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## **[Shanghai] Get Ready for Social Insurance Payment for Your Foreign Employees!**

As an exception, it was not mandatory for foreigners working in Shanghai to participate in Chinese social insurance system based on the *Notice of Shanghai Municipal Human Resources and Social Security Bureau on Several Issues Relating to the Contribution to Social Insurance for Urban Employees by Foreigners, Persons with Permanent (Long term) Residence Abroad and Residents from Hong Kong, Macau and Taiwan Working in Shanghai* (Hu Ren She Fa [2009] No. 38). However, this notice was only valid until August 15<sup>th</sup>, 2021. Since its expiration last summer, the concerned employers in Shanghai got into an uncertain situation on whether the participation in Chinese social insurance system by foreign employees shall become compulsory by referring to *PRC Social Insurance Law*.

Recently, we managed to have access to the official text of a circular which is provided on an on-demand basis. The circular was jointly published by the Shanghai Municipal Human Resources and Social Security Bureau and the Shanghai Municipal Medical Insurance Bureau on September 26<sup>th</sup>, 2021, and effective as from August 16<sup>th</sup>, 2022, the next day following the expiration of the aforementioned notice. It is clearly stipulated that foreigners as well as personnel of Hong Kong, Macau and Taiwan, who have legally entered into an employment relationship with employers of Shanghai Municipality, shall participate in the Chinese social insurance system. This circular brings an end to all kinds of speculation about this topic and also an end to the era of non-compulsory social insurance contributions for foreigners working in Shanghai.

As such, from legal and compliance perspective, from then on, foreign employees shall participate in the Chinese social insurance.

For any further detailed information or consultation, please contact us.