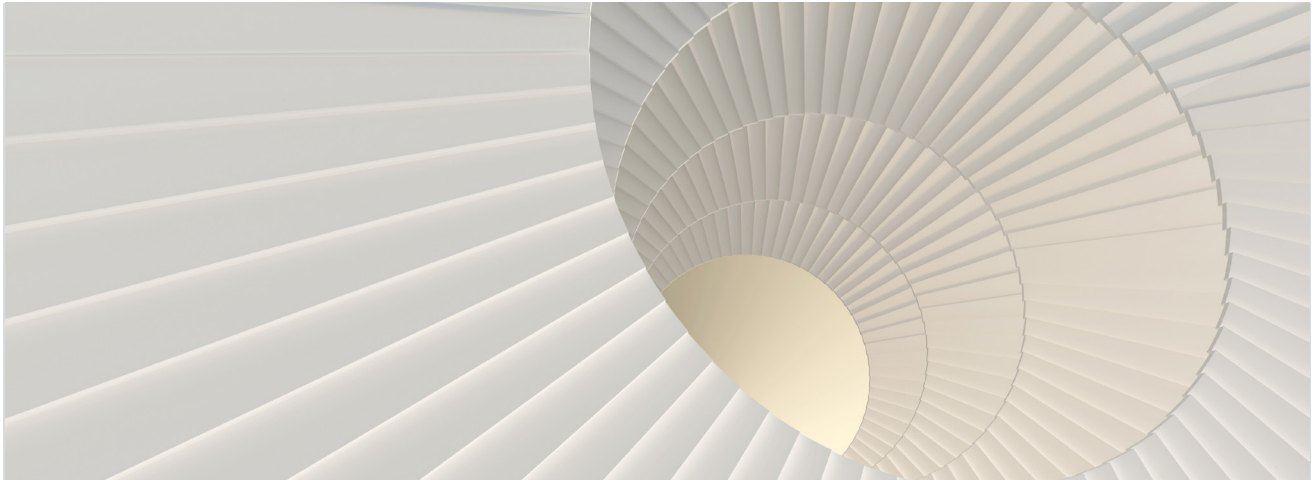


NEW CHINA VISA REGULATION

Accounting & Outsourcing newsletter - July / August 2013



ABOUT MAZARS

Mazars is an international, integrated and independent organisation, specialising in audit, accounting, tax and advisory services. We rely on the skills of more than 13,500 professionals in the 71 countries which make up our integrated partnership.

In China, Mazars has 600 highly-qualified professionals based in Beijing, Guangzhou, Hong Kong and Shanghai. They are fully committed to serving the growing and diversified needs of both Chinese companies and international firms.

INTRODUCTION

On 1 July 2013, the new China's Administration of Exit and Entry law ("Exit-Entry law") came into effect. The promulgation of this new law clearly reflects a strong will to standardise the processes and requirements to enter and exit the People's Republic of China.

The China Exit-Entry law introduces several changes:

- New visa categories
- Stricter application procedures
- Stringent penalties for non-compliance

Companies employing or planning to recruit foreign staff are highly recommended to acknowledge the new law.

NEW VISA CATEGORIES

| Previous visa | New visa | Purpose |
|---------------------------|--|---|
| F visa (business visa) | M visa (business visa) | Issued to individuals coming for business and trade activities, but not to work |
| | F visa | Now only applicable for non-business exchanges and visits (scientific, educational, cultural, health and sports) |
| | R visa (talent visa) R1 - Long term R2 - Short term | Available to highly skilled foreign professionals whose expertise will be in demand in China (list of eligible occupations to be released later) |
| | Q visa (family reunion) | Issued to children of Chinese citizens or permanent residents, entitling the visa holder to work in China for less than 90 days |
| Z visa (work) | Z1 Z2 | Issued for work period over 90 days Issued for work period less than 90 days |
| X visa (study) | X1 X2 | Long-term study Short-term study (180 days or less) |
| J visa (journalism) | J1 J2 | Issued for long-term stay Issued for short-term stay (180 days or less) |

Note:

- A new "90-day rule" limits the cumulative stay of business visa holders to no more than 90 days in any calendar year.

STRICTER VISA APPLICATION PROCEDURE

- Extended processing time
 - For an employment license, the processing time is now 15 days.
 - For the application of the initial residence permit or the renewal, the processing time has increased from 5 days to 15 days.
 - For the renewal of a M visa, the processing time has been extended to 7 working days and the application must be submitted and accepted for processing by the authorities at least 7 days prior to the visa expiration.
- Additional documentation
 - Bachelor's degree and two years of relevant working experience is now mandatory for visa application.
 - Non-criminal record certificate (with Chinese translation legalised by the relevant Chinese Consular post) is required in Beijing as of 1 July 2013.
- Scrupulous examination on eligibility criteria
 - Z visas are subject to age requirements. Any foreigner above the legal retirement age in China (55 for women and 60 for men) may have the possibility to work as a consultant up to the age of 70.

Note:

- The new law does not address the visa arrangements for interns and students employed for part-time job. It is therefore difficult for employers to ensure compliance so we recommend to liaise with the University to which the interns / students are enrolled in order to check whether there are any agreement.

STRINGENT PENALTIES FOR NON-COMPLIANCE

- Employers employing foreigners illegally are liable to a RMB10,000 fine for each illegal employee (capped at RMB100,000).
- Any foreigner found working illegally will be liable to a fine ranging between RMB5,000 and RMB20,000.
- Foreigners found living in China illegally are liable to both a fine of up to RMB500 per day (capped at RMB10,000) and a detention for 5-15 days.

EMPLOYERS - WHAT TO EXPECT?

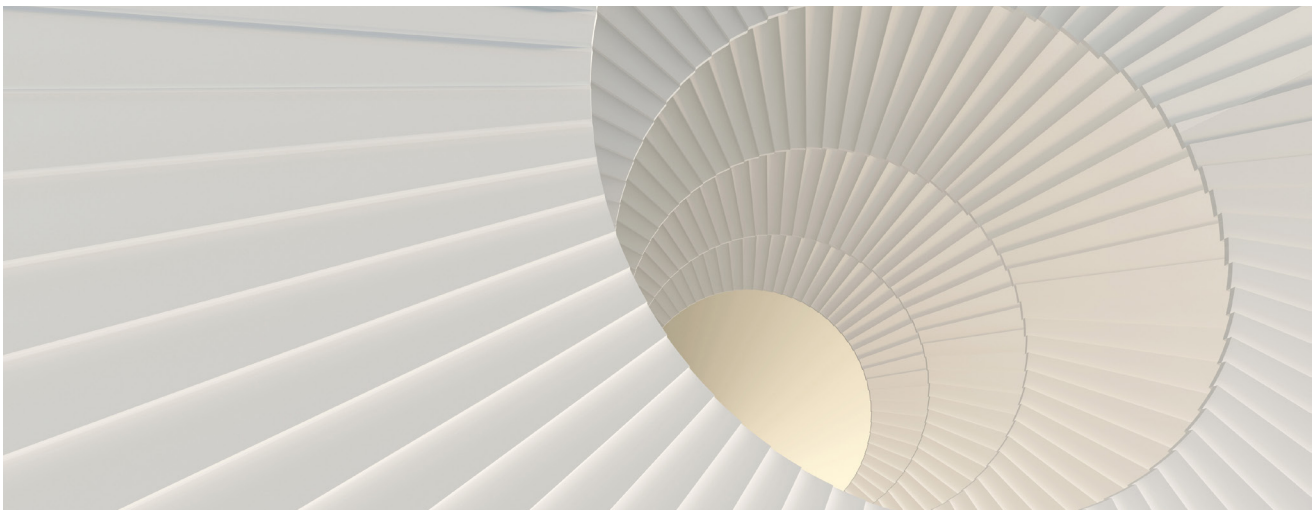
The new law provides incentives for the local authorities to enforce policy.

Employers should be prepared for:

- More stringent review of employee periods of stay in China, especially for those on business visa
- Increased random checks of corporate documentation (i.e. business licenses)
- Documenting time spent in China for their expatriate employees and all on-site employees

Quick wins for employers

- Check the visa compliance status for each foreign employee and check the potential future foreign employee's visa eligibility before offering a position in China.
- Create a formal dashboard to maintain detailed records for each foreign employee, encompassing:
 - registration documents with the Public Security Bureau
 - updated Residence Permit documentation
 - primary work location
 - work authorization documents
 - type of visa
 - visa delivery and expiry dates
 - deadline for submitting the visa renewal application
 - time spent in China on business visas
 - etc.
- Assign the responsibility of keeping this dashboard up-to-date (e.g. HR department, your business advisors, etc.)
- Raise the awareness internally amongst your foreign employees and encourage a pro-active attitude.



The content of this newsletter is only for general guidance on matters of interest and is not meant to be comprehensive. The application and impact of laws can vary widely based on the specific facts involved. Readers are advised to consult their usual advisors at Mazars before making any business decisions.

Mazars is present on 5 continents.

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