

# Labor Contract Law of the PRC

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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 for the purposes of improving the labor contract system, specifying the rights and obligations of the parties to a labor contract, protecting the lawful rights and interests of workers, and establishing and developing a harmonious and stable labor relationship.

Article 2 — This Law shall apply to the establishment of labor relationships between workers and enterprises, individual economic organizations, private non-enterprise entities, and other employing units (hereinafter referred to as “employing units”) within the territory of the People’s Republic of China, and to the conclusion, performance, modification, rescission, and termination of labor contracts.

The conclusion, performance, modification, rescission, and termination of labor contracts by state organs, public institutions, social organizations, and their workers shall be governed by this Law.

Article 3 — Labor contracts shall be concluded in accordance with the principles of lawfulness, fairness, equality, free will, consensus through negotiation, and good faith.

A labor contract that is concluded in accordance with the law shall be legally binding, and both the employing unit and the worker 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 workers enjoy their labor rights and perform their labor obligations.

Where an employing unit formulates, modifies, or decides on rules and regulations or material matters that directly involve the immediate interests of workers, such as remuneration, working hours, rest and leave, occupational safety and health, insurance and welfare, training for workers, labor discipline, and quota management, the matter shall be submitted to the workers' representative assembly or to all workers for discussion, proposals and opinions shall be solicited, and the matter shall be determined through consultation on an equal footing with the trade union or workers' representatives.

During the implementation of the rules and regulations and decisions on material matters, where the trade union or workers consider them inappropriate, they shall have the right to raise the matter with the employing unit for modification and improvement through consultation.

The employing unit shall publicize or notify the workers of the rules and regulations and decisions on material matters that directly involve the immediate interests of workers.

Article 5 — The administrative department for labor under the people's government at or above the county level shall, in conjunction with the trade union and the enterprise representatives, establish and improve a tripartite mechanism for coordinating labor relations, so as to jointly study and resolve major issues in labor relations.

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

## **Chapter II — Conclusion of Labor Contracts**

Article 7 — An employing unit shall establish a labor relationship with a worker from the date on which the worker commences work. The employing unit shall prepare a roster of workers for future reference.

Article 8 — When an employing unit recruits a worker, it shall truthfully inform the worker of the content of the work, the working conditions, the place of work, occupational hazards, production safety and working conditions, remuneration, and any other matters that the worker may request to be informed of. The employing unit shall have the right to obtain basic information directly relevant to the labor contract from the worker, and the worker shall provide such information truthfully.

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

Article 10 — A written labor contract shall be concluded when a labor relationship is to be established.

Where a labor relationship has already been established but a written labor contract has not been concluded simultaneously, a written labor contract shall be concluded within one month from the date on which the worker commences work.

Where an employing unit and a worker conclude a labor contract before the worker commences work, the labor relationship shall be established from the date on which the worker commences work.

Article 11 — Where an employing unit fails to conclude a written labor contract simultaneously with the establishment of the labor relationship, and the remuneration agreed upon with the worker is not clear, the remuneration of the newly recruited worker shall be determined in accordance with the standards stipulated in the collective contract; where there is no collective contract or the collective contract contains no such stipulation, equal pay for equal work shall apply.

Article 12 — Labor contracts shall be classified as fixed-term labor contracts, open-ended labor contracts, and labor contracts with a term to expire upon the completion of a specific task.

Article 13 — A fixed-term labor contract is one in which the employing unit and the worker have agreed upon a date for the termination of the contract.

An employing unit and a worker may conclude a fixed-term labor contract through consultation.

Article 14 — An open-ended labor contract is one in which the employing unit and the worker have agreed that the contract shall not have a fixed termination date.

An employing unit and a worker may conclude an open-ended labor contract through consultation. Under any of the following circumstances, where a worker proposes or agrees to renew or conclude a labor contract, an open-ended labor contract shall be concluded unless the worker himself or herself proposes the conclusion of a fixed-term labor contract:

- (1) the worker has worked for the employing unit for a continuous period of ten years;
- (2) at the time the employing unit first introduces the labor contract system, or when a state-owned enterprise restructures and concludes a new labor contract, the worker has worked for the employing unit for a continuous period of ten years and is less than ten years from the statutory retirement age;
- (3) before the conclusion of a new labor contract, the worker has already concluded two consecutive fixed-term labor contracts, and the worker does not fall under any of the circumstances set forth in Article 39 or Article 40(1) or (2) of this Law.

Where an employing unit fails to conclude a written labor contract with a worker within one year from the date on which the worker commences work, it shall be deemed that the employing unit and the worker have concluded an open-ended labor contract.

Article 15 — A labor contract with a term to expire upon the completion of a specific task is one in which the employing unit and the worker have agreed that the term of the contract shall expire upon the completion of a specific task.

An employing unit and a worker may conclude such a contract through consultation.

Article 16 — A labor contract shall take effect upon the employing unit and the worker reaching consensus through negotiation and signing or affixing their seals to the text of the labor contract.

The employing unit and the worker shall each hold one copy of the text 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, and resident identity card number or other valid identification document number of the worker;
- (3) the term of the labor contract;
- (4) the content of the work and the place of work;
- (5) the working hours and rest and leave;
- (6) the remuneration;

(7) social insurance;

(8) labor protection, working conditions, and protection against and prevention of occupational hazards; and

(9) other matters that shall be included in a labor contract as provided by laws and regulations.

In addition to the essential clauses stipulated in the preceding paragraph, an employing unit and a worker may agree in the labor contract on matters such as a probation period, training, confidentiality, supplementary insurance, and welfare benefits.

Article 18 — Where a dispute arises over unclear provisions regarding remuneration, working conditions, or other standards in a labor contract, the employing unit and the worker may resolve it through renewed negotiation; where negotiation fails, the provisions of the collective contract shall apply; where there is no collective contract or the collective contract contains no such provision in respect of remuneration, equal pay for equal work shall apply; where there is no collective contract or the collective contract contains no such provision in respect of working conditions or other standards, the relevant provisions of the State shall apply.

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

The same employing unit may agree on a probation period with the same worker only once.

No probation period may be agreed upon in a labor contract with a term to expire upon the completion of a specific task, or where the term of the labor contract is less than three months.

A probation period shall be included in the term of the labor contract. Where a labor contract stipulates only a probation period, that period shall not be effective and the term of that period shall be the term of the labor contract.

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

Article 21 — During the probation period, the employing unit shall not rescind the labor contract except where the worker falls under any of the circumstances set forth in Article 39 or Article 40(1) or (2) of this Law. Where the employing unit rescinds the labor contract during the probation period, it shall explain the reasons to the worker.

Article 22 — Where an employing unit bears special training expenses for a worker and provides the worker with professional technical training, it may conclude an agreement with the worker agreeing on a period of service.

Where the worker breaches the agreement on the period of service, the worker shall pay liquidated damages to the employing unit in accordance with the agreement. The amount of liquidated damages shall not exceed the training expenses borne by the employing unit. The amount of liquidated damages that the employing unit requires the worker to pay shall not exceed the portion of the training expenses allocated for the unperformed period of service.

The agreement between the employing unit and the worker on a period of service shall not affect the increase in the worker's remuneration during the period of service under the normal remuneration adjustment mechanism.

Article 23 — An employing unit and a worker may agree in the labor contract on matters relating to the protection of the employing unit's trade secrets and matters relating to the worker's non-competition obligations.

Where a worker with a confidentiality obligation is required to be subject to a non-competition restriction, the employing unit shall pay financial compensation to the worker on a monthly basis during the non-competition period. Where the worker breaches the non-competition agreement, the worker shall pay liquidated damages to the employing unit in accordance with the agreement.

Article 24 — Persons subject to a non-competition restriction shall be limited to senior management personnel, senior technical personnel, and other personnel who are under a confidentiality obligation. The scope, geographical area, and term of the non-competition restriction shall be agreed upon between the employing unit and the worker, and such agreement shall not violate the provisions of laws and regulations.

After the rescission or termination of a labor contract, the non-competition period for the persons specified in the preceding paragraph shall not exceed two years.

Article 25 — Except for the circumstances set forth in Article 22 and Article 23 of this Law, an employing unit shall not agree with a worker that the worker shall bear liquidated damages.

Article 26 — The following labor contracts shall be invalid or partially invalid:

- (1) those concluded or modified by fraudulent or coercive means or by taking advantage of the other party's difficulties, contrary to that party's true intention;
- (2) those in which the employing unit disclaims its statutory liability or denies the worker's rights; or
- (3) those that violate the mandatory provisions of laws or administrative regulations.

Any dispute over the invalidity or partial invalidity of a labor contract shall be confirmed by a labor dispute arbitration institution or the people's court.

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

Article 28 — Where a labor contract is confirmed as invalid and the worker has already performed labor, the employing unit shall pay remuneration to the worker. The amount of remuneration shall be determined by reference to the remuneration of workers in the same or a similar position in the employing unit.

### **Chapter III — Performance and Modification of Labor Contracts**

Article 29 — The employing unit and the worker shall comprehensively perform their respective obligations in accordance with the provisions of the labor contract.

Article 30 — Employing units shall, in accordance with the provisions of the labor contract and State regulations, pay remuneration to workers in full and on time.

Where an employing unit is in arrears with the payment of remuneration or fails to pay it in full, the worker may, in accordance with the law, apply to the local people's court for a payment order, and the people's court shall issue a payment order in accordance with the law.

Article 31 — Employing units shall strictly enforce the quota standards for labor, and shall not force workers to work overtime or do so in disguised form. Where an employing unit arranges overtime work, it shall pay overtime remuneration to the worker in accordance with the relevant provisions of the State.

Article 32 — Workers shall not be deemed to be in breach of their labor contracts if they refuse to perform dangerous operations in violation of regulations or on the orders of management personnel of the employing unit who give orders contrary to regulations or force them to perform dangerous operations.

Workers shall have the right to criticize, report, or file charges against the employing unit for working conditions that endanger their life safety or physical health.

Article 33 — Changes in the name, legal representative, principal responsible person, or investor of an employing unit shall not affect the performance of the labor contract.

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

Article 35 — An employing unit and a worker may modify the provisions of the labor contract through consultation. Any modification of a labor contract shall be made in writing.

The employing unit and the worker shall each hold one copy of the text of the modified labor contract.

## **Chapter IV — Rescission and Termination of Labor Contracts**

Article 36 — An employing unit and a worker may rescind a labor contract through consultation.

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

Article 38 — A worker may rescind a 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 remuneration in full and on time;
- (3) the employing unit fails to pay social insurance premiums for the worker in accordance with the law;
- (4) the rules and regulations of the employing unit violate the provisions of laws or regulations and harm the rights and interests of the worker;
- (5) the labor contract is invalid due to any of the circumstances set forth in Article 26(1) of this Law; or
- (6) other circumstances under which the worker may rescind a labor contract as provided by laws or administrative regulations.

Where the employing unit forces a worker to work by means of violence, threats, or unlawful deprivation of personal freedom, or gives orders contrary to regulations or forces a worker to perform dangerous operations, thereby endangering the worker's personal safety, the worker may rescind the labor contract immediately 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 worker is proved during the probation period to be unqualified for the conditions of employment;
- (2) the worker seriously violates the rules and regulations of the employing unit;
- (3) the worker causes significant damage to the employing unit through serious dereliction of duty or engaging in malpractice for personal gain;
- (4) the worker has simultaneously established a labor relationship with another employing unit, and this seriously affects the worker's completion of tasks with the employing unit, or the worker refuses to rectify the situation after the employing unit raises the matter;
- (5) the labor contract is invalid due to any of the circumstances set forth in Article 26(1)(1) of this Law; or
- (6) the worker's criminal liability is pursued in accordance with the law.

Article 40 — An employing unit may rescind a labor contract by giving 30 days' written notice to the worker, or by paying the worker an additional one month's remuneration in lieu of notice, under any of the following circumstances:

- (1) the worker is unable to perform his or her original work or any work arranged by the employing unit after the expiration of the prescribed medical treatment period for an illness or non-work-related injury;
- (2) the worker is incompetent for the position and remains incompetent after receiving training or being reassigned to another position; or
- (3) the objective circumstances on which the conclusion of the labor contract was based have significantly changed, so that the labor contract cannot be performed, and the employing unit and the worker are unable to reach an agreement on modifying the labor contract through consultation.

Article 41 — Where an employing unit needs to reduce its workforce by 20 or more persons, or by a number that is less than 20 but accounts for 10 percent or more of the total workforce, due to restructuring undertaken in accordance with the Enterprise Bankruptcy Law, or due to serious difficulties in production and business operations, or due to a change in production, a major technological innovation, or a change in the mode of business operation, and it is still necessary to reduce the workforce after modifying the labor contracts, or due to a major change in the objective economic circumstances on which the labor contracts were concluded, making it impossible to perform the labor contracts, the employing unit shall explain the circumstances to the trade union or all workers 30 days in advance, and after soliciting the opinions of the trade union or workers, may reduce the workforce after reporting the workforce reduction plan to the administrative department for labor.

When reducing its workforce, the employing unit shall give priority to retaining the following persons:

- (1) those who have concluded relatively long fixed-term labor contracts with the employing unit;
- (2) those who have concluded open-ended labor contracts with the employing unit; and
- (3) those who are the sole wage earners in their families and have elderly or minor dependents to support.

Where an employing unit that has reduced its workforce in accordance with the first paragraph of this Article recruits workers again within six months, it shall notify the workers who were made redundant, and shall give priority to recruiting such persons under equal 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 where the worker falls under any of the following circumstances:

- (1) the worker is engaged in operations involving occupational disease hazards and has not undergone a pre-departure occupational health examination, or is a suspected occupational disease patient who is under diagnosis or medical observation;
- (2) the worker is suffering from an occupational disease or a work-related injury and has been confirmed to have entirely or partially lost the capacity to work;
- (3) the worker is suffering from an illness or non-work-related injury within the prescribed medical treatment period;
- (4) a female worker is in the pregnancy period, maternity period, or nursing period;
- (5) the worker has worked continuously for 15 years or more and is less than five years from the statutory retirement age; or
- (6) other circumstances provided by laws or administrative regulations.

Article 43 — Where an employing unit unilaterally rescinds a labor contract, it shall inform the trade union of the reasons in advance. Where the employing unit violates the provisions of laws, administrative regulations,

or the labor contract, the trade union shall have the right to require the employing unit to make corrections. The employing unit shall study the opinions of the trade union and notify the trade union in writing of the outcome of its handling.

Article 44 — A labor contract shall terminate under any of the following circumstances:

- (1) the term of the labor contract has expired;
- (2) the worker has commenced receiving the basic old-age insurance pension in accordance with the law;
- (3) the worker has died, or has been declared dead or missing by a people's court;
- (4) the employing unit has been declared bankrupt in accordance with the law;
- (5) the business license of the employing unit has been revoked, or the employing unit has been ordered to close down or has been dissolved, or the employing unit has decided to dissolve ahead of schedule; or
- (6) other circumstances provided by laws or administrative regulations.

Article 45 — Where, after the expiration of a labor contract, the worker falls under any of the circumstances set forth in Article 42 of this Law, the term of the labor contract shall be extended until the relevant circumstance ceases to exist. However, matters relating to the termination of the labor contract of a worker who has entirely or partially lost the capacity to work as set forth in Article 42(2) of this Law shall be handled in accordance with the relevant provisions of the State on work-related injury insurance.

Article 46 — Where a labor contract is rescinded or terminated under any of the following circumstances, the employing unit shall pay economic compensation to the worker:

- (1) the worker rescinds the labor contract in accordance with the provisions of Article 38 of this Law;
- (2) the employing unit proposes to the worker to rescind a labor contract through consultation in accordance with the provisions of Article 36 of this Law, and the labor contract is rescinded by agreement between the parties;
- (3) the employing unit rescinds the labor contract in accordance with the provisions of Article 40 of this Law;
- (4) the employing unit rescinds the labor contract in accordance with the provisions of the first paragraph of Article 41 of this Law;
- (5) the labor contract is terminated because the fixed-term labor contract expires, except where the worker does not agree to renew the contract despite the employing unit maintaining or raising the conditions stipulated in the labor contract;
- (6) the labor contract is terminated in accordance with the provisions of Article 44(4) or (5) of this Law; or
- (7) other circumstances provided by laws or administrative regulations.

Article 47 — Economic compensation shall be paid at the rate of one month's remuneration for each full year of the worker'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, the economic compensation shall be half a month's remuneration.

Where the monthly remuneration of a worker is three times higher than the average monthly remuneration of workers in the locality where the employing unit is located as published by the people's government of the municipality directly under the central government or the people's government of the city divided into districts where the employing unit is located, the rate for the economic compensation to be paid to the worker shall be three times the average monthly remuneration of the workers, and the period for which the economic compensation is paid shall not exceed twelve years.

For the purposes of this Article, “monthly remuneration” means the average monthly remuneration of a worker in the twelve months preceding the rescission or termination of the labor contract.

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

Article 49 — The State shall take measures to establish and improve a comprehensive social security system that enables the transfer and continuation of workers’ social insurance relationships across regions.

Article 50 — The employing unit shall, at the time of rescission or termination of a labor contract, issue a certificate of rescission or termination of the labor contract, and complete the formalities for the transfer of the worker’s file and social insurance relationship within 15 days.

The worker shall complete the handover of work as agreed between the parties. Where the employing unit is required to pay economic compensation to the worker in accordance with the relevant provisions of this Law, it shall pay such compensation at the time the work handover is completed.

The employing unit shall keep the text of a labor contract that has been rescinded or terminated for at least two years for future reference.

## **Chapter V — Special Provisions on Part-Time Employment**

Article 51 — Enterprises may conclude collective contracts with workers through collective consultation on matters such as remuneration, working hours, rest and leave, occupational safety and health, and insurance and welfare. The draft collective contract shall be submitted to the workers’ representative assembly or all workers for discussion and adoption.

Collective contracts shall be concluded between the trade union representing the workers of the enterprise and the employing unit; where the enterprise has not yet established a trade union, the collective contract shall be concluded between representatives elected by the workers and the employing unit under the guidance of a trade union at a higher level.

Article 52 — Enterprise workers and an employing unit may conclude specialized collective contracts on matters such as occupational safety and health, and the protection of the rights and interests of female workers.

Article 53 — Industry-wide or regional collective contracts may be concluded between trade unions and enterprise representatives in industries such as construction, mining, and catering services, below the county level.

Article 54 — After a collective contract has been concluded, it shall be submitted to the administrative department for labor. Where the administrative department for labor raises no objection within 15 days from the date of receipt of the text of the collective contract, the collective contract shall take effect.

A collective contract that is concluded in accordance with the law shall be binding on the employing unit and the workers. Industry-wide or regional collective contracts shall be binding on the employing units and workers in the relevant industry or region in the locality.

Article 55 — The standards for remuneration, working conditions, and other matters set out in a collective contract shall not be lower than the minimum standards provided by the local people’s government. The standards for remuneration, working conditions, and other matters set out in a labor contract concluded between an employing unit and a worker shall not be lower than those set out in the collective contract.

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

## **Chapter VI — Supervision and Inspection**

Article 57 — The administrative department for labor under the State Council shall be responsible for the supervision and administration of the implementation of the labor contract system nationwide.

The administrative departments for labor under the local people's governments at or above the county level shall be responsible for the supervision and administration of the implementation of the labor contract system within their respective administrative areas.

Article 58 — When conducting supervision and inspection, the administrative departments for labor under the people's governments at or above the county level shall have the power to examine the materials relating to labor contracts and collective contracts, conduct on-site inspections, and exercise other powers. The employing units and workers shall truthfully provide the relevant information and materials.

Article 59 — Trade unions shall safeguard the lawful rights and interests of workers in accordance with the law, and shall supervise the performance of labor contracts and collective contracts by employing units. Where an employing unit violates the provisions of laws and regulations on labor, or breaches a labor contract or collective contract, the trade union shall have the right to raise opinions or require correction. Where a worker applies for arbitration or institutes a lawsuit, the trade union shall provide support and assistance in accordance with the law.

## **Chapter VII — Legal Liability**

Article 60 — Where the rules and regulations of an employing unit relating to labor directly involving the immediate interests of workers violate the provisions of laws and regulations, the administrative department for labor shall order it to make corrections and issue a warning; where damage is caused to a worker, the employing unit shall be liable for compensation.

Article 61 — Where an employing unit fails to provide the worker with a copy of the text of the labor contract, or the text of the labor contract does not contain the essential clauses prescribed by this Law, the administrative department for labor shall order it to make corrections; where damage is caused to a worker, the employing unit shall be liable for compensation.

Article 62 — Where an employing unit fails to conclude a written labor contract with a worker after the lapse of one month but before one year from the date on which the worker commences work, in violation of the provisions of this Law, it shall pay the worker twice the monthly remuneration.

Where an employing unit fails to conclude an open-ended labor contract with a worker in violation of the provisions of this Law, it shall be deemed to have concluded an open-ended labor contract with the worker from the date on which such a contract should have been concluded, and shall pay the worker twice the monthly remuneration.

Article 63 — Where an employing unit agrees on a probation period with a worker in violation of the provisions of this Law, the administrative department for labor shall order it to make corrections; where the probation period agreed upon in violation of the law has already been performed, the employing unit shall pay compensation to the worker at the rate of the worker's monthly remuneration after the expiration of the probation period, based on the period already performed beyond the statutory probation period.

Article 64 — Where an employing unit, in violation of the provisions of this Law, detains a worker's resident identity card or other certificates, the administrative department for labor shall order it to return the same

within a prescribed time limit, and shall impose sanctions in accordance with the relevant provisions of the law.

Where an employing unit, in violation of the provisions of this Law, collects property from a worker under the pretext of security or any other pretext, the administrative department for labor shall order it to return the same within a prescribed time limit, and shall impose a fine of not less than 500 yuan but not more than 2,000 yuan per person. Where damage is caused to a worker, the employing unit shall be liable for compensation.

Article 65 — Where an employing unit falls under any of the following circumstances, the administrative department for labor shall order it to pay remuneration, overtime remuneration, or economic compensation within a prescribed time limit; where the remuneration is lower than the local minimum wage standard, it shall pay the shortfall; where the payment is not made within the prescribed time limit, the employing unit shall be ordered to pay additional compensation to the worker at a rate of not less than 50 percent but not more than 100 percent of the amount payable:

- (1) failing to pay the worker's remuneration in full and on time as stipulated in the labor contract or as provided by the State;
- (2) paying remuneration lower than the local minimum wage standard;
- (3) arranging overtime work but failing to pay overtime remuneration; or
- (4) failing to pay economic compensation to the worker in accordance with the provisions of this Law when rescinding or terminating a labor contract.

Article 66 — Where an employing unit rescinds or terminates a labor contract in violation of the provisions of this Law, it shall pay compensation to the worker at twice the rate of the economic compensation stipulated in Article 47 of this Law.

Article 67 — Where an employing unit commits any of the following acts, it shall be subject to administrative sanctions; if a crime is constituted, criminal liability shall be pursued in accordance with the law; and where damage is caused to a worker, the employing unit shall be liable for compensation:

- (1) forcing a worker to work by means of violence, threats, or unlawful deprivation of personal freedom;
- (2) directing or forcing a worker to perform dangerous operations in violation of rules and regulations, thereby endangering the worker's personal safety;
- (3) insulting, corporally punishing, beating, illegally searching, or detaining a worker; or
- (4) causing a worker to suffer physical or mental harm through poor working conditions or a severely polluted environment.

Article 68 — Where an employing unit fails to issue a written certificate of rescission or termination of a labor contract in accordance with the provisions of this Law, the administrative department for labor shall order it to make corrections; where damage is caused to a worker, the employing unit shall be liable for compensation.

Article 69 — Where a worker rescinds a labor contract in violation of the provisions of this Law, or breaches the confidentiality obligation or non-competition restriction agreed upon in the labor contract, causing losses to the employing unit, the worker shall be liable for compensation.

Article 70 — Where an employing unit recruits a worker whose labor contract with another employing unit has not yet been rescinded or terminated, and causes losses to the other employing unit, the employing unit shall be jointly and severally liable for compensation.

Article 71 — Where a labor dispatching unit violates the provisions of this Law, the administrative department for labor and other relevant competent departments shall order it to make corrections; where the

circumstances are serious, a fine of not less than 1,000 yuan but not more than 5,000 yuan per person shall be imposed, and the administrative department for industry and commerce shall revoke its business license; where damage is caused to a dispatched worker, the labor dispatching unit and the employing unit that accepts the dispatched worker shall be jointly and severally liable for compensation.

Article 72 — Where functionaries of the administrative departments for labor and other relevant competent departments and their functionaries neglect their duties, fail to perform their statutory duties, or exercise their powers in violation of the law, causing damage to a worker or an employing unit, they shall be liable for compensation; the directly responsible persons in charge and other directly responsible persons shall be subject to administrative sanctions in accordance with the law; if a crime is constituted, criminal liability shall be pursued in accordance with the law.

## **Chapter VIII — Supplementary Provisions**

Article 73 — This Law shall come into force on January 1, 2008.

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