Provisions on the Administration of Social Insurance Funds of the People’s Republic of China

Dan Young Business Consultancy — www.danyoungcpa.com

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

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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the Social Insurance Law of the People’s Republic of China and other relevant laws and regulations for the purposes of standardizing the administration of social insurance funds, safeguarding the safety of social insurance funds and protecting the lawful rights and interests of insured persons.

Article 2 — These Provisions shall apply to the collection, payment, management, investment and operation, and supervision of social insurance funds (basic old-age insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance) within the territory of the People’s Republic of China.

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Article 3 — The administration of social insurance funds shall adhere to the principles of unified management, separate revenue and expenditure accounts, special purpose use, and budgetary management.

Article 4 — The social insurance administrative departments and financial departments of the State Council and local people's governments at or above the county level shall be responsible for the administration and supervision of social insurance funds.

Chapter II — Fund Collection and Management

Article 5 — Social insurance funds shall be collected in a timely and full manner and deposited into the social security fund financial special account. No entity or individual may intercept, misappropriate or embezzle social insurance funds.

Article 6 — Social insurance agencies shall establish social insurance fund accounts and records for employers and individuals, recording in a timely, complete and accurate manner the payment of social insurance premiums and the enjoyment of social insurance benefits.

Article 7 — Social insurance agencies shall prepare annual fund revenue and expenditure budgets and final accounts in accordance with the law.

Article 8 — Social insurance funds shall be assessed for collection on a monthly basis and paid in full by employers and individuals.

Chapter III — Fund Payment and Use

Article 9 — Social insurance fund expenditures include social insurance benefits payments, medical expense settlements, transfer expenditures, and other expenditures.

Article 10 — Social insurance agencies shall pay social insurance benefits in full and on time and shall not default on or reduce the payments.

Article 11 — Social insurance funds shall be used for the purposes specified and shall not be used for other purposes or misappropriated.

Article 12 — Social insurance agencies shall establish strict examination and verification systems for social insurance benefits to prevent fraudulent claims.

Chapter IV — Fund Supervision

Article 13 — The social insurance administrative department shall supervise the revenue, expenditure, management and investment and operation of social insurance funds, and shall have the authority to access relevant records and information.

Article 14 — The financial department and audit institution shall supervise the financial revenue and expenditure and management of social insurance funds in accordance with the law.

Article 15 — Social insurance funds shall be operated and managed in a transparent manner, with their revenue and expenditure publicly disclosed to society in accordance with the law.

Article 16 — Social insurance agencies shall not engage in any behavior that harms the safety of social insurance funds.

Chapter V — Investment and Operation

Article 17 — Social insurance fund balances may be invested and operated in accordance with State provisions for the preservation and appreciation of fund value.

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Article 18 — The investment and operation of social insurance funds shall give priority to safety, take into account liquidity and yield, and adopt diversified investment methods.

Article 19 — Social insurance funds may be invested in bank deposits, government bonds, and other investment instruments prescribed by the State.

Article 20 — The investment returns of social insurance funds shall be incorporated into the social insurance funds and shall not be misappropriated for other purposes.

Chapter VI — Legal Liability

Article 21 — Where a social insurance agency violates fund administration provisions, the social insurance administrative department shall order it to make corrections and hold the relevant persons in charge and directly responsible personnel accountable in accordance with the law.

Article 22 — Where an entity or individual defrauds social insurance fund expenditures by fraud, forgery of certification materials or other means, the social insurance administrative department shall order the return of the defrauded amount and impose a fine.

Article 23 — Where staff members of social insurance agencies abuse their powers, neglect their duties or engage in favoritism, they shall be subject to sanctions in accordance with the law. Where the circumstances constitute a crime, criminal liability shall be pursued in accordance with the law.

Chapter VII — Supplementary Provisions

Article 24 — The specific measures for the implementation of these Provisions shall be formulated by the social insurance administrative department of the State Council in conjunction with the financial department of the State Council.

Article 25 — These Provisions shall come into force in accordance with the Social Insurance Law of the People’s Republic of China.

This translation is provided for informational purposes only. For legal matters, please consult the original Chinese text or seek professional legal advice. For assistance with social insurance fund compliance and employer obligations in China, please contact Dan Young Business Consultancy.

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