

Law on the Promotion of Privately-Run Schools of the PRC

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

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Adopted at the Thirty-First Session of the Standing Committee of the Ninth National People's Congress on December 28, 2002; amended for the first time in accordance with the Decision on Amending the Law of the People's Republic of China on the Promotion of Privately-Run Schools adopted at the Twenty-Fourth Session of the Standing Committee of the Eleventh National People's Congress on June 29, 2013; amended for the second time in accordance with the Decision on Amending the Law of the People's Republic of China on the Promotion of Privately-Run Schools adopted at the Fourth Session of the Standing Committee of the Twelfth National People's Congress on November 7, 2016; and amended for the third time in accordance with the Decision on Amending the Law of the People's Republic of China on the Promotion of Privately-Run Schools adopted at the Fifth Session of the Standing Committee of the Thirteenth National People's Congress on December 29, 2018
Effective: September 1, 2003; latest amendment effective December 29, 2018

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of implementing the strategy of rejuvenating the country through science and education, promoting the sound development of privately-run educational undertakings, and safeguarding the lawful rights and interests of privately-run schools and educatees.

The state shall actively encourage, strongly support, correctly guide, and manage privately-run education in accordance with the law.

People's governments at all levels shall incorporate privately-run educational undertakings into their national economic and social development plans.

Article 4 — Privately-run schools shall abide by laws and regulations, implement the state's educational policies, ensure the quality of education, and commit themselves to cultivating all kinds of talents for the socialist cause.

Privately-run schools shall implement the principle of separating education from religion. No organization or individual may use religion to carry out activities that interfere with the national education system, or carry out religious activities or activities in the name of religion in schools.

Article 5 — Privately-run schools and public schools shall have equal legal status, and the state shall guarantee the autonomy of privately-run schools in running their schools.

The state shall guarantee the lawful rights and interests of the sponsors, principals, faculty, staff, and educatees of privately-run schools.

Article 10 — Social organizations established privately-run schools shall have the status of legal persons. Individuals established privately-run schools shall have the status of legal persons.

When establishing a privately-run school, the sponsor may independently choose to establish a non-profit or for-profit privately-run school. However, for-profit privately-run schools engaged in compulsory education shall not be established.

The sponsors of non-profit privately-run schools shall not obtain school earnings, and all the surplus from running the school shall be used for running the school. The sponsors of for-profit privately-run schools may obtain school earnings, and the school earnings shall be handled in accordance with the Company Law of the People's Republic of China and other relevant laws and administrative regulations.

Chapter II — Establishment

Article 11 — The establishment of a privately-run school that provides education for academic qualifications, pre-school education, self-study examinations, and other cultural education shall be subject to the examination and approval of the education administration authority of the people's government at or above the county level in accordance with the prescribed authority. The establishment of a privately-run school mainly engaged in vocational skills training, such as training for vocational qualification certificates and vocational skills training, shall be subject to the examination and approval of the human resources and social security authority of the people's government at or above the county level in accordance with the prescribed authority and be filed with the education administration authority at the corresponding level.

Article 12 — To apply for the establishment of a privately-run school, the sponsor shall submit the following materials to the examination and approval authority:

(1) A preparatory application, which mainly includes the name, address, or residence of the sponsor, the training objectives, the scale of the school, the level and form of school running, the conditions for school running, the internal management system, the sources of funds and the management thereof, etc.;

(2) Certificates of the lawful sources of the assets and amount of funds of the school to be established, and a capital verification certificate issued by a qualified capital verification institution specifying the property rights; and

(3) If the sponsor is a natural person, a notarized certificate of no criminal record shall also be submitted.

Article 15 — Where an application for the formal establishment of a privately-run school is made, the examination and approval authority shall, within three months from the date of acceptance, decide whether to approve the application or not in writing and serve the decision on the applicant. Where the application is not approved, the reasons for the non-approval shall be stated in writing.

Article 18 — After examination and approval, a privately-run school shall be issued a school running permit, and a for-profit privately-run school shall register with the market regulatory authority in accordance with the laws and administrative regulations on market entity registration. A non-profit privately-run school shall register with the civil affairs authority or public institution registration authority in accordance with the Regulations on the Registration and Administration of Public Institutions.

Chapter III — Organization and Activities of the School

Article 20 — A privately-run school shall establish a school board of directors, board of trustees, or other forms of decision-making body, and establish corresponding supervisory bodies.

Article 22 — The board of directors or board of trustees of a privately-run school shall exercise the following functions and powers:

- (1) Appointing and dismissing the principal;
- (2) Amending the articles of association of the school;
- (3) Formulating development plans;
- (4) Examining and approving the annual work plan and annual budget; and
- (5) Deciding on the division, merger, or termination of the school; and
- (6) Deciding on other major matters.

Article 24 — Privately-run schools may set up teachers' congresses, trade unions, or other forms of democratic participation and supervision bodies.

Article 25 — The principal of a privately-run school shall be responsible for the education, teaching, and administrative management of the school, exercise the following functions and powers, and be accountable to the decision-making body of the school:

- (1) Implementing the decisions of the decision-making body of the school;
- (2) Implementing the development plans, formulating annual work plans, financial budgets, and rules and regulations of the school;
- (3) Appointing and dismissing staff members of the school, and implementing rewards and punishments; and
- (4) Organizing education, teaching, scientific research activities, and ensuring the quality of education and teaching.

Chapter IV — Teachers and Educatees

Article 28 — Teachers and educatees of privately-run schools shall enjoy equal legal status with those of public schools.

Teachers of privately-run schools shall have the rights of teachers stipulated in the Teachers Law of the People's Republic of China.

Article 31 — Privately-run schools shall guarantee the treatment of their faculty and staff in accordance with the law, and pay social insurance premiums for them and provide housing provident fund in accordance with the relevant provisions of the state.

Article 33 — The educatees of privately-run schools shall enjoy equal rights with those of public schools of the same type and level in further education, employment, social preferential treatment, selection for advanced individuals, and other aspects.

Chapter V — School Assets and Financial Management

Article 36 — The assets of a privately-run school shall be owned by the legal person. No organization or individual may encroach upon the assets of a privately-run school.

A privately-run school shall implement financial and accounting systems in accordance with the relevant provisions of the state, accept the supervision of the relevant authorities, and shall not embezzle, withdraw funds, or charge fees in violation of the relevant provisions of the state.

Article 37 — A non-profit privately-run school shall charge fees in accordance with the fee items and standards approved by the price authority and registered with the education or human resources and social security authority. A for-profit privately-run school shall determine its fee items and standards independently and make them public to the public.

Chapter VI — Administration and Supervision

Article 40 — The education administration authority and relevant authorities shall supervise and guide the education, teaching work, and teacher training of privately-run schools.

Article 41 — The education administration authority and relevant authorities shall, in accordance with the law, supervise the fees charged by privately-run schools, establish an information publicity and credit file system, and investigate and deal with illegal fee-charging acts.

Chapter VII — Support and Rewards

Article 45 — People's governments at or above the county level may adopt measures such as financial support, renting or transferring idle state-owned assets to privately-run schools, to support privately-run schools.

The state shall adopt measures to support and encourage social organizations and individuals to establish privately-run schools for the development of education.

Article 46 — The state encourages financial institutions to use credit means to support the development of privately-run educational undertakings.

Article 47 — The state shall implement preferential tax policies for privately-run schools. Non-profit privately-run schools shall enjoy the same tax preferential policies as public schools.

Chapter VIII — Modification and Termination

Article 53 — Where a privately-run school is divided or merged, the school shall make financial liquidation and then be reported by the decision-making body of the school to the examination and approval authority for approval.

Article 56 — A privately-run school shall be terminated under any of the following circumstances:

- (1) Termination is required under the articles of association of the school;
- (2) The school running permit is revoked;
- (3) The total assets are insufficient to pay off debts, making it impossible to continue running the school; or
- (4) Other circumstances under which termination is required by laws and regulations.

Chapter IX — Legal Liability

Article 62 — Where a privately-run school commits any of the following acts, the education administration authority, human resources and social security authority, or other relevant authorities shall order it to make corrections within a prescribed time limit and give a warning; where there are illegal gains, the illegal gains shall be confiscated; where the circumstances are serious, it shall be ordered to stop enrolling students and its school running permit shall be revoked; where a crime is constituted, criminal liability shall be investigated in accordance with the law:

- (1) Establishing a branch school without authorization;
- (2) Making false enrollment advertisements;
- (3) Illegally issuing academic qualification certificates, graduation certificates, or other education certificates;
- (4) Illegally charging fees or embezzling fees;
- (5) Allowing others to run schools in the name of the school or establishing affiliated institutions without authorization; or
- (6) Other acts that result in adverse effects.

Article 63 — Where a privately-run school, in violation of the relevant provisions of this Law, issues false enrollment advertisements or engages in other fraudulent enrollment activities, the relevant authorities shall investigate and deal with the matter in accordance with the law and investigate the corresponding legal liability.

Article 64 — Where an entity or individual operates a privately-run school without authorization in violation of the relevant provisions of the state, the education administration authority or human resources and social security authority of the local people's government at or above the county level shall, jointly with the public security authority, civil affairs authority, or market regulatory authority at the corresponding level, order it to cease running the school, refund the fees collected, and impose a fine of not less than one time but not more than five times the illegal gains on the sponsor. Where a crime is constituted, criminal liability shall be investigated in accordance with the law.

Chapter X — Supplementary Provisions

Article 65 — For the purposes of this Law, "privately-run schools" includes other privately-run educational institutions established in accordance with the law.

"Principal" as used in this Law includes the principal administrative responsible persons of other privately-run educational institutions.

Article 66 — Chinese-foreign cooperatively-run schools shall be governed by the provisions of the Regulations of the People's Republic of China on Chinese-Foreign Cooperative Education.

Article 67 — This Law shall come into force on September 1, 2003.

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