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## Registration of a Shenzhen HR Service WFOE - Procedures and Fees

*Unless otherwise indicated, the WFOE mentioned in this quotation refer to a limited liability company formed and registered in Shenzhen, China in accordance with the China Company Law and the related regulations and wholly owned by one or more foreign companies or individuals. A WFOE in the form of a limited liability company is by far the most popular investment vehicles in China amongst foreign investors.*

### Summary

This quotation applies to situations where a Hong Kong company investor intends to set up a company in Shenzhen, China to carry out human resources services.

Our fees for handling the formation and registration of a HR service WFOE in Shenzhen, China are **RMB30,000** 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, setting up internet banking facility, legalisation of identity documents of the shareholder/member of the WFOE.

The materials required include legalised identity documents of the shareholder/member, a lease agreement of the office space to be used by the WFOE and others. A list of the materials is detailed in Section 4 of the quotation.

The whole process for the registration of a WFOE in Shenzhen, China takes 3 to 4 months. 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 the business activity to be conducted by the WFOE 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 WFOE (the principal business activities of which includes HR services) in Shenzhen, China are **RMB30,000**. In particular, our fees cover the following services:

- (1) Preparation of registration application documents;
- (2) Performing name availability search;
- (3) Application for approval of name;
- (4) Application for business license;
- (5) Carving of company chops and personal chop of the legal representative;
- (6) Application for MOFCOM registration;
- (7) Setting up a RMB basic bank account;
- (8) Handling foreign exchange registration;
- (9) Setting up a foreign currency capital account;
- (10) Application for HR Service License;
- (11) Application for business scope change with MOFCOM;
- (12) Application for business scope change with registry office
- (13) Application for change with the opening bank;
- (14) Application for change of foreign exchange registration.

If the business activity to be conducted by the WFOE requires special licence or permit, we may need to adjust our fees accordingly.

### (2) Official Filing Fees

Our service fees stated in Section 1 (1) do not cover any official filing fees. The estimated official filing fees shall be around RMB2,500. The official filing fees will be billed with supporting official receipts.

### (3) Internet Banking Facility

Our service fees stated in Section 1 (1) cover the setting up of a bank account for the new WFOE, however, it does not cover the application of internet banking facility. Should you decide to engage us for the above service, we will charge a fee of RMB2,000.

### (4) Legalisation Fees

Our fees stated above also do not cover the legalization of the identity documents of the shareholder/member of the Shenzhen WFOE. Kaizen is able to arrange the legalisation of identity documents for company or individual registered or resided 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 RMB350 per page of A4 size paper for the translation services.

All the fees quoted above do not include the Value Added Tax and Surcharges of 7.5% if Chinese tax invoice (Fapiao) is required.

**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's mainland 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 WFOE in Shenzhen**

The minimum requirements of a WFOE in Shenzhen, China are as follows:

- One shareholder, one director, one general manger, one legal representative, one supervisor and one finance controller
- Shareholder can be natural person or corporation
- Director must be a natural person with no restriction on nationality
- General manager must be a natural person with no restriction on nationality
- Legal representative must be a natural person with no restriction on nationality
- Legal representative shall be served by chairman of the board (if board of directors is set up), or executive director (if it is sole director), or general manager
- Natural person shareholder can be appointed as director
- Supervisor must be a natural person with no restriction on nationality, however, director or general manager cannot serve as supervisor at the same time
- Finance controller must be a natural person with no restriction on nationality, however, legal representative cannot serve as finance controller at the same time

#### 4. Required Documents and Materials

The following materials are required for the purpose of application for registration of a WFOE in Shenzhen, China:

(1) Name of the Company to be Registered

The name of company to be registered in Shenzhen must follow the format “Business Name + (Shenzhen) + Principal Business Activity + Limited” or “Business Name + Principal Business Activity + (Shenzhen) + Limited” For example, “Kaizen (Shenzhen) Service Limited” “Kaizen Service (Shenzhen) Limited” or “Shenzhen Kaizen Service Limited”.

The name of the company must be in Chinese. The English name cannot be registered. Please provide the proposed name and at least 2 alternatives.

(2) Tenancy Agreement

One set of original Tenancy Agreement and Leasing Certificate of the office premise to be used by the proposed WFOE.

(3) Particulars of the Shareholder/Member

If the shareholder of the Shenzhen WFOE is another company, please provide the particulars of that company, including the principal business activities, business address and contact numbers and name and nationality of its managing director.

(4) Legalised Identification Documents of the Shareholder

One set of original legalised identity documents of the foreign shareholder/members of the proposed WFOE. If the shareholder is a corporation, the identity documents required to be legalised are its incorporation documents. In the case the shareholder is an individual, the identity document required to be legalised is his/her passport (for foreigner) or China’s mainland travel permit (for Hong Kong, Macau and Taiwan resident). The investor’s identity or incorporation document shall be legalised by the Chinese Embassy or Consulate in the country where the investor is resided or registered.

(5) Shareholding Structure and Ultimate Beneficiary Owner

A shareholding structure and particulars of the ultimate beneficiary owner of the WFOE.

(6) Legal Representative

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), email address, China mobile number and full residential address of the legal representative.

(7) Director(s)

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), email address, China mobile number and full residential address in respect of each director.

(8) Supervisor, Finance Controller and General Manager

A photocopy of the identification document (i.e. passport for foreigner or identity card for Chinese national), email address, China mobile number and full residential address of the supervisor, finance controller and the (general) manager.

(9) Amount of Investment/Registered Capital of the WFOE

The total amount of investment in the WFOE, including:

- (a) the registered capital.;
- (b) method and time limit of contribution of capital.

(10) Scope of Business

A summary of the scope of business and the scale of business of the proposed WFOE, including the business model, locations of suppliers and customers etc.

(11) Particulars of Preferred Bank

Please provide the name of preferred bank and the designated branch at which the bank accounts of the WFOE is to be established.

***Please note the legal representative of the WFOE is required to visit Shenzhen to open the bank account. The bank officers will go to your office to conduct a site inspection when you submit the application to them.***

(12) Staff List and Particulars

The WFOE must have at 5 staff with college degree. The photocopies of the identity certificate, degree certificate of the staff must be provided when we apply for HR Service License for you. The resume and degree certificate of the legal representative must be provided as well.

## (13) Certificate of Hong Kong Service Supplier

The investor must provide a certificate of Hong Kong service supplier when we apply for HR Service License for you.

## 5. Estimated Time Frame

It is estimated that the whole registration process would take around 3 to 4 months, subject to the schedule of the investor and also the approval by the various registration authorities in Shenzhen. The table below shows the estimated time frame for each of the steps for the registration.

Step	Description	Who is Responsible	Working Days
<b>Preliminary</b>			
1	Legalisation of Incorporation Documents	Investor	Investor's schedule
2	Tenancy (Lease) Agreement and Leasing Certificate (for the office to be used by the WFOE)	Investor	Investor's schedule
3	Other documents	Investor	Investor's schedule
<b>Application for Registration</b>			
4	Name availability search	Kaizen	1
5	Application for approval and reservation of the proposed company name	Kaizen	1
6	Application for business license	Kaizen	3-5
7	Application for approval and carving of company seals	Kaizen	2
8	MOFCOM Registration and Record	Kaizen	3-6
9	Opening of RMB basic account	Kaizen	20
10	Perform foreign exchange registration	Kaizen	10
11	Opening of capital account	Kaizen	10
<b>Post Registration Procedures</b>			
12	Application for HR service license	Kaizen	10-20
13	Application for change with MOCOM	Kaizen	3-6
14	Application for change with registry office	Kaizen	3-5
15	Application for change with opening bank	Kaizen	10
16	Application for change of foreign exchange registration	Kaizen	10
<b>Around 3-4 months</b>			

## **7. Certificates and Materials obtained after Registration**

After the WFOE 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) Business Licence (Original, Duplicate)
- (2) WFOE Registration / Change Record Receipt
- (3) Bank Account Opening Permit and Other Bank Stuffs
- (4) Foreign Exchange Registration Permit
- (5) Company Seal, Financial Seal, Legal Representative Seal, and Fapiao Seal
- (6) HR Service License

## **8. Annual Compliance Requirements in China**

Immediately after a WFOE is officially registered in Shenzhen, 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 Shenzhen State Administration of Taxation and filing of annual reports to the competent government authorities etc. In any case if any of these annual compliances are not handled in a timely manner, the WFOE may subject to penalties or at the risk of getting their license suspended or cancelled by the MSA.

Kaizen is well equipped with experienced personnel and capable of providing all the services that your Shenzhen WFOE 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.

## **9. Other Optional registrations**

- (1) Qualification of VAT General Taxpayer

A WFOE is considered as a VAT small scale taxpayer when it is incorporated. If you want to be treated as a VAT general taxpayer, then you shall apply for VAT general taxpayer qualification accordingly.

The WFOE is not allowed to issue 6% or 16% VAT invoice, deduct input VAT from output VAT and apply for VAT refund on export products until it obtains VAT general taxpayer qualification.

We could also help you to apply for such qualification. Our fees for the provision of such service are RMB3,500 (tax exclusive).

(2) Real-Name Certification of the Legal Representative and Finance Controller

Provided the legal representative or finance controller of a WFOE is a foreigner or Hong Kong/Macau/Taiwan resident, then s/he is required to visit the local office of State Administration of Taxation (SAT) in person so as to enable the SAT to verify her or his Passport or Hong Kong/Macau/Taiwan resident's mainland travel permit. This is what we called real-name certification with the tax bureau. Failure to complete the real-name certification will affect the company's tax related matters, such as purchase of Fapiao and application for tax rebate, or in the worst scenario, may not be able to file tax returns, with the SAT.

Since the legal representative or finance controller is required to visit the SAT in person to perform the real-name certification, we would recommend that s/he should be accompanied by a local staff, so as to avoid any language or communication problems. If you want us to send our staff to go to the SAT with your foreign legal representative or finance controller, we can also arrange for it accordingly. Our fees for the foregoing service are RMB1,500 (tax exclusive).

*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:*

**Email: [info@kaizencpa.com](mailto:info@kaizencpa.com), [enquiries@kaizencpa.com](mailto:enquiries@kaizencpa.com)**

**Tel: +852 2341 1444**

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**Skype: kaizencpa**



## Schedule 1 – Summary of Costs

## I. Registration of a HR service WFOE in Shenzhen

Item	Description	Amount RMB
1	Service fees for Company Registration (Note 1)	30,000
2	Official filing fees for Company Registration (Note 2)	2,500
3	Disbursements	500
4	Service fees internet banking facility application (Optional)	2,000
5	Legalisation fees for the investor (Optional)	TBC
6	Translation fees (Optional)	TBC
<b>TOTAL</b>		<b>35,000</b>

## II. Additional Registration Procedures

Item	Description	Amount RMB
1	Application for VAT General Taxpayer Qualification	3,500
2	Real-name Certification of the Legal Representative / Finance Controller	1,500
<b>TOTAL</b>		<b>5,000</b>

## Note:

1. If the business to be conducted by the WFOE in Shenzhen requires special licence or permit, Kaizen can handle the application and our fees will be quoted upon request.
2. The government fees will be collected before the commencement of services and any shortfall will be billed after completion of registration of the WFOE.
3. Item 4 to 6 will only be incurred if we are being engaged for such services.
4. If Chinese tax invoice is required, a Value Added Tax and Surcharges of 7.5% would be applicable.