



# **How to Register a Foreign Company in Shanghai without Cost**

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## ***How to Register a Foreign Company in Shanghai without Cost***

When international entrepreneurs set up their companies in China, they may encounter difficulties understanding the regulations and navigating the complex processes. Registering a company is often the first step for many startups, but it can also be tricky and a bit costly if asking local agencies to help it. Using an agency doesn't necessarily speed up the process—sometimes, handling it ourselves turned out to be quicker. At Triunity, while we assist startups in securing funding, we also provide valuable tips on administrative procedures in Shanghai.

### **1. How to choose districts**

Consulting with several districts, including Jing'an, Baoshan, Hongkou, Qingpu, Songjiang, and Pudong, it has been found that requirements for registration vary slightly. When choosing a district to register their company, entrepreneurs should consider the following factors:

- A) **Proximity**...The registration location involves considerations such as social security and residency. Therefore, it is advantageous to choose a location close to your home or office to facilitate easier in-person transactions.
- B) **Speed**: Districts such as Jing'an, Putuo, and Pudong, which host numerous foreign enterprises, typically process registrations more quickly. Hongkou and Yangpu are also strong choices due to their efficiency.
- C) **Flexibility**: Certain districts, such as Jing'an and Hongkou, mandate a physical address for foreign registrations, whereas Baoshan permits the use of a virtual address.
- D) **Industry Considerations**: For sectors such as foreign trade or e-commerce, it may be advantageous to register in the Lingang Free Trade Zone to benefit from faster tax rebates.

### **2. Required Documents**

Though the required documents are slightly different by district, here is an example of the documents needed to register a foreign company in Hongkou District:

- a) Enterprise Registration Information Collection Form
- b) Power of attorney for engraving seals
- c) Commitment letter of no illegal business operations
- d) Passport of Foreign Natural Person Shareholder / ID Card of Chinese Natural Person
- e) Entry record to China within the last 6 months for foreign shareholders
- f) UnionPay card for foreign shareholders (for online signing)
- g) Lease Contract and Property Certificate (\*foreign companies need a physical address)
- h) Foreign Company Personnel Information Form
- i) Shareholders' Meeting Resolution
- j) Foreign Company Filing Application
- k) Articles of Association

*\*Note: Items (h)-(k) are automatically generated by the online registration system.*

### 3. Registration Steps

If there are no specific problems, the registration generally takes 7-10 days. The typical flows are as follows:

**Step 1.** Confirm the Chinese name of the company on the website: [https://yct.sh.gov.cn/portal\\_yct/](https://yct.sh.gov.cn/portal_yct/)

- Log in to "Shanghai Enterprise Registration Online"
- Select "Enterprise establishment" and "Enterprise establishment registration (without involving pre-approval matters)"
- Operate according to the website instructions and check if there are duplicate company names.

**Step 2.** Confirm the registered capital, business scope, and shareholder's capital contribution ratio

Entrepreneurs had better pay attention that the business scope cannot be on the **Negative list** of foreign investment in China. Peer companies on Tianyancha (天眼查) or the WeChat mini-program (知融小助手) can be referred to determine the business scope.

For "Negative List", entrepreneurs can check this website:

[https://www.gov.cn/gongbao/2024/issue\\_11366/202405/content\\_6954195.html](https://www.gov.cn/gongbao/2024/issue_11366/202405/content_6954195.html)

**Step 3.** For overseas foreign shareholders, they should check whether "online signing" is an available option.

Generally, if they have a Chinese bank card and mobile phone number, online signing is likely available.

Otherwise, they need to complete the procedure offline.

Website for testing online signing: <https://yct.sh.gov.cn/elec/user/toSelectLogin>

*\*Note: select natural person, foreign passport*

**Step 4. Submit documents online/offline**

- Upload materials on the one-stop service platform (一网通办) and wait for approval. It usually takes about 5-7 working days. After approval, all shareholders can sign online and then you can get the business license.

### 4. Recommended Free Government Parks

Shanghai has several government or university parks where you can register for free. To avoid unnecessary trouble, the list of parks is not publicly available. (Should you need the list, feel free to message us via our contact form).

### 5. Post-registration

After obtaining the license, the following things should be completed.

- a) **Open Tax Account:** To open a tax account, it's preferable to have a Chinese legal representative (法人); otherwise, some offline procedures could be required. After opening this, the company needs to pay personal income tax through the "Shanghai Individual Electronic Tax Bureau (Withholding End) (上海自然人电子税务局扣缴端)" each month and report VAT and corporate income tax quarterly through the "Shanghai Electronic Tax Bureau (上海电子税务局)."
- b) **Open Bank Account:** The registration fees vary between banks. The "Big Four" banks, (中国银行、建设银行、农业银行、工商银行) generally charge higher fees, while other banks such as Minsheng Bank (民生银行) offers free registration services. The main differences among them lie in transfer fees, transfer limits, annual fees, and online banking fees.
- c) **Hiring Foreign Employees:** The company need to activate permissions on the "Service System for Foreign-workers in China (外专系统)". Foreign shareholders working in Shanghai must apply for a work permit and a working visa. This can be done independently or through an agency. However, due to the varying quality of visa agents in China, startups should be cautious when providing important information.
- Website here: <https://fwp.safea.gov.cn/lhgzweb/>

This is just an initial step in starting your business in China. If you need further assistance or consultation on fundraising, please feel free to contact us: [info@studiotriunity.com](mailto:info@studiotriunity.com)

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