

China-direct.biz – Company Set-up in China (Factsheet)

Until a few years back, setting-up a foreign-owned company in China was a difficult, slow and costly process which has maintained the wrong perception among many foreign investors that it is too risky and not worth the trouble.

But this ignores the fact that China during the last couple of years has implemented many new reforms including the new **Foreign Investment Law from 1 January 2020** to attract more foreign investment by among others reducing capital requirements and taxes, offering incentives, cutting red tape, and speeding up processing times to lower the overall cost.

This has made it steadily **easier, quicker and cheaper** to set-up and operate a foreign company in China.

Advice & Support

By letting us manage your company set-up in China, you will benefit from our local presence in Shanghai with an experienced Danish General Manager and a qualified Chinese legal team who take care of matters directly on the ground in China. This is a more **efficient and affordable** way to get things done.

Company Set-up Process

1. Planning & Preparation (from 6-8 weeks)

- To set-up a China entity requires a basic understanding of the most critical factors before any key decisions are made and the actual process begins.
- Professional business and legal advice and guidance on setting-up and registering a company in China.

2. Official Registered Address: Lease Agreement

- To register a China entity, the overseas investor shall provide a signed lease agreement for a minimum 12-month term with fully paid annual rent before the applications can be filed.
- Leased premises shall be in a registered commercial property with its own unique address as more than one company cannot share the same official registered address.

3. Business License: Online & Offline Filings (1 week + 8 working days)

- Information and document collection such as company name in Chinese, business scope, investors/ shareholders, management, registered capital, lease agreement, certificate of registration, powers to bind, power of attorney, and passport copies.
- Draft and review all the online and hardcopy application forms and documents to ensure compliance with Chinese laws, rules and regulations.

- File the online applications to obtain pre-approval of company name and business scope and then onsite submit the required hardcopy application forms and documents for final approval.
 - Deliver the 5-in-1 Business License issued by the local registration authorities.
- 4. Official Company Seals (1-2 working days)**
- Apply for carving of mandatory company seals in Chinese (and English) that are used in China to legally authenticate documents instead of signatures.
- 5. Legal Entity U-Keys (1-3 working days)**
- Apply for electronic u-key to get access to the online systems of the relevant authorities.
- 6. Tax Registration (1 working day + 2 weeks for activation)**
- Register as Small-scale VAT Taxpayer or General VAT Taxpayer depending on annual turnover and specific business requirements for the issuing of legal invoices (fapiao).
- 7. Company Bank Accounts (1 working day + 2 weeks for activation)**
- Open Foreign Capital Account (USD or EUR) and Basic Current Account (RMB).
- 8. Employer Registration (1 working day)**
- Set-up and register company account with the local Social Insurance Bureau and Housing Fund Bureau.
- 9. Trading License (4 working weeks)**
- Apply for additional import-export license (only after the issuing of the business license).
- 10. Other Licenses & Permits**
- E.g. Food Business License, Medical Device & Equipment License or Dangerous Goods Certificate; To be determined according to the specific requirements.

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