

Concerning Bank Accounts

Normally newly established companies may need to deal with the following four types of accounts: basic accounts, general accounts, account for settlement of foreign currency and foreign currency capital account.

Basic Accounts

The basic account is the main account of a company, which shall be examined and approved by the People's Bank of China.

Each company is allowed to open only one basic account mainly for daily settlement and cash transfers, and the cash flow of wages, bonuses and other payments can only be done through this account.

When opening a basic account, several issues shall be fully considered: the imprest limit, the minimum of salary distribution, convenient on-line bank service and bill machine service, management fees and service efficiency.

General Accounts

The general account is the company's another account for loans and rotate & store, through which transfers, settlements and deposit can be dealt with, except for the payment of cashes. Usually companies don't open basic account and general account in the same bank.

The general account shall also be examined and approved by the People's Bank of China, and it shall be applied only after the basic account is opened.

The company can open more than one general account according to actual needs. From the perspective of accounting, different general accounts can be opened respectively corresponding to different business or customer categories. For convenient financial management and account safety, separate general accounts are also called for.

Accounts for Settlement of Foreign Currency

The account for settlement of foreign currency is for the loans, rotate and store of foreign currency. Potential exchange losses due to trade and remittance of foreign exchange can be avoided through receipt and payment operations of foreign currency through this account.

Accounts for settlement of foreign currency can be opened respectively for different foreign currencies. The accounts shall first be examined and approved by the State Administration of Foreign Exchange and then submitted to the People's Bank of China.

Foreign Currency Capital Accounts

The foreign currency capital account can only be used for receiving or returning the capital remitted by foreign shareholders. This account will be written off after the registered capital of the company is fully paid.

Opening an Account---Timing and Conditions

The foreign currency capital account should be the first to be opened. There is a time limit for shareholders to pay in capitals, and the foreign currency capital account is the precondition for shareholders to pay in capital.

The foreign currency capital account can be applied from the State Administration of Foreign Exchange after obtaining the organization code certificate, and the account shall be opened upon receiving the approval.

The basic account can be opened after or along with the opening of the foreign currency capital account. The basic account is the necessity for the company's daily operations, including receipt and payment operations, the application of tax invoices and paying taxes. Upon the completion of tax registration, the opening of the basic account can be started.

After opening the basic accounts, the general accounts and accounts for settlement of foreign currency will be opened accordingly.

Required documents (slightly varying for different banks):

- ✓ the original and counterpart of the business license or the qualification certificate regulated by the *Administrative Rules for RMB Bank Settlement Accounts* by the People's Bank of China;
- ✓ the original and counterpart of the organization code certificate;
- ✓ the original and counterpart of the tax registration certificate;
- ✓ Authorization Letter by the legal person;
- ✓ the original ID card of the legal representative (copies of both sides of the new version of ID card)
- ✓ the original ID card of the operator (copies of both sides of the new version of ID card)
- ✓ Corporate seal, legal representative seal and financial seal;
- ✓ fill in the *Agreement on Management of the Settlement Account* (two copies in duplicate);
- ✓ fill in the *Application for Opening an Settlement Account* (one format in quadruplicate)
- ✓ The company with a registered capital of less than 500,000 RMB (500,000 RMB included) needs to provide office rental contract with at least one year of validity. The landlord needs to provide property right certificate.
- ✓ Three account stamp cards (with financial stamp on the left, signature stamp in the middle and corporate stamp on the right).



CPL provides strategic suggestions and operable solutions and help to smoothly complete numerous necessary governmental examination and approval procedures.

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