

Unemployment Insurance Regulation 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 Regulation is formulated for the purposes of ensuring the basic livelihood of unemployed persons during their period of unemployment, promoting their re-employment, and maintaining social stability.

Article 2 — State-owned enterprises, urban collective enterprises, foreign-invested enterprises, urban private enterprises and other urban enterprises and their employees, and public institutions and their employees shall participate in unemployment insurance and pay unemployment insurance premiums in accordance with this Regulation.

Article 3 — The labor security administrative department of the State Council shall be in charge of unemployment insurance work nationwide. The labor security administrative departments of local people’s governments at or above the county level shall be in charge of unemployment insurance work within their respective administrative regions.

Article 4 — Unemployment insurance agencies shall specifically undertake unemployment insurance work and shall be responsible for the collection and payment of unemployment insurance premiums and the management of unemployment insurance funds.

Chapter II — Unemployment Insurance Fund

Article 5 — The unemployment insurance fund shall consist of the following:

1. Unemployment insurance premiums paid by urban enterprises and public institutions and their employees;
2. Interest on the unemployment insurance fund; 3. Government financial subsidies; 4. Late payment surcharges collected in accordance with the law; 5. Other funds incorporated into the unemployment insurance fund.

Article 6 — Urban enterprises and public institutions shall pay unemployment insurance premiums at the rate of 2 percent of their total wages. Employees of urban enterprises and public institutions shall pay unemployment insurance premiums at the rate of 1 percent of their own wages. Peasant workers employed by urban enterprises and public institutions on contract shall not pay unemployment insurance premiums themselves.

Article 7 — The unemployment insurance funds of provinces and autonomous regions may be subject to overall planning and regulation. Where overall planning and regulation is implemented, the local unemployment insurance funds shall be transferred to the higher level in accordance with the prescribed proportion.

Article 8 — The unemployment insurance fund shall be used for the following expenditures:

1. Unemployment insurance benefits; 2. Medical subsidies received during the period of receiving unemployment insurance benefits; 3. Funeral subsidies and dependents' pensions for unemployed persons who die during the period of receiving unemployment insurance benefits; 4. Vocational training subsidies and employment introduction subsidies received during the period of receiving unemployment insurance benefits; 5. Other expenses related to unemployment insurance as prescribed by the State Council.

Article 9 — The unemployment insurance fund must be deposited in a special financial social security fund account and subject to separate management of revenue and expenditure.

Chapter III — Unemployment Insurance Benefits

Article 10 — Unemployed persons who meet the following conditions may receive unemployment insurance benefits:

1. Having participated in unemployment insurance in accordance with the provisions, and the entity to which they belong and they themselves have performed the obligation of paying premiums in accordance with the provisions for one year or more; 2. Having interrupted employment not due to their own will; 3. Having completed unemployment registration and having job-seeking requirements.

Article 11 — During the period of receiving unemployment insurance benefits, unemployed persons shall receive other unemployment insurance benefits in accordance with the relevant provisions.

Article 12 — Where an unemployed person has any of the following circumstances, he shall not be entitled to receive unemployment insurance benefits:

1. Re-employed; 2. Conscripted into the military; 3. Settled abroad; 4. Enjoying basic old-age insurance benefits; 5. Sentenced to imprisonment or reeducation through labor; 6. Refusing to accept job introduction or vocational training arranged by the relevant department without justifiable reasons.

Article 13 — The period for which unemployed persons may receive unemployment insurance benefits shall be determined as follows:

1. Where the cumulative contribution period is one year or more but less than five years, the maximum period for receiving unemployment insurance benefits is 12 months; 2. Where the cumulative contribution period is five years or more but less than ten years, the maximum period for receiving unemployment insurance benefits is 18 months; 3. Where the cumulative contribution period is ten years or more, the maximum period for receiving unemployment insurance benefits is 24 months.

Article 14 — The standards for unemployment insurance benefits shall be determined by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government at a level lower than the local minimum wage standard and higher than the urban residents' minimum subsistence guarantee standard.

Article 15 — Unemployed persons shall enjoy free vocational training and employment introduction services during the period of receiving unemployment insurance benefits.

Chapter IV — Management and Supervision

Article 16 — Unemployment insurance agencies shall establish and improve internal control systems and fund management systems.

Article 17 — The financial departments and audit institutions shall supervise the revenue, expenditure and management of unemployment insurance funds in accordance with the law.

Article 18 — Unemployment insurance agencies shall, upon request, provide relevant information about unemployment insurance to the entities and individuals paying premiums and to unemployed persons free of charge.

Chapter V — Penalties

Article 19 — Where an entity fails to pay unemployment insurance premiums in full and on time, the labor security administrative department shall order it to make payment within a specified time limit, and a late payment surcharge of 0.2 per mille per day shall be imposed.

Article 20 — Where an entity fails to register for unemployment insurance, fails to declare the amount of premiums, or fails to pay premiums, the labor security administrative department shall order it to make corrections and may impose a fine.

Article 21 — Where an entity or individual defrauds unemployment insurance benefits by improper means, the labor security administrative department shall order the return and impose a fine.

Article 22 — Where staff members of unemployment insurance agencies abuse their powers, neglect their duties or engage in favoritism, they shall be subject to administrative sanctions in accordance with the law.

Chapter VI — Supplementary Provisions

Article 23 — Peasant workers employed by urban enterprises and public institutions on contract shall, upon termination of the labor contract, receive a lump-sum living allowance in accordance with the provisions.

Article 24 — The people's governments of provinces, autonomous regions and municipalities directly under the Central Government may, based on local actual conditions, decide on the participation of social organizations, private non-enterprise entities and their full-time personnel in unemployment insurance.

Article 25 — The specific measures for the implementation of this Regulation shall be formulated by the labor security administrative department of the State Council.

Article 26 — This Regulation shall come into force on January 22, 1999. The Unemployment Insurance Regulation for State-Owned Enterprise Employees promulgated by the State Council on April 12, 1993 shall be repealed simultaneously.

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 compliance and employer obligations in China, please contact Dan Young Business Consultancy.