Labor Contract Law of the People’s Republic of China

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — This Law is enacted in accordance with the law for the purposes of improving the labor contract system, specifying the rights and obligations of the parties to labor contracts, protecting the lawful rights and interests of laborers, and establishing and developing a harmonious and stable labor relationship.

Article 2 — This Law shall apply to the establishment of labor relationships between laborers and enterprises, individually-owned economic organizations, private non-enterprise entities, and other organizations (hereinafter referred to as “employing units”) within the territory of the People’s Republic of

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China, and to the conclusion, performance, modification, rescission and termination of labor contracts. The conclusion, performance, modification, rescission and termination of labor contracts between state organs, institutions, public organizations and the laborers with whom they establish labor relationships shall be governed by this Law.

Article 3 — Labor contracts shall be concluded in accordance with the principles of lawfulness, fairness, equality, voluntariness, consensus through consultation, and good faith. A labor contract concluded in accordance with the law shall be legally binding, and the employing unit and the laborer shall perform the obligations stipulated in the labor contract.

Article 4 — Employing units shall establish and improve labor rules and regulations in accordance with the law so as to ensure that laborers enjoy labor rights and fulfill labor obligations. When an employing unit formulates, amends or decides on rules and regulations, or material matters that directly affect the vital interests of laborers, including labor remuneration, working hours, rest and leave, occupational safety and health, insurance and welfare, training of employees, labor discipline, and labor quota management, the matter shall be discussed by the workers' congress or all employees, which shall make proposals and opinions, and the matter shall be determined in consultation with the trade union or employee representatives on an equal basis. During the implementation of rules and regulations and decisions on material matters, where the trade union or employees deem such rules, regulations or decisions inappropriate, they shall have the right to submit them to the employing unit for amendment through consultation.

Article 5 — The labor administrative departments of the people's governments at or above the county level shall, together with trade unions and enterprise representatives, establish a ternary coordination mechanism for labor relations and jointly study and resolve major issues concerning labor relations.

Article 6 — Trade unions shall assist and guide laborers in concluding and performing labor contracts with employing units in accordance with the law, and establish a collective consultation mechanism with employing units to protect the lawful rights and interests of laborers.

Chapter II — Conclusion of Labor Contracts

Article 7 — An employing unit shall establish a labor relationship with a laborer from the date of employment. The employing unit shall prepare a register of employees for future reference.

Article 8 — When an employing unit recruits a laborer, it shall truthfully inform the laborer of the content of the work, working conditions, place of work, occupational hazards, conditions for safe production, labor remuneration, and other information that the laborer requests to know. The employing unit shall have the right to know basic information about the laborer that is directly related to the labor contract, and the laborer shall truthfully provide such information.

Article 9 — When recruiting a laborer, an employing unit shall not detain the laborer's resident identity card or other certificates, nor shall it require the laborer to provide a guarantee or collect property from the laborer under any other pretext.

Article 10 — A written labor contract shall be concluded within one month from the date of establishment of the labor relationship. Where an employing unit and a laborer conclude a labor contract before employment, the labor relationship shall be established from the date of employment.

Article 11 — Where an employing unit fails to conclude a written labor contract at the time of establishment of the labor relationship and the labor remuneration agreed upon between the employing unit and the laborer is unclear, the labor remuneration to be paid to the newly recruited laborer shall be in accordance with the standards stipulated in the collective contract. Where there is no collective contract or the collective contract does not stipulate such standards, equal pay for equal work shall apply.

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Article 12 — Labor contracts are classified into fixed-term labor contracts, open-ended labor contracts, and labor contracts whose term is based on the completion of a specific task.

Article 13 — A fixed-term labor contract refers to a labor contract in which the employing unit and the laborer agree on a termination date. The employing unit and the laborer may conclude a fixed-term labor contract upon reaching consensus through consultation.

Article 14 — An open-ended labor contract refers to a labor contract in which the employing unit and the laborer agree on no fixed termination date. An employing unit and a laborer may conclude an open-ended labor contract upon reaching consensus through consultation. Under any of the following circumstances, if a laborer proposes or agrees to renew or conclude a labor contract, an open-ended labor contract shall be concluded, unless the laborer requests to conclude a fixed-term labor contract: (1) the laborer has worked for the employing unit for ten consecutive years; (2) when the employing unit first implements the labor contract system or a state-owned enterprise is restructured and concludes labor contracts anew, and the laborer has worked for the employing unit for ten consecutive years and is less than ten years away from the statutory retirement age; or (3) where a fixed-term labor contract has been concluded twice consecutively and the laborer does not fall under any of the circumstances specified in Article 39 or item (1) or (2) of Article 40 of this Law, and the labor contract is renewed. Where an employing unit fails to conclude a written labor contract with a laborer within one year from the date of employment, the employing unit and the laborer shall be deemed to have concluded an open-ended labor contract.

Article 15 — A labor contract whose term is based on the completion of a specific task refers to a labor contract in which the employing unit and the laborer agree that the term shall be based on the completion of a specific task. The employing unit and the laborer may conclude such a labor contract upon reaching consensus through consultation.

Article 16 — A labor contract shall be subject to consensus between the employing unit and the laborer through consultation and shall take effect upon the signatures or seals of the employing unit and the laborer on the text of the labor contract. The employing unit and the laborer shall each hold one copy of the labor contract.

Article 17 — A labor contract shall contain the following clauses: (1) the name, domicile, and legal representative or principal responsible person of the employing unit; (2) the name, domicile, resident identity card or other valid identity document number of the laborer; (3) the term of the labor contract; (4) the content of the work and the place of work; (5) working hours, rest and leave; (6) labor remuneration; (7) social insurance; (8) labor protection, working conditions, and protection against occupational hazards; and (9) other matters that shall be included in the labor contract as prescribed by laws and regulations. In addition to the necessary clauses specified in the preceding paragraph, the employing unit and the laborer may agree on other matters such as probation period, training, confidentiality, supplementary insurance and welfare benefits.

Article 18 — Where a dispute arises between the employing unit and the laborer over labor remuneration, working conditions or other standards as stipulated in the labor contract due to the unclear agreement thereon, the parties may renegotiate. Where no agreement can be reached, the provisions of the collective contract shall apply. Where there is no collective contract or the collective contract does not stipulate labor remuneration, equal pay for equal work shall apply. Where there is no collective contract or the collective contract does not stipulate working conditions and other standards, the relevant State regulations shall apply.

Article 19 — Where the term of a labor contract is three months or more but less than one year, the probation period shall not exceed one month. Where the term of a labor contract is one year or more but less than three years, the probation period shall not exceed two months. For a fixed-term labor contract with a term of three years or more or an open-ended labor contract, the probation period shall not exceed six

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months. The same employing unit and the same laborer may only agree on a probation period once. A labor contract whose term is based on the completion of a specific task, or a labor contract with a term of less than three months, shall not have a probation period. The probation period shall be included in the term of the labor contract. Where a labor contract only stipulates a probation period, such probation period shall not be valid and the period shall be the term of the labor contract.

Article 20 — The wage of a laborer during the probation period shall not be lower than the minimum wage for the same post in the same employing unit or 80 percent of the wage stipulated in the labor contract, and shall not be lower than the minimum wage standard of the place where the employing unit is located.

Article 21 — During the probation period, the employing unit shall not rescind the labor contract unless the laborer falls under any of the circumstances specified in Article 39 or item (1) or (2) of Article 40 of this Law. Where the employing unit rescinds the labor contract during the probation period, it shall explain the reason to the laborer.

Article 22 — Where an employing unit incurs special training expenses for a laborer and provides professional technical training, it may conclude an agreement with the laborer specifying the period of service. Where the laborer breaches the agreement on the period of service, he or she shall pay liquidated damages to the employing unit in accordance with the agreement. The amount of liquidated damages shall not exceed the training expenses incurred by the employing unit. The amount of liquidated damages required by the employing unit to be paid by the laborer shall not exceed the training expenses allocated to the unfulfilled portion of the period of service. The period of service agreed upon by the employing unit and the laborer shall not affect the increase of labor remuneration of the laborer during the period of service in accordance with the normal wage adjustment mechanism.

Article 23 — An employing unit and a laborer may agree in the labor contract on the protection of the trade secrets of the employing unit and matters relating to confidentiality. For a laborer who is obligated to maintain confidentiality, the employing unit may agree with the laborer on a non-competition restriction clause in the labor contract or confidentiality agreement and agree to provide economic compensation to the laborer on a monthly basis during the non-competition restriction period after the rescission or termination of the labor contract. Where the laborer breaches the non-competition restriction agreement, he or she shall pay liquidated damages to the employing unit in accordance with the agreement.

Article 24 — The scope of non-competition restriction shall be limited to senior management personnel, senior technical personnel, and other personnel who are obligated to maintain confidentiality. The scope, territory and term of the non-competition restriction shall be agreed upon by the employing unit and the laborer, and the agreement on the non-competition restriction shall not violate the provisions of laws and regulations. After the rescission or termination of a labor contract, the non-competition restriction period during which the persons specified in the preceding paragraph shall not work for a competing employing unit that produces or deals in the same type of products or engages in the same type of business as the original employing unit, nor establish their own business that produces or deals in the same type of products or engages in the same type of business, shall not exceed two years.

Article 25 — Except for the circumstances specified in Articles 22 and 23 of this Law, an employing unit shall not agree with a laborer that the laborer shall pay liquidated damages.

Article 26 — The following labor contracts shall be invalid or partially invalid: (1) where a party causes the other party to conclude or modify a labor contract against its true will through fraud or coercion, or by taking advantage of the other party’s difficulties; (2) where the employing unit disclaims its statutory liability or excludes the rights of the laborer; or (3) where mandatory provisions of laws or administrative regulations are violated. A dispute over the invalidity or partial invalidity of a labor contract shall be confirmed by the labor dispute arbitration commission or the people’s court.

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Article 27 — Where a part of a labor contract is invalid and the validity of the other parts is not affected, the other parts shall remain valid.

Article 28 — Where a labor contract is confirmed as invalid and the laborer has performed the work, the employing unit shall pay labor remuneration to the laborer. The amount of labor remuneration shall be determined with reference to the labor remuneration of laborers in the same or a similar post in the employing unit.

Chapter III — Performance and Modification of Labor Contracts

Article 29 — The employing unit and the laborer shall fully perform their respective obligations in accordance with the stipulations of the labor contract.

Article 30 — Employing units shall pay labor remuneration to laborers in full and on time in accordance with the stipulations of the labor contract and State regulations. Where an employing unit is in arrears in paying labor remuneration or fails to pay labor remuneration in full, the laborer may apply to the local people's court for a payment order in accordance with the law, and the people's court shall issue the payment order in accordance with the law.

Article 31 — Employing units shall strictly comply with the labor quota standards and shall not force laborers to work overtime or do so in a disguised form. Where an employing unit arranges overtime work, it shall pay overtime wages to laborers in accordance with relevant State regulations.

Article 32 — Where a laborer refuses to follow the instructions of the management personnel of the employing unit for operations at risk or for forced risky operations, such refusal shall not be deemed as a breach of the labor contract. Laborers shall have the right to criticize, report or file charges against working conditions that endanger their life safety and physical health.

Article 33 — Where an employing unit changes its name, legal representative, principal responsible person, or investor, such change shall not affect the performance of the labor contract.

Article 34 — Where an employing unit undergoes merger or division, the original labor contract shall continue to be valid and shall continue to be performed by the employing unit that succeeds to its rights and obligations.

Article 35 — The employing unit and the laborer may modify the contents of the labor contract upon consensus reached through consultation. The modification of the labor contract shall be made in writing. The employing unit and the laborer shall each hold one copy of the modified labor contract.

Chapter IV — Rescission and Termination of Labor Contracts

Article 36 — The employing unit and the laborer may rescind the labor contract upon consensus reached through consultation.

Article 37 — A laborer may rescind the labor contract by giving the employing unit 30 days' advance written notice. A laborer may rescind the labor contract by giving the employing unit three days' advance notice during the probation period.

Article 38 — A laborer may rescind the labor contract under any of the following circumstances: (1) the employing unit fails to provide labor protection or working conditions as stipulated in the labor contract; (2) the employing unit fails to pay labor remuneration in full and on time; (3) the employing unit fails to pay social insurance premiums for the laborer in accordance with the law; (4) the rules and regulations of the employing unit violate the provisions of laws or regulations and thereby prejudice the rights and interests of the laborer; (5) the labor contract is invalid due to the circumstances specified in item (1) of Article 26 of this Law; or (6) other circumstances under which the laborer may rescind the labor contract as prescribed by laws or administrative regulations. Where an employing unit compels a laborer to work by means of violence, threat

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or unlawful restriction of personal freedom, or gives command in violation of rules and regulations or forces a laborer to operate at risk, thereby endangering the personal safety of the laborer, the laborer may immediately rescind the labor contract without giving prior notice to the employing unit.

Article 39 — An employing unit may rescind a labor contract under any of the following circumstances: (1) the laborer is proved during the probation period to be unqualified for the conditions of employment; (2) the laborer seriously violates the rules and regulations of the employing unit; (3) the laborer commits a serious dereliction of duty or engages in malpractices for personal gain, thereby causing material damage to the employing unit; (4) the laborer has established a labor relationship with another employing unit at the same time, and this seriously affects the completion of his or her work tasks with the original employing unit, or the laborer refuses to make corrections after the original employing unit raises the matter; (5) the labor contract is invalid due to the circumstances specified in item (1) of Article 26 of this Law; or (6) the laborer is subject to criminal liability in accordance with the law.

Article 40 — An employing unit may rescind a labor contract under any of the following circumstances by giving the laborer 30 days' advance written notice or by paying the laborer one month's wages in lieu of notice: (1) the laborer is unable to resume his or her original work or any other work arranged by the employing unit after the completion of medical treatment for illness or non-work-related injury; (2) the laborer is incompetent for the job and remains incompetent after training or adjustment of his or her post; or (3) the objective circumstances on which the labor contract was concluded have changed significantly such that the original labor contract can no longer be performed, and the parties are unable to reach an agreement on modification of the labor contract through consultation.

Article 41 — Where an employing unit needs to reduce its workforce by 20 or more persons, or by fewer than 20 persons but accounting for 10 percent or more of the total number of its employees, under any of the following circumstances, the employing unit shall explain the situation to the trade union or all employees 30 days in advance, solicit opinions from the trade union or employees, and may reduce its workforce after reporting the workforce reduction plan to the labor administrative department: (1) the employing unit undergoes reorganization in accordance with the Enterprise Bankruptcy Law; (2) the employing unit encounters serious difficulties in its production and business operations; (3) the employing unit changes its products, makes major technological innovations or adjusts its mode of business operations, and it is still necessary to reduce the workforce after modification of the labor contracts; or (4) other material changes in the objective economic circumstances on which the labor contracts were concluded have occurred, making it impossible to perform the labor contracts. When reducing the workforce, priority shall be given to retaining the following persons: (1) laborers who have concluded fixed-term labor contracts with relatively long terms with the employing unit; (2) laborers who have concluded open-ended labor contracts with the employing unit; or (3) laborers who are the sole breadwinners of their families and have elderly persons or minors to support. Where an employing unit that has reduced its workforce in accordance with the first paragraph of this Article recruits employees again within six months, it shall notify the persons who were made redundant and shall give priority to such persons in recruitment under the same conditions.

Article 42 — An employing unit shall not rescind a labor contract in accordance with the provisions of Article 40 or Article 41 of this Law under any of the following circumstances: (1) a laborer engaged in work with occupational disease hazards fails to undergo a pre-departure occupational health examination, or is suspected of having an occupational disease and is during the period of diagnosis or medical observation; (2) a laborer suffers from an occupational disease or a work-related injury in the course of employment with the employing unit and has been confirmed to have wholly or partially lost the capacity to work; (3) a laborer is ill or injured not due to work and is within the prescribed medical treatment period; (4) a female worker is during pregnancy, maternity leave or nursing period; (5) a laborer has worked for the employing unit for 15 consecutive years and is less than five years away from the statutory retirement age; or (6) other circumstances prescribed by laws or administrative regulations.

Article 43 — Where an employing unit unilaterally rescinds a labor contract, it shall notify the trade union of the reason in advance. Where the employing unit violates laws, administrative regulations or the labor contract, the trade union shall have the right to demand that the employing unit make corrections. The employing unit shall consider the opinions of the trade union and notify the trade union in writing of the result of its handling of the matter.

Article 44 — A labor contract shall be terminated under any of the following circumstances: (1) the term of the labor contract expires; (2) the laborer has begun to enjoy the basic pension insurance benefits in accordance with the law; (3) the laborer dies, or is declared dead or missing by a people's court; (4) the employing unit is declared bankrupt in accordance with the law; (5) the business license of the employing unit is revoked, or the employing unit is ordered to close down or is dissolved, or the employing unit decides to dissolve in advance; or (6) other circumstances prescribed by laws or administrative regulations.

Article 45 — Where a labor contract expires but falls under any of the circumstances specified in Article 42 of this Law, the labor contract shall be extended and shall be terminated only when the relevant circumstance ceases to exist. However, the termination of a labor contract with a laborer who has wholly or partially lost the capacity to work as specified in item (2) of Article 42 of this Law shall be handled in accordance with relevant State regulations on work-related injury insurance.

Article 46 — An employing unit shall pay economic compensation to a laborer under any of the following circumstances: (1) the laborer rescinds the labor contract in accordance with Article 38 of this Law; (2) the employing unit proposes to rescind the labor contract in accordance with Article 36 of this Law and reaches consensus with the laborer through consultation on rescission of the labor contract; (3) the employing unit rescinds the labor contract in accordance with Article 40 of this Law; (4) the employing unit rescinds the labor contract in accordance with the first paragraph of Article 41 of this Law; (5) the labor contract is terminated in accordance with item (1) of Article 44 of this Law, unless the laborer does not agree to renew the contract even though the employing unit maintains or improves the conditions stipulated in the labor contract; (6) the labor contract is terminated in accordance with item (4) or (5) of Article 44 of this Law; or (7) other circumstances prescribed by laws or administrative regulations.

Article 47 — Economic compensation shall be paid at the rate of one month's wages for each full year of the laborer's service with the employing unit. Where the period of service is six months or more but less than one year, it shall be calculated as one year. Where the period of service is less than six months, economic compensation equal to half a month's wages shall be paid to the laborer. Where the monthly wage of a laborer is higher than three times the average monthly wage of employees in the municipality directly under the Central Government or the city divided into districts where the employing unit is located, as published by the people's government of the municipality directly under the Central Government or the city divided into districts, the rate for economic compensation paid to the laborer shall be three times the average monthly wage of employees, and the number of years for which economic compensation shall be paid to the laborer shall not exceed 12 years. The term "monthly wage" mentioned in this Article refers to the average monthly wage of the laborer for the 12 months prior to the rescission or termination of the labor contract.

Article 48 — Where an employing unit rescinds or terminates a labor contract in violation of the provisions of this Law and the laborer requests continued performance of the labor contract, the employing unit shall continue to perform the labor contract. Where the laborer does not request continued performance of the labor contract or where continued performance of the labor contract has become impossible, the employing unit shall pay compensation in accordance with Article 87 of this Law.

Article 49 — The State shall take measures to establish a sound and comprehensive system for the transfer and continuation of social insurance relationships among laborers across regions.

Article 50 — The employing unit shall, upon rescission or termination of a labor contract, issue a certificate of rescission or termination of the labor contract and complete the procedures for the transfer of the laborer's

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personal files and social insurance relationships within 15 days. The laborer shall complete the handover of work in accordance with the agreement between the parties. Where the employing unit is required to pay economic compensation to the laborer in accordance with relevant provisions of this Law, the economic compensation shall be paid upon completion of the handover of work. The employing unit shall retain the text of the rescinded or terminated labor contract for a period of two years for reference.

Chapter V — Special Provisions on Collective Contracts

Article 51 — Employees of an enterprise may, as a party, enter into a collective contract with the enterprise through consultation on an equal basis on matters concerning labor remuneration, working hours, rest and leave, occupational safety and health, insurance and welfare, and other matters. The draft collective contract shall be submitted to the workers' congress or all employees for discussion and adoption. A collective contract shall be concluded by the trade union on behalf of the employees and the enterprise. Where the enterprise has not yet established a trade union, the contract shall be concluded by representatives elected by the employees under the guidance of the trade union at a higher level.

Article 52 — Employees of an enterprise may, as a party, enter into special collective contracts with the enterprise through consultation on an equal basis on matters concerning occupational safety and health, protection of the rights and interests of female employees, wage adjustment mechanisms, and other matters.

Article 53 — Trade unions at or below the county level in industries such as construction, mining, and catering services may enter into industry-wide or region-wide collective contracts with enterprise representatives on matters concerning the industry or region.

Article 54 — After a collective contract is concluded, it shall be submitted to the labor administrative department. The collective contract shall take effect 15 days after receipt by the labor administrative department if the labor administrative department raises no objections. A collective contract concluded in accordance with the law shall be binding on both the employing unit and the employees. The standards for working conditions, labor remuneration and other standards stipulated in labor contracts concluded between an industry-wide or region-wide collective contract shall not be lower than those stipulated in the collective contract.

Article 55 — The standards for labor remuneration, working conditions and other standards stipulated in a collective contract shall not be lower than the minimum standards prescribed by the local people's government. The standards for labor remuneration, working conditions and other standards stipulated in labor contracts concluded between an employing unit and laborers shall not be lower than those stipulated in the collective contract.

Article 56 — Where an employing unit violates the collective contract and infringes upon the labor rights and interests of employees, the trade union may demand that the employing unit assume liability in accordance with the law. Where a dispute arising from the performance of a collective contract cannot be resolved through consultation, the trade union may apply for arbitration or file a lawsuit in accordance with the law.

Chapter VI — Labor Dispatch

Article 57 — Labor dispatch service providers shall be established in accordance with relevant provisions of the Company Law, with a registered capital of not less than RMB 2 million, and shall have a fixed place of business and facilities suitable for their business operations, and labor dispatch management rules and regulations that comply with the provisions of laws and administrative regulations. Labor dispatch service providers shall apply to the labor administrative department for an administrative license in accordance with the law. Without a license, no entity or individual may operate a labor dispatch business.

Article 58 — A labor dispatch service provider is an employing unit as referred to in this Law and shall perform the obligations of an employing unit toward dispatched laborers. The labor contract concluded

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between a labor dispatch service provider and a dispatched laborer shall, in addition to the matters specified in Article 17 of this Law, specify the accepting entity to which the laborer is dispatched, the period of dispatch, the post, and other matters. A labor dispatch service provider and a dispatched laborer shall conclude a fixed-term labor contract with a term of not less than two years, and shall pay labor remuneration on a monthly basis. During periods when there is no work assignment, the labor dispatch service provider shall pay remuneration to the dispatched laborer on a monthly basis at the minimum wage standard of the place where the labor dispatch service provider is located.

Article 59 — A labor dispatch service provider shall conclude a labor dispatch service agreement with the entity that accepts the dispatched laborers (hereinafter referred to as the “accepting entity”). The labor dispatch service agreement shall specify the post to which laborers are dispatched, the number of laborers dispatched, the period of dispatch, the amount and method of payment of labor remuneration and social insurance premiums, and liability for breach of the agreement. The accepting entity shall determine the period of dispatch with the labor dispatch service provider based on the actual needs of the post, and shall not divide a continuous employment period into several short-term labor dispatch service agreements.

Article 60 — A labor dispatch service provider shall inform dispatched laborers of the content of the labor dispatch service agreement. The labor dispatch service provider shall not deduct any part of the labor remuneration that the accepting entity pays to the dispatched laborers in accordance with the labor dispatch service agreement. The labor dispatch service provider and the accepting entity shall not collect fees from dispatched laborers.

Article 61 — Where a labor dispatch service provider dispatches laborers across regions, the labor remuneration and working conditions of the dispatched laborers shall be in accordance with the standards of the place where the accepting entity is located.

Article 62 — The accepting entity shall perform the following obligations: (1) implement State labor standards and provide corresponding working conditions and labor protection; (2) inform dispatched laborers of their work requirements and labor remuneration; (3) pay overtime wages and performance bonuses and provide benefits appropriate to the post; (4) provide dispatched laborers with necessary on-the-job training; and (5) implement a normal wage adjustment mechanism for dispatched laborers employed continuously. The accepting entity shall not re-dispatch dispatched laborers to other employing units.

Article 63 — Dispatched laborers shall have the right to equal pay for equal work with laborers of the accepting entity. The accepting entity shall implement the same method for the distribution of labor remuneration for laborers in the same post. Where the accepting entity has no laborers in the same post, the labor remuneration shall be determined with reference to the labor remuneration of laborers in the same or a similar post in the place where the accepting entity is located.

Article 64 — Dispatched laborers shall have the right to join the trade union of the labor dispatch service provider or the accepting entity in accordance with the law and to protect their own lawful rights and interests through the trade union.

Article 65 — A dispatched laborer may rescind the labor contract with the labor dispatch service provider in accordance with Articles 36 and 38 of this Law. Where a dispatched laborer falls under any of the circumstances specified in Article 39 or item (1) or (2) of Article 40 of this Law, the accepting entity may return the laborer to the labor dispatch service provider, and the labor dispatch service provider may rescind the labor contract with the laborer in accordance with relevant provisions of this Law.

Article 66 — Labor dispatch shall generally be implemented for temporary, auxiliary or substitute posts. The term “temporary post” as used in the preceding paragraph refers to a post that exists for not more than six months. “Auxiliary post” refers to a non-core business post that provides services for core business posts. “Substitute post” refers to a post that can be filled by another laborer to substitute for a laborer of the accepting entity who is unable to work for a certain period due to full-time study, vacation or other reasons.

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The number of dispatched laborers employed by an accepting entity shall not exceed a prescribed proportion of its total number of employees. The prescribed proportion shall be determined by the labor administrative department of the State Council.

Article 67 — No employing unit may establish a labor dispatch service provider to dispatch laborers to itself or its subordinate units.

Chapter VII — Supervision and Inspection

Article 68 — The labor administrative departments of the people's governments at or above the county level shall supervise and inspect the implementation of the labor contract system.

Article 69 — When performing their duties of supervision and inspection, the labor administrative departments of the people's governments at or above the county level shall have the right to access materials related to labor contracts and collective contracts, conduct on-site inspections of workplaces, and make inquiries of relevant personnel. They shall produce their credentials when performing their official duties and enforce the law in accordance with the law.

Article 70 — The relevant departments in charge of construction, health, work safety supervision and administration, and other relevant departments of the people's governments at or above the county level shall, within the scope of their respective functions and duties, supervise the implementation of the labor contract system by employing units.

Article 71 — Trade unions shall safeguard the lawful rights and interests of laborers in accordance with the law and supervise the performance of labor contracts and collective contracts by employing units. Where an employing unit violates labor laws, regulations, labor contracts or collective contracts, the trade union shall have the right to raise its opinions or request corrections. Where a laborer applies for arbitration or files a lawsuit, the trade union shall provide support and assistance in accordance with the law.

Chapter VIII — Legal Liability

Article 72 — Where the rules and regulations of an employing unit directly affecting the vital interests of laborers violate the provisions of laws or regulations, the labor administrative department shall order it to make corrections and issue a warning. Where any damage is caused to laborers, the employing unit shall be liable for compensation.

Article 73 — Where the text of a labor contract provided by an employing unit fails to specify the necessary clauses of a labor contract as required by this Law, or where an employing unit fails to deliver a copy of the labor contract to the laborer, the labor administrative department shall order it to make corrections. Where any damage is caused to laborers, the employing unit shall be liable for compensation.

Article 74 — Where an employing unit fails to conclude a written labor contract with a laborer within one month from the date of employment, it shall pay twice the amount of the laborer's monthly wages to the laborer. Where an employing unit fails to conclude an open-ended labor contract with a laborer in violation of the provisions of this Law, it shall pay twice the amount of the laborer's monthly wages to the laborer, counting from the date on which an open-ended labor contract should have been concluded.

Article 75 — Where an employing unit agrees on a probation period with a laborer in violation of the provisions of this Law, the labor administrative department shall order it to make corrections. Where the probation period agreed upon in violation of the law has been performed, the employing unit shall pay compensation to the laborer at the rate of the laborer's monthly wages after the probation period, based on the period of the probation period performed beyond the statutory probation period.

Article 76 — Where an employing unit detains a laborer's resident identity card or other certificates, the labor administrative department shall order it to return the same within a specified time limit and impose penalties

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in accordance with relevant legal provisions. Where an employing unit collects property from a laborer under any pretext, the labor administrative department shall order it to return the property within a specified time limit and impose a fine of not less than RMB 500 but not more than RMB 2,000 per laborer. Where any damage is caused to laborers, the employing unit shall be liable for compensation. Where a laborer rescinds or terminates a labor contract in accordance with the law and the employing unit detains the laborer's personal files or other articles, penalties shall be imposed in accordance with the provisions of the preceding paragraph.

Article 77 — Where an employing unit arranges overtime work for laborers in violation of the provisions of this Law, the labor administrative department shall issue a warning, order it to make corrections, and may impose a fine.

Article 78 — Where an employing unit fails to pay labor remuneration or overtime wages to laborers, or fails to pay economic compensation upon rescission or termination of a labor contract, the labor administrative department shall order it to pay the same within a specified time limit. Where it fails to pay within the time limit, it shall be ordered to pay additional compensation to the laborers at a rate of not less than 50 percent but not more than 100 percent of the amount payable.

Article 79 — Where a labor contract is confirmed as invalid due to the fault of the employing unit and damage is caused to laborers, the employing unit shall be liable for compensation.

Article 80 — Where an employing unit rescinds or terminates a labor contract in violation of the provisions of this Law, it shall pay compensation to the laborer at twice the rate of the economic compensation specified in Article 47 of this Law.

Article 81 — Where an employing unit commits any of the following acts, criminal liability shall be pursued in accordance with the law. Where a crime is not constituted, administrative penalties shall be imposed: (1) using violence, threats or unlawful restriction of personal freedom to compel laborers to work; (2) giving command in violation of rules and regulations or forcing laborers to operate at risk, thereby endangering the personal safety of laborers; or (3) humiliating, physically punishing, beating, illegally searching or detaining laborers.

Article 82 — Where an employing unit that does not have lawful business qualifications causes damage to laborers, the employing unit and its investors shall be jointly and severally liable for compensation.

Article 83 — Where a labor dispatch service provider violates the provisions of this Law, the labor administrative department and other relevant departments shall order it to make corrections. Where the circumstances are serious, a fine of not less than RMB 1,000 but not more than RMB 5,000 per dispatched laborer shall be imposed, and the business license may be revoked by the market supervision and administration department. Where damage is caused to dispatched laborers, the labor dispatch service provider and the accepting entity shall be jointly and severally liable for compensation.

Chapter IX — Supplementary Provisions

Article 84 — Where a labor contract is concluded before the implementation of this Law and continues to exist after the implementation of this Law, such labor contract shall remain valid. However, the number of consecutive conclusions of fixed-term labor contracts specified in item (3) of the second paragraph of Article 14 of this Law shall be counted from the time of the first renewal of the fixed-term labor contract after the implementation of this Law.

Article 85 — This Law shall apply to the formation of labor relationships between state organs, institutions, public organizations and laborers, and to the conclusion, performance, modification, rescission and termination of labor contracts.

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Article 86 — This Law shall come into force on January 1, 2008. The Amendment was adopted on December 28, 2012, and shall come into force on July 1, 2013.

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