

Is the Chinese Permanent Residence Permit Right for You?



The notion of a permanent residence permit was first introduced in China at the end of 1985 when the “*Law on the Control of Foreigners Entering and Leaving the Country*”¹ was published. However, it was only on 15 August 2004 that the “*Methods for the Administration of Examination and Approval of Foreigners’ Permanent Residence in China*” (“the Methods”) were published and became the first text dedicated to this topic, and only on 12 December 2012 that the “*Measures on the Relevant Benefits for Foreigners with Permanent Residence Permit in China*”² (“the Measures”) finally clearly listed the advantages that could potentially be granted to holders of this coveted document.

Between 1985 and 2004, only 50 people were granted this permanent residence card, and slightly fewer than 10,000 between 2004 and 2016. The number of applications and approvals has however increased exponentially since then, in particular following the publication of local directives and rules. An increasing number of foreigners have become permanent residence holders, and an even larger number is considering applying for it.

On 27 February 2020, the Chinese Ministry of Justice published the “*Regulations on Foreigners’ Permanent Residence in the People’s Republic of China*” for public comment, with the aim of setting unified national principles on the criteria for obtaining a permanent residence permit. These regulations do also contain some provisions that are stricter than those currently applied. However, more than a year later, this text is still in draft form, and has not yet been approved.

Below is a general presentation of the conditions that foreigners must meet in order to obtain a permanent residence permit in China, and in particular in Beijing and Shanghai, as well as the benefits granted to holders, which will hopefully provide a clear view of current regulations.

■ ELIGIBILITY REQUIREMENTS

People who meet the conditions listed in the table below are eligible for a permanent residence permit in Shanghai or Beijing. Please note that the majority of applications are made by persons who have either invested in China, or employees who have worked in China for many years and who have paid the minimum required personal income tax, or by members of the family of a Chinese national or of a person who already holds a permanent residence permit.

The eligibility requirements outside of Shanghai and Beijing are reasonably similar to those detailed in the tables below, but there are some local variations that should be checked and that depend on the requirements and practices of the competent public security bureau.

Applicant category	Eligibility requirements
Investors	Persons who have a stable and consistent tax record and who have invested and paid up the following minimum amounts of share capital (where the amount of capital paid up during three consecutive financial years may not be lower than the minimum amount): a) more than two million USD for an investment in China without location constraints; or b) more than one million USD for an investment in central China; or

1 Published by the Permanent Committee of the National People’s Assembly, and effective on 01.02.1986

2 Published jointly by 25 departments/ministries, including the Organisational Department of the Central Committee of the Communist Party of China, the Ministry of Human Resources and Social Security, the Ministry of Public Security, the Bank of China, etc.

	<p>c) more than USD 500,000 for an investment in western China or in any key county under poverty reduction and development program;</p> <p>or</p> <p>d) more than USD 500,000 for an investment in any industry encouraged under the Catalogue for Guidance of Foreign Investment Industries published by the Chinese government;</p> <p>or</p> <p>e) more than USD 1,000,000 (or more than USD 500,000 in case of an investment that meets the conditions listed in point d) above) for a direct investment in Shanghai or Beijing.</p>
Employees	<p>1 - Employees who have worked continuously in Shanghai/Beijing for more than four years;</p> <p>and</p> <p>2 - have a gross annual remuneration of more than RMB 600,000 Yuan (Shanghai)/RMB 500,000 Yuan (Beijing) over a period of four years;</p> <p>and</p> <p>3 - pay an annual individual income tax of more than RMB 120,000 Yuan (Shanghai)/RMB 100,000 Yuan (Beijing);</p> <p>and</p> <p>4 - reside in Shanghai or Beijing for more than six months of every year over a period of four years;</p> <p>and</p> <p>5 - hold a recommendation letter from the employer.</p>
Management staff ³ , professors or researchers ⁴	<p>1 - People who work in Shanghai/Beijing;</p> <p>a) in a high-tech or new technology company; a foreign investment company in an encouraged field involving advanced technologies or export technologies;</p> <p>or</p> <p>b) in a company working on key national projects or major scientific or technical projects;</p> <p>or</p> <p>c) in a research institute or a public institution with administrative or management functions that is part of the State Council or of the municipal government of Shanghai or Beijing;</p> <p>or</p> <p>d) in a key university (that is part of the 211 Project or of the first batch of admission colleges);</p> <p>or</p> <p>e) in a national or key national laboratory, a national engineering laboratory, a national engineering research centre, a national engineering research centre, national accredited enterprise technology centre, a national engineering techniques research centre or the research and development centre of a foreign investment company;</p> <p>and</p>

³ Chairman of a board of directors, vice-chairman of a board of directors, general manager, deputy general manager, or any other executive staff that have a higher function.

⁴ The title of associate professor or associate researcher or a similar or higher professional qualification;

	<p>2 - hold the same functions for more than four years; and</p> <p>3 - reside in Shanghai or Beijing for at least three years over a four-year period; and</p> <p>4 - duly pay personal income tax.</p>
Special talents	<p>1 - World-class talents who have made significant or outstanding contributions to the development of the Chinese economy or to Chinese social progress, or who have added significant value to the country, as well as highly-skilled individuals who have specific professional qualifications and celebrities; provided that such persons have a letter of recommendation issued by a ministry, commission or department of the State Council or of the Shanghai or Beijing municipal governments.</p> <p>2 - Foreigners deemed to be highly-skilled:</p> <p>a) recognised by the competent government authorities or by the talent management authorities of Shanghai or Beijing, as well as persons working for scientific and technical innovation companies featured on the list approved by the competent authorities of the Shanghai or Beijing municipalities; and</p> <p>b) have a work permit with the mention "talent"; and</p> <p>c) have worked in Shanghai or Beijing for more than three years; and</p> <p>d) have a recommendation letter from their employer.</p>

In addition, those who meet the above criteria are also likely to obtain a permanent residence permit as a family:

Applicant category	Eligibility requirements
Families	<p>1 - Spouses of Chinese nationals or of holders of a permanent residence permit:</p> <p>a) who have been married for more than five years; and</p> <p>b) have resided in China for more than five consecutive years; and</p> <p>c) have spent more than nine months in China each year over a five-year period; and</p> <p>d) have stable financial resources and accommodation in China; and</p> <p>e) have no criminal record.</p>

	<p>2 - Unmarried minor children confirmed to be foreign nationals⁵, who have at least one parent who is a Chinese national or has a permanent residence permit.</p> <p>3 - People over 60 years old who have no immediate family outside of China and are dependent on their immediate family living in China, and who meet the following conditions:</p> <p>a) have resided in China for more than five consecutive years;</p> <p>and</p> <p>b) have spent more than nine months in China each year over a five-year period;</p> <p>and</p> <p>c) have stable financial resources and accommodation in China;</p> <p>and</p> <p>d) have no criminal records.</p>
--	--

The above is by no means an exhaustive list, as there may be specific local requirements that apply depending on where the applicant is working. For example, in accordance with the “*Guidelines of the memorandum on the entry and exit measures to support the innovation development of the municipality of Beijing*”, the Zhongguancun zone in Beijing offers the opportunity to obtain a permanent residence permit to a wide-range of categories of foreign highly skilled individuals, such as recipients of high-level prizes/awards, experts/scientists, or to those working for innovative companies or technological service centres that meet the conditions set by the zone⁶.

The table below sets out the specific rules that apply to the Shanghai municipality:

Applicant category	Eligibility requirements
Employees of special Shanghai zones ⁷	<p>1 - Employees who have worked for more than four years for a company located in the <i>Zhangjiang National Innovation Demonstration Zone, the Shanghai Pilot Free-Trade Zone, or the Mass and Innovation Entrepreneurship Zone</i> duly approved by the State Council;</p> <p>and</p> <p>2 - have fulfilled their tax obligations;</p> <p>and</p> <p>3 - have resided in Shanghai for more than six months over a period of four years.</p>

⁵ We advise mixed Chinese/foreign couples to check their children’s nationality before submitting their permanent residence application. In accordance with the provisions of articles 3 to 5 of the Chinese Nationality Law: i) China does not recognise dual nationality, ii) a child born in China is considered a Chinese national if one of his/her two parents is a Chinese citizen; iii) a child born outside of China is also considered a Chinese national if one of his/her parents is a Chinese national. The only exception to this rule is a child born outside of China to one or two Chinese parents residing abroad who obtains a foreign citizenship at birth.

⁶ Details of the eligibility requirements for the Zhongguancun zone are available in Chinese at the following website: <http://zgcgw.beijing.gov.cn/zgc/bszn/rctq/10839900/index.html>

⁷ Source - Bureau of Entry-Exit of the Public Security of Shanghai – <http://zwdt.sh.gov.cn/govPortals/foreignersMap/foreignerYJ.html>

Other highly-skilled employees	<p>1 - Overseas Chinese who have a PhD and work in Shanghai.</p> <p>2 - Foreign students: (i) who have a diploma from a key Chinese university or from a reputed foreign school, (ii) who have set up a company in Shanghai in the two years after obtaining their diploma and who hold an “entrepreneur” residence permit, (iii) who have been recruited by a qualified company and (iv) and have worked in Shanghai for more than four years and (v) have duly paid their taxes and social contributions.</p> <p>3 - Highly-skilled employees recognised as such by the <i>Zhangjiang National Innovation Demonstration Zone</i> or the <i>Shanghai Pilot Free-Trade Zone</i> who have a recommendation letter from the management commission of one of these zones.</p> <p>4 - Key foreign members of research teams recommended by foreign experts or researchers introduced by the <i>Zhangjiang National Innovation Demonstration Zone</i> or the <i>Shanghai Pilot Free-Trade Zone</i> and who are referred by the management committee of one of these zones.</p>
--------------------------------	---

■ APPLICATION

The elements required for the permanent residence application vary according to the grounds for the application.

Generally, the following documents must be submitted:

1. A complete application form;
2. An extract of a clean criminal record issued within the previous six months duly certified by the competent Chinese consulate;
3. The applicant’s passport containing a valid visa;
4. ID photos;
5. The results of the medical examination issued by an accredited centre within the past six months;
6. The applicant’s detailed CV;
7. Then, depending on the type of application:
 - a. For investors: a copy of the business license of the company they have invested in, documents showing that capital has been paid-up, tax statements for the past three financial years, etc.
 - b. For employees: a recommendation letter from the employer and its business license, a receipt of payment of personal income tax, etc.
 - c. For a family member: the marriage or birth certificate duly certified by the competent Chinese consulate, etc.;

Generally, all documents that show that the applicant meets all of the eligibility criteria should be submitted.

II.1. Waiting times and validity

The waiting times for obtaining a permanent residence permit vary from one city to another, but, in practice, it takes approximately six months in Shanghai and closer to 12 months in Beijing, although we have recently seen delivery within 3 months in Beijing.

Please note that the permanent residence permit is not valid for life, as the name seems to imply, but only for 10 years (if the applicant is over 18, or for five years if younger than 18). It may be renewed upon request.

In addition, in accordance with the provisions of article 20 of the Methods, once they obtain this residence permit, holders must ensure that they spend a minimum of three months in China out of every calendar year. However, in the case of specific circumstances that render this impossible, such as health problems or travel difficulties, and subject to the approval of the competent public security bureau, this obligation may be reduced to a cumulative period of twelve months spent in China over a period of five years.

II.2. Annulment or withdrawal

The public security authorities are entitled to revoke or annul the permanent residence permit in the following cases:

1. If the holder may potentially harm the security or interests of the Chinese state;
2. If the holder is expelled from China following the decision of a Chinese court;
3. If the holder obtained the residence permit on the basis of incorrect, inaccurate or falsified information;
4. If the holder has not spent the minimum time required in China (see above).

■ BENEFITS GRANTED TO HOLDERS OF PERMANENT RESIDENCE PERMITS

What exactly is the purpose of a residence permit?

The basic principle set out in article 1 of the Measures is simple: holders of a permanent residence permit have the same rights and responsibilities as Chinese citizens, with the exception of political rights and the rights that may not be granted to them in accordance with Chinese laws and regulations.

The major advantage of the permanent residence permit is the ability to stay in China without a visa, and to freely enter and exit the Chinese territory without needing to apply for a visa. This is particularly important at this time, as permanent residence permit holders may enter China without an invitation letter (PU) and without needing to apply for a new visa.

Here are some other advantages:

- The right to work in China without a work permit;
- Easier to obtain a “foreign expert card”;
- The right to send children to Chinese public schools;
- The option to contribute, in addition to Chinese social security, to the housing fund;
- The right to buy residential accommodation without being subject to length of residence requirements in China;
- Entitlement to the same advantages and the same tariffs as Chinese citizens when travelling within China and buying tickets to tourist attractions;
- The right to travel within China with only the permanent residence permit, which can normally be scanned the same way as Chinese identity cards;
- Etc.

Lastly, it is important to note that having a permanent residence permit has no impact on personal taxation in China, meaning that tax residence in China is not linked to the permanent resident status, but simply to how long the person has lived in China.



*For any additional information
please contact:*

Sylvie SAVOIE
Managing Partner - Beijing office
Savoie@dsavocats.com