

China simplifies business registration procedures

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As of 1 October 2015, new enterprises as well as enterprises changing their registration details in China no longer need to obtain a separate business licence, organisation code certificate and tax registration certificate. Instead, enterprises can apply for a new “three-in-one licence” by completing one application form, and they can submit one set of documents to a single registration authority. This reform is expected to be fully adopted nationwide by the end of 2015.

The aim is to offer greater convenience to applicants by simplifying procedures and shortening the application time. We expect the new registration procedure to benefit both small entrepreneurs and corporations, and encourage investment and commercial enterprise in China.

Before 1 October 2015, to obtain a new registration or amend existing registration details in China, enterprises needed three separate certificates issued by: the State Administration for Industry and Commerce (SAIC); the General Administration for Quality Supervision; Inspection and Quarantine (AQSIQ); and the State Administration of Taxation (SAT).

These three certificates – a Business Licence, Organisation Code Certificate and Tax Registration Certificate – have now been replaced by a “three-in-one licence” issued by the SAIC. This new business licence contains a unified social credit code for the legal entity, making the other certificates redundant. This reform is expected to be fully adopted nationwide by the end of 2015.

Applicants for the new licence complete one application form and submit one set of documents to the SAIC. As soon as the application is approved, the applicant receives a business licence with a single identification number, and the registration is made public on the national enterprise credit information disclosure system.

The aim of the new business registration system is to offer greater convenience to applicants by simplifying procedures and shortening the application time. Data from pilot regions that have tested the new approach show a reduction in the average registration time from one month to three working days, according to the SAIC.

Although it remains to be seen whether the average time for setting up a business entity will really be reduced to three business days, we expect the new registration procedure to have a positive effect on both small and large businesses in China.
