

China Newsletter | 2025 Q4/Issue No. 66



In This Issue:

Corporate | Data Privacy & Cybersecurity | Foreign Investment | International Trade | Labor

This China Newsletter provides an overview of key developments in the following areas:

1. Corporate

- *China Introduces Mandatory Company Deregistration Rules*
- *Two Ministries Issue Credit Repair Administrative Measures*

2. Data Privacy & Cybersecurity

- *China Issues Measures for the Certification of the Cross-Border Transfer of Personal Information*
- *New Compliance Focus Under Amendments to China's Cybersecurity Law*

3. Foreign Investment

- *Government Releases the 2025 Edition of the Catalogue of Industries for Encouraging Foreign Investment (Catalogue)*

4. International Trade

- *Maritime Law Undergoes First Comprehensive Overhaul in Three Decades*
- *Regulators Adopt Revisions to the Foreign Trade Law of the People’s Republic of China*

5. Labor

- *MOHRSS Issues Opinions on Several Issues Concerning the Implementation of the Regulations on Work-Related Injury Insurance*

Corporate

China Releases New Rules for Compulsory Cancellation of Company Registration

《强制注销公司登记制度实施办法》

On Oct. 10, 2025, China formally implemented the Administrative Measures for the Compulsory Deregistration of Company Registration (measures), issued by the State Administration for Market Regulation (SAMR). The regulation establishes a statutory framework for governmental authorities to forcibly deregister companies that have remained inactive for extended periods. As of the date of this GT Newsletter, the government has already targeted over 290,000 companies for compulsory deregistration nationwide, signaling that strong regulatory enforcement may continue.

Background and Purpose

The measures build on 2023 amendments to the People’s Republic of China Company Law, which introduced the concept of compulsory deregistration to address “zombie companies”— entities that remain registered but are effectively defunct. The primary objective of such compulsory deregistration mechanism is to clean up the corporate registry by removing long-dormant companies that fail to voluntarily deregister after regulatory actions, such as license revocation. By eliminating these inactive entities, the measures aim to free up market resources, reduce administrative burdens, and promote fair competition.

Scope of Application

The measures apply to companies that have had their business license revoked, have been ordered to close down, or have faced similar administrative sanctions, and subsequently fail to apply for voluntary deregistration within three years of such actions.

Procedures for Compulsory Deregistration

The process involves the following steps:

- **Initiation by Registration Authority:** The SAMR or local registration authorities identify eligible companies and prepare for action.
- **Public Announcement:** Authorities publish a 90-day notice on the National Enterprise Credit Information Publicity System, allowing stakeholders to review and respond.

- **Objection Period:** Creditors, shareholders, or other interested parties may submit objections in writing or via the online system. Valid objections (e.g., unresolved debts or ongoing litigation) will halt the process.
- **Decision and Execution:** If no parties raise valid objections, the authority issues a deregistration decision, invalidating the business license and terminating the company's legal status. The authority serves its decision via public announcement if it cannot make direct contact.

The company will be formally dissolved after the compulsory deregistration procedure, and its name will be struck off in the company registry systems.

Safeguards and Reliefs for Stakeholders

Importantly, compulsory deregistration does not relieve shareholders, directors, or other responsible parties of ongoing liabilities related to the dissolved company, including joint and several liabilities for unpaid debts of the company, unfulfilled capital contributions, or other legal obligations.

Even after the SAMR has dissolved through compulsory deregistration, creditors or other stakeholders may apply to the local SAMR for restoration of the company registration within three years following the completion of compulsory deregistration. This relief may be available when the dissolved company is still involved in:

- ongoing investigation, administrative enforcement, or unexecuted administrative penalties;
- ongoing litigation, arbitration, mediation, enforcement or other legal proceedings; or
- ongoing liquidation or bankruptcy proceedings.

Furthermore, restoration does not resume a company's normal business operations. Instead, the restored company must promptly initiate liquidation procedures in accordance with the law and apply for deregistration upon completion of liquidation. During this period, the company is prohibited from engaging in any business activities unrelated to liquidation. If the company does not complete liquidation procedures within three years upon restoration, the SAMR is still entitled to forcibly deregister the company.

Potential Implications

Foreign investors should remain vigilant if they have dormant subsidiaries in China to potentially avoid involuntary deregistration, which could complicate asset recovery or liability management. On the other hand, stakeholders or creditors may also leverage the relief mechanisms available under the measures to seek remedies from dormant debtors.

Two Ministries Issue Credit Repair Administrative Measures

国家两部委发布两部信用修复管理办法

In November 2025, in line with central policies on credit system development and corresponding administrative regulations, the National Development and Reform Commission (NDRC) and the SAMR respectively issued the Credit Repair Administrative Measures and the revised Administrative Measures for Credit Repair in Market Regulation. Together, these policies cover both nationwide credit repair and sector-specific scenarios in market regulation. They unify rules, simplify procedures, and provide

enterprises with clear grounds to correct dishonest conduct. The NDRC and SAMR have started phasing in these new rules, and companies should pay attention to scope and operational details.

The NDRC's *Credit Repair Administrative Measures*, released Nov. 20, 2025, take effect April 1, 2026, and apply across the national credit platform, Credit China, and local credit platforms, with industry systems able to adopt them by reference. These measures classify dishonest information as minor, general, or serious: minor cases are generally not disclosed; general cases are disclosed for three months to one year; serious cases are disclosed for one to three years. Only after the disclosure period expires may stakeholders request repair. Stakeholders may submit applications through Credit China and forward them to the relevant authority, with results due within 10 working days. Applicants must provide proof of fulfilling legal obligations and a credit commitment letter. Enterprises undergoing bankruptcy reorganization may apply for temporary shielding of dishonest information with a court ruling. Fraudulent applications will be revoked and disclosure periods recalculated.

SAMR's revised *Administrative Measures for Credit Repair in Market Regulation*, issued Nov. 21, 2025, took effect Dec. 25, 2025, and apply only to market regulation scenarios, such as removal from the business anomaly list or cessation of administrative penalty disclosures. Dishonest information is also divided into minor, general, and serious categories, with fines below RMB 50,000 for business entities defined as minor. The time limit for repairing entries in the business anomaly list is five working days, while administrative penalties and serious dishonesty lists require 15 working days. Applications must include a credit commitment letter and proof of obligations fulfilled and can be processed both online and offline free of charge. The measures establish a collaborative mechanism to ensure that "repair in one place is recognized across the network." Fraudulent applications will be revoked.

Data Privacy & Cybersecurity

China Issues Measures for the Certification of the Cross-Border Transfer of Personal Information

《个人信息出境认证办法》

China's cyberspace regulator, Cyberspace Administration of China (CAC), and the market regulator, SAMR, jointly issued the Measures for the Certification of Personal Information Cross-Border Transfer (Certification Measures), which took effect Jan. 1, 2026. Building on the Personal Information Protection Law (PIPL), this voluntary framework offers a certification pathway for covered companies transferring personal information collected while doing business in mainland China overseas for further processing. In practice, the certification path is most relevant for organizations that frequently engage in cross-border transfer of personal information within a defined and repeatable scope (including intra-group scenarios), and that meet the Certification Measures' eligibility thresholds. While Standard Contractual Clauses (SCC) have been popular, the Certification Measures provide an alternative for cross-border data transfers (CBDT), enabling a seal of approval from accredited certification institutions.

The PIPL made certification a compliance path for personal information exports in 2021 by listing "personal information protection certification" as one of the mechanisms for lawful cross-border data transfer. But in practice, there has been limited clarity on how companies might operationalize this pathway. For example, certain tech companies obtained certifications from the China Cybersecurity Review Certification and Market Regulation Big Data Center (CCRC) in early 2024. However, those early

certifications were issued against a backdrop of evolving technical specifications and lacked a comprehensive regulatory framework. The Certification Measures now provide a dedicated, binding implementation framework for the certification path — including eligibility thresholds, application steps, certificate validity, and regulatory supervision. The new measures add regulatory certainty through clear eligibility criteria, procedures, and professional standards, and should be read together with CAC’s 2024 “cross-border data flow” rules, which set the current threshold-based allocation among security assessment, standard contract/certification, and exemptions.

Key Features for the Certification Mechanism and the Certification Measures

- 1. Target Users:** particularly suitable in practice for multinational corporate groups with frequent and regular intra-group transfers of personal information (such as human resources-related personal information and customer personal information), provided that such transfers will not trigger a mandatory security assessment by CAC. A mandatory security assessment will be triggered in any of the following circumstances:
 - the data export being a critical information infrastructure operator (CIIO);
 - exporting more than 1 million individuals’ personal information annually; or
 - exporting sensitive personal information of more than 10,000 individuals.
- 2. Oversight by Accredited Third Party:** Unlike the standard contract regime (which centers on executing the CAC “standard contract” and filing under CAC rules), certification is issued by a “professional certification institution” that has obtained the relevant certification qualification and completed CAC filing. The certification covers data exporters’ overall cross-border transfer program rather than requiring transaction-by-transaction documentation.
- 3. Continuous Compliance:** Certification involves ongoing monitoring to ensure data protection remains at the PIPL-standard level required for overseas recipients (i.e., exporters must take “necessary measures” to ensure overseas processing meets the PIPL’s personal information protection standards). Certificates are valid for three years, with renewal applications due six months before expiration. Certification bodies must conduct post-certification supervision (with frequency determined by the certifier) and report any material non-compliance to the CAC.

Accredited Certification Bodies

As of this article, CAC has published three authorized certification bodies that can accept export certification applications, with all institutions having governmental background:

1. CCRC, an affiliate of SAMR, the key market regulator in China;
2. CAC Data and Technology Support Center, an affiliate of CAC;
3. Beijing CESI Certification Co., Ltd., a subsidiary of China Electronic Standardization Institute under the Ministry of Industry and Information Technology (MIIT).

Continuing Obligations Under Certification

Opting for certification does not relieve data exporters of their substantive obligations under PIPL. Companies using the certification approach to legitimize a cross-border data transfer must still:

- Obtain separate consent from data subjects for the outbound transfer;
- Complete a Personal Information Protection Impact Assessment (PIA) prior to certification application;
- Fulfill notification obligations to data subjects regarding the transfer purpose, recipient identity, and processing methods;
- Maintain records of the PIA and certification materials for three years.

Conclusion

In practice, the certification path is typically more “programmatic” than a one-off filing for CBDT, but it also introduces third-party assessment and ongoing supervision expectations. For multinational companies, certification demands more intensive upfront work than SCCs, but the long-term payoff may prove substantial: a holistic, group-wide compliance framework more efficient than managing dozens or hundreds of individual SCCs. Companies with mature privacy programs, stable intra-group data architectures, and sufficient scale to justify the higher professional fees (typically more than SCC preparation) may wish to consider the certification option.

New Compliance Focus Under Amendments to China’ Cybersecurity Law.

《中华人民共和国网络安全法》修订

In October 2025, China passed the first major amendments to its Cybersecurity Law (CSL) since the legislation came into force in 2017. The updated rules took effect on Jan. 1, 2026. The amendments bring sharper teeth to enforcement — fines may now reach RMB 10 million for companies and RMB 1 million for individuals — while expanding regulatory reach beyond China’s borders and express statutory treatment of AI governance within the cybersecurity framework.

Expanded Extraterritorial Jurisdiction

The amended CSL broadens extraterritorial reach beyond critical information infrastructure (CII) to cover all activities endangering China’s cybersecurity. This amendment provides Chinese regulators with clearer statutory footing to assert jurisdiction over (i) overseas network activities affecting Chinese networks or users, (ii) cross-border data-processing arrangements deemed to pose cybersecurity risks and (iii) foreign entities or individuals involved in cyberattacks or other harmful digital conduct targeting China.

Chinese regulators now hold the power to (i) investigate and fine overseas organizations/individuals for cyber threats targeting China, (ii) impose countermeasures, including asset freezes; and (iii) issue travel bans on executives of non-compliant foreign entities.

Strengthened Penalty Regime

The amended CSL introduces a more graduated penalty system, with higher maximum fines for serious violations compared with those under the 2017 version:

- General network operators may face fines of up to RMB 2 million for severe violations (such as those causing a large amount of data leakage);
- Critical Information Infrastructure Operators may face fines of up to RMB 10 million in particularly serious cases (where the critical information infrastructure partially loses its function).

The amendments also increase personal liability exposure. Responsible personnel — including directly in-charge executives and other accountable individuals — may face fines up to RMB 1 million where violations lead to serious consequences.

The amended CSL also clarifies that Chinese regulators have the authority to order rectification, suspend related business operations, revoke permits or business licenses, and shut down unlawful applications or services in serious cases.

Formal Recognition of AI Governance

Another addition to the CSL is the express reference to AI development and supervision. The amended CSL encourages technological innovation — including AI research and application — while simultaneously requiring strengthened security management and risk control in this area.

Although this is a principle-based provision, it signals legislative confirmation that AI systems fall squarely within China’s cybersecurity governance architecture. This aligns the CSL with existing AI-related regulations and algorithm rules issued in recent years.

Clearer Liability for Network Products and Services

The amended CSL strengthens oversight of network products and security products that are subject to certification or testing requirements. Vendors of relevant products that fail to meet mandatory standards or evade certification procedures may now face explicit administrative penalties, including confiscation of illegal gains.

Convergence with China’s Broader Data Governance Regime

The CSL now operates more coherently alongside the Data Security Law (DSL) and the PIPL. While each statute addresses distinct regulatory objectives, the amendments signal an integrated enforcement approach. In particular, the amended CSL ties penalty tiers to outcomes such as large-volume data breaches, maintains CII personal information/important data localization and outbound assessment requirements, and continues to treat personal information violations as enforceable under the broader legal framework.

In investigations, regulators may rely on multiple statutes simultaneously. Conduct involving network vulnerabilities, unlawful data handling, or inadequate technical safeguards may trigger parallel liability under the CSL and other laws.

Considerations for Enterprises

In light of the 2025 amendments, businesses should consider taking the following actions:

- **Jurisdictional Mapping:** Identify overseas activities that might be characterized as impacting China’s cybersecurity under the CSL.
- **Board-Level Oversight:** Ensure cybersecurity governance is addressed at the senior management level, with clear documentation of oversight.
- **Product Compliance Review:** Confirm certification and testing requirements for network and security products supplied into China.

- **Integrated Compliance Architecture:** Align CSL compliance with DSL and PIPL obligations.
- **Incident Preparedness:** Maintain robust internal response procedures, as prompt rectification may help mitigate penalties.

While the amendments do not introduce an entirely new compliance regime, they elevate enforcement risk and extend regulatory reach. Multinational enterprises with digital or infrastructure exposure to China should consider treating cybersecurity compliance as a strategic legal priority, rather than as a purely technical function.

Foreign Investment

Government Releases the 2025 Edition of the Catalogue of Industries for Encouraging Foreign Investment (Catalogue)

《鼓励外商投资产业目录（2025年版）》

Jointly formulated by the NDRC and the Ministry of Commerce, and approved by the State Council, Chinese regulators issued the Catalogue as Order No. 37 on Dec. 15, 2025. It took effect on Feb. 1, 2026, simultaneously repealing the 2022 edition.

The Catalogue consists of two parts with a total of 1,679 entries, representing a net increase of 205 entries and 303 revisions, as compared with the 2022 edition. It includes:

- 619 entries for industries encouraged nationwide.
- 1,060 entries for advantageous industries in the central, western, northeastern regions, and Hainan Province.

Key Changes Compared with the 2022 Edition

The revisions focus on three main areas, reinforcing the orientation of “attracting foreign investment, optimizing structure, and promoting upgrading”:

1. **Advanced Manufacturing**

- New entries for high-end manufacturing, such as nucleic acid drugs, new vaccine development and production, intelligent testing equipment, core components of industrial robots, semiconductor materials, and high-end lithium battery materials.
- Expanded coverage of terminal products, key components, and supporting industries to strengthen the entire industrial chain and attract foreign investment to higher-value segments.

2. **Modern Services**

- New entries for emerging services, including operation of common technology platforms for new materials, research and development (R&D) and application of virtual power plants, professional pet medical services, and standardized camping industry operations.

- Optimized conditions for traditional service sectors:
 - Finance: focus on cross-border, green, and technology finance.
 - Technology: emphasis on industry-academia-research integration and technology transfer.
 - Logistics: focus on smart logistics, cold-chain, and cross-border logistics.

3. Regional Guidance

- Tailored entries to leverage local strengths:
 - Heilongjiang: R&D and manufacturing of ice-and-snow equipment, and related tourism industries.
 - Guizhou: R&D of computing infrastructure (software and hardware) and big data services.
 - Hainan: high-end healthcare and cross-border trade services.
- Improved coordination of regional policies to avoid conflicts and promote balanced foreign investment nationwide.

Additional Adjustments

- Refined wording of certain entries to clarify scope and technical standards (e.g., “high-end lithium battery materials,” “technology services”).
- Removed entries inconsistent with industrial development goals, such as low-end building materials processing and ordinary, extensive freight forwarding.
- Ensured alignment with national policies: if an industry listed in the Catalogue is later included in elimination or prohibition lists, its “encouraged” status will automatically lapse.

International Trade

Maritime Law Undergoes First Comprehensive Overhaul in Three Decades

海商法修订

On Oct. 28, 2025, China passed the newly amended Maritime Law, marking the first comprehensive update since the original law took effect in 1993. The amended law intends to address decades of regulatory gaps while positioning China to play a more influential role in global maritime governance. The new amendments will take effect on May 1, 2026.

Key highlights include the following:

1. Unified Domestic & International Rules

The amendments eliminate the long-standing “dual-track system” that applied different rules to international versus domestic coastal shipping. For the first time, domestic port-to-port maritime transport will fall under the Maritime Law’s scope, creating consistent legal expectations for carriers and

shippers operating across both markets.

2. Carrier Liability and “Actual Carrier” Definition

The amendments broaden the definition of “actual carrier” to include parties (e.g., port/terminal operators) performing carrier obligations under delegation, so that port/terminal operators have the opportunity to benefit from exemptions and liability limits available to carriers.

3. Legal Recognition of Digitalized Shipping Documents

To adapt to digital trade, the amendments formally recognize electronic bills of lading and sea waybills as legally equivalent to paper documents — provided they meet security and accessibility standards, including being (i) complete and accurate; (ii) readily retrievable for inspection; (iii) capable of identifying the issuer; and (iv) verifiable as to the holder’s identity.

4. Strengthened Marine Environmental Protection and Pollution Liability

The amendments add a dedicated chapter on ship pollution liability and strengthen obligations related to marine ecological protection. The new chapter establishes that vessel owners bear responsibility for oil spill damages, with certain exceptions. The amendments also introduce a mandatory ship oil pollution liability insurance system and improve the ship oil pollution compensation fund system, designed to help ensure adequate financial compensation for pollution incidents.

5. Improved Rules for Foreign-Related Maritime Disputes

To enhance China’s attractiveness as a forum for international maritime disputes, the amendments refine the rules governing the application of law in foreign-related maritime cases. Key changes include:

- Adding a mandatory application clause: international maritime transport contracts with loading or unloading ports in China must apply the Maritime Transport Contract chapter of China’s amended Maritime Law.
- Clarifying the applicable law for ship-related rights: registered ship ownership and mortgages are governed by the law of the registration country; unregistered ship ownership is governed by the law of the shipbuilding country; ship liens are governed by the law of the place where the ship is detained.
- Specifying that the law of the court hearing the dispute governs the order of priority between ship liens, mortgages, and privileges.

These updates may reduce legal uncertainty for foreign parties involved in maritime disputes in China and have the potential to make Chinese maritime courts more competitive.

Regulators Adopt Revisions to the Foreign Trade Law of the People’s Republic of China

《中华人民共和国对外贸易法》修订通过

The Foreign Trade Law of the People’s Republic of China, first enacted in 1994, underwent its first major revision in 2004 and two minor amendments in 2016 and 2022. On Dec. 27, 2025, the 19th meeting of the

Standing Committee of the 14th National People's Congress approved the second comprehensive revision. The new law, comprising 11 chapters and 83 articles (compared with 11 chapters and 69 articles in the 2022 version), will take effect on March 1, 2026.

This revision primarily optimizes the law's purpose and basic principles. Article 1 now adds the core content of "safeguarding national sovereignty, security, and development interests." Article 3 clarifies that foreign trade work serves national economic and social development and advances the building of a strong trading nation. Article 6 supplements the requirement for the state to proactively align with high-standard international economic and trade rules and participate in their formulation, further clarifying the value orientation and core direction of foreign trade law.

The law has transitioned the opening model for trade in services from treaty-based opening to autonomous opening. The amendments remove Article 24 of the 2022 version, which granted market access and national treatment for trade in services based on international treaty commitments and instead formally establish a negative list management system for cross-border trade in services in Article 31. Article 9 specifies that more favorable provisions in international treaties shall take precedence, thereby constructing an autonomous, controllable, and adaptable mechanism for opening trade in services.

The revision strengthens institutional regulation of digital trade, green trade, and data security. Article 60 stipulates that electronic bills of lading and electronic invoices have the same legal effect as paper documents and promotes international mutual recognition of digital certificates and electronic signatures, with the Ministry of Commerce and the General Administration of Customs jointly supervising digital trade. Article 61 establishes a green trade incentive system, granting customs facilitation and tax preferences for low-carbon, energy-saving, and environmentally friendly products, while improving standards and certification systems. Article 38 requires that data processing activities in foreign trade strictly comply with laws on data security and personal information protection.

The law further improves mechanisms for trade security, remedies, and support for small-to-medium enterprises (SMEs). Article 40 authorizes trade countermeasures against foreign entities that harm China's sovereignty, security, or development interests, and Article 54 sets anti-circumvention rules for trade remedies. Article 10 establishes reciprocal countermeasures against discriminatory trade measures, while Article 7 requires compliance assessments in the formulation of foreign trade-related policies. Article 55 establishes a trade adjustment assistance system to support SMEs impacted by shocks, and Article 68 clarifies national support for SMEs to engage in foreign trade. The amendments optimize penalty rules by removing minimum fine thresholds and authorizing regulators to flexibly set penalties based on the circumstances of violations.

In addition, the revision codifies the achievements of foreign trade system reform into law. Articles 58 and 59 include new business models, such as cross-border e-commerce, market procurement trade, and comprehensive foreign trade service enterprises, with explicit support for innovative development and simplified regulatory processes. Article 32 strengthens intellectual property protection in foreign trade, authorizing regulators to conduct random inspections and impose penalties such as confiscation of goods, fines, and suspension of import/export qualifications for infringements, thereby improving full-chain legal safeguards in the foreign trade sector.

Labor

MOHRSS Issues Opinions on Several Issues Concerning Implementation of Regulations on Work-Related Injury Insurance

《关于执行〈工伤保险条例〉若干问题的意见（三）》（人社部发〔2025〕62号）

The opinions, issued by the Ministry of Human Resources and Social Security (MOHRSS) as Announcement No. 62 of 2025 on Nov. 13, 2025, took effect immediately upon issuance. Issued pursuant to the Regulations on Work-Related Injury Insurance, the MOHRSS expects that the opinions will further clarify the interpretation and application of the relevant provisions and address new issues arising in the practice of work-related injury insurance.

The opinions focus on key aspects such as injury identification, benefit adjustment, and application acceptance, and provide detailed refinements. Compared with opinions (I) and (II) issued in 2013 and thereafter, the core changes are as follows:

- 1. Refining the criteria for applying the “Three Work Principles” (work time, workplace, and work cause):** The opinions provide a concrete list of circumstances that define working hours, workplace, and work-related causes. These include the hours stipulated by the employer, time spent on temporary assignments, and reasonable areas employees may travel for work purposes. The opinions further clarify that injuries sustained while reasonably attending to basic physiological needs during working hours shall be recognized as work related. By contrast, the opinions exclude injuries arising entirely from personal reasons from such recognition.
- 2. Clarifying rules for identifying work-related injuries in remote work scenarios:** The opinions introduce explicit standards for recognizing occupational injuries in digital and remote work settings. Where employees are working from home under the employer’s arrangement, and sufficient evidence shows that they sustained a work-related injury, such circumstances will not affect recognition as a work injury. By contrast, the opinions exclude situations involving only occasional or incidental communication, such as brief exchanges via WeChat or phone. The rules also specify that sudden illness occurring at home may be deemed to have arisen “during working hours and at the workplace,” provided the employee can demonstrate that they were performing assigned tasks, at an intensity consistent with normal work, and that the episode encroached upon rest time.
- 3. Expanding the scope of injury identification:** The opinions expand the circumstances under which work-related injuries may be recognized, even in cases where no formal labor relationship exists between the worker and the employing entity. Specifically, the opinions permit recognition when an employing unit unlawfully subcontracts or re-subcontracts to organizations or individuals without proper qualifications and personnel recruited thereby suffer casualties; when individuals engaged in affiliated business operations recruit personnel who suffer casualties; and in other situations expressly provided for under laws and regulations.
- 4. Refining practical operational points:** The opinions define four types of reasonable and excluded circumstances for commuting-related injuries, requiring that the trip be for commuting purposes and within a reasonable time and route. The time of work-related death shall be determined based on certificates issued by medical institutions or public security authorities, unless contrary evidence is available. The opinions further clarify that medical malpractice does not affect the original identification of a work-related injury, though the insurance fund does not cover related expenses. The opinion optimizes rules for adjusting benefits following reexamination and appraisal of labor

capacity: disability allowances shall be adjusted from the month after the appraisal conclusion, while one-time disability compensation remains unchanged.

- 5. Optimizing the connection between identification procedures and benefit settlement:** When accepting applications identifying work-related injuries, social insurance authorities must first verify the existence of a labor relationship. Where disputes arise, authorities must inform applicants that such matters should be resolved through arbitration or litigation as necessary. In addition, the regulations have broadened the definition of “employing unit” to include entities in which employees have not registered for social insurance, or have registered but failed to pay the required premiums.

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