

Interim Provisions on Wage Payment of the People’s Republic of China

Dan Young Business Consultancy — www.danyoungcpa.com
Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the Labor Law of the People’s Republic of China and other relevant laws and regulations for the purposes of safeguarding the right of workers to receive labor remuneration through wages and regulating the wage payment behavior of employers.

Article 2 — These Provisions shall apply to enterprises, individually-owned businesses with employees (hereinafter referred to as “employers”) and the workers working for them within the territory of the People’s Republic of China. State organs, public institutions and social organizations and the workers working for them shall be governed by reference to these Provisions.

Article 3 — For the purposes of these Provisions, “wages” refer to the labor remuneration paid by an employer to a worker in accordance with the provisions of the labor contract and in the form of currency.

Article 4 — Wage payment mainly includes: wage payment items, wage payment levels, wage payment forms, wage payment recipients, wage payment time and wage payment under special circumstances.

Article 5 — Wages shall be paid in legal tender. Payment in the form of physical objects or marketable securities shall not be made in place of currency payment.

Article 6 — An employer shall pay wages directly to the worker himself. Where the worker himself is unable to receive wages for some reason, his relative or a person authorized by him may collect the wages on his behalf.

Chapter II — General Rules on Wage Payment

Article 7 — Wages must be paid on the date agreed between the employer and the worker. Where a holiday or rest day falls on the wage payment date, payment shall be made in advance on the nearest working day. Wages shall be paid at least once a month. Where a weekly, daily or hourly wage system is implemented, wages may be paid by week, day or hour.

Article 8 — An employer shall pay all wages to the workers who have completed one-time temporary labor or specific labor, upon completion of the labor.

Article 9 — Where both parties dissolve or terminate a labor contract in accordance with the law, the employer shall pay the wages to the worker in full at one time upon dissolution or termination of the labor contract.

Article 10 — Where a worker participates in social activities during working hours in accordance with the law, the employer shall pay wages as normal. Social activities include:

1. Exercising the right to vote or being elected in accordance with the law; 2. Serving as a people's assessor or witness in court proceedings; 3. Attending meetings of model workers, advanced workers, etc.; 4. Participating in trade union activities as a non-full-time trade union committee member for no more than three working days per month; 5. Other social activities in accordance with the law.

Article 11 — During annual leave, home leave, marriage leave and funeral leave, the employer shall pay wages to the worker in accordance with the standard provided in the labor contract.

Article 12 — Where an employer suspends production or work for a period within one wage payment cycle due to reasons not attributable to the worker, the employer shall pay wages to the worker in accordance with the standard provided in the labor contract. Where the period exceeds one wage payment cycle, and the worker provides normal work, the labor remuneration shall not be lower than the local minimum wage standard; where the worker does not provide normal work, the matter shall be handled in accordance with the relevant State provisions.

Article 13 — Wages of workers during the medical treatment period shall be paid in accordance with the relevant State provisions on the medical treatment period of enterprise employees.

Chapter III — Wage Payment Under Special Circumstances

Article 14 — An employer may deduct the following items from a worker's wages in accordance with the law:

1. Individual income tax payable by the worker; 2. Social insurance fees payable by the worker individually; 3. Child support and alimony to be deducted as ordered by a people's court; 4. Other expenses that may be deducted in accordance with laws and regulations.

Article 15 — An employer shall not deduct a worker's wages without cause. Under any of the following circumstances, an employer may deduct a worker's wages:

1. Deductions made in accordance with laws, regulations and rules; 2. Deductions made in accordance with an award, ruling or mediation statement of a people's court or arbitration institution; 3. Deductions made in accordance with the rules and regulations formulated by the employer in accordance with the law and publicized to the workers; 4. Deductions made in accordance with the provisions of the labor contract signed in accordance with the law.

Article 16 — Where a worker causes economic losses to the employer due to his own fault, the employer may demand compensation from the worker and may deduct compensation from the worker's wages in accordance with the provisions of the labor contract. The amount of monthly deduction shall not exceed 20 percent of the worker's monthly wage. The remaining wages after deduction shall not be lower than the local monthly minimum wage standard.

Article 17 — An employer shall prepare a wage payment table for workers' wages, which shall include the wage standard, payment period, amount of wages payable, amounts deducted, actual amount paid and the worker's signature or seal.

Article 18 — Wages of workers during the period of vocational training organized by the employer shall be paid as normal.

Article 19 — During the period of suspension from work with pay for work-related injuries, the original wages and welfare benefits of workers shall remain unchanged and shall be paid by the employer on a monthly basis.

Article 20 — The wages of female employees during maternity leave shall be paid in accordance with the law.

Chapter IV — Economic Compensation for Deduction or Default of Wages

Article 21 — Where an employer deducts or defaults on a worker's wages without cause, it shall, in addition to paying the worker's wages in full within the prescribed time limit, also pay economic compensation equivalent to 25 percent of the wages deducted or defaulted upon.

Article 22 — Where an employer refuses to pay or defaults on a worker's wages for extended working hours, or pays wages lower than the local minimum wage standard, it shall pay the outstanding wages and economic compensation.

Article 23 — Where an employer pays a worker economic compensation for deduction or default of wages, the economic compensation shall be paid by the employer and shall be calculated based on the wages deducted or defaulted upon.

Chapter V — Supplementary Provisions

Article 24 — Where there is a dispute between a worker and an employer over wage payment, the parties may apply to the labor dispute arbitration committee for arbitration in accordance with the law. Where a party is dissatisfied with the arbitration award, it may file a lawsuit with a people's court.

Article 25 — The labor administrative departments shall have the right to supervise and inspect the wage payment of employers.

Article 26 — These Provisions shall come into force on January 1, 1995.

This translation is provided for informational purposes only. For legal matters, please consult the original Chinese text or seek professional legal advice. For assistance with wage payment compliance and labor law in China, please contact Dan Young Business Consultancy.