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Solutions for China Entry & Growth*

Welcome to JLJ's e-newsletter - **China Focus**. Here, we hope to share with you the latest regulatory updates and useful information relevant to China's business environment. This e-newsletter is brought to you, our valued network, as part of JLJ's value-added service.

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China FDI

Visa Struggles...



The Chinese government has recently tightened visa policies and heightened checks on foreigners' visa validity. If you are traveling to China for leisure, you are expected to show proof of round trip transportation (eg. flight tickets) and hotel reservations during visa application. Furthermore, it is no longer easy to simply drop by Hong Kong to get your visa into China.

There are even more considerations for foreigners working in China. Officers are now stopping foreigners on the street or knocking on the doors of apartments to check on their passports and visa validity. Those found working or conducting business activities in China without an appropriate business (F) or work (Z) visa (as many have been doing up till now) risk deportation. Foreigners who possess visas illegitimately applied under another company's name will face problems during renewal as authorities are starting to scrutinize the authenticity of such work relationships. Or if you are one of those operating a business in China on a travel (L) visa, it is now time to consider registering a legal entity that can ensure you a valid visa to continue your business in China.

Lastly, do not forget to register with the local police station within 24 hours of your arrival in China (Your hotel will also be able to handle this for you).

For more information, please email to salina.leong@jljgroup.com

Beijing and Shanghai increase housing fund contribution basis

With effect from July 1st, increased contribution basis for housing fund will apply in Beijing and Shanghai. Such adjustments are conducted annually based on the cities' latest average salary statistics.

This year, Beijing also unified its contribution ratio as 12%, with the aim of promoting fairness and encouraging home-ownership among low and medium-income owners. Shanghai's contribution ration remains unchanged at 7%.

In Shanghai, the range of hukous which employers are obliged to provide housing fund contributions have been broadened. Contributions for employees with Shanghai Urban and Township Hukou and Non-Shanghai, Urban and Township Hukou will be compulsory while contributions for employees with Rural Hukou remain voluntary.

Details	Old	Adjusted
Beijing		
Minimum Salary Base	1,203	1,329 Effective from April 1st
Minimum Salary Cap	9,024	9,966 Effective from April 1st
Contribution Ratio	8 to 12%	12%
Shanghai		
Minimum Salary Base	1,478	1,735
Minimum Salary Cap	7,392	8,676
Contribution Ratio	7%	Unchanged

For more information, please email to may.bai@jljgroup.com

Tax Updates

Tax Payment Simplified in Shanghai

Corporate tax payers in Shanghai will now enjoy greater ease and flexibility in their choice of payment methods, according to "Hu Guo Tax Circular [2008] No. 29" issued on 27 June 08.

The circular specifies that the requirement for taxes to be paid through a "dedicated tax account" is now officially rescinded. Existing accounts of such nature can be converted into a multi-purpose account that also permits normal business transactions. Tax payers are also allowed to apply for change of account for tax payments according to their business needs, but a written notice must be timely sent to the tax authorities.



Furthermore, those paying through one of the following banks are eligible to apply for online tax filing and payment transfer services, simply by completing the "Authorization of Tax Payment through Bank Transfer" form: *Industrial and Commercial Bank of China*, *Agricultural Bank of China*, *China Construction Bank*, *Shanghai Pudong Development Bank*, *Bank of Shanghai* and *Shanghai Rural Commercial Bank*.

For more information, please email to asam.gu@jljgroup.com

Tier 2 cities series: Hangzhou

Hangzhou, the provincial capital of Zhejiang Province, is among the largest production bases in China. The city features the famous "West Lake", one of the most beautiful natural features of China, which has attracted thousands of tourists over the past few years.

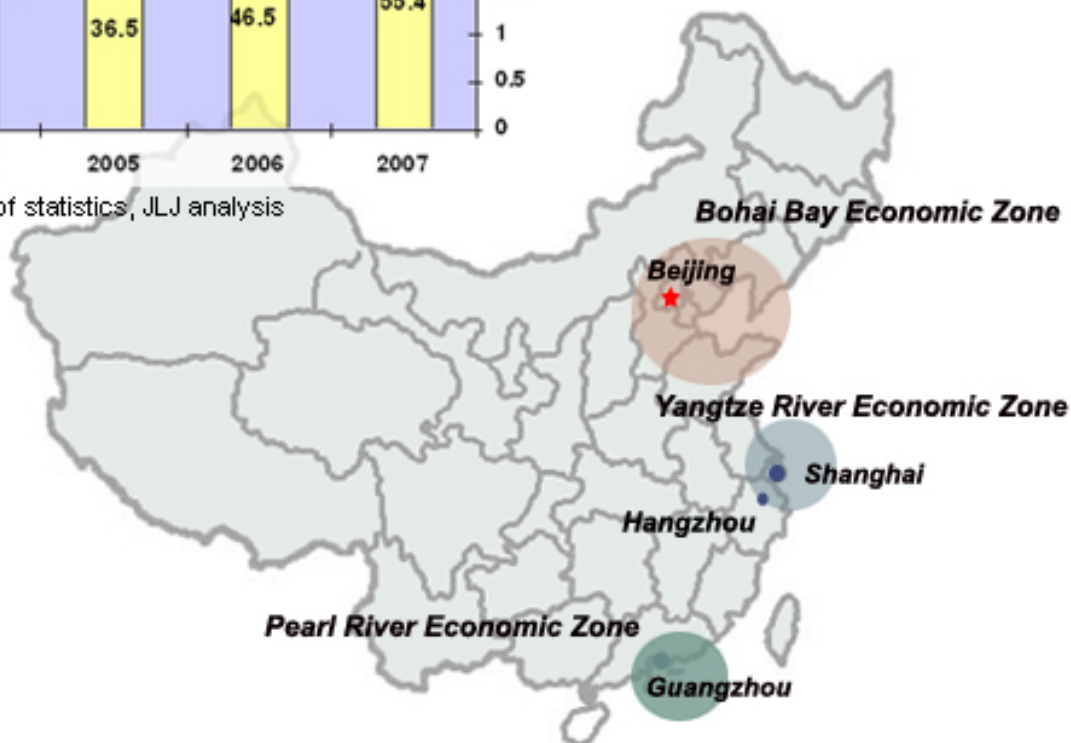
Linked to Shanghai and other surrounding cities by a number of expressways, the city is easy to reach from nearly all parts of China and is equipped with some of the most modern transportation facilities in China.

Hangzhou is an economically dynamic city and has become a magnet for foreign investment, originating largely from Hong Kong, the US, Taiwan, Japan and the UK. In fact, FDI amounted to US \$2.8 billion in 2007, an increase of almost 22% from the year before, ranking the city number 10 among China's wealthiest cities. Multinational companies that have already set up in Hangzhou include Motorola, Nokia and Siemens.

The city has also attracted multiple luxury brands - the German auto maker Porsche and the high-end fashion brand Armani have all established stores in Hangzhou.



Source: National bureau of statistics, JLJ analysis



In 2007, the GDP of Hangzhou amounted to US \$55.4 billion, growing at about 19% that year. With a current population of 7.8 million people, GDP per capita was at about US \$7,103 in 2007 - ranking among the top few cities in China. Key industries include light manufacturing, textiles, IT, food processing, and electronics.

For more information about Hangzhou or any specific industry, please view JLJ's Industry Reports [here](#) or email to katja.friedrich@jljgroup.com

The JLJ Group

The JLJ Group provides solutions to foreign companies entering and growing in China. Our core services include Market Consulting, Corporate Formation, Human Resources, Tax & Accounting as well as Business Process Outsourcing.

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