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## **Regulations on Administration of Registration of Resident Offices of Foreign Enterprises**

Decree of the State Council of the People's Republic of China No. 584

The *Regulations on Administration of Registration of Resident Offices of Foreign Enterprises*, which was adopted at the 132nd executive meeting of the State Council on November 10, 2010, is hereby promulgated and shall enter into effect as of March 1, 2011.

Premier Wen Jiabao  
November 19, 2010

## **Regulations on Administration of Registration of Resident Offices of Foreign Enterprises**

### **Chapter I General Provisions**

**Article 1** The regulations shall be formulated for the purpose of regulating the establishment and business activities of resident offices of foreign enterprises.

**Article 2** Resident offices of foreign enterprise in the regulations (hereinafter referred to as representative office) refers to the working bodies established by foreign enterprises in accordance with the Regulations within China engaging in non-profit programs related to their own business and does not possess the status of a legal person.

**Article 3** Representative offices should abide by Chinese laws and shall not impair the state security and public interests of China.

**Article 4** Establishment, alteration and termination of a representative office should go through registration pursuant to the regulations.

A foreign enterprise shall take responsible for the authenticity of application documents and materials while applying for the registration of its representative office.

**Article 5** The State Administration for Industry and Commerce (SAIC) and its authorized local administrations for industry and commerce shall be the authorities in charge of registration and administration of representative offices (hereinafter referred to as registration authority).

Registration authorities should establish the information sharing mechanism with other related departments to mutually offer the information concerning representative offices.

**Article 6** A representative office should submit the annual report to the registration authority from March 1 to June 30 every year, with the contents including valid existence of the foreign enterprise, business performance of the representative office, expenditures for the auditing of the accounting firm and other related matters.

**Article 7** A representative office should set up the accounting book by law to truly record funding allocation of the foreign enterprise and expenditures of the representative office and put it in the place where the representative office is located.

A representative office shall not use the accounts of other enterprises, organizations or individuals.

**Article 8** Chief representative and representatives entrusted by foreign enterprises as well as staff of representative offices should abide by the provisions of laws and administrative regulations on entry and exit, residency, employment, tax payment and foreign exchange registration; in case of violation, related departments shall impose punishment according to laws and administrative regulations.

## Chapter II Registration

**Article 9** Registration of a representative office includes the title of the representative office, name of chief representative, business scope, residency site, residency period, and title and domicile of foreign enterprise.

**Article 10** The title of a representative office should consist of the following subsequent parts: nationality and Chinese name of foreign enterprise, name of the city where the office is located and the words representative office exclusive of the following contents and words:  
(1) impairing the state security or public interests of China;  
(2) using the names of international organizations; and  
(3) violating laws and administrative regulations or the provisions by the State Council.

A representative office should conduct business activities in the name as registered in the registration authority.

**Article 11** A foreign enterprise should designate one chief representative, who shall sign the registration application documents of its representative office on behalf of the foreign enterprise within the scope authorized by the foreign enterprise in writing.

The foreign enterprise shall entrust 1 to 3 representatives based on the business needs.

**Article 12** One person Chief representative and representative shall not be appointed as Chief representative or representative in the following conditions;  
(1) the person imposed penalty for impairing the state security or public interests of China;  
(2) the chief representative or representative of a representative office that has been revoked the establishment registration, registration certificate or ordered to close by related department by law for conducting illegal activities impairing the state security or public interests of China within 5 years upon being revoked, cancelled or ordered to close down;  
and

(3) other conditions as the SAIC prescribed.

**Article 13** A representative office shall not conduct profit-making activities.

In case international treaties and agreements signed or joined by China have made separate provisions, the provisions shall prevail, but except otherwise regulated by reserved clauses as China has claimed.

**Article 14** A representative office may engage in the activities related to the business of foreign enterprises as follows;

- (1) market surveys, displays and campaigns related to the products or services of foreign enterprise; and
- (2) liaison activities connected with sales of the product of foreign enterprise, service providing, domestic procurement and investment.

In case laws, administrative regulations or the State Council provides that a representative office shall be approved while engaging in the business activities as prescribed above, it should gain approval.

**Article 15** The residency site of a representative office is up to the foreign enterprise.

In accordance with the needs of the state security and public interests of China, related departments may require a representative office to adjust the residency site and timely report to the registration authority.

**Article 16** The residency period of a representative office shall not exceed the duration of the foreign enterprise.

**Article 17** The registration authority should record the registration of a representative office in the registration book for reference and copying by the public.

**Article 18** A representative office should lay the Registration Permit of Resident Representative Office of Foreign Enterprise in China (hereinafter referred to as registration permit) issued by the registration authority in the eye-catching place of its residency site.

**Article 19** Any unit and individual shall not forge, alter, lease, lend or transfer the registration permit and the chief representative and representative cards (hereinafter referred to as representative card).

In case the registration permit or representative card is lost or damaged, the representative office should declare its invalidation on the designated media and apply for another registration permit or representative card.

In case the registration authority makes the decision on approval of registration of alteration, cancellation of registration, cancellation of alteration registration, or revocation of registration permit, the original registration permit, or the chief representative and representative card issued by the authority shall be automatically invalid.

**Article 20** For the establishment or alteration of its representative office, a foreign enterprise should announce it to the public on the media designated by the registration authority.

In case the establishment or revocation registration of a representative office shall be annulled or cancelled by law, it shall be announced by the registration authority to the public.

**Article 21** For the acts of a representative office suspected of violating the regulations, the registration authority may by law execute the following duties;

- (1) to investigate and know about information from related units and individuals;
- (2) to consult, copy, seal up and seize contracts, notes, accounting books and other materials connected with illegal acts;
- (3) to seal up and seize the tools, equipment, raw materials, products (commodities) specially for illegal acts; and
- (4) to investigate the accounts and accounting voucher, accounting books and statement of account related to deposits of the representative office engaging in illegal acts.

### Chapter III Registration of Establishment

**Article 22** An application shall be made to the registration authority if a representative office is established.

**Article 23** Applying for the establishment of a representative office, a foreign enterprise should submit to the registration authority the following documents and materials;

- (1) application for registration of establishment of representative office;
- (2) domicile certification of the foreign enterprise and business license valid for more than 2 years;
- (3) articles of associations or organization agreement of the foreign enterprise;
- (4) commission documents issued by the foreign enterprise to chief representative and representative;
- (5) identification papers and resumes of chief representative and representative;
- (6) certificate of capital credit issued by financial institution having business ties with the foreign enterprise; and
- (7) the certification for the lawful right to use the residency site of the representative office.

In case laws, administrative regulations or the State Council provides that the establishment of a representative office shall be approved, a foreign enterprise should file an application for registration of establishment to the registration authority within 90 days upon being approved and submit related approval documents.

In case the international treaties and agreements signed or joined by China provide that a representative office engaging in profit-making activities shall be established, corresponding documents shall be also submitted in accordance with the provisions of laws, administrative regulations or the State Council.

**Article 24** The registration authority should make a decision on whether or not to approve registration of establishment within 15 days upon accepting application and may solicit opinions of related departments when necessary prior to the decision; in case an approval is made, it should grant to the applicant the registration certificate and representative card within 5 days upon making the decision; in case no approval is made, it should issue to the applicant the registration rejection notice within 5 days upon making the decision and give the reason for not granting registration.

The issuing date of registration certificate shall be the establishment date of a representative office.

**Article 25** A representative office, chief representative and representative holds the registration certificate and representative card to apply for handling related formalities of residency, employment, tax paying and foreign exchange registration.

#### Chapter IV Registration of Alteration

**Article 26** A foreign enterprise should file an application to the registration authority for the registration of alteration if an alteration of registration of its representative office occurs.

**Article 27** In case alteration of registration arises, an application for registration of alteration should be filed within 60 days upon the alteration of registration.

In case registration of alteration shall be approved prior to registration in accordance with the provisions of laws, administrative regulations or the State Council, an application for the registration of alteration should be filed within 30 days upon being approved.

**Article 28** In case its representative office continues to conduct business activities after the expiration of residency, a foreign enterprise should file an application for registration of alteration to the registration authority within 60 days prior to the expiration of residency.

**Article 29** For the application for the registration of alteration of a representative office, the application for registration of alteration and related documents as the SAIC prescribed should be submitted.

In case registration items of alteration shall be approved prior to registration in accordance with the provisions of laws, administrative regulations or the State Council, related approval documents should be also submitted.

**Article 30** The registration authority should make the decision on whether or not to approve the registration of alteration within 10 days upon accepting application. In case a decision on approving registration of alteration is made, the registration certificate and representative card should be renewed within 5 days upon the decision; in case no decision on registration of alteration is made, the notice of rejecting registration of alteration should be issued to the applicant within 5 days upon the decision with the reason for not approving registration of alteration given.

**Article 31** In case alteration of authorized signatory, liability type of enterprise, capital (assets), and business scope of a foreign enterprise arises, it should apply to the registration authority for filing within 60 days upon the alteration of above-mentioned items.

### Chapter V Registration of Annulment

**Article 32** A foreign enterprise should apply to the registration authority for registration of annulment within 60 days as of the date when the following items arise in one of the conditions as follows;

- (1) the foreign enterprise revokes its representative office;
- (2) its representative office no longer conducts business activities upon the expiration of residency;
- (3) termination of the foreign enterprise; and
- (4) its representative office shall be revoked or ordered to close down by law.

**Article 33** Applying for the registration of annulling its representative office, a foreign enterprise should submit to the registration authority the following documents;

- (1) the application letter for registration of annulling the representative office;
- (2) certification for annulment of taxation registration of the representative office;
- (3) certification for the completion of liquidating related issues or related unfinished formalities for the representative office issued by customs and foreign exchange departments; and
- (4) other documents submitted as the SAIC prescribed.

In case a representative office terminating business activities shall be approved in accordance with the provisions of laws, administrative regulations or the State Council, related approval documents should also be submitted.

**Article 34** The registration authority should make the decision on whether or not to approve registration of annulment within 10 days upon accepting the application. In case a decision on approving registration of annulment, the authority should issue the approval annulment notice within 5 days upon the decision and withdraw registration certificate and representative card; in case a decision on not approving registration of annulment is made, the authority should issue to the applicant the notice of rejecting registration of annulment within 5 days upon the decision with the reason for not approving registration of annulment given.

### Chapter VI Legal Liability

**Article 35** In case a foreign enterprise establishes the representative office at random or conducts business activities of a representative office without registration, the registration authority shall order it to suspend activities and impose a penalty of RMB50,00 to RMB200,000.

In case a representative office conducts profit-making activities in violation of the regulations, the registration authority shall order it to make corrections, confiscate illegal income and the tools, equipment, raw materials and products (commodities) specially for profit-making activities and impose a penalty of RMB50,000 to RMB500,000; in serious circumstances, the registration certificate shall be suspended or revoked.



**Article 36** In case a foreign enterprise gains the registration or filing of its representative office by submitting false materials or concealing the true situation by other fraudulent means, the registration authority shall order it to make correction and impose on the representative office a penalty of RMB20,000 to RMB200,000 and on directly responsible person in charge and other persons directly responsible a penalty of RMB1000 to RMB10,000; in serious circumstances, the registration authority shall annul registration or revoke registration certificate and withdraw representative card.

In case a representative office conceals the true situation and practices frauds in the annual report, the registration authority shall order it to make corrections and impose on the representative office a penalty of RMB20,000 to RMB200,000; in serious circumstances, the registration certificate shall be suspended or revoked.

In case a representative office forges, alters, lease, lend or transfer registration certificate or representative card, the registration authority shall impose on the representative office a penalty of RMB10,000 to RMB100,000, and on directly responsible person in charge and other persons directly responsible a penalty of RMB1000 to RMB10,000; in serious circumstances, the registration certificate shall be suspended or revoked and representative card shall be withdrawn.

**Article 37** In case a representative office conduct other activities beyond business in violation of Article 14 of the regulations, the registration authority shall order it to make corrections; in case corrections fail to be made within the prescribed period, a penalty of RMB10,000 to RMB100,000 shall be imposed on; in serious circumstances, the registration certificate shall be suspended or revoked.

**Article 38** The registration authority shall order it to make corrections and impose a penalty of RMB10,000 to RMB30,000; in case corrections fail to be made within the prescribed period, the registration certificate shall be suspended or revoked, in the following conditions;

- (1) to submit the annual report not in accordance with the regulations;
- (2) to conduct business activities not in accordance with the name as registered in the registration authority;
- (3) to adjust the residency site not in accordance with the requirements of related departments of Chinese government;
- (4) to announce its establishment and alteration not in accordance with the regulations; and
- (5) to handle related registration of alteration, registration of annulment or filing not in accordance with the regulations.

**Article 39** In case a representative office conduct seriously illegal activities impairing the state security or public interests of China, the registration authority shall suspend or revoke the registration certificate.

In case a representative office is cancelled the registration of establishment, suspended or revoked the registration certificate or ordered to close down by the related department of Chinese government in violation of the regulations, the foreign enterprise establishing the representative office shall not set up another representative office within 5 years upon being cancelled, revoked or ordered to close down.

**Article 40** In case the registration authority and its staff misuse the authority, neglect the duty, or commit illegalities for personal gains to handle registration and investigate and deal with violations or support, cover up and countenance illegal acts not in accordance with the Regulations, punishment shall be imposed on according to law.

**Article 41** In case anyone violates the regulations by committing acts against public security administration, punishment shall be imposed on in accordance with the Penalty Law of Public Security Management of the People’s Republic of China; if a crime has been constituted, criminal liability shall be investigated according to law.

## Chapter VII Supplementary Provisions

**Article 42** The foreign enterprise in the regulations refers to the profit-making organization established within China according to foreign laws.

**Article 43** Fee items for the registration of a representative office shall be subject to related provisions by the finance department and the department in charge of price under the State Council, so shall the charging standard for the registration of a representative office.

**Article 44** In case an enterprise from the Hong Kong Special Administrative Region, the Macao Special Administrative Region or Taiwan sets up its representative office within China, it shall be subject to the registration management as the regulations has prescribed.

**Article 45** The regulations shall enter into effect as of March 1, 2011, and the Measures for the Administration of Resident Offices of Foreign Enterprises issued by the SAIC on March 15, 1983 through the approval of the State Council on March 5, 1983 shall be simultaneously annulled.

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

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