

Cross Border Business Law Blog

## **China's "Three-in-One Registration Reform"**

By Leo Peng on 11.20.15 | Posted in Corporate Matters, General

On June 23, 2015, the State Council of the People's Republic of China issued "the Opinions of the General Office of the State Council on Accelerating the Registration Reform of Consolidating Three Certificates into One Certificate." The reform, aimed to simplify the previous bureaucratic delay and complication in business registration, has progressed and has since been implemented in China nationwide on October 1, 2015.

The so-called "Three-in-One Registration Reform" means that the business license, organization code certificate and tax registration certificate are combined into one integrated business license document: one certificate with one unified code.

The implementation of the "Three-in-One Registration" simplifies the longstanding business registration procedures, shortens the administrative processing time, facilitates a unified registration system, and is aimed to push and accelerate the continued development of the market-driven economy in China.

The stated targets of the reformation are to:

- 1) Simplify the required application materials. Applicants used to be required to submit the same or similar set of materials to Administration of Industry and Commerce Office, Administration of Quality and Technology Supervision Office and Tax Bureau. Now, applicants can expect to experience a one-window service, and submit only one set of application materials;
- 2) Reduce duplication in review process. Application materials will be mutually recognized by the above offices, and will be reviewed by one entity: Administration of Industry and Commerce Office. Other government agencies will not need to review again;
- 3) Reform the annual audit systems. For companies that have applied for the new business license, annual audits won't be performed on the organization code certificates;
- 4) For companies that have applied for the new business license, the validity period of their organization code certificate will be made consistent with the new business license;

5) Eliminate the administrative fees associated with the previous three certificates;

The "Three-in-One Registration Reform" is expected to benefit new and existing business entities alike. Applicants only need to visit one government authority for submission of application and supporting materials. Time and transaction costs will likely be greatly reduced. One set of original application materials will improve work flow efficiency and streamline administration. The goal is to encourage investments and to link to the newly established enterprise credit system.

In the old registration system, companies are required to apply and maintain three separate certificates, which are the business license, organization code certificate and tax registration certificate. An applicant may be required to prepare and submit several sets of up to 30 supporting documents and to make at least eight trips to various government authorities to complete the required registration processes. The final registration approval would sometimes take several weeks. The implementation of "Three-in-One Registration Reform" makes the registration process much more seamless. Now, applicants can expect to make no more than two trips to a single location, and to submit one set of original application materials, which may include approximately thirteen items, half of which were previously required. The processing time has shortened to up to three days, with some locations reporting a two-day only process.

The "Three-in-One Registration Reform" is applicable to all forms of business entities except for self-employed individuals.

The reform will have a transition period. For enterprises that have already applied for the business license before the "Three-in-One Registration Reform," they should continue to use the old business license and other certificates. However, by the end of 2017, it is mandated that all enterprises must move to the new business license format with one unified code (For certain enterprises in special industries that may have difficulties in obtaining new business licenses, the grace period is no later than 2020).

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**Tags:** business license, business registration, organization code certificate, State Council of the People's Republic of China, tax registration certificate, The Opinions of the General Office of the State Council, Three-in-One Registration Reform