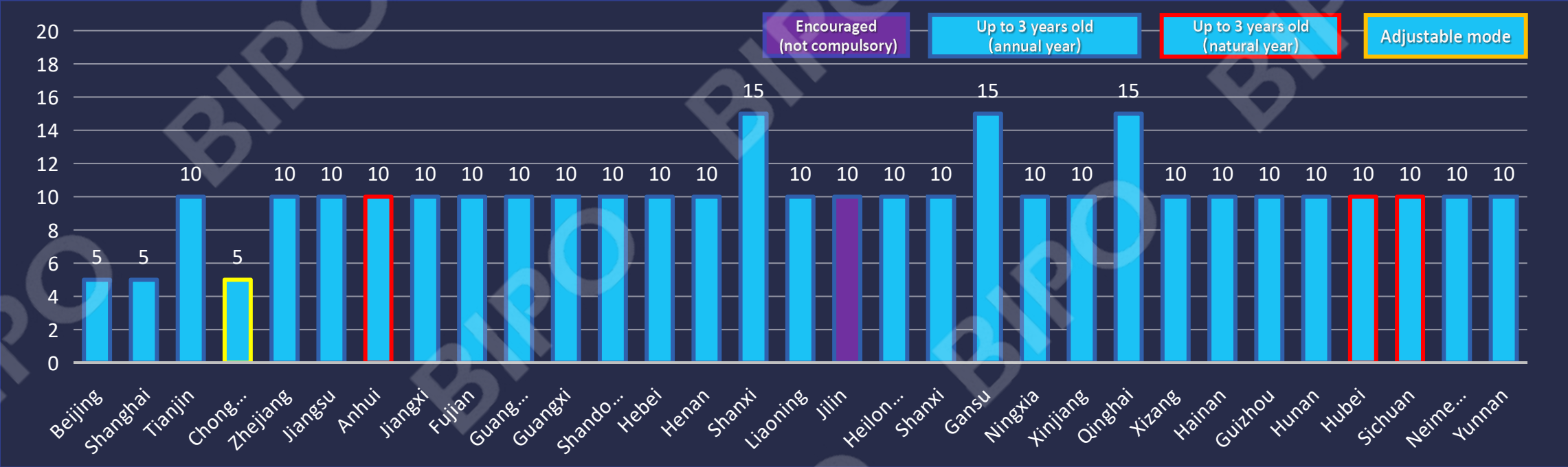
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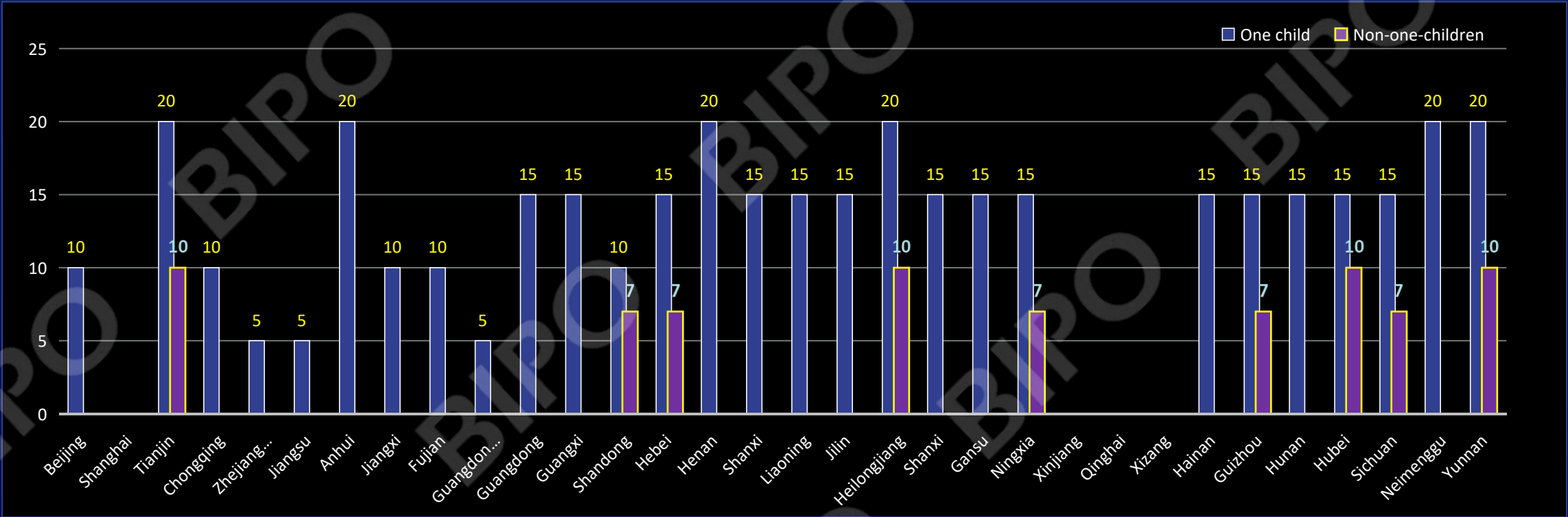
Bereavement leave

Sick leave

Maternity related leave

Nursing Leave for the Elderly

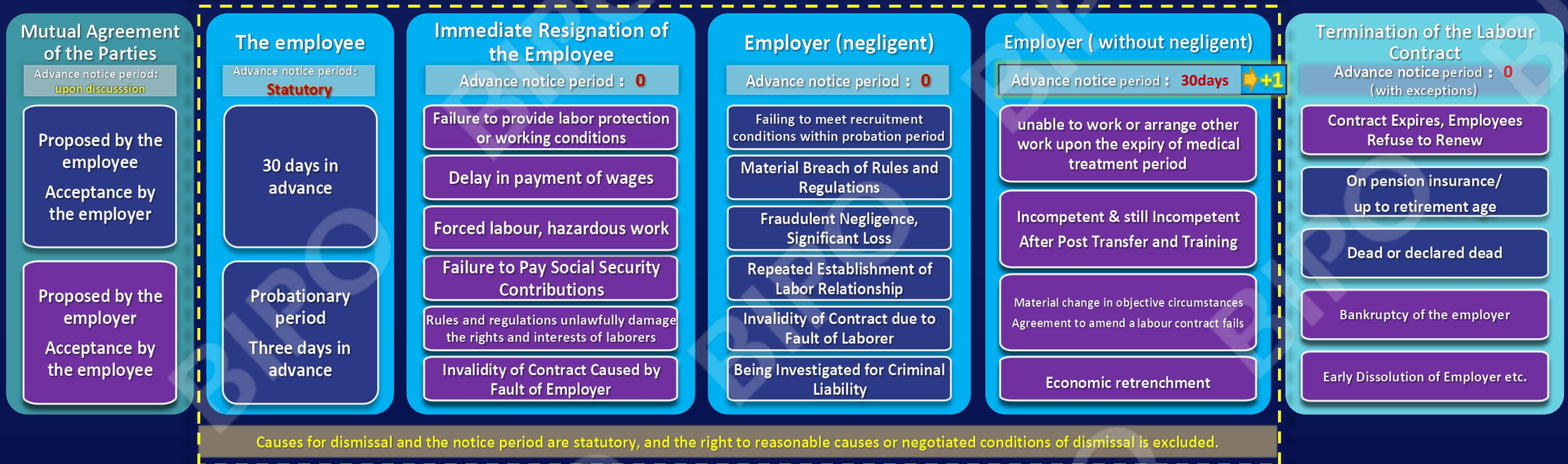
Keywords : Parents 60 years old + Cumulative Every year Inpatient treatment (with exceptions)



The Obligation to Participate in Social Security and the Impact on Employment Costs

Contribution matters (Shanghai for example) (Year 2022)		ER	EE	✓ China (Mainland) employees ✓ China (Taiwan, Hong Kong, Macau) employees ✓ Foreign employees	Overseas Employees Exemptions	Insurance base	Lower limit	Upper limit
Social Insurance	Pension insurance	16%	8%		Reciprocal exemptions based on bilateral agreements	Employee's previous year Full-calibre wage income Monthly average	Province-wide (level) full-caliber previous year average wage of employed persons in urban units	
	Unemployment insurance	1%	0.5%				60%	300%
	work-related injury insurance	0.2-1.9%	--				(Year2022) 11,396	
Medical insurance		10.5%	2%		N/A		34,188	6,520
Total rate		26.7-29.4%	10.5%					
Housing fund	Basic (Mandatory)	5-7% for each			Voluntary participation	Reference to social security base	Previous year Minimum Wage	social equality 300%
	Supplementary (Autonomous)	1-5% for each						

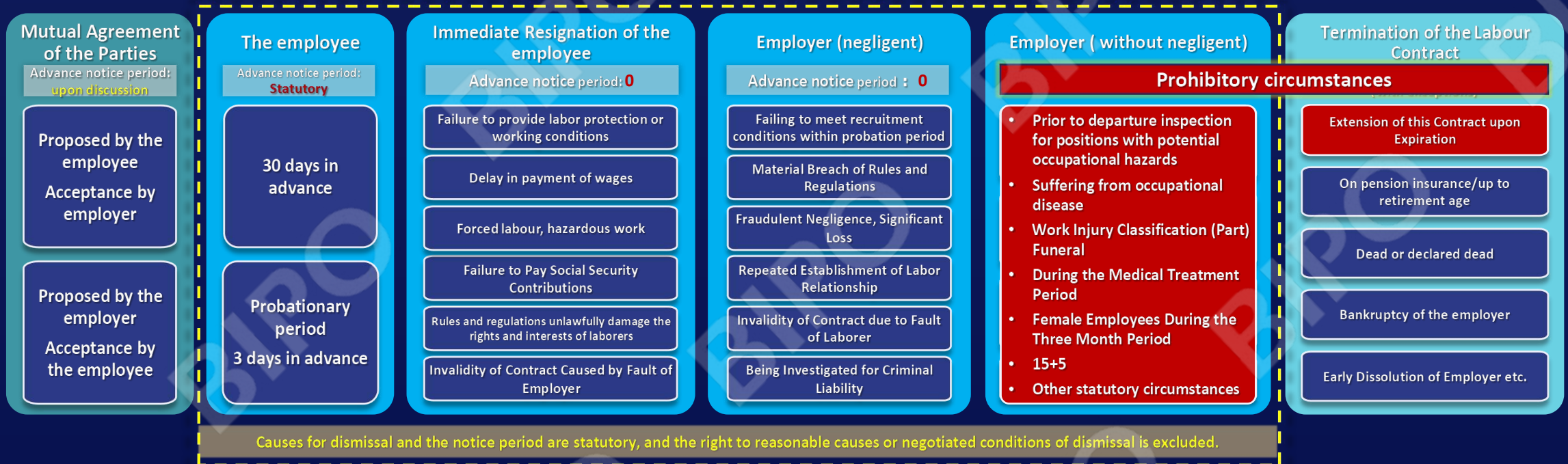
Basic Rules for Rescission and Termination of Labor Contract and Statutory Compensation Liability



	Coefficient standard (N)		
Working period	Date of departure – Commencement Date = A year+B Month		
	A		N
	B	<6	0.5
		≥6	1
Upper limit	Base cap, a maximum of 12 months		

Coefficient standard		
Scope	Average due salary income for 12 months prior to rescission or termination of the labor contract	
	include	Hourly Wages or Piecework Wages and Bonuses, Allowances and Subsidies
	exclude	Shares, Options, Bonuses and Other Proceeds Related to Investments
Overtime (Shanghai)		
Upper limit	300% the average monthly wage of employees in the previous year as promulgated by the government at the level of municipality directly under the Central Government or city divided into districts at the locality of the employing entity Shanghai (Year 2022) : 11,396 × 3 = 34,188RMB	
Lower limit	Shanghai: 2,590RMB Minimum Salary Standard at the domicile of the Company	

Basic Rules for Rescission and Termination of Labor Contract and Statutory Compensation Liability



<LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON EMPLOYMENT CONTRACTS> Article 48	If an Employer terminates or ends an employment contract in violation of this Law and the Employee demands continued performance of such contract, the Employer shall continue performing the same. If the Employee does not demand continued performance of the employment contract or if continued performance of the employment contract has become impossible, the Employer shall pay damages pursuant to Article 87 hereof. = severance pay x2
<LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON EMPLOYMENT CONTRACTS> Article 87	If an Employer terminates or ends an employment contract in violation of this Law, it shall pay damages to the Employee at twice the rate of the severance pay provided for in Article 47 hereof.

Others: Fair Employment Liability

- When an Employer hires an Employee, it shall truthfully inform him as to the content of the work, the working conditions, the place of work, occupational hazards, production safety conditions, labor compensation and other matters which the Employee requests to be informed about. The Employer has the right **to learn from the Employee basic information which directly relates to the employment contract, and the Employee shall truthfully provide the same.** <LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON EMPLOYMENT CONTRACTS> Article 8

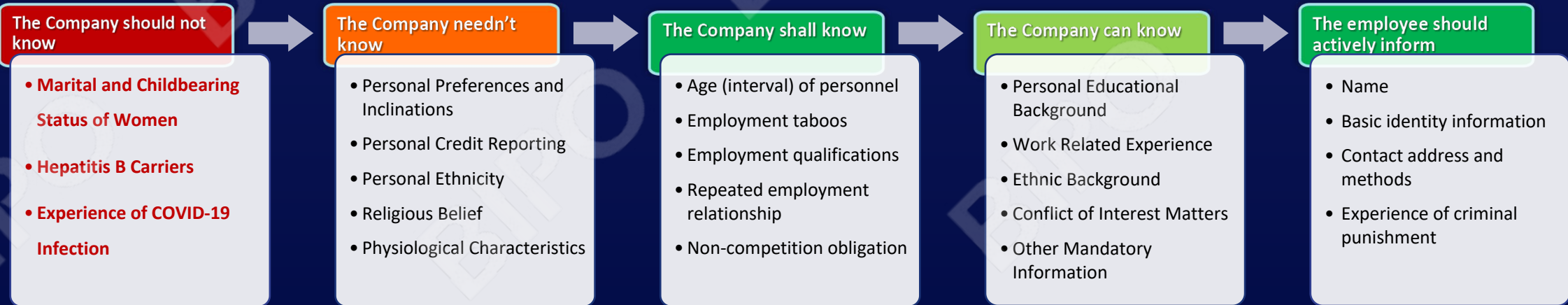
<LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON EMPLOYMENT CONTRACTS> Article 25

An employment contract shall be **invalid or partially invalid** if:
 (1) A party uses such means as **deception or coercion**, or **takes advantage of the other party's difficulties**, to **cause the other party to conclude an employment contract, or to make an amendment thereto, that is contrary to that party's true intent**;

<LAW OF THE PEOPLE'S REPUBLIC OF CHINA ON EMPLOYMENT CONTRACTS> Article 39

An Employer may terminate an employment contract if the Employee:
 (1) Is proved during the probation period **not to satisfy the conditions for employment**;

No Discrimination:	Gender	Nationality	Race	Religious belief	Persons with disabilities	Migrant workers	Non-active viral carriers of communicable diseases
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THANKS



Kevin Zhou

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If you have any requirement,
please scan the code to contact us.

