

Employer' s Social Insurance Contributions Reduced Under COVID-19

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Liu Yuxiang and Wu Qiong of Haiwen & Partners summarize the national and local policies introduced to support businesses and employers in China to help alleviate the economic impact caused by the coronavirus outbreak.

In order to cushion the economic impact caused by the outbreak of the novel coronavirus 2019 (COVID-19), a series of policies have been issued at both national and local levels in China to support businesses and employers. In addition to [preferential tax policies](#) China has further announced a series of policies that reduce the social insurance burden of employers.

The key national-wide policies expected to effectively reduce or exempt employers' contribution to social insurance and also defer temporarily social insurance payments are:

(1) Circular on Reducing/Exempting Enterprise Social Insurance Premiums for a Period of Time (关于阶段性减免企业社会保险费的通知) (Circular [2020] No. 11 of MHRSS, "Circular No. 11") jointly issued by the Ministry of Human Resources and Social Security (MHRSS), Ministry of Finance (MOF) and State Administration of Taxation (SAT) on Feb. 20, 2020, which covers pension, unemployment insurance and work-related injury insurance; and

(2) Guiding Opinions on Reducing Employee Basic Medical Insurance Premiums for a Period of Time (关于阶段性减征职工基本医疗保险费的指导意见) (Circular [2020] No. 6 of NHSA, "Circular No. 6") jointly issued by the National Healthcare Security Administration (NHSA), MOF and SAT on Feb. 21, 2020, which covers medical insurance.

The two policies are effective from Feb. 1, 2020.

Summary of National Policies

The maximum benefits that provincial governments are authorized to provide under Circular No. 11 and Circular No. 6 are summarized below:

Location of Enterprise	Pension, Unemployment, Work-Related Injury Insurance	Medical Insurance	Deferred Payment
Enterprise in Hubei Province	Exempted for ≤ 5 months		
Enterprise outside Hubei Province	Small & Medium Enterprise: Exempted for ≤ 5 months	50% contribution ≤ 5 months	Deferred Period ≤ 6 months
	Large Enterprise: 50% contribution ≤ 3 months		

A “small and medium enterprise” (SME) will be identified and determined by provincial governments according to the Circular on Issuance of the Provisions on Classification Standards for SMEs (关于印发中小企业划型标准规定的通知) jointly issued by the Ministry of Industry and Information Technology (MIIT), National Bureau of Statistics of China, National Development and Reform Commission and MOF in 2011 (Circular [2011] No. 300 of MIIT).

Summary of the Local Policies

As with all new policies, the central government has authorized provincial governments to subsequently issue detailed implementing rules and determine specific policies. A summary of local policies relating to social insurance reductions released in Beijing, Shanghai and Guangdong Province are provided below:

Beijing	
Pension, Unemployment, Work-Related Injury Insurance	Medical Insurance
SMEs: Exempted February to June	50% contribution for February to June
Large Enterprise: 50% contribution for February to April	
Enterprises with severe difficulties in production and operation due to the epidemic may apply for deferred payment of up to six months. The latest payment date is Dec. 31, 2020.	
Regular enterprises may apply for deferred payment to the end of March; enterprises in 10 special industries (travel, hotel, restaurants, etc.) may apply for deferred payment until the end of July.	

Shanghai	
Pension, Unemployment, Work-Related Injury Insurance	Medical Insurance
SMEs: Exempted February to June	50% contribution for February to June; 0.5% lower than the regular rate for July to December
Large Enterprise: 50% contribution for February to April	
Enterprises with severe difficulties in production and operation due to the epidemic may apply for deferred payment of up to six months, within the year of 2020.	Deferred period $\leq$ 6 months
Enterprises that failed to complete their payment on time will be allowed to pay within three months after the end of the COVID-19 outbreak.	

Guangdong Province	
Pension, Unemployment, Work-Related Injury Insurance	Medical Insurance
SMEs: Exempted February to June	50% contribution for February to June 2020; for July 2020 to April 2021, local beneficial rate will apply.
Large Enterprise: 50% contribution for February to April	
Enterprises with severe difficulties in production and operation due to the epidemic may apply for deferred payment of up to 6 months, within the year of 2020.	Deferred Period $\leq$ 6 months
Enterprises that failed to complete their payment on time will be allowed to pay within 3 months after the end of the COVID-19 outbreak.	

The relevant local policies in Beijing, Shanghai and Guangdong Province are summarized below:

	Document No.	Document Name
Beijing	Circular [2020] No.29 of Beijing MHRSS 京人社养字[2020]29号	<i>Beijing Municipality, Circular on Properly Reducing/Exempting Enterprise Social Insurance Premiums for a Period of Time in Beijing</i> (北京市人力资源社会保障局、北京市财政局、国家税务总局北京市税务局关于做好北京市阶段性减免企业社会保险费工作的通知)
	Circular [2020] No.11 of Beijing NHSA 京医保发[2020]11号	<i>Beijing Municipality, Circular on Reduction of Employers' Contributions to Employee Basic Medical Insurance for a Period of Time</i> (北京市医疗保障局、北京市财政局、国家税务总局北京市税务局关于阶段性减征职工基本医疗保险单位缴费的通知)
	N/A	<i>Beijing Municipality, Notice on the Issuance of Specific Measures for Extending the Social Insurance Payment Period for Enrolled Entities (Individuals)</i> (北京市社会保险基金管理中心、北京市医疗保险事务管理中心关于发布参保单位(个人)延长社会保险缴费具体办法的通告)
Shanghai	Circular [2020] No.77 of Shanghai MHRSS 沪人社基[2020]77号	<i>Shanghai Municipality, Circular on Reducing/Exempting Enterprise Social Insurance Premiums for a Period of Time in Shanghai</i> (上海市人力资源和社会保障局、上海市财政局关于本市实施阶段性减免企业社会保险费的通知)
	Circular [2020] No.6 of Shanghai Bureau of Civil Affairs 沪民养老发[2020]6号	<i>Shanghai Municipality, Circular on Issuance of the <Guidelines on Implementing the Supporting Policies for Shanghai Pension Service Institutions During the Coronavirus Epidemic Period></i> (上海市民政局关于印发《落实新冠肺炎疫情期间本市养老服务机构扶持政策指引》的通知)
Guangdong	Circular [2020] No.58 of Guangdong MHRSS 粤人社发[2020]58号	<i>Guangdong Province, Implementing Opinions on Reducing/Exempting Enterprise Social Insurance Premiums for a Period of Time</i> (广东省人力资源和社会保障厅 广东省医疗保障局 广东省财政厅 国家税务总局广东省税务局关于阶段性减免企业社会保险费的实施意见)
	Circular [2020] No.62 of Guangdong NHSA 粤医保函[2020]62号	<i>Guangdong Province, Circular on Opinions Relevant to Further Clarifying the Reduction of Employee Basic Medical Insurance Premiums for a Period of Time</i> (广东省医疗保障局国家税务总局广东省税务局关于进一步明确阶段性减征职工基本医疗保险费有关意见的通知)
	N/A	<i>Guangdong Province, Guidelines on Supporting Tax Policy Measures for Serving the Purposes of Epidemic Prevention and Control and Economic and Social Development (Fourth Edition)</i> (国家税务总局广东省税务局 广东省支持服务疫情防控和经济社会发展税费政策措施指引(第四版))

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