

Client Alert

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China abolishes employment permit requirements for Hong Kong, Macao, and Taiwan residents

On August 3, 2018, the State Council released a circular to abolish 11 administrative approval items in an effort to further simplify administration. According to the announcement, residents from Hong Kong, Macao and Taiwan ("**HMT residents**") no longer need to obtain an employment permit to work in mainland China. The announcement instructs the Ministry of Human Resources and Social Security (HRSS), to formulate substitute policies and measures to supervise the employment of these HMT residents. Those policies and measures will cover employment services, social security, unemployment registration, and protection of labour rights and benefits. The local HRSSs have yet to issue detailed enforcement policies. In this alert, we highlight how local HRSSs have responded to the employment permit exemption policy for HMT residents.

Background

Any employer seeking to employ an HMT resident directly or as a host employer in a secondment arrangement is required to apply for an employment permit for the employee before that employee can legally work in mainland China according to the *Regulations for the Administration of the Employment in Mainland China of Taiwan, Hong Kong and Macao Residents*. A Hong Kong or Macao resident engaging in individual industrial or commercial household operations is also required to apply for their own employment permit. An HMT resident can only start working after obtaining an employment permit, can only work for the employer who sponsored the employment permit, and can only work at the location where the employer is registered.

Local positions

Beijing, Chengdu, Guangzhou, Qingdao and Shenzhen

Following the State Council's circular, local HRSSs in most cities (i.e., Beijing, Chengdu, Guangzhou, Qingdao and Shenzhen) started to implement the employment permit exemption policy for HMT residents. Chengdu, Guangzhou, Qingdao, Shenzhen and other cities stopped accepting employment permit applications for HMT residents.

Beijing has made the employment permit optional for HMT residents. Until substitute policies and measures are released, Beijing will still process employment permit applications for HMT residents so that these residents can meet other regulatory requirements, such as for enrolment in PRC social security.

Shanghai and Tianjin

Other cities like Shanghai and Tianjin have yet to announce when the new policy will be enforced. Employment permits remain mandatory for HMT residents in Shanghai and Tianjin as of August 9, 2018.





What to expect next

In the coming weeks, the existing HMT employment regulations are expected to be revised or repealed. The HRSS and local HRSSs are expected to release enforcement policies and guidance associated with employment of HMT residents in mainland China. Current restrictions on HMT residents working in mainland China will be relaxed, which may broaden employees' choices of employment and applicable employment structures. In the mean time, employers should continue applying for employment permits for HMT resident employees where possible and monitor policy changes on HMT resident hiring. Baker McKenzie will provide further updates once implementing policies are finalized.

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