

Must paid in registered capital of a Chinese company be disclosed?

According to the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the registered capital of a company is a statutory registration item of the company. The registered capital subscribed by the shareholders must be registered with the company registration authority for the establishment of the company. And the change of subscribed registered capital of shareholders during company operation must be registered with the company registration authority as well. However, the paid in registered capital of the company is not a statutory registration item, and there is no need to register with the company registration authority when there is a change in the paid in registered capital. Although it is not required to apply for the change registration with the company registration authority when there is a change on the registered capital paid in by shareholders of a limited liability company, Article 40 of the Company Law clearly stipulates that the registered capital paid in by shareholders of a limited liability company must be publicly disclosed through the National Enterprise Credit Information Publicity System.

Then, when should the company complete the public disclosure of the change on the paid in registered capital? What contents must be disclosed? According to Article 4 of the State Council's Regulations on the Implementation of the Registration and Management System for Registered Capital of the Company Law of the People's Republic of China, if there is a change on the paid in registered capital of a limited liability company, it must be publicly disclosed through the National Enterprise Credit Information Publicity System within 20 working days from the date of the change. The public disclosed contents include the name of shareholders, subscribed capital amount, capital contribution period, subscribed method for capital contribution, paid in capital amount, date of capital contribution, paid in capital method, etc.

Timely and accurate disclosure of paid in registered capital information is a statutory obligation stipulated in the Company Law. If a limited liability company fails to disclose relevant information on time and accurately in accordance with the law, it will face administrative penalties from the company registration authority, such as being added to an abnormal business operations list, and imposing fines on the company, directly responsible supervisors, and other directly responsible personnel. Therefore, a limited liability company must fulfill its disclosure obligation within 20 working days after its shareholders have paid in the registered capital, otherwise it will bear corresponding legal responsibilities and consequences.

KAIZEN Group is equipped with experienced and highly qualified professional consultants and is therefore well positioned to provide professional advices and services in respect of the formation and registration of company, application for various business licences and permits, company compliance, tax planning, audit and accounting in China. Please call and talk to our professional consultants for details.

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