



NCP Outbreak: What you should know about the Preferential Policies to Support Enterprises in China and the quarantine requirements

Given the important role of enterprises in keeping employment stable in China, a list of cities and provinces gradually released several measures to support the enterprises to win the battle against the Novel Coronavirus Pneumonia ("NCP") epidemic. We hereby highlight the following important ones for your better understanding:

1. Preferential social insurance policy

In China, there are five kinds of social insurance funds, which are pension fund, unemployment fund, medical fund, occupational injury fund and maternity fund. During the NCP epidemic, many cities have gradually released a series of preferential social insurance measures to reduce the burden of enterprises, especially for small and medium sized enterprises ("SMEs"). For example, if enterprises cannot pay the social insurance on time, many cities have extended the payment period respectively. Moreover, certain kind of social insurance fund can be refunded to the enterprises and certain kind of social insurance rate has been reduced. In addition, as social insurance payment base will be increased every year upon completion of the annual adjustment, to delay such increase, some cities have postponed deadline for the annual adjustment of the social insurance payment base. We summarize below the table for your better reference:

City	Extending payment period ¹	Refunding funds/ reducing social insurance rate	Postponing annual adjustment of payment base
Beijing ²	- For social insurance payable in January and February, the payment can be extended to: (1) End of March: for general enterprises with no history of delayed payment before December 2019. (2) End of July: for enterprises never delayed payment before as well as in the fields of tourism, restaurant, cinema, hotel, travel, etc.	- Enterprises meeting certain requirement are eligible to apply for refunding to unemployment insurance premiums.	N/A
Shanghai ³	- Enterprises that fail to pay social insurance on time are allowed to re-pay the insurance within 3 months after the NCP epidemic is over.	- Refunding 50% of unemployment fund in previous year to eligible employers without layoffs or reduced staff; - medical fund rate is to be temporarily reduced by 0.5%.	- Postponing 3 months: new annual payment base in 2020 changed to from July 1, 2020 to June 30, 2021.
Guangzhou ⁴	- Enterprises that fail to pay pension fund, unemployment fund and occupational injury fund on time are allowed to re-pay the insurance within 3 months after the NCP epidemic is over.	N/A	N/A
Shenzhen ⁵	- Enterprises that fail to pay social insurance on time are allowed to re-pay the insurance within 3 months after the NCP epidemic is over.	N/A	N/A
Suzhou ⁶	- For SMEs, an extension of a maximum period of 6 months can be granted for paying pension fund, unemployment fund and occupational injury fund.	- Refunding 50% of unemployment fund paid in previous year	N/A
Tianjin ⁷	- Enterprises fail to pay social insurance on time are allowed to re-pay the insurance within 3 months after the NCP epidemic is over.	- Refunding 50% of unemployment fund paid in previous year to eligible employers without layoffs or reduced staff; - unemployment fund rate is to be temporarily set at 0.5% till July 31, 2020.	N/A

Further to the above preferential policies, during the State Council's executive meeting scheduled on February 18, 2020, premier Li Keqiang further stated that SMEs outside Hubei Province will be eligible for an exemption from February to June 2020 for the following funds: pension fund, unemployment fund, medical fund and occupational injury fund. Large enterprises outside Hubei Province will be reduced 50% from February to April 2020. Please liaise with us for official legislations to be released by each city to see how this new policy will be implemented practically.

2. Preferential tax policy

(1) Tax declaration deadline postponed to February 28, 2020

As mentioned in our previous legal update, tax declaration deadline was to be extended to February 24, 2020⁸. On February 17, 2020, such deadline was announced to be further extended to February 28, 2020 nationwide, except for Hubei province. In addition, for enterprises which are still unable to meet the deadline, an application for further extending the deadline can be made at local tax authority. The specific extension application procedure will be further clarified by local tax authority.⁹

(2) Tax incentives for enterprises controlling NCP epidemic

The State Taxation Administration and the Ministry of Finance have jointly released a series of tax incentives during the NCP epidemic, including deduction/exemption in corporate income tax and value-added tax for certain enterprises related to NCP epidemic control¹⁰. To be specific, the tax incentives are **not widely applied** for all enterprises, but only for the following:

- Manufacture enterprises producing NCP epidemic control supplies¹¹
- Transportation and courier deliveries of NCP epidemic control supplies;
- Enterprises donating cash or materials for NCP epidemic

The tax incentives are retrospective from January 1, 2020 and the deadline is not released yet.

3. Preferential HR policy

According to a notification jointly released by Ministry of Human Resources and Social Security and three other governmental authorities¹², for enterprises who do need to suspend the production and operation, the salary of their employees shall be paid as follows:

- (1) Within one payroll period (1 month for most enterprises), the regular salary is to be paid as normal.
- (2) Beyond one payroll period, the salary shall be subject to the consultation and agreement reached by the employee. In principle, salary shall be paid in line with the actual work carried out by the employee.
- (3) If the enterprise has not arranged the employee to work, the enterprise shall pay the employee a certain percentage of the minimum salary of the city as a living stipend.

We list below cities for your reference:

City	Policy	Specific amount of minimum salary
Beijing	No less than 70% of Beijing's minimum salary standard	≥RMB 1540 (RMB 2200 ¹³ *70%) per month
Shanghai	No less than 100% of Shanghai's minimum salary standard	≥RMB 2480 ¹⁴ per month
Guangzhou	No less than 80% of Guangzhou's minimum salary standard	≥RMB 1680 (RMB 2100 ¹⁵ *80%) per month
Suzhou	No less than 70% of Suzhou's minimum salary standard	≥RMB 1540 (RMB 2200 ¹⁶ *70%) per month

In addition, enterprises that have difficulties in production and operation affected by the NCP epidemic can temporarily adjust their employees' salary, arrange work rotation, change flexible working hours and so forth through the consultation with employees.

Note: To suspend the operation or adjust the current HR arrangement, enterprises shall abide by the specific procedure requested by the authorities as well as in line with the PRC Labor Contract Law.

4. Rental fee reduction/exemption policy

On January 28, 2020, Wanda Group announced that the rental fees for all Wanda Plaza tenants during the period from January 24 to February 25 will be exempted¹⁷. Since then, many large commercial groups have followed Wanda's lead by offering reduction or exemption on rental fees. From the governmental point of view, local governments have correspondingly introduced a series of policies to relieve the pressure for enterprises during the NCP outbreak by reducing or exempting the rental fees. According to the current policies, state-owned landlords and other landlords have different obligations. We highlight below for your reference:

City	State-owned landlords	Other landlords
Beijing ¹⁸	(1) for manufacturing premises: rental fees in February shall be exempted for tenants who are SMEs; (2) for office premises: 50% rental fees in February shall be reduced for tenants who are SMEs.	Local government will grant other landlords a subsidy if they reduce or exempt rental fees for tenants who are SMEs.
Shanghai ¹⁹	For manufacturing and operation premises: rental fees in February and March shall be exempted for tenants who are SMEs;	Other landlords may apply for reducing property tax and land use tax if they reduce or exempt rental fees for tenants.
Guangzhou ²⁰	Rental fees in February and March for tenants who are SMEs shall be reduced or exempted provided that all previous rental fees were paid.	Local government will grant other landlords a subsidy if they reduce or exempt rental fees for tenants who are SMEs.
Shenzhen ²¹	Rental fees shall be waived for two months for tenants who are non-state-owned enterprises, scientific research institutions, hospitals and clinics and self-employed business.	Other landlords are encouraged to reduce or exempt rental fees.
Suzhou ²²	Rental fees of the first month shall be exempted and rental fees of the following two months shall be reduced 50% for tenants who are SMEs.	Other landlords are encouraged to reduce or exempt the rental fees. Specific agreement shall be reached between the landlords and tenants.
Tianjin ²³	Rental fees shall be exempted or reduced for six months as of February 2, 2020 for tenants who are SMEs and public-built supporting food markets: (1) rental fees of the first three months shall be exempted; (2) rental fees of the remaining three months shall be reduced 50%.	Other landlords are encouraged to reduce or exempt rental fees.

In addition to the above incentives, China also released other incentives including but not limited to encouraging the financial institutions to provide supportive financial services, reduce the price of natural gas and water, subsidizing research and development (R&D) of enterprises, providing training fee subsidy for enterprises who organize employees to participate in online vocational training.

Foreign enterprises are advised to contact the local governmental authorities for a better understanding about the preferential policies. Should you need to have more details of the rules applied in your city, please feel free to contact us at asiallians@asiallians.com.

NCP Outbreak: Quarantine Requirements

As the amount of NCP victims and suspect victims continue to rise, many cities have declared 14-day quarantine requirements. For example:

Notification of Date	City	Quarantine Requirements
February 14, 2020	Beijing	All of returned to Beijing shall be quarantined at home or designated venues for 14 days since the arrival day. ²⁴
February 4, 2020	Shanghai	Anyone meets one of the following conditions shall be quarantined at home for 14 days since the date of arrival in Shanghai: • visit Hubei Province; • closely contact with fever patients with respiratory symptoms from Hubei Province. • closely contact with NCP patients or suspect patients The above situations shall occur within 14 days before arrival in Shanghai. ²⁵
February 3, 2020	Suzhou	Anyone meets one of the following conditions shall be quarantined at home for 14 days since the date of arrival in Suzhou: • visit Hubei, Wenzhou, Zhejiang and other key epidemic areas; • contact with people who are from Hubei, Wenzhou, Zhejiang and other key epidemic areas and have symptoms of fever and cough • be around with the NCP patients, suspect patients, or a group of people who have symptoms of fever and cough; • have other suspect discomfort symptoms The first two situations shall occur within 14 days before arrival in Suzhou. ²⁶
January 31, 2020	Guangzhou	Anyone who had visited Hubei Province before arrival in Guangzhou shall be quarantined at home for 14 days since the date of arrival in Guangzhou. ²⁷
February 3, 2020	Shenzhen	Anyone who had visited Hubei Province before arrival in Shenzhen shall be quarantined at home for 14 days since the date of arrival in Shenzhen. ²⁸

To be followed next week by a legal update about Litigation and Arbitration Adjustments During NCP outbreak.

- To enjoy the extension, enterprises shall file an application to local government.
- See: <http://rsj.beijing.gov.cn/xxgk/tzgg/202002/1626397.html>
<http://rsj.beijing.gov.cn/xxgk/tzgg/202002/1626571.html>
- See: <http://rsj.sh.gov.cn/201712333/xxgk/fffg/>
<http://www.suzhou.gov.cn/szszrmzf/zwgg/202002/539b3ebbd76497396c407b8e0edec.shtml>
<http://fgw.sh.gov.cn/gk/xxgkml/zcwj/zqjll/37658.htm>
- See: http://rsj.gz.gov.cn/gkmlpt/content/5/5662/post_5662612.html
- See: http://www.sz.gov.cn/szzt2010/yqfk2020/szzd/content/post_6724762.html
- See: <http://www.suzhou.gov.cn/szszrmzf/zfwj/202002/28a9e96983d844549734a608dbd71742.shtml>
<http://www.suzhou.gov.cn/szszrmzf/zcjmwd/202001/bd83d9fbb6ad4eb98442c65e6ca41b17.shtml>
- See: http://www.gov.cn/xinwen/2020-02/10/content_5476765.htm
https://hrss.tj.gov.cn/ecdomain/framework/tj_mciakmldehicbodinlmdmkihghpdm/llhglb_nkqjkbboejpinpopkpbhedeimk.do?isfloat=1&disp_template=cnjmfhhefjlibodjmemnce_phdmpjihh&fileid=20200214101532009&moduledIDPage=llhglbinkqjkbboejpinpopkpbhedeimg&siteIDPage=tj&info
- It can be further postponed in Hubei province and other regions where the NCP epidemic is serious, see our previous legal update: <http://asiallians.com/en/china-legal-update-coronavirus-outbreak-china-shall-enterprises-pay-attention/>
- See: <http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5144080/content.html>
- See: <http://www.chinatax.gov.cn/chinatax/n810341/n810755/c5143592/content.html>
- For example, pharmaceutical enterprises, manufacturer enterprises producing protective appliances (medical equipment), alcohol manufacture enterprises, masks manufacture enterprises, etc.
- See: http://www.mohrss.gov.cn/Syrtzhshbzb/dongtaixinwen/buneyaowen/202002/16260207_358329.html
- See: http://rsj.beijing.gov.cn/xxgk/zcwj/201912/t20191206_943246.html
- See: http://rsj.sh.gov.cn/201712333/xxgk/fffg/gfxxwj/dabc/01/201903/t20190326_1295454.shtml
- See: http://rsj.gz.gov.cn/gkmlpt/content/4/4172/post_4172645.html
- See: http://www.sz.gov.cn/zfgb/2018/gb1058/content/post_4983381.html
- See: <https://finance.sina.cn/stock/relnews/hk/2020-01-28/detail-iihzhha5132997.d.html>
- See: http://www.gov.cn/xinwen/2020-02/06/content_5475133.htm
- See: <http://www.shanghai.gov.cn/nw2/nw2314/nw2319/nw12344/u26aw63478.html>
- See: http://www.gz.gov.cn/gkmlpt/content/5/5657/post_5657069.html
- See: http://www.sz.gov.cn/xxgk/zfxqxj/tzgg/content/post_6723546.html
- See: <http://www.suzhou.gov.cn/szszrmzf/zwgg/202002/539b3ebbd76497396c407b8e0edec.shtml>
- See: http://cz.tj.gov.cn/art/2020/2/13/art_18_65206.html
- See: <https://mp.weixin.qq.com/s/rGyeTLuqRepp7kxWvLLNYg>
<http://www.beijing.gov.cn/ywdt/yaowen/1618083.htm>
- See: <http://wsjkw.sh.gov.cn/xwfb/20200204/db01b711b12040c4bbba663289ea00f7.html>
- See: <http://www.suzhou.gov.cn/szszrmzf/szfyjws/202002/51558ff4a7b64f1d9d007912116722b5.shtml>
- See: http://www.gz.gov.cn/xw/tzgg/content/post_5645466.html
- See: http://www.sz.gov.cn/szzt2010/yqfk2020/szzd/content/post_6697601.html

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