

## Extension of social security fund reliefs

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#### In brief

- » China has protracted the relief practice of delaying social security funds (SSFs) payments to the end of 2020 for MSEMs, or to the end of June 2020 for large enterprises.

Feedback

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## 2020 (No. 10 issue)

June 2020

## In Detail

As a follow-up to the work report delivered by the Chinese Premier last month, on 22 June 2020, the Ministry of Human Resources and Social Security, the Ministry of Finance (MOF) and State Administration of Taxation (SAT) issued the “Announcement on Implementation Period for Relief on Social Security Fees and Other Issues” to further support enterprises, especially micro, small and medium-sized enterprises (MSMEs), to cope with risks and difficulties. The salient points of the announcement are summarized below:

## 1. Adjustment to implementation

The implementation period for the reduction or exemption on three social security funds (SSFs) has been adjusted as follows, including the pension funds, the unemployment funds and the occupational injury funds:

Areas	Enterprise scale	Reduction/Exemption	Implementation period	Previous implementation period
Whole country	MSMEs	Exemption on employers' contribution to 3 SSFs	Extended to end of Dec. 2020	Maximum five (5) months from Feb. 2020
All provinces except Hubei	Large enterprises and others	Half-rated reduction on employers' contribution to 3 SSFs	Extended to end of June 2020	Maximum three (3) months from Feb. 2020
Hubei province	Large enterprises and others	Exemption on employers' contribution to 3 SSFs	Extended to end of Dec. 2020	Maximum five (5) months from Feb. 2020
Whole country	Enterprises in serious difficulties due to epidemic	Delay on all SSFs payments without interest charges	Extended to end of Dec. 2020	Maximum six (6) months delay

## 2. Individuals, self-employed and part-timers

- » The lower limit of SSFs contributed by employees in 2020 will follow the one used in 2019, whereas the upper limit will be adjusted as an annual practice per the relevant regulations;
- » Sole proprietors who have hired employees can adopt the same relief to three SSFs offered to enterprises; and
- » Self-employed sole proprietors and part-timers who used to pay the pension fund in their own name are allowed to delay their payments if they have any difficulties to pay it in 2020. They can make up their payments in 2021.

## WTS observation

The extension of the implementation period aims to further reduce the financial burden to MSMEs and individuals. Enterprises and individuals are urged to fully utilize the preferential policies to alleviate the short-term financial pressure caused by the epidemic. They should check the local guideline and avoid missing the opportunity.

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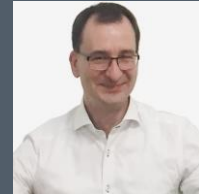
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