

## **China's New Beneficial Ownership information Filing Regulation**

As of November 1, 2024, a new rule took effect in China that requires businesses to report their beneficial owners to the government. The Administrative Measures on Beneficial Owner Information (BOI) was announced by the People's Bank of China (PBC) and the State Administration for Market Regulation (SAMR).

The purpose of the BOI is to make business ownership more transparent and prevent financial crimes, such as money laundering. It applies to most companies and partnerships in China, including foreign businesses working in China.

### **Who Needs to File?**

Filings must be submitted by companies, partnerships, and foreign company branches in China with details about their beneficial owners. An exemption is made for small sole proprietorships who do not have to file. State-owned or state-controlled companies must have the legal representative (like the CEO) listed as the beneficial owner.

### **A beneficial owner is:**

- Someone who owns more than 25% of a company, directly or indirectly
- Someone who controls more than 25% of the company's voting rights or profits
- Someone who has actual control over the business, separately or jointly (one example is through special agreements)

### **Exemptions are made for:**

- Its registered capital is RMB 10 million or less (or equivalent amount in foreign currency)
- All shareholders or partners are natural persons
- No outside person controls or benefits from it in any way

### **Deadlines and Information:**

When registering a business, the submission of the beneficial owner must be made within 30 days to the relevant registration system. A change of ownership requires an update of the beneficial owner also within 30 days. Information needed in the submission includes:

- Full name, gender, nationality, and date of birth
- Home or work address and contact details
- Type of ownership (equity, voting rights, or control)
- ID number and expiration date

### **Penalties:**

If a business does not submit or update the beneficial ownership they may have to pay fines of up to RMB 50 000. This will be enforced by the PBC and SAMR, other banks can also check the ownership to prevent money laundering.

**Implications for Foreign Businesses:**

Foreign businesses must follow the BOI if they work in China, even if their home country does not require anything similar. This means foreign-invested businesses in China need to make sure they report their beneficial ownership to avoid penalties. Businesses established before November 1, 2024, have until November 1, 2025, to file the report.

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