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China

Payroll & Employment Law Guide

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An operational guide combining national rules with provincial and city payroll controls

For general information purposes only

Overview

A reference for employing in China

A foreign investor checks the negative list and sector licensing before registering with the market regulation authority. The business licence is followed by tax, social insurance, company seal, banking and foreign-exchange procedures. Whether using a local company, registered branch or licensed employment structure, payroll must identify the true legal employer.

CNY 2,740	40h	3%-45%	16% + 8%
SHANGHAI MONTHLY MINIMUM EXAMPLE	STANDARD WORKING WEEK	ANNUAL COMPREHENSIVE INCOME TAX	COMMON EMPLOYER AND EMPLOYEE PENSION

WHAT THIS GUIDE COVERS

I	**Setting Up and Doing Business**	A foreign investor checks the negative list and sector licensing before registering with the market regulation authority.
II	**Working Conditions and Leave Entitlements**	The standard arrangement is an 8-hour day and 40-hour week.
III	**Tax and Social Security**	A resident individual's annual comprehensive income is taxed from 3% to 45% after the CNY 60,000 standard deduction and eligible additional deductions.
IV	**Payroll Operations**	Payroll is generally monthly and denominated in CNY.
V	**Hiring and Termination**	A written labour contract must be established within 1 month after employment starts.
VI	**Compensation and Benefits**	China has no single national minimum wage.
VII	**Visas and Work Permits**	A foreign worker's employment must operate with a foreigner's work permit and suitable residence status.
VIII	**Practical Notes and Compliance Risks**	Using only national text is not enough for China payroll.
IX	**Incentives and Employer Support Schemes**	China does not provide an automatic nationwide payroll reduction for every hire.

I

Setting Up and Doing Business

A foreign investor checks the negative list and sector licensing before registering with the market regulation authority. The business licence is followed by tax, social insurance, company seal, banking and foreign-exchange procedures. Whether using a local company, registered branch or licensed employment structure, payroll must identify the true legal employer.

STEP	NATIONAL BASELINE	PAYROLL CONTROL
Investment check	Negative list and licence	Activity eligibility
Entity registration	Market regulation authority	Business licence
Tax and insurance	Activation after registration	Authorised accounts
Bank and FX	Local account process	Salary payment channel
EOR or dispatch	Licence and actual model	True employer

> Verify before payroll
> Conditional: EOR is a commercial service model. The employer, labour dispatch and permit structure require a separate city and service-model review.

II

Working Conditions and Leave Entitlements

The standard arrangement is an 8-hour day and 40-hour week. Overtime is paid at not less than 150% on a normal day, 200% on a rest day when no compensatory leave is provided and 300% on a statutory holiday. Extended hours generally cannot exceed 36 hours per month. Paid annual leave is 5, 10 or 15 days based on total service.

TOPIC	2026 BASELINE	LOCAL CONTROL
Standard hours	8 hours/day, 40 hours/week	Approved special regime
Overtime	150% / 200% / 300%	Time record and time off
Overtime limit	Generally 36 hours/month	Health and exception
Annual leave	5 / 10 / 15 days	Total service
Maternity leave	National floor 98 days	Local extra 30-90 days

> Verify before payroll
> Conditional: Paternity, parental, sick and additional maternity leave depend on provincial rules or the worker's service history.

III

Tax and Social Security

A resident individual's annual comprehensive income is taxed from 3% to 45% after the CNY 60,000 standard deduction and eligible additional deductions. The core tax-residence threshold is 183 days in a year. For enterprise pension insurance, most provinces use 16% for employers and 8% for employees. Medical, unemployment, work-injury, maternity and housing-fund parameters are local.

ANNUAL TAXABLE CNY	RATE	QUICK DEDUCTION CNY
0-36,000	3%	0
36,000-144,000	10%	2,520
144,000-300,000	20%	16,920
300,000-420,000	25%	31,920
420,000-660,000	30%	52,920
660,000-960,000	35%	85,920
Above 960,000	45%	181,920

> Verify before payroll
> Local matrix: Obtain non-pension rates, lower and upper contribution bases and housing-fund settings from the worker's registered city.

IV

Payroll Operations

Payroll is generally monthly and denominated in CNY. The employer withholds individual income tax when income is paid, then files and pays by day 15 of the following month. Social insurance and housing fund are reconciled through separate local systems. Copies of terminated labour contracts must be retained for at least 2 years. A period close should tie each accepted filing to the payroll register, payment receipt and employee identity used for that city account.

PROCESS	TIMING	EVIDENCE
Salary calculation	Monthly	Gross-to-net payroll
Income tax	Day 15 of next month	Accepted return
Social insurance	Local calendar	Base and payment
Housing fund	Local calendar	City account
Contract archive	2 years after exit	Signed copy

> Verify before payroll
> Control: Link the worker's tax identity, city registration, insurance base and bank payment in the same payroll period.

V

Hiring and Termination

A written labour contract must be established within 1 month after employment starts. Probation is capped at 1, 2 or 6 months according to contract length. A worker normally gives 30 days' notice, or 3 days during probation. The employer must separately document the statutory ground, process and trade-union notification.

TOPIC	NATIONAL RULE	PAYROLL EFFECT
Written contract	Within 1 month	Double-pay risk if late
Probation	Maximum 1 / 2 / 6 months	Contract-length check
Worker notice	30 days, 3 in probation	Final-pay calendar
Employer notice	30 days or 1 month pay	Statutory ground required
Severance	1 month pay per full year	Part-year and cap check

> Verify before payroll
> Conditional: The high-earner cap, 12-year limit, collective redundancy and progressive retirement age depend on birth date and local average pay.

VI

Compensation and Benefits

China has no single national minimum wage. Provinces and cities publish their own monthly and hourly floors. In the nationwide table at 2026-01-01, Shanghai had the highest monthly floor at CNY 2,740, while Beijing's hourly floor was CNY 27.7. There is no general statutory 13th salary requirement. Each cash or in-kind benefit should be tested against the local tax base and evidenced in the payroll file.

ELEMENT	2026 APPROACH	CONTROL
Minimum wage	City or province floor	Work location
Shanghai example	CNY 2,740/month	Current local notice
Beijing example	CNY 2,540/month	Since 2025-09-01
Additional salary	No general statutory duty	Contract and policy
Benefits	General tax review	Exemption evidence

> Verify before payroll
> Conditional: Whether minimum wage includes employee insurance and housing-fund deductions varies locally. Do not copy one city's setting to another.

VII

Visas and Work Permits

A foreign worker's employment must operate with a foreigner's work permit and suitable residence status. A Z visa supports entry but does not replace the local work-permit and residence procedures. The employer registers social insurance within 30 days after the work-permit application. Treaty-based exemptions may apply when documented. Permit, residence and payroll dates should be reconciled before any local salary is released.

STEP	GENERAL RULE	EVIDENCE
Entry	Appropriate visa	Passport and visa
Employment	Foreigner's work permit	Employer and role
Residence	Local residence process	Valid permit
Social insurance	Register within 30 days	Registration and payment
Change	Check employer or role	Updated permit

> Verify before payroll
> Control: Class A, B and C criteria and local points or document thresholds differ. Use the current list for the filing city.

VIII

Practical Notes and Compliance Risks

Using only national text is not enough for China payroll. The labour contract, employee handbook and payroll settings must match the applicable city rule. A right to an open-ended contract may arise after two consecutive fixed-term contracts. Overseas transfer of payroll data also requires a PIPL and 2026 certification-route assessment.

RISK	NATIONAL BASELINE	LOCAL CONTROL
Fixed term	2 consecutive contracts	Open-ended right
Disability hiring	At least 1.5% framework	Local ratio and fund
Payroll data	PIPL applies	Separate consent and route
Employee handbook	Worker consultation required	Notice and evidence
City change	Parameters may change	New base and registration

> Verify before payroll
> Control: An overseas payroll centre must identify the security assessment, standard-contract or certification route for sensitive data and transfer volume.

IX

Incentives and Employer Support Schemes

China does not provide an automatic nationwide payroll reduction for every hire. The 2026 programmes depend on the target group, enterprise size and local application. When a small enterprise hires an eligible recent graduate, the employer's actual pension, medical and unemployment contributions may be supported for up to 1 year.

PROGRAMME	2026 EMPLOYER BENEFIT	MAIN GATE
Graduate insurance support	Up to 1 year	Contract of at least 1 year
One-off hiring support	Up to CNY 1,500 per hire	At least 3 months' premiums
Retention refund	Up to 30% large, 60% SME	12 months and layoff test
Training support	Local programme	Certificate and occupation
Disability fund relief	50% or 90% payment band	1% and 1.5% thresholds

> Verify before payroll
> Conditional: Do not recognise support as a payroll receivable until the application window, local budget and employee group are approved.

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CHINA PAYROLL DOSSIER · 2026



EOR & PAYROLL, HANDLED

Manage China payroll & employment from one center with Datassist.

Tax, contribution, employment and mobility controls must operate on one calendar. Datassist helps international employers coordinate China payroll and employment operations from one center.

Schedule a Meeting →

CNY 2,740	40h	2026
SHANGHAI MONTHLY MINIMUM EXAMPLE	STANDARD WORKING WEEK	CURRENT LEGISLATION BASE

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