

## **Adjustment of the Standard of Social Security Payment**

April 3rd, 2013.

Shanghai Human Resources and Social Security Bureau issued the New Standard of Social Security Payment in Shanghai (the "New Standard") on April 3rd, 2013. The New Standard has come into effect on April 1st, 2013 and will expire on March 31st, 2014.

The New Standard increases the payment base (the "Base"), which refers to the number used to calculate the amount of the social security payments.

The new standard regarding the upper limit and the lower limit of the Base are summarized as follows:

### **1. The Base**

The Base of the social security payments should be the actual salary of the employee, however, the upper limit is RMB 14,076 and the lower limit is RMB 2,815. In other words, if an employee's actual salary is over RMB 14,076, his/her Base of the social security payments should still be RMB 14,076, and if an employee's actual salary is below RMB 2,815, his/her Base should still be RMB 2,815.

### **2. The Cost**

The cost of the social security payments should be born divided as follows:

Born by the employee: 11% of the Base;  
Born by the employer: 37% of the Base.

The amount of the social security payment is a percentage of the Base. Since the Base is increased every year, the social security payment will be increased accordingly.