

China Promotes Electronic Business Registration Reform

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On 10th April 2017, the State Administration of Industry and Commerce of People's Republic of China (hereinafter SAIC) promulgated "the comment about promoting electronic business registration throughout all process for enterprises" (Gongshangqizhuzi [2017] No.43) (hereinafter "No.43")¹, proposing that by the end of October 2017, the online registration system will apply to all kinds of businesses and all types of enterprises, while the counter service for registration remains. No.43 is aimed at upgrading the business registration system and optimizing administration service, which is expected to maximally serve enterprises as a result of 'internet plus governmental administration'.

BACKGROUND

On 8th April 2015, in an effort to better serve enterprises, the State Council promulgated "the notice to further strengthen reform of Shanghai Free Trade Zone"(Guofa[2015]No.21)², stating to positively explore the pilot work over electronic license and electronic registration system.

On 30th June 2016, "the notice about accelerating '5 licenses in 1 certificate with 1 number'³ registration regime reform"(Guobanfa[2016]No.53, hereinafter No.53)⁴ was released to officially propose that the social security registration license and statistic registration license will be added based on '3 licenses in 1 certificate', turning into '5 licenses in 1 certificate with 1 number'. With the practice of No.53, the integration of online and offline system as well as the electronic registration management scheme was further promoted, improving high efficiency and convenience for enterprises.

No.43 undertakes the above policies and puts into practice nationwide based on the pilot experience, with an aim of completing all steps of process such as registration, information modification, and filing or deregistration via the electronic system. On the other hand, counter service remains to serve. Some areas that meets relevant conditions shall gradually replace paper registration system by the electronic one throughout all process.

HIGHLIGHTS

¹ SAIC (10 Apr 2017). Retrieved from: http://www.saic.gov.cn/zw/wjfb/zjwj/201704/t20170412_261164.html

² The State Council (8 Apr 2015). Retrieved from: http://www.gov.cn/zhengce/content/2015-04/20/content_9631.htm

³ The definition of '5 licenses in 1 certificate with 1 number' refers to that the business license number, organization code number, tax registration number, statistic registration number and social security registration number will be unified as one number, which marks on the business license.

⁴ The State Council (30 Jun 2016). Retrieved from: http://www.gov.cn/zhengce/content/2016-07/05/content_5088351.htm

For specific tasks of electronic registration please refer to Graph 1 below.

【Graph 1】

Task	Content
<p>Establishment of standard over registration process</p>	<ul style="list-style-type: none"> ■ If applying via electronic system, the applicant shall carry out account registration, online information filling, and e-signature submission based on system notification. Related information of the applicant will be disclosed after online verification, approval and archiving. ■ Paper documents submissions are no longer necessary. ■ Counter service remains while electronic registration system carrying out. ■ Electronic license shall be generated whichever way to apply. Both e-version and paper version are available on acquisition of license.
<p>Acceleration of system construction</p>	<ul style="list-style-type: none"> ■ The local registration authorities shall activate the enterprise online registration system covering all areas, all business types and all steps of process by the end of October 2017. ■ Natural person shall submit information such as accurate name, identification, mobile phone number and photography when submitting application via electronic registration system. The system will adopt automatic verification with united data base of ID system. On the other hand, Corporate juridical person or other organisations shall submit information such as entity name, identification, mobile phone number of the representative. The system will adopt automatic verification with National Enterprise Credit Information Publicity System (Hereinafter "NECIPS") or data base of corporate juridical person. Applicants shall submit the identification information only if verification can't be made via the above way. ■ E-signature shall be adopted on electronic application documents.
<p>Enhancement of e-files management</p>	<ul style="list-style-type: none"> ■ Electronic files will be generated based on 'application documents standard' released by SAIC. ■ In case of enterprise's move-in or move-out, the former registration department shall transfer electronic files to related department of immigrant area in a timely manner, paper files shall be transferred in same way (if any).
<p>Strengthening of information publicity and supervision</p>	<ul style="list-style-type: none"> ■ Comprehensive information and electronic license of enterprises will be open to the public via NECIPS after being approved by the registration department. ■ Punishment and restriction of carrying out electronic registration will be implemented on those who deliberately provide fake identification and documents. Fraudulent use of others' name or signature with the intention of registration will be dealt with according to law.

COMMENTS

The SAIC released "the comment about promoting electronic business license nationwide" (Gongshangqizhuzi [2017] No.47) (hereinafter "No.47")⁵ soon after pronouncing No.43, ensuring that all tiers of registration departments and market monitoring departments are delegated to grant electronic license. No.47 is released to gradually promote the accessibility and availability of electronic license, which is of great help to transform governmental functions and strengthen system reform.

After the electronic license being officially promoted nationwide, enterprises will be no longer necessary to submit paper materials to counter, which is highly expected to enhance efficiency by saving much time from rushing due

⁵ SAIC (11 Apr 2017). Retrieved from: http://www.saic.gov.cn/zw/wjfb/zjwj/201704/t20170412_261165.html

to incomplete or missing materials. However, some issues remain uncertain after the nationwide promotion, for example, whether the processing time would likely to be shortened, or whether the electronic license would be recognized by other governmental departments.

In order to embrace convenience that the policy offers, enterprises are strongly recommended to be well prepared and generally adapt to the new registration system based on specific instructions from local registration department before the electronic system is put into practice nationwide.

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