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2026 Shanghai New Social Security & HPF Base Rules

On August 18, 2026, Shanghai officially announced the average monthly salary of all urban employed personnel for the year 2025. The new base standards for the new five social insurances and one housing fund contribution years (July 1, 2026- June 30, 2027) from 2026 to 2027 have officially come into effect. Although the upper limits of the social security and housing provident fund bases are the same, their lower limits and determination standards are not the same. Many enterprises tend to confuse the two base standards, resulting in incorrect or underpayment, which may lead to social security inspections, late payment penalties and employment risks. This article provides a brief introduction to the new policies on social security and housing provident fund bases in Shanghai for the reference of existing and potential clients.

1、 Description of policy implementation cycle and accounting rules

(1) Implementation period

Period: July 1, 2026 - June 30, 2027

This adjustment has updated the basis for calculating the housing provident fund contribution base. It has been changed from the original basis of the average monthly salary in 2024 to the average monthly salary of employees in 2025 as the determination standard. The social insurance contribution base is simultaneously applicable to this contribution year cycle.

(2) Calculation rules of average monthly salary

(a) On-the-job old employees (all year 2025)

The average monthly salary of employees is calculated based on their total pre-tax wage income from January to December 2025. The calculation scope includes all compliant labour remuneration such as basic salary, performance-based salary, year-end bonus, various position allowances, special subsidies, and overtime pay. The calculation base should exclude the

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deductions for social security, housing provident fund and personal income tax that employees bear personally.

(b) Newly recruited employees (newly recruited in 2026)

The contribution base for social security and housing provident fund shall be uniformly determined based on the full monthly salary income of the employee in the month following their employment.

(3) Critical time limit for making up the difference

This base adjustment will be retroactively implemented from July 1, 2026. For social security and housing provident fund contributions made based on the old base in July and August, the difference must be made up for deduction and payment. All staff will complete the make-up payment by September 30, 2026, and no late payment penalties will be charged. If the payment is not made within the prescribed time limit, it will be subject to late payment penalties in accordance with the law, be included in the social security inspection and filing records and have a negative impact on the enterprise's credit public information.

2、 Detailed explanation of the upper and lower limits of the contribution base and their sources

(1) Upper limit of base: 37,731 RMB/month

According to the data released by Shanghai on August 18, 2026, the average monthly salary of all urban employed personnel in Shanghai in 2025 was 12,577 RMB.

According to national policy, the upper limit of the contribution base is three times the average monthly salary of the previous year, that is, 12,577 ×3= 37,731 RMB.

For employees whose average monthly salary exceeds 37,731RMB, the social security and housing provident fund contribution bases will be capped at 37,731 RMB. Any excess will not be included in the calculation scope of the contribution base.

(2) Lower limit of the contribution base

(a) The lower limit of the housing provident fund (including supplementary housing provident fund) base is 2,740 RMB per month.

According to the relevant regulations of the Ministry of Housing and Urban-Rural Development, the lower limit of the housing provident fund contribution base is the local minimum monthly wage standard for employees in the previous year. The minimum monthly wage standard for employees in Shanghai, which will be implemented as of July 1, 2025, is 2,740 RMB. Therefore, the minimum contribution base for the housing provident fund in Shanghai shall not be less than 2,740 RMB.

(b) The lower limit of the social insurance contribution base is 7,546 RMB per month

The lower limit of the social insurance contribution base is 60% of the average social wage, rounded to the nearest whole number, that is, 12,577 ×60%= 7,546.2 RMB. The final determined minimum social insurance contribution base is 7,546 RMB per month.

Project	Upper limit of base	Lower limit of base
Social Insurance	37,731 RMB	7,546 RMB
Housing Provident Fund	37,731 RMB	2,740 RMB
Supplementary Housing Provident Fund	37,731 RMB	2,740 RMB

3、 Contribution ratio

(1) Basic housing provident fund (enterprises can choose their own tiers)

The contribution ratios of the employer and the employees must be the same. Only integer levels can be selected: 5%, 6%, and 7%, which are determined by the enterprise itself. The enterprise can choose the percentage level to implement.

(2) Supplementary housing provident fund (voluntary but not mandatory)

Supplementary housing provident fund is a voluntary contribution project and is not mandatory. It can only be activated after enterprises complete the normal contribution to the basic housing provident fund. The contribution rates of the supplementary housing provident fund for the employer and the employee must be the same. The optional integer range is 1% to 5%.

(3) Social insurance (five insurance types) (fixed standard)

Insurance types	The contribution ratio of the employer	Personal contribution ratio	Note
Pension insurance	16%	8%	Compulsory payment
Medical insurance (including maternity insurance)	9%	2%	
Unemployment insurance	0.5%	0.5%	
Work-related injury insurance	0.2%-1.9%	None	The rate is determined according to the industry category of the enterprise

4、 Frequent violations and misconceptions by enterprises

Based on the practical operation of enterprise declaration after the implementation of the new policy, the following is a summary of four types of high-frequency compliance misunderstandings:

Misconception 1: The lower limit of both the social security and the housing fund base is uniformly set at 2740 RMB.

This operation is a typical social security violation. The lower limit of the housing provident fund base is 2,740 RMB per month, but the lower limit of the social security base is 7,546 RMB/month. The declaration of low social security base will trigger the official inspection, and the enterprise needs to make up all the difference and bear the corresponding compliance responsibility.

Misconception 2: New employees are uniformly declared based on the minimum base

The new policy clearly stipulates that new employees need to check the deposit base with the actual wage income of the next month, and only when the actual wage of the employee is lower than the legal base limit, they can declare in accordance with the corresponding lower limit standard.

Misconception 3: Ignoring the base difference compensation work from July to August 2026

This policy will take effect retroactively from July 1, 2026. September 30 is the final compliance window period for making up the difference and payment. If it is not completed by the deadline, late payment penalties will be imposed in accordance with the law and the enterprise's record of poor compliance will be retained.

Misconception 4: Randomly matching the contribution ratio of the housing provident fund and using non-integer ratios for declaration

According to the contribution rules, the contribution ratios of the employer and the individual to the housing provident fund must be the same. It is strictly prohibited to set differentiated ratios or non-integer ratios for declaration.

Kaizen can provide enterprises with full-process services including adjustment of social security and housing provident fund bases, calculation of difference compensation, addition and reduction of staff for the five social insurances and one housing provident fund, and personnel agency payment and management, and offer long-term personnel policy consultation and answers. Efficiently handle compliance business such as the base difference make-up for social security and housing provident fund and personnel make-up payment, helping enterprises avoid employment disputes and prevent late payment penalties and related compliance risks. If you have any questions, please contact our consultant team.

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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