

Major Adjustment to Sick Leave Pay Policy in Shanghai

Starting from August 15, 2026, the sick leave pay policy for enterprise employees in Shanghai has undergone significant adjustments. It will no longer be calculated in tiers based on the continuous length of service in the unit but will be implemented under a model where priority is given to labor contracts or valid agreements, with the legal standards as the bottom line. This marks the official expiration and invalidation of the "Notice on the Minimum Standards of Sick Leave Wages or Sickness Relief Funds for Enterprise Employees in Shanghai" (Shanghai Labor Security Development [95] No. 83), which has been in use in Shanghai for 31 years.

Kaizen has specially compiled a comparison of the new and old policies on sick leave pay in Shanghai for the reference of existing and potential clients.

1、 Old policy regulations

- (1) Within 6 months of continuous leave: sickness leave pay

Continuous working years in the unit	Proportion of base
Less than 2 years of service	60% of salary
2 years ≤ length of service < 4 years	70% of salary
4 years ≤ length of service < 6 years	80% of salary
6 years ≤ length of service < 8 years	90% of salary
length of service ≥ 8 years	100% of salary

The salary is calculated at 70% of the actual salary that the employee receives under normal circumstances.

- (2) Continuous leave exceeding six months: Sickness relief funds

Continuous working years in the unit	Proportion of base
length of service < 1 year	40% of salary
1 year ≤ length of service < 3 years	50% of salary
length of service ≥ 3 years	60% of salary

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The salary is calculated at 70% of the actual salary that the employee receives under normal circumstances.

2、 New policy

This policy only abolishes the tiered payment ratio mentioned above, while other rights and interests remain unchanged. The overall implementation principle has been updated to written agreements of the enterprise take priority. If there is no agreement, the national legal minimum standards shall be implemented.

(1) Legal minimum standards

According to Article 59 of Ministry of Labor Document [1995] No. 309: During the medical leave period, the sick leave salary shall not be lower than 80% of the local minimum wage standard.

Taking Shanghai as an example, the current monthly minimum wage in Shanghai is 2,740 yuan per month.

The legally required monthly minimum sick leave salary: $2,740 \times 80\% = 2,192$ yuan per month.

(2) Written agreement

Labor contracts, collective contracts, employee handbooks and rules and regulations, etc., can all independently stipulate the proportion and calculation method of sick leave pay. Enterprises can either set sick leave pay benefits higher than the legal minimum standard or implement differentiated calculation ratios, but no agreement can be lower than the national legal standard.

(3) Disposal of existing contracts and new regulations

If the labour contract and employee handbook refer to Document No. 83 of Shanghai Labor and Social Security Bureau [95] and retain the clause for calculating the sick leave benefits based on seniority, the enterprise cannot unilaterally reduce the sick leave benefits of employees merely on the grounds of the abolition of this document.

3、 Case analysis

Employee A of a certain company in Shanghai, with a pre-tax salary of 15,000 yuan for normal attendance, has a continuous service of 9 years in this unit. During the medical leave period, he takes sick leave for the entire month.

(1) The enterprise has no valid written agreement

The sick leave pay for the current month should be 2,192 yuan. It is no longer mandatory to pay 100% of the individual's salary in full according to the old regulations. Based on the 2,192 yuan, the enterprise will also withhold the social security and provident fund borne by the employee in accordance with the law.

(2) The system stipulates in writing that sick leave during the medical leave period shall be paid at 70% of the individual's salary

$$10,000 \times 70\% = 7,000 \text{ yuan}$$

7,000 > 2,192, implemented in accordance with the written agreement of the system. Based on these 7,000 yuan, the enterprise will withhold the employee's personal social security and provident fund according to law.

4、 Frequently Asked Questions

(1) If an employee has worked in the current unit for more than 8 years, can their sick leave still be paid in full?

The mandatory provision of the old regulation that full payment should be made after eight years of service has been abolished. Whether the full amount can be issued completely depends on the enterprise's written system and contractual agreement. When there is no agreement, it will be issued according to the legal minimum standard.

(2) Under the new regulations, will sick leave wages be uniformly paid according to the minimum wage standard?

The salary calculation base remains the normal attendance wage of the employee. 80% of the minimum wage is only the final minimum standard for distribution. The two should not be confused.

- (3) Will the policies relate to medical leave be abolished along with this adjustment?

This time, only the proportion of sick leave pay is adjusted. The medical leave period and the protection policy that employees cannot be dismissed at will during the medical leave period are completely retained.

5、 Suggestions from Kaizen

- (1) Enterprises should revise the employee handbook as soon as possible, improve the salary and wage system, and clarify the latest sick leave rules.
- (2) If it is necessary to change the original sick leave benefits, the process of contract modification and democratic revision of rules and regulations should be strictly followed. Records of public announcements and employee signature notification should be kept to avoid arbitration risks.
- (3) Strictly adhere to the legal bottom line of sick leave pay and abide by the relevant regulations on the protection of dismissal during medical leave.

Kaizen Human Resources Expert Advisory Team provides Chinese enterprises with full-process services including sick leave wage calculation, improvement of enterprise rules and regulations, personnel payment and management, etc., and offering long-term personnel policy consultation and answers. Efficiently handle personnel compliance business to help enterprises avoid employment disputes and prevent late payment penalties and related compliance risks. If you have any questions, please contact our consultant team.

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