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Fees and Procedures for Setting up a Representative Office in Beijing

Summary

This quotation applies to situations where a foreign investor intends to set up a representative office in Beijing, China to carry out market surveys, products displays and marketing activities related to the products and business of the foreign enterprise (the investor) and liaison activities in relation to product sales, service providing, domestic procurement and investment and that no special licence or permit is required.

Our fees for handling the formation and registration of a representative office in Beijing, China are RMB13,000 and our fees cover the services listed in Section 1(1) of this quotation. Our service fees, however, do not include the payment of official registration charges and legalisation of incorporation documents of the foreign enterprise (the head office) of the representative office.

The materials required include legalised incorporation documents of the foreign enterprise, a lease agreement of the office space to be used by the representative office and others. A list of the materials is detailed in Section 4 of the quotation.

The whole process for the registration of a representative office in Beijing, China takes 5 to 7 weeks. It should however be noted that most of the procedures are subject to approval granted by the government departments and therefore some of the procedures may take longer than expected.

If, due to the limitation of foreign investor company's principal business activities, the registration of representative office requires special licence or permit, we may need to adjust our fees and the time required may need to be extended accordingly.

1. Registration Cost

(1) Our Service Fees

Our fees for handling the registration of a representative office in Beijing, China is RMB13,000. In particular, our fees cover the following services:

- (1) Preparation of registration application documents;
- (2) Application for registration certificate;
- (3) Carving chops and personal chop of the chief representative;
- (4) Setting up basic RMB bank account;
- (5) Applying for internet banking facility.

If, due to the limitation of foreign investor company's principal business activities, the registration of representative office requires special licence or permit, we may need to adjust our fees accordingly.

If the foreign investor intends to appoint general representative(s) to work in the proposed Beijing representative office, an extra amount of RMB1,000 per general representative shall be charged for application of representative card.

(2) Official Filing Fees

The fees quoted in Section 1 (1) above do not cover official filing fees to be paid to different government departments and the official filing fees are estimated to be around RMB1,500, assuming no special license or permit is required.

(3) Office On-site Inspection

There are cases that the Beijing Administration for Market Regulation (BARM) may conduct an on-site inspection of the premise to be used as the business address by the RO. If the BARM does require an on-site inspection, we can act for the client to attend the inspection for a fee of RMB2,000.

(4) Legalisation Fees

Our fees stated above also do not cover the legalization of the incorporation documents of the foreign enterprise. Kaizen is able to arrange the legalisation of incorporation documents for foreign enterprises registered in Hong Kong, Singapore, Taiwan, British Virgin Islands, Cayman Islands and Bermuda and a few other countries. Fees for legalisation will be quoted upon request.

(5) Translation Costs

Our service fees stated in Section 1 (1) do not cover translation costs for translating the documents prepared by you from English to Chinese or translation of registration documents from Chinese to English. If so required, we will charge an extra amount of RMB300 per page of A4 size paper for the translation services. In case the translation is done by client directly, we will charge RMB60-180 per page of A4 size paper as proof reading service fees.

A summary of the fees and costs is provided in Schedule 1 to the quotation.

2. Payment Terms and Methods

Upon receipt of your order, we will issue an invoice to you for your settlement. We require full payment in advance.

If China or Taiwan official tax invoice is required, Value-Added Tax or Business Tax at the prevailing rate in the respective jurisdiction will be charged.

3. Basic Structure of a RO in Beijing

The basic requirements of a representative office in Beijing, China are as follows:

- One chief representative
- The foreign enterprise investor must be established for more than two years
- No more than three general representatives
- Chief representative or general representative must be natural person with no restriction on nationality

4. Required Documents and Materials

The following materials are required for the purpose of application for registration of a representative office in Beijing, China:

(1) Name of the Representative Office to be Registered

The name of representative office to be registered in Beijing must follow the format “Name of Origin Country + Chinese Translation of Name of the Foreign Enterprise + Beijing Representative Office”.

(2) Particulars of the Foreign Enterprise

Please provide particulars of the foreign enterprise, including the registered address, principal business activities, total assets, etc.

(3) Legalised Incorporation Documents of the Foreign Enterprise

One sets of legalised incorporation documents of the foreign enterprise (investor of the proposed representative office). The investor's incorporation documents shall be legalised by the Chinese Embassy or Consulate in the country where the investor is registered.

(4) Chief Representative

Please provide particulars of the chief representative, including Chinese name, highest degree obtained, residential address in China, arrival date in China, mobile phone number in China, personal resume starting from 18 year's old till now. Please also provide photocopy of identification document and passport-size colour photo with white background.

(5) General Representative (if any)

Please provide particulars of the chief representative, including Chinese name, highest degree obtained, residential address in China, arrival date in China, mobile phone number in China, personal resume starting from 18 year's old till now. Please also provide photocopy of identification document and passport-size photo with white background.

(6) Tenancy Agreement

A tenancy/lease agreement of the premise to be used by the proposed representative office. Please note the agreement shall clearly indicate the premise is for representative office's use only and the lease term shall not be less than 12 months.

(7) Particulars of Preferred Bank

Please provide the name of preferred bank and the designated branch at which the bank account of the representative office is to be established.

5. Procedures for Establishing a RO in Beijing

(1) Preliminary

(a) Lease of office Space

Firstly, the investor will have to enter into a tenancy agreement in relation to the office space to be used by the representative office for a term of not less than 12 months. The office must be located in a commercial building. If the office is located in residential building, special approval from the residents' committee is required.

(b) Legalisation of Incorporation Documents of Foreign Enterprise

The investor is also required to arrange to have the incorporation documents of the foreign enterprise legalized by the Chinese Embassy or Consulate in the country where the foreign enterprise is registered.

(c) Other Documentation

The investor at the same time needs to prepare other documents, such as photocopy of passports/Hong Kong Identity card/Home Returning Card and resume of the chief representative and general representative.

(2) Application for Registration of RO

(a) Application for Registration Certificate

Upon receipt of all duly executed documents, Kaizen will apply for Registration Certificate (登记证) for the representative office with BAMR. BAMR will usually issue Registration Certificate within 5 working days after receiving all the required documentation. Once Registration Certificate is issued, the representative office is deemed to be duly organised and existing under PRC law and will have full operational rights to operate its business in China within the scope of its Registration Certificate.

(3) Post Registration Stage

(a) Carving of Representative Office's Seal and Chops

Application for approval for making of Office Stamp (Office Seal) with the Public Security Bureau and arranging the carving the company seal and chops.

(b) Opening of Bank Account

Opening of one RMB basic account with the bank selected by client.

6. Estimated Time Frame

It is estimated that the whole registration process would take around 5 to 7 weeks, subject to the schedule of the investor and also the approval by the various registration authorities in Beijing. The table below shows the estimated time frame for each of the steps for the registration.

Step	Description	Who is Responsible	Working Days
Preliminary			
1	Legalization of Incorporation Documents	Investor	Investor's schedule
2	Tenancy (Lease) Agreement (for the office to be used by the representative office)	Investor	Investor's schedule
3	Other documents	Investor	Investor's schedule
Application for Registration			
4	Application for registration certificate	Kaizen	5-7
Other Registration Procedures			
5	Application for approval and carving of company seals	Kaizen	3
6	Opening of RMB basic account	Kaizen	10-15
7	Applying for internet banking facility	Kaizen	7-10
Around 5 - 7 Weeks			

7. Certificates and Materials obtained after Registration

After the representative office is officially registered, it will obtain the following certificates, corporate documents and seals to prove its legal existence and to carry out its daily operation.

- (1) Registration Certificate
- (2) Working card of chief representative and other representatives
- (3) Representative Office's chop, financial chop, name chop of the chief representative (optional)
- (4) Bank Account Opening Permit and Other Bank Stuffs

8. Annual Compliance Requirements in China

Immediately after a representative office is officially registered in Beijing, it is required to comply with various monthly, quarterly and annually filing and reporting requirements. These filing requirements include monthly tax filing, filing of annual audit report, which has to be issued and signed off by a local CPA firm, filing of annual tax reporting to the Beijing State Administration of Taxation and filing of annual report to the business licensing bureau etc. In any case if any of these annual compliances are not handled in a timely manner, the representative office may subject to penalties or at the risk of getting their license suspended or cancelled by the BAMR.

Kaizen is well equipped with experienced personnel and capable of providing all the services that your Beijing representative office may need, including but not limited to monthly book-keeping, preparation of tax computation and filing of various tax returns and also performing annual tax clearance and etc.

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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Schedule 1 – Summary of Costs for Registration of a RO in Beijing

A summary of costs related to the registration of a representative office in Beijing, China are listed in the table below:

Item	Description	Amount (RMB)
1	Service fees for RO Registration (Note 1)	13,000
2	Official filing fees for RO Registration (Note 2)	1,500
3	Disbursements	500
4	Service fees for General Representative Registration (RMB1,000 per representative) (Optional) (Note 3)	1,000
5	Office address on-site inspection (Optional)	2,000
6	Legalization Fees (Optional)	TBA
7	Translation fees (Optional)	TBA
	TOTAL	18,000

Note:

1. If, due to the limitation of foreign investor company's principal business activities, the registration of representative office requires special licence or permit, Kaizen will handle the application and our fees will be quoted upon request.
2. The government fee is an estimated amount. We will collect it before the commencement of services and any shortfall will be billed after completion of registration of the representative office.
3. If general representative is appointed, an extra amount of RMB1,000 per representative shall be charged. The foreign investor is allowed to appoint no more than 3 general representatives.
4. Item 4 to 7 will only be incurred if we are being engaged for such services.
5. If Chinese tax invoice is required, a Value Added Tax and Surcharges of 5% would be applicable.