

Pandemic guidelines for Shanghai employers

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Background

China's economy is facing challenges from the recent outbreaks of Covid-19 which have not been seen since the beginning of the pandemic in December 2019. Major cities such as Shanghai have become "worst-hit" areas in this wave of the outbreak, while the Omicron variant poses new challenges on disease control and local economies.

During the pandemic, national ministries and departments as well as local labour administrations have issued recent rules and guidance on businesses' HR management. These include, without limitation, the *Work Guidelines on Further Maintaining the Harmony and Stability of Employment Relationship* (Hu Ren She Guan (2022) No. 89, the "**Work Guidelines**") issued by Shanghai Municipal Human Resources and Social Security Bureau ("**Shanghai HRSSB**") on 26 April 2022 and the *Answers to Certain Questions on Handling Labour Disputes Involving the Pandemic* (the "**Answers**") jointly issued by Shanghai High Court and Shanghai HRSSB on 28 April 2022. The *Work Guidelines* and the *Answers* are key points of reference for Shanghai businesses in handling employment issues during the pandemic.

This alert considers PRC employment law, as applied by the *Work Guidelines* and the *Answers*, in dealing with HR issues such as commencement and termination of employment, salary payments, probation, work-from-home, time off work and efficient resumption of operations and production during the lockdown.

Hiring and firing

In terms of hiring:

- **Candidates with Covid-19:** Employers may not refuse to recruit or hire candidates infected with Covid-19 or diagnosed as asymptomatic Covid-19 patients. This could risk them being sued for discrimination against the affected candidates.¹ Also, employers must not provide in recruitment advertisements for any restrictions on the rights of candidates from high- or medium-risk locations.
- **Lockdown-related absence:** If an employer revokes an offer of employment due to a candidate's ability to travel to the workplace being hampered by quarantine or lockdown, it may be liable in

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¹ Article 3 of the *Labour Law of the People's Republic of China* provides that "Employees must have equal right to employment and job selection..." Article 30 of the *Employment Promotion Law of the People's Republic of China* provides that "An employer may not refuse to recruit a candidate on the ground that he or she is a carrier of infectious pathogen, provided that, the carrier of infectious pathogen must not engage in any work which is likely to spread the disease and is prohibited by laws, administrative regulations and the health authority of the State Council before it is confirmed through medical appraisal that the disease is cured or the suspicion of infection is ruled out."

damages for breach of the principle of good faith under the *PRC Civil Code*. Although acceptance of an offer letter does not establish an employment relationship between the candidate and the employer, from the legal perspective the offer letter becomes legally binding on both parties once accepted by the candidate. The new employee's inability to travel should thus be resolved through negotiations (for example, by agreeing with the employee to postpone the start date) rather than by trying to revoke the offer.

- **Lockdown-related extension of probationary period:** Under the *Employment Contract Law of the People's Republic of China* (the "**Employment Contract Law**"), an employer may agree only one probationary period with an employee, which must be within the statutory limit.² Normally, the probationary period cannot be extended. However, as a result of lockdown, many employees have been unable to work on site during the probationary period and as a result, employers have been unable to properly assess their performance during the probationary period. On 14 March 2022, the Ministry of Human Resources and Social Security ("**MOHRSS**") clarified through WeChat: "If, as a result of the pandemic, an employee is unable to perform normal duties during the probationary period, the employer and the employee may agree to extend the probationary period accordingly, but the extension may not exceed the time during which the employee is unable to perform normal duties." Employers may thus extend the probationary period by consultation with employees, but may not extend the probationary period unilaterally (which could be deemed an illegal extension to the probationary period).³
- **Inability to sign written employment contract:** Under the PRC law, the employer must execute a written employment contract with the employee no later than one month from commencement or renewal of employment (as the case may be). Failure to do so incurs legal liability under PRC law.⁴ The *Answers* clarify that an employer who is unable to enter into a written employment contract due to Covid-19 or pandemic control measures may, after consultation with the employee, enter into the employment contract in electronic form or reasonably defer entering into the employment contract. In such circumstances, an employee's claim for double wages for the employer's failure to sign a written employment contract will not be upheld by the relevant labour arbitration commission or court.

² Pursuant to Article 19, paragraph 1, of the Employment Contract Law, "If the term of an employment contract is longer than three months and less than one year, the probationary period must not exceed one month; if the term of an employment contract is longer than one year and less than three years, the probationary period must not exceed two months; and if an employment contract is a fixed-term contract of more than three years or an indefinite contract, the probationary period must not exceed six months."

³ Pursuant to Article 83 of the Employment Contract Law, "If an employer has agreed upon a probationary period with an employee in violation of the provisions of this law, the labour authority must order it to make rectification; if the illegal probationary period has been fulfilled, the employer must, based on the monthly salary of the employee upon the expiry of the probationary period, pay compensation to the employee for the period of time beyond the fulfilled statutory probationary period."

⁴ Paragraph 1 of Article 82 of the Employment Contract Law provides: "If an employer fails to conclude an employment contract in writing with an employee for more than one month but less than a year commencing from the date on which the employment commences, it must, on a monthly basis, pay the employee salary twice the amount payable to the employee". According to Paragraph 3 of Article 14, "An employer who does not conclude a written employment contract with an employee within a year from the date of employment must be deemed to have entered into an indefinite employment contract with the employee".

In trial practice, courts usually consider whether the employer has fulfilled the obligation to negotiate with the employee in good faith and any refusal by the employee to sign the employment contract. If the employer has fulfilled its obligation of good faith and the employment contract fails to be executed due to extraneous circumstances, refusal of the employee or any other reason not attributable to the employer, the employer will not be deemed to “have not entered into a written employment contract with the employee”.⁵

Employers are advised to enter into or renew written employment contracts with their employees on or before the first day of employment. If it is not possible to execute an employment contract in writing due to the pandemic control measures, it should be executed electronically within the one-month period required by law, and then physically signed after the restrictions are lifted.

With respect to termination of employment:

- **Additional protection against termination:** Under the *Notice on Properly Handling Employment Relations during the Covid-19 Pandemic Control* (Ren She Ting Fa Ming Dian [2020] No. 5, “**Circular 5**”) and the *Work Guidelines*, the employment contracts of (a) Covid-19 patients, (b) suspected Covid-19 patients and (c) their close contacts who are under isolated treatment or medical observation and (d) employees who are unable to perform normal duties as a result of government quarantine or other emergency measures may not be terminated pursuant to Articles 40⁶ and 41⁷ of the Employment Contract Law; if the employment contract expires, its term should be extended for the period when the employee is under isolation, medical observation or quarantine or until the lifting of the emergency measures taken by the government (unless work suspension is required for further treatment). The protection applies equally to the return of dispatched employees under a labour dispatch arrangement.
- **Handling of an employee’s breach of pandemic control measures:** The *Answers* clarify that if an employee is held criminally liable for failure to co-operate with the government’s pandemic control measures, the employer may terminate the employment contract in

Key Takeaways

During the pandemic control period, if an employee is unable to work as a result of quarantine, the employer should verify the details of the institution which ordered the quarantine measures and the nature of such measures, in order to determine whether the employee enjoys special protection under law and to legally and reasonably deal with his or her remuneration and employment relations during quarantine. Any issues should, if possible, be resolved through mutual consultation.

⁵ Article 2 of the *Opinions of the Shanghai High People’s Court on Certain Issues Concerning the Application of the Employment Contract Law* (Hu Gao Fa [2009] No.73).

⁶ Article 40 of the Employment Contract Law provides: “In any of the following circumstances, an employer may terminate the employment contract by sending a 30-day written notice to the employee or paying an additional amount equal to one month’s salary to the employee: (1) the employee, after a treatment of disease or non-work related injury, is unable to return to his/her previous position or undertake other work alternatively arranged by the employer; (2) the employer is not competent for the job assigned to him/her and continues to fall short of the standards after receiving training or being assigned other jobs; (3) the employment contract can no longer be performed due to major changes in the objective conditions based on which the employment contract was concluded and the contract fails to be amended through mutual consultation.”

⁷ Article 41 of the Employment Contract Law provides: “If any of the following circumstances occurs, rendering it necessary for the employer to make a layoff by 20 employees or more, or less than 20 employees but 10% or more of the total number of its employees, the employer must inform the trade union or all the employees 30 days in advance. After considering the opinions of the trade union or employees and subsequently submitting the layoff plan to the labour administration authority, the employer may lay off the employees: (1) reorganisation in accordance with the provisions of the Enterprise Insolvency Law; (2) serious difficulties in production and operation; (3) switch of production, key technological innovation or adjustment of the mode of operation, which still requires a layoff after making changes to the employment contract; (4) other major changes in the objective conditions based on which the employment contract was concluded, rendering the employment contract unperformed.”

accordance with the provisions of Article 39(6)⁸ of the *Employment Contract Law*; if an employee is subject to administrative penalties such as security detention for failure to co-operate with the government's pandemic control measures and the situation is covered by the employer's internal policies, the employer can terminate the employment contract in accordance with those policies.⁹

Salary-related Issues

- **During legally mandated quarantine:** Under *Circular 5*, the *Work Guidelines* and the *Answers*, if employees are unable to perform normal duties due to treatment under quarantine or medical observation measures, then the employer must pay the employee's normal salary during the period of quarantine or medical observation. If such period ends and the employee still needs to suspend his or her work to receive treatment, the employer must pay the employee's salary in accordance with the rules on medical leave.
- **During government emergency measures:** If pandemic prevention and control measures (other than quarantine or medical observation) are applied, which result in suspension of business or the employees being unable to return to work, the *Work Guidelines* and the *Answers* provide (i) if the employer puts in place working from home, remote working, etc., the employee must be deemed to have normal attendance and is entitled to normal salary including paid annual leave, company benefit annual leave provided by the employer, and other kinds of leave (see "**Holiday arrangements during the pandemic**" below); (ii) if the employer fails to resume operations, or if the employee fails to return to work and cannot otherwise perform normal duties, relevant state regulations governing the suspension of business apply, and salary payments are covered in "**Suspension of business**" below.

A business affected by the pandemic and in cashflow difficulties can temporarily postpone the payment of its employees' salaries. The *Work Guidelines* and the *Answers* emphasise that an employer temporarily unable to pay salary on time due to production and operational difficulties as a result of the pandemic or related measures may, with the consent of the labour union or the employees' representatives, temporarily suspend the payment of the salaries of its employees for up to one month.¹⁰

Holiday arrangements during the pandemic

- **Arrange employees to take annual leave:** Under the *Regulations on Paid Leave for Employees* and the *Measures for the Implementation of Paid Annual Leave for Enterprise Employees*, enterprises may plan and arrange annual leave for employees, taking into consideration their working conditions and personal preferences. Similarly, the *Opinions on Stabilising Employment Relationship during the Period for Prevention from and Control of the Covid-19 Pandemic to Support Enterprises in*

⁸ Article 39 of the *Employment Contract Law* provides: "the employer may terminate the employment contract if an employee: ... (6) is held criminally liable in accordance with the law."

⁹ Article 39 of the *Employment Contract Law* provides that: "the employer may terminate the employment contract if an employee: ... (2) seriously violates the regulations and policies of the employer ..."

¹⁰ See the *Opinions on Stabilising Employment Relationship during the Period for Prevention from and Control of the Covid-19 Pandemic to Support Enterprises in Resuming Work and Production* issued by the MOHRSS and other authorities, as well as Article 10 of the *Measures on Payment of Salaries of Shanghai Enterprises*.

Key Takeaways

If employees cannot come to work normally as a result of the pandemic or related control measures, the employer may make home-working arrangements through collective consultation or communication with the employees.

An employee must cooperate with an employer who makes proper and reasonable arrangements for employees to work from home, or remotely, without infringing the legitimate rights and interests of the employees.

Resuming Work and Production (Ren She Bu Fa [2020] No. 8, “**Circular 8**”), issued by four departments including the MOHRSS, provides that: “Enterprises which are not qualified for remote working may consult with employees on the priority to take advantage of various kinds of leave such as paid annual leave and company benefit annual leave offered by the enterprises.” Both the *Work Guidelines* and the *Answers* state that salaries must be paid by employers who have arranged for employees to take paid annual leave, company benefit annual leave and other forms of leave.

- **Annual rest days:** Employers may also adjust the annual rest days of their employees through consultation, by bringing forward the unused rest days (e.g. normal weekends) of the current year. Under the *Labour Law*, employers should ensure that employees have at least one day off every week, thus an employer who brings forward the annual rest days of its employees in return for compensatory work on subsequent rest day(s) must still ensure that its employees have at least one day off every week.
- **Overtime during pandemic:** Article 42 of the *Labour Law* provides that, if “an emergency response is needed when the life, health and property safety of employees are threatened due to natural disasters, accidents or other causes...”, the employer does not need to consult with the labour union or employees and may apply overtime exceeding the legal limit of three hours a day and 36 hours per month.

Under the *Work Guidelines*, employees consensually working overtime from home or remotely are entitled to overtime pay or compensatory leave in accordance with relevant laws and regulations. Employees under a flexible working hour mechanism or a mechanism of comprehensive calculation of working hours are entitled to overtime pay for statutory holidays or overtime pay for extended working hours. To avoid disputes it is suggested that employers specify the working hours of employees when arranging for employees to work from home or remotely.

- **Other measures for stabilising job positions:** *Circular 8* provides that employers may, through collective consultation with employees, stabilise job positions by adjusting remuneration, rotating jobs and asking employees to take leave by rotation, shortening working hours, etc.

Collective consultation

- > Method of amending employment terms

Any reduction to employees’ salaries or adjustments to employees’ job positions will constitute material changes to the employment contract and, in accordance with the *Labour Contract Law*, require mutual agreement between the employer and employees.

The *Guiding Opinions on Handling Labour Dispute Cases under the Impact of Covid-19* (Hu Gao Fa [2020] No. 203), issued by the Shanghai High Court and Shanghai HRSSB issued on 15 April 2020, aim to resolve the difficulties during the pandemic for employers and employees in varying the terms of employment. The Opinions allow employers to conduct collective consultation through employee representatives’ meetings, labour unions and employee representatives on adjustment of job positions and salaries, deferred payment of salaries, job rotation and leave-taking by turns, suspension of production and operations and such other matters. These collective consultations and agreements can be given legal effect to bind the parties even if the employer

does not reach an agreement with each individual employee, provided that they are fair and reasonable and only apply to the pandemic period..

> Procedure of consultation

Under the *Labour Contract Law*, the statutory procedures of collective consultation comprise the following:

- (i) the employer submits a proposal through the employee representatives' meeting or in a discussion among all employees;
- (ii) the employer negotiates with labour unions or employee representatives on the final plan; and
- (iii) the employer publicises or notifies employees of the negotiated rules and regulations and decisions on major matters directly and presently affecting them.

The *Work Guidelines* and the *Answers* simplify the above statutory procedures, facilitating collective consultation by Shanghai employers. Employers may, through email, internal automation (OA) systems or WeChat groups, submit proposals on the rules, regulations and other matters concerning suspension of production and operations, working hours, job rotation and leave-taking by rota to the labour union or employee representative for comments. The consultation procedure is deemed completed if the proposals so submitted only apply to the pandemic period and are notified to the employees.

Suspension of business

Under the *Work Guidelines* and the *Answers*, if an enterprise does not resume business or the employee does not return to work and cannot perform normal duties using other means, the enterprise must consult with the employee on salary payments during the period of suspension and pay salaries in accordance with the employment contracts if the suspension does not last beyond one payroll cycle. If the suspension exceeds one payroll cycle, the enterprise must pay allowances for living expenses.

Employers should pay attention to the following issues in connection with suspension of business:

➤ **The first payroll cycle:** Under relevant PRC law:

- if the suspension of business is not attributable to employees and does not exceed one payroll cycle, salary must be paid in accordance with the employment contract;
- if the suspension of business exceeds one payroll cycle and the employee has performed normal duties, the remuneration paid to the employee may not be lower than local minimum wage; if the employee has not performed his/her normal duties, the employer must pay the allowances for basic living expenses in accordance with the relevant local regulations.

There are no clear legal provisions on how to determine "a payroll cycle" and hence, this has been disputed in practice. One view is that a payroll cycle should be calculated from the start date of the business suspension; another is that it should start from the end date of the most recent payroll cycle.

Key Takeaways

If it is necessary to formulate rules and regulations concerning the immediate interests of employees or decide on major issues through collective consultation, we recommend that employers retain materials such as audio and video recordings, emails and screenshots of WeChat groups, as well as evidentiary materials for public announcements to employees.

Notably, the simplified procedures are only applicable to the special period when onsite discussions cannot be carried out due to pandemic control measures. Businesses that need to carry out collective consultation procedures after resumption of operations and production should, for the sake of prudence, implement the collective consultation procedures in accordance with the requirements of the *Labour Contract Law*.

On 10 July 2020, MOHRSS and the Supreme People's Court jointly published the first batch of typical cases of employment disputes (the “**First Batch Typical Cases**”), of which, Case 4 states that for a suspension of business, the first payroll cycle must be calculated from the start date of the suspension (for example, if a company's payroll cycle is one month and the suspension starts from 15 March, the first payroll cycle is from 15 March to 14 April).

- **Suspension of operations by departments:** Further, MOHRSS and the Supreme Court consider that employers are entitled to suspend the operations of some departments only, without an entire suspension business. Under Case 5 of the *First Batch Typical Cases*, the employer may suspend the operations of some departments and pay employees' salaries in accordance with the suspension-related regulations. This notwithstanding, employers should still exercise caution when implementing a partial suspension of business, and conduct collective consultations with labour unions or employees where possible.
- **Standards of basic living expenses:** Shanghai has not published the standard allowances for basic living expenses in the event of suspension of business beyond one payroll cycle. To be prudent, we suggest that employers should not pay lower than the current minimum wage in Shanghai (i.e. RMB2,590 (approx. USD380) per month) to the extent possible.

If the employer wishes to pay less, collective consultations with employees should be conducted to clarify the amount to be paid to the extent possible. To the extent completed, the simplified consultation procedures set out above may be referred to (see “**Collective consultation**” section above).

Workforce Sharing

The Covid-19 outbreak has resulted in the closure of many offline merchants with the workload of their employees having dropped sharply, with some of them even waiting for work at home. At the same time, orders received by e-commerce platforms have surged, some of which are encountering a shortage of labour. Against this backdrop, some e-commerce platforms have entered into employee sharing arrangements with offline enterprises in order to relieve the pressure on the workforce of such platforms and reduce the labour costs of the offline merchants. This new employment model, commonly called “workforce sharing”, has become a new way to tackle the imbalance between the supply and demand of labour during the pandemic.

In this connection, the General Office of the MOHRSS issued the *Notice on Proper Guidance and Services for Workforce Sharing on 30 September 2020* (the “**Workforce Sharing Notice**”), requiring state human resources and social security departments at all levels to guide and assist enterprises in workforce sharing with regard to safeguarding the rights of employers to employ and of employees to work. Employers implementing workforce sharing are advised to refer to the requirements set out in the Workforce Sharing Notice (for details, please see our [alert](#)).

In addition, Shanghai HRSSB issued the *Guidance for Implementation of Guidance and Services for Workforce Sharing in Shanghai* on 5 February 2021, requiring that, during the period of workforce sharing, the original employer must pay remuneration and social insurance premiums of the shared employees, and the employer encountering labour shortage must make reasonable work arrangements for the shared employees and pay

Key Takeaway

In addition to the legal issues mentioned in the *Workforce Sharing Notice* and the *Guidance for Implementation of Guidance and Services for Workforce Sharing in Shanghai*, employers are advised to clearly agree on key issues between the two parties involved in the workforce sharing arrangement in the co-operation agreements, including, without limitation, the assumption of employment remuneration, compensation between the enterprises in case of work-related injuries, return of employees, ownership of intellectual property rights and transfer of employees' personal information, etc.

Under the *Workforce Sharing Notice*, the original employer must respect the will of the employee and must, prior to arranging the employee to work for the enterprise which encounters a shortage of labour, reach an agreement with the employee through negotiation and amend the employment contract with the employee. We suggest that an enterprise which transfers out an employee should not only enter into a co-operation agreement with the enterprise encountering a shortage of labour, but also amend the employment contract with the employee in order to achieve legitimate allocation of staffing resources between the enterprises. In addition to the items of change mentioned in the *Workforce Sharing Notice*, we also suggest that the original employer should clearly agree with the employee on the change of reporting line and performance appraisal during the period of workforce sharing.

Ideally there should be a tripartite agreement among the original employer, the receiving employer and the employee, clearly defining the rights and obligations under the workforce sharing arrangement.

It should be noted that an employer must not transfer out an employee for profit, otherwise it may be illegally carrying out labour dispatch in the name of workforce sharing and circumventing the relevant regulations on labour dispatch, and hence be subject to relevant administrative penalties.

relevant expenses. Both parties must enter into a workforce sharing agreement covering the number of employees shared, workforce sharing period, positions, details of work, working hours, rest periods, remuneration and social insurance premium, conditions of labour protection, settlement cycle and payment method of relevant expenses, division of responsibility upon occurrence of work-related injuries and other items involving the vital interests of the shared employees, and must protect the legitimate interests of the employees. Employment standards may not be lower than those stipulated by law, and the period of workforce sharing must not exceed the remaining term of the employment contract between the employee and the original employer. Employees must be truthfully informed of the relevant contents of the workforce sharing agreement. The *Answers* emphasise that a workforce sharing agreement must be concluded in accordance with equality, integrity, fairness and reasonableness and must not violate public order, good customs or prohibitive provisions of laws and regulations, and also clearly require that the daily or hourly wage rate in a workforce sharing agreement must not be below the minimum wage in Shanghai.¹¹

Resumption of Operations and Production

Shanghai Municipal Economic and Information Technology Commission issued the *Guidelines for Shanghai Industrial Enterprises on the Pandemic Prevention and Control for Resumption of Operation and Production (First Edition)* and the *Guidelines for Shanghai Industrial Enterprises on the Pandemic Prevention and Control for Resumption of Operation and Production (Second Edition)* (the “**Second Edition**”) on 16 April 2022 and 3 May 2022, respectively, which are aimed at facilitating resumption of business in an orderly and effective manner.

By 10 May 2022, two batches of enterprises (1,854 in total) have restarted business in Shanghai. As at the date of this publication, 864 financial institutions have restarted business.

An enterprise seeking to restart business must require the street/town, park or economic commission of the district where it is located to submit an application on its behalf. After being approved by the district pandemic prevention and control department, such enterprise will be included into the “white list” of enterprises that can restart business. An enterprise meeting the conditions of pandemic prevention and control may apply to the lead department in charge of business resumption in its district or other relevant unit for a “business resumption permit” to enable staff to return to work.

An enterprise restarting its business must strictly comply with the Second Edition (being the latest business resumption guidelines), key aspects of which include the following:

Site Division and Classification Management

- An enterprise can designate different coloured areas as green (for normal production), blue (for observation of new entrants), yellow (for close/ secondary contacts) and red (for the infected). These areas must be mutually isolated with different pandemic prevention standards applied. Personnel in the medium and high-risk areas must wear N95 or KN95 masks and those in low-risk areas may wear disposable medical surgical masks.

¹¹ As at the date of this publication, the minimum rate of wage in Shanghai is RMB2,590 per month, and RMB23 per hour.

- Different areas on the premises should be classified into handover areas such as entrance/exit and warehouse, production areas such as workshop and conference room, etc., and managed accordingly.
- Staff dormitories must be strictly managed, with non-resident personnel strictly prohibited from entering and leaving at will. Employees' accommodation should be arranged for all employees in the same shift schedule within the same office/team/group.
- Meals to be taken separately at staggered intervals.
- Intensify cleaning and disinfection of various places, focusing on frequently touched items (e.g. door handles, lift buttons, etc.), high-crowd gathering places, public toilets, logistics exchange sites, etc.
- Use online methods of meeting, such as video and teleconferencing. If a meeting must be held at a physical location, participants must take adequate individual precautions and the frequency, timing and scale of the conference must be strictly controlled.

Employee Management

- Set up a quiet period for employees returning to work, arrange independent accommodation and living conditions and “two-tests a day” (antigen test in the morning and nucleic acid test in the afternoon) for them. Businesses must arrange safe point-to-point transport for all staff returning to work.
- Register all employees currently employed and implement full coverage of pandemic prevention among employees. Strengthen pandemic prevention and control and safety production education and training and promote mental stress consultation for employees.
- Implement whole-process closed-loop management and prohibit unnecessary gatherings.
- Businesses in locked-down areas¹² must conduct an antigen test in the morning and nucleic acid test in the afternoon every day.
- Businesses in controlled areas must conduct an antigen test every day and a nucleic acid test once every two days.
- Businesses in precautionary areas must conduct an antigen test every day and a nucleic acid test once every five days.
- Businesses above certain scale must train their own dedicated testing personnel to conduct nucleic acid sampling.

The continued spread of the pandemic and the Omicron outbreak has greatly impacted on the economy and livelihoods. Restrictive policies, such as “static management of the entire area”, “lockdown area” and “controlled area” have once again become a hot spot in social life, with great challenges for both employees and employers.

In this climate, hardship is inevitable and government authorities have actively put forward various policies to guide the maintenance of labour relations

Pandemic Relief

Businesses should be aware of the relief policies extended by local governments.

On 27 March 2022, Shanghai HRSSB issued the *Several Policies and Measures to Fully Support the Fight against the Pandemic in the Human Resources Field of Shanghai*, which states that Shanghai will continue to implement staged premium reduction for unemployment insurance and work-related injury insurance. The contribution rate for unemployment insurance remains at 1%. The benchmark rate of work-related injury insurance for Category 1 to Category 8 employers will continue to be 80% of the industry benchmark rate.

On 25 April 2022, the General Office of the MOHRSS and the General Office of the State Taxation Administration issued the *Notice on Phased Implementation of the Policy for Postponing the Payment of Social Insurance Premiums by Enterprises in Particularly Difficult Industries*, allowing catering, retail, tourism, civil aviation, and highway, waterway and railway transport businesses to defer payment of basic pension premiums, unemployment insurance premiums and work-related injury insurance premiums for their employees upon application to local social insurance registration departments.

¹² Shanghai segregates all areas of the city into locked-down, controlled and precautionary areas, with different levels of pandemic restriction.

during the outbreak period and ease difficulties for businesses. Businesses should strengthen communication with government authorities and employees to maximise subsidy relief, ensure legal compliance and minimise labour disputes.

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