

# Investing in Asia Pacific 2018

Taiwan

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# Business Climate

Taiwan is located at the southernmost point of Northeast Asia, at the center of the East Asian island arc and the western edge of the Pacific Ocean, with Japan and the Ryukyu Islands to the north and the Philippines to the south. It is not only an important Asia-Pacific trade and logistics hub but also a major strategic base. Across its 36,000 km<sup>2</sup> are diverse natural elements and rich cultures.

## Getting to Know this Asia-Pacific Hub

### A Diverse Natural Environment

Taiwan is an island that consists of nearly two-thirds mountainous and hilly terrain and one-third tablelands, plains and basins. Mountain ranges that dominate the land contain more than 200 peaks over 3,000 m and run mostly north to south. Counted among them is the Central Mountain Range, which cuts a vertical swathe down the island and serves as its east-west watershed.

The combination of the Tropic of Cancer running through Taiwan and the high-mountain terrain creates a natural ecology comprising at least three distinct climate zones: tropical, sub-tropical and high elevation temperate. Living in this diverse environment are nearly 4,000 endemic species, including the Formosan landlocked salmon, Formosan macaque, Formosan black bear and Swinhoe's pheasant. These animals thrive in world-class conservation areas spread among Taiwan's nine national parks and 13 national scenic areas.

Elements that dot the marine landscape include capes and bays, rocky banks and beaches, and lagoons. This rich natural environment fosters exciting, growing recreational industries such as climbing, hiking, river tracing and rafting in the mountains, as well as scuba diving, surfing, snorkeling and whale watching at sea.



## A Pleasant Climate

Generally speaking, Taiwan remains warm throughout the year, with spring and winter seeing greater temperature variations than fall and summer. The average annual temperature is 22°C, with lows typically hovering around 12 - 17°C. The south is usually warmer than the north, with average January temperatures of approximately 16°C in Taipei and 20°C in Kaohsiung.

Stationary fronts during the change from spring to summer (March - May) bring frequent precipitation to northern and eastern regions, while summer (June - August) is hot with the occasional typhoon. Autumn features clear skies and cool weather, while the arrival of the occasional cold front in winter (December - February) provides the perfect opportunity to enjoy hot springs. Overall, Taiwan's climate makes it a pleasant place to live and travel. The hospitable weather during each of the four seasons sustains a wide range of fruits, vegetables and flowers that satisfies culinary and aesthetic desires.

## A Diverse History and Culture

A diverse range of peoples and ethnic groups makes up Taiwanese society, from aboriginals and Han Chinese to the recent new immigrants from Southeast Asia and other regions. Their history, languages, culture and religious beliefs blend into the everyday culinary, architectural and lifestyle habits of Taiwan, contributing to the rich and colorful culture of the island. The resulting stimulation brings endless vitality and creativity to Taiwanese society and opens valuable new cultural possibilities in the areas of music, art, industrial arts, architecture, and lifestyle aesthetics.

Mandarin is the lingua franca of Taiwan, and various ethnic groups use Taiwanese Hokkien, Hakka or one of 16 indigenous languages in everyday speech. Many members of the older generations who were educated during the Japanese colonial period can also speak Japanese. In terms of religions and belief systems, Taiwan is a tolerant society that welcomes traditional Buddhism and Taoism, folk beliefs, Christianity, Islam and other religions. Each entered Taiwan at a different time and subsequently prospered in an accepting environment.

## A Stable Political System

Taiwan is a free and democratic country that enjoys a high level of political freedom and stability. In four-year cycles citizens participate in democratic elections to directly elect the president, lawmakers, local leaders and local councilors. These rulers and representatives must act in accordance with popular opinion, accept public oversight and be responsible toward citizens.

Taiwan is currently a member of several international economic organizations, including the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) group and the Asian Development Bank (ADB). Taiwan engages in frequent trade and exchange with over 140 countries worldwide. As the global economy becomes freer and undergoes rapid development, Taiwan is constantly adjusting its industrial strategies, easing regulations and removing investment restrictions. As it strengthens intellectual property rights protection measures, Taiwan moves in line within international trends.

Taiwan's overall trade performance remains stable. In the "2017 Index of Economic Freedom," compiled by the Heritage Foundation, United States, Taiwan ranked 11th among the 180 economic entities covered and fifth in the Asia-Pacific area, trailing only Hong Kong, Singapore, New Zealand and Australia. Whether in terms of business freedom or trade freedom, Taiwan's performance was excellent.

Major Economic Indicators, Taiwan 2017	
GDP	US\$529.9 billion
GDP per Capita	US\$22,540
Economic Growth	1.48%
Export Value	US\$280.32 billion
Import Value	US\$230.57 billion
Foreign Exchange Reserves	US\$434.2 billion (end of 2017)
Unemployment	3.79% (end of 2017)
Labor Participation Rate	58.75%

## Foreign Investment

Statistics show that from the start of direct foreign investment in 1952 to the end of 2016, there were 46,915 approved foreign investment cases worth a total of US\$147.98 billion. The five leading source regions were the Netherlands, British Overseas Territories in the Caribbean, the United States, Japan and the United Kingdom, while the five leading invested industries were finance and insurance; electronic components manufacturing; distribution and retail; computer, electronic and optical products manufacturing; and information and communications technology (ICT).

In 2016, Taiwan approved 3,414 foreign investment cases worth a total of US\$11.04 billion. The five leading sources of this investment, which accounted for 86.98% of the year's total investment, were, in descending order, the Netherlands, British Overseas Territories in the Caribbean, Hong Kong, the United Kingdom and Japan. The five leading invested industries, which accounted for 86.35% of total investment, were, in descending order, electronic components manufacturing, mechanical equipment manufacturing, wholesale and retail sales, finance and insurance, and professional, scientific and technical services.

## 10 Investment Advantages in Taiwan

Over the past several decades, economic development in Taiwan has been driven by small and medium enterprises (SMEs) in the manufacturing industry. Traditional and technological products manufactured in Taiwan have earned international praise and have spread around the world. Taiwan's excellent geographic location, sound infrastructure, complete industrial supply chains, large numbers of R&D professionals and safe legal environment attract investment by international enterprises that choose Taiwan as a base to establish regional headquarters, research centers or logistics centers.

### An Asia-Pacific Logistics Hub

Taiwan is geographically located at the Asia-Pacific transportation hub connecting Northeast and Southeast Asia. Convenient travel from its world-class international airports makes it possible to fly in an average of just 2 hours 55 minutes from Taipei to six major cities in the western Pacific: Tokyo, Seoul, Beijing, Shanghai, Hong Kong and Singapore. Convenient transport from its world-class harbors makes it possible to ship goods in an average of just 53 hours from the Port of Kaohsiung to five major ports in the region: Manila, Singapore, Hong Kong, Shanghai and Tokyo. Taiwan serves not only as an important bridge connecting Europe, America and Japan to emerging Asia-Pacific markets but also as a preferred location for multinationals to establish Asia-Pacific headquarters.

### A Platform Linking to the World

Neighboring Taiwan to the west is the engine of global economic growth and the world's second-largest economy, Mainland China. To the north is the world's third-largest economy, Japan, and to the east is the world's largest economy, the United States. To the south are the 10 states of the Association of Southeast Asian Nations. Taiwan's excellent location places it in an ideal position to compete economically in Asia.

As the center of the global economy gradually moves from west to east, attention is shifting from mature to emerging markets. Whether in terms of language, geography or culture, Taiwan's proximity to the Mainland China market is indispensable. Other advantages, such as the ability to innovate, manufacturing strength, and the integration of Taiwanese businesses into Asian industrial chains, lead international enterprises to choose Taiwan as their base for entering Mainland China and the emerging markets of Asia. They then use Taiwan as a platform to expand worldwide.

### Excellent Performance in International Rankings

Taiwan's investment environment scores highly in numerous international rankings. In the "Global Competitiveness Report 2017-2018," issued by the World Economic Forum, Taiwan ranks 15th out of 137 economies and fifth in the Asia-Pacific. The Economist Intelligence Unit forecasts Taiwan's business environment to be 14th best in the world during the 2014-2018 period.

In the second "Business Environment Risk Intelligence" report of 2017, Taiwan ranks as the world's fourth best investment destination. In the World Bank's "Doing Business 2018" report, Taiwan finished 15th out of 190 economies for ease of doing business.

## Strong Industrial Clusters

The distribution of industrial clusters in Taiwan can generally be broken down into electronics and technology in the north, precision machinery in central regions, and petrochemicals and heavy industry in the south (key industry distribution is further described in the attachments at the end of the book). The World Economic Forum's "Global Competitiveness Report 2017" names Taiwan's "State of Cluster Development" second best in the world. From upstream to midstream to downstream, Taiwan offers sound industrial supply chains that can meet client needs, offer fast responses and quickly provide customized components. In terms of quality and quantity, the competitive nature of Taiwanese products is a major reason why foreign investors choose the island as an investment destination.

The highly developed nature of its industrial clusters has helped Taiwan to become the world's second largest information hardware producer, its semiconductor foundry industry and semiconductor packaging and testing industry to become tops in the world, its IC design industry to become second in the world and its PC products industry to become third. Another success story is the bicycle industry. In 2003, leading bicycle brands Giant and Merida recruited 18 component manufacturers to form what is known as the ATeam. Close cooperation and division of labor allow the A-Team to better meet customer needs by researching, developing and manufacturing products that satisfy leisure and professional needs. A-Team members work together to produce high-quality, high-cost, high-profit bicycles that are popular in international markets.

## Excellent Labor Force

Taiwan's excellent labor force is boosted by its universal education system, which each year adds more than 300,000 new graduates at the junior college and university level or above. In 2016, 5.57 million employed persons, or 49.45% of the labor force, had at least a college degree.

In the World Economic Forum's "Global Competitiveness Report 2017-2018," Taiwan's ranking for labor market efficiency is number 25 out of 137 economies. This showing is attributed to a tax system that encourages people to work and an increase in the labor participation rate among women. The government continues to promote world-class universities and research centers that will turn Taiwan into an East Asian center for higher education and a major exporter of Chinese-language education. By drawing on these resources, multinational enterprises can satisfy the manpower needs associated with entering the AsiaPacific market.

## Sound Legal Environment

Taiwan's Constitution stipulates that issues concerning human rights and contractual obligations and duties should be clearly prescribed by law; therefore, businesses find that regulations relating to taxes and fees are transparent and clear. Taiwan enjoys a healthy and independent legal system, with the average Taiwanese citizen having a high sense of awareness and respect for the law. Predictability and stability in business operations, therefore, are high. At the same time, commercial regulations are quickly adjusted in line with changing international norms and foreign investors enjoy substantial protection under the Statute for Investment by Foreign Nationals.

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## Sound Intellectual Property Protection

Taiwan's intellectual property laws are open and transparent. Not only do they meet the basic guidelines established under international treaties, they have also undergone revisions in response to business and international intellectual property law developments. Furthermore, Taiwan continues to strengthen the efficiency and quality of the patent and trademark application review process while also optimizing online application and status tracking systems to provide companies with even better service.

Taiwan has established a court dedicated to hearing intellectual property cases and an IPR police force dedicated to investigating counterfeiting and piracy. In response to technology and Internet developments and the strengthening of protection for business secrets, Taiwan has focused specifically on enhancing the professional training of law enforcement personnel. Thus, the overall climate for protecting intellectual property is complete and friendly for intellectual property holders and has won the praise of multinational corporations and IPR organizations alike.

In 2010, Taiwan and Mainland China signed the "Cross-Strait Agreement on Intellectual Property Rights Protection and Cooperation," which provides an official channel for Taiwanese to apply for and claim patents, trademarks and plant variety rights. An official working group and platform have been set up to ensure the operation of the dispute resolution mechanism and help Taiwanese businesses protect their intellectual property rights in Mainland China.

Taiwan is actively expanding international exchange and cooperation in the area of intellectual property and maintains close ties with the various institutions, chambers of commerce and organizations representing intellectual property rights holders. The government is also happy to receive progressive and constructive feedback with regard to intellectual property protection so that we may establish a positive intellectual property environment and provide businesses with safeguards with regard to their R&D and innovations, which in turn boosts business opportunities and economic development.

## A Friendly Fundraising and Financing Environment

Abundant capital, stable exchange rates, and relatively low interest rates and capital costs make Taiwan a friendly environment for fundraising and financing. Policies to attract foreign investment include relaxing restrictions on foreign enterprises that seek to raise capital and simplifying fundraising administrative procedures.

In terms of direct financing, the cost of listing on an exchange or over the counter is lower in Taiwan than in Hong Kong or China. The price-earnings ratio and price to-book ratio of shares are reasonable and liquidity is good. As of the end of October 2017 there were 67 foreign companies with a primary listing in Taiwan and 33 foreign companies with a primary OTC listing on the island. Opening of the Go Incubation Board for Startup and Acceleration Firms (GISA) and an exchange-based crowd funding program has further diversified Taiwan's fundraising channels.

In terms of indirect financing, Taiwan's high savings rate is a source of abundant capital and its low interest rates reduce the cost of financing. Incentives offered to banks that provide loans to SMEs and innovative industries further spread bank financing services to businesses of all types and sizes.

## A Diverse Culture of Innovation

Taiwan boasts a thriving R&D sector. Innovative elements bring worldwide popularity to its high-tech consumer electronic products, chain store services, bicycles, pearl milk tea and Chinese-language music.

The World Economic Forum (WEF) has listed Taiwan as an innovation-driven economy. In the 2017 WEF Global Competitiveness Report's innovation pillar, Taiwan was ranked 11th globally and 3rd in Asia, just behind Japan and Singapore; in terms of company R&D expenditure investment levels, Taiwan was ranked 10th globally. In the Global Entrepreneurship Development Institute's Global Entrepreneurship Index report, Taiwan was ranked 4th in terms of Entrepreneurial Aspirations. These rankings show that whether in terms of actual company R&D expenditures or entrepreneurial aspirations, Taiwan is among the countries leading the way forward. They also show that, coupled with Taiwan's industry cluster development and its long-term competitiveness (2nd in the WEF global competitiveness index report), these factors have fostered a diverse and innovative local culture and excellent environment. Aside from this, Taiwan also has more than 10 technology research institutions, including Industrial Technology Research Institute and the Institute for Information Industry, which are not only responsible for leading the island's industrial development but also for cultivating a large number of science and technology research and development talent, making them ideal partners for foreign companies seeking to enter the Asia-Pacific and global market.



# Taiwan

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# Advantageous Environment

Several factors make Taiwan a suitable location for investment by foreign enterprises: a friendly tax system, the provision of incentives, high-quality human resources and stable financial markets. Various industrial development zones satisfy the investment needs of foreign enterprises.

## A Transparent, Friendly Tax System

Much like the tax systems in Europe and the United States, Taiwan has a separate tax law for each type of tax. Tax laws are clearly defined, and filing requirements are relatively simple and straightforward. Taiwan has concluded 32 comprehensive tax agreements that are designed to encourage cross-border investment and economic activities. After Taiwan joined the WTO in 2002, it gradually began to reduce the average nominal and effective tariff rates for customs duties in order to meet WTO standards. The Taiwan tax system is characterized by its friendly environment, open and transparent collection and auditing procedures, and reliable taxpayer protection.

Major Economic Indicators, Taiwan 2017	
National Taxes	Income Tax, Business Tax, Commodity Tax, Customs Duties, Estate Tax, Gift Tax, Securities Transaction Tax, Futures Transaction Tax, tobacco and Alcohol Tax, Specifically Selected Goods and Services Tax
Local Taxes	Land Value Tax, Land Value Increment Tax, House Tax, Agricultural Land Tax, Deed Tax, Amusement Tax, Stamp Tax, Vehicle License Tax

## Profit-Seeking Enterprise Income Tax

A profit-seeking enterprise having its head office in Taiwan (including a subsidiary of a foreign company) is subject to profit-seeking enterprise income tax on its worldwide income. A foreign tax credit is available for income tax paid in other countries on income derived from outside Taiwan in accordance with the tax act of the source country of that income. The credit may be used to offset the foreign tax paid against the enterprise's Taiwan income tax liability, but the credit may not exceed the tax liability that would result if the foreign-source income were added to the Taiwan taxable income and taxed at the applicable domestic rate. A profit-seeking enterprise whose head office is outside Taiwan (such as a Taiwan branch of a foreign company) is subject to profit-seeking enterprise income tax on its Taiwan-source income, in accordance with the Income Tax Act.

Profit-seeking Enterprise Income Tax	
Taxable Income Bracket (NT\$)	Tax Rate
Up to 120,000	None
Over 120,000 (Note)	20% of total taxable income, but income tax liability may not exceed 50% of the portion of taxable income over NT\$120,000
Note: If the taxable income of a profit-seeking enterprise is less than NT\$ 500,000 in 2018 and 2019, the income tax rate would be 18% and 19%, respectively.	

- **Alternative Minimum Tax**

Profit-seeking businesses are required to include tax reductions and deductions, and income from securities and futures transactions, in their alternative minimum tax calculation. Since 2013, 50% of capital gains from transactions of shares held for at least three years by a profit-seeking enterprise (after allowance for losses from share transactions) have been tax exempt. In Taiwan, however, the alternative minimum tax does not apply to businesses without a fixed place of business or to agents for profit-seeking enterprises. Taiwan (such as a Taiwan branch of a foreign company) is subject to profit-seeking enterprise income tax on its Taiwan-source income, in accordance with the Income Tax Act.

Basic Tax Amount Formula
Basic tax amount = ((taxable income as described in the Income Tax Act + exempt income) – NT\$500,000) X 12%

## Individual Income Tax

- **Tax on Residents**

A “resident” for tax purposes is defined as a person who is domiciled in Taiwan and resides at all times within the territory of Taiwan, or a person who is not domiciled in Taiwan but who resides within the territory of Taiwan for no less than 183 days during a taxable year. A resident individual must file an income tax return, including the income, exemptions and deductions of his/her spouse and dependents.

Progressive Tax Rates of Individual Income Tax		
Tax Bracket (NT\$)	Tax Rate	Progressive Difference (NT\$)
0 ~ 540,000	5%	0
540,001 ~ 1,210,000	12%	37,800
1,210,001 ~ 2,420,000	20%	134,600
2,420,001 ~ 4,530,000	30%	376,600
Over 4,530,001	40%	829,600

Since January 1, 2016, an integrated housing and land tax system has been in effect. Profits from housing and land sales are taxed at different rates depending on how long the owner has held the property.

Resident		Non-Resident	
Time of Ownership	Tax Rate	Time of Ownership	Tax Rate
1 year or less	45%	1 year or less	45%
Between 1 and 2 years	35%		
Between 2 and 10 years	20%	More than 1 year	35%
More than 10 years	15%		
Owner-Occupied Residence	10%		

- **Tax on Nonresidents**

An individual who is not domiciled in Taiwan and who stays in Taiwan for less than 183 days in a calendar year will be deemed a nonresident. Income tax on nonresidents, which is generally collected through withholding at the source, is typically subject to a tax rate from 15% to 21%. If a nonresident individual is in Taiwan for less than 90 days in a calendar year, compensation received from a foreign employer is exempt from Taiwan income tax.

- **Alternative Minimum Tax**

If an individual enjoys investment tax credits, has overseas income, or claims a tax exemption, and has a basic income over NT\$6.7 million, he or she should file as a household unit and declare basic income. The alternative minimum tax does not apply if the person is non-resident, or although a resident does not meet the criteria above.

Basic income = net consolidated income + overseas income (amounts less than NT\$1 million are exempted) + life insurance and annuities insurance for beneficiaries and policyholders (the portion of total annual household death benefits up to NT\$33.3 million is exempted) + income from transactions of beneficiary certificates of privately offered funds + non-cash donations

Basic taxable amount = (basic income - NT\$6.7 million) x 20%

## Tax Treaties

In accordance with the Income Tax Act, nonresident individuals and foreign profit-seeking enterprises having no fixed place of business in Taiwan shall have 15%, 20% or 21% tax payable withheld at the time of payment for dividends, interest and royalties. Taiwan has concluded 32 comprehensive income tax agreements. Withholding tax rates for dividends, interest and royalties under these treaties are as follows:

Country	Items		
	Dividends (%)	Interest (%)	Royalties (%)
Non-treaty countries	21	15, 20	20
Europe			
Austria	10	10	10
Belgium	10	10	10
Denmark	10	10	10
France	10	10	10
Germany	10, 15	10, 15	10
Hungary	10	10	10
Italy	10	10	10
Luxembourg	10, 15	10, 15	10
Macedonia	10	10	10
Netherlands	10	10	10
Poland	10	10	3, 10
Slovak Republic	10	10	5, 10
Sweden	10	10	10
Switzerland	10, 15	10	10
United Kingdom	10	10	10
Czech Republic	Already signed to be effective until December 31, 201		

Country	Items		
	Dividends (%)	Interest (%)	Royalties (%)
Asia			
India	12.5	10	10
Indonesia	10	10	10
Israel	10, 7,	10	10
Malaysia	12.5	10	10
Singapore	40 (Note)	Undecided	15
Thailand	5, 10	10, 15	10
Vietnam	15	10	15
Japan	10	10	10
China	Already signed to be effective until December 31, 2017		
Oceania			
Australia	10, 15	10	12.5
Kiribati	10	10	10
New Zealand	15	10	10
Americas			
Canada	10, 15	10	10
Paraguay	5	10	10
Africa			
The Gambia	10	10	10
Senegal	10	15	12.5
South Africa	5, 15	10	10
Swaziland	10	10	10

Note:

The total of the issuing company's corporate income tax liability and the tax withheld will not exceed 40% on a weighted basis.

## Business Tax

All sales of goods or services, including imported goods or labor, within Taiwan are subject to the business tax. Foreign enterprises that do not have a fixed place of business in Taiwan and that purchase goods or services for exhibitions or temporary business activities (such as business trips, inspections, market surveys, investment promotions, marketing, or marketing presentations) within a period of one year may qualify for a VAT refund on the goods or services provided reciprocal treatment or an exemption from similar taxes is granted to the same institutions of Taiwan by the foreign country in which they are performing such activities.

Value Added Business Tax (VAT)	The VAT is levied by the business during the sales process. Except for items for which zero-rate or tax exemptions apply, the current rate is 5%.
Non-Value Added Business Tax	Industries in which the non-value added business tax is levied include finance, pawn broking, special food and beverage services, small-scale businesses, and business operators that by Ministry of Finance regulations are exempt from reporting sales. Businesses in the above industries pay the non-value added business tax based on their total sales, without deducting input tax. The highest rate is 25%, and the lowest is 0.1%. Businesses in the aforementioned industries may apply to switch to the VAT.

## Specifically Selected Goods and Services Tax

In accordance with the Specifically Selected Goods and Services Tax Act, a special tax of 10% shall be imposed on the sale, manufacture, and import of specifically selected goods or services within Taiwan, except where other laws apply. (Effective January 1, 2016, this tax is no longer collected on real estate.)

## Commodity Tax

All commodities listed under the Commodity Tax Act, whether manufactured in Taiwan or imported, are subject to the commodity tax, except where other laws apply. Tax rates or amounts are different for each category of commodity.

## Customs Tariffs

Customs duties, including valuation and classification, are levied in accordance with the Agreement on Customs Valuation, World Trade Organization, and Harmonized Commodity Description and Coding System (HS) of the World Customs Organization. In calculating customs tariff, ad-valorem tariff is primary; specific tariff and compound tariff are secondary. The customs value of imported goods subject to ad valorem duties shall be determined and calculated on the basis of the transaction value. The term "transaction value" means the price actually paid or payable for the imported goods sold from the exporting country to Taiwan.

## Tobacco and Alcohol Tax

Tobacco and alcohol products, whether manufactured domestically or imported, are subject to the tobacco and alcohol tax. A health and welfare surcharge is also levied on tobacco products.

## Estate Tax and Gift Tax

When a Taiwan national who is a resident of Taiwan dies or presents a gift, the estate tax or gift tax is levied on his or her entire estate and all property transferred by gift, whether domestic or foreign. For a Taiwan national who is a non-resident or a non-Taiwan citizen, only the portion of property which is inside Taiwan is subject to the estate tax and gift tax. The tax-exempt amount of the estate tax is NT\$ 12 million. If the Taiwan investment of the inheritor conforms to provisions of the Regulations on Preferential Estate Tax on Approved Investment by Returning Overseas Chinese, then 50% of the current asset value of the approved portion of the investment is deducted and exempt from the estate tax.

Estate Tax		
Value of Inheritance (NT\$)	Tax Rate	Progressive Difference (NT\$)
50,000,000 or less	10%	0
50,000,001 - 100,000,000	15%	2,500,000
100,000,001 or more	20%	7,500,000

The donor is generally the payer of the gift tax and is eligible for an NT\$2.2 million exemption from taxes per year. Gifts such as donations to public schools, public entities, state-run organizations or units, non-profit organizations, charitable organizations, and religious groups are exempt from the gift tax.

Gift Tax		
Taxable Value of Gift (NT\$)	Tax Rate	Progressive Difference (NT\$)
25,000,000 or less	10%	0
25,000,001 - 50,000,000	15%	1,250,000
50,000,001 or more	20%	3,750,000

## Securities Transaction Tax

Trading of securities, including shares issued by companies, corporate bonds and other securities offered to the public with government approval, are subject to a securities transaction tax payable by the seller.

## Futures Transaction Tax

A futures transaction tax is assessed on all those who engage in futures transactions in Taiwan.

## Introduction to Local Taxes

Resident	Non-Resident
Land Value Tax	Except for land that is subject to the agricultural land tax (currently suspended), land that has been assigned a value in Taiwan is subject to the land value tax.
Land Value Increment Tax	Land that has been assigned a value in Taiwan is subject to the land value increment tax based on the total amount of land value increment at the time of transfer of the land title.
House Tax	The house tax is levied on all houses that are attached to land within the Taiwan territory and on such other buildings which enhance the utility value of those houses.
Deed Tax	For building transactions involving sale, the creation of lien, exchange, bestowal, partition, or acquisition of ownership by virtue of possession, the taxpayer is required to report the transaction and pay the deed tax.
Stamp Tax	Various kinds of documents as specified in the Stamp Tax Act and drawn up in the Taiwan territory are subject to the stamp tax. If a document has been drawn up in several countries and is signed by one of the parties within Taiwan territory, it is legally subject to the stamp tax.
Vehicle License Tax	The owner or user of transportation equipment that uses public roads or waterways in Taiwan, regardless of purpose, whether public, private, or military, is required by law to obtain a vehicle license and pay the vehicle license tax in addition to obtaining required permits and paying fees as provided by various laws.
Amusement Tax	Amusement tax shall be levied on tickets sold or fees charged by amusement places, facilities or activities; if the amusement places, facilities or activities do not sell tickets but supply drinks or entertainment facilities for a fee, the amusement tax shall be levied on the amount of charges.

# Highly Professional Workforce

## Labor Market

- A Quality Labor Force That Continues to Improve**

Overall, Taiwan's labor market is stable. In 2016, labor force participation and the unemployment rate were 58.75% and 3.92%, respectively. The labor force has shown long-term positive growth, with the number of workers increasing from 10.37 million in 2005 to 11.73 million in 2016. Greater focus on higher education in the last decade has paid off in terms of the percentage of the labor force with at least a college degree. Additionally, authorities have instituted policies to foster practical education, cooperation between academia and industry, and lifelong learning. These factors have led to improvements in the quality of manpower and Taiwan's competitiveness in the global labor market.

More than 300,000 graduating students with college-level degrees or above enter the workforce each year, including over 60,000 graduates with a Ph.D., master's or other advanced degree. Approximately half of the workforce has a higher-education degree and there are 12.9 researchers for every 1,000 employed workers. In addition, Taiwan benefits from technicians and supervisors in the manufacturing and service industries who have accumulated a high degree of skill over years of work. Whether technicians or supervisors are needed, Taiwan can supply excellent human resources to satisfy the needs of foreign investors.

- Rising Labor Productivity**

Over the past decade, the consumer price index rose an average of 1.2% annually and the average salary for industrial and service workers increased an average of 1.2% annually. While prices and wages have shown long-term stability, labor productivity has increased an average of 3.1% annually and continues to rise.

Average Regular Monthly Wages in the Five Major Industries for Foreign Investment in 2017						
(Units: NT\$)						
Manufacturing			Wholesale and Retail	Finance and Insurance	Professional Scientific and Technical Services	
		Electronic Component Manufacturing				
Total	36,040	41,378	31,373	38,205	60,610	50,228
Executives and Supervisors	70,966	86,867	63,881	70,024	109,406	83,990
Professionals	54,830	58,287	44,698	52,031	65,952	59,794
Technicians and Associate Professionals	37,472	38,395	33,232	36,703	55,635	39,095
Clerical Support	30,001	35,170	28,216	30,628	46,237	32,016
Service and Sales	31,297	26,894	30,235	26,689	42,789	29,593
Artisans, Machinery Operators, and Assemblers	28,516	230,800	27,200	31,785	43,389	30,163
Basic Laborers	22,962	24,136	21,118	25,638	34,749	21,296



- Employee Hiring

Over the past decade, the number of professionals in Taiwan has grown by 560,000, an increase of 67%. This is followed by employees in service and sales which has grown by 280,000, an increase of 14.52%. Administrative staff, technicians and professional assistants increased by 10 to 15%. Analysis suggests that the leading reasons for employee turnover are job content, changing job functions and family factors. Therefore, in order to retain staff, employers not only rely on wage and benefit incentives but also provide a variety of special programs for employees, authorize them to serve key clients and provide opportunities for overseas training.

## Salary Structure

In Taiwanese companies, the average annual salary usually includes the basic fixed monthly wage (including normal pay and monthly allowances and bonuses) and variable pay (including overtime, annual bonus, performance bonuses and attendance bonuses). The average annual bonus is equivalent to 1.5 months' wage and is typically paid before the Lunar New Year.

## Labor Regulations

- Wages and Working Hours

Taiwan has a comprehensive labor rights protection system based primarily on the Labor Standards Act, the provisions of which stipulate the basic wage, working hours, weekends and holidays, and other basic working conditions. The basic wage is NT\$21,009 per month or NT\$133 per hour (to be adjusted to NT\$22,000 per month or NT\$140 per hour on Jan. 1, 2018). Regular working hours may not exceed 8 per day or 40 per week.

Category	Regular Working Hour		Regular Leave			Notes
	Daily	Weekly	Regular Leave	Regular Leave	Total	
Regular	8	40	Minimum 1 day for each 7 days	Minimum 1 day for each 7 days	2 days	Must be agreed by labor union or labor management conference
2-week flexible working hour	10	48	Minimum 1 day for each 7 days	Minimum 2 day for each 2 weeks	4 days	
4-week flexible working hour	10	-	Minimum 2 days for each 2 weeks	Minimum 4 days for each 4 weeks	8 days	
8-week flexible working hour	8	48	Minimum 1 day for each 7 days	Minimum 8 day for each 8 weeks	16 days	

Regular working hours plus extended working hours may not exceed 12 hours per day and extended working hours may not exceed 46 hours per month. Overtime pay shall be paid in accordance with the law.

	Overtime Hours	Overtime Pay	Notes
Ordinary work days	$H \leq 2$	Regular rate plus at least 1/3	Overtime pay shall be calculated on hourly wage for normal working days
	$2 < H \leq 4$	Regular rate plus at least 2/3	
Rest day	$H \leq 2$	Regular rate plus at least 1 1/3	$H \leq 4$ , calculated as 4 hours; $4 < H \leq 8$ , calculated as 8 hours; $8 < H \leq 12$ , calculated as 12 hours.
	$H > 2$	Regular rate plus at least 1 2/3	

When workers have accumulated a designated time in service with a single employer or business entity they shall be entitled to annual paid leave as stipulated in the following chart:

Years in Service	Annual paid Leave (Days)	Notes
$0.5 \leq Y < 1$	3	Annual paid leave days shall, in principle, be scheduled by the worker. For days of leave not taken, the worker should be paid his/her wage.
$1 \leq Y < 2$	7	
$2 \leq Y < 3$	10	
$3 \leq Y < 5$	14	
$5 \leq Y < 10$	15	
$Y > 10$	One day is added per year, up to a maximum of 30 days.	

Wages shall be paid by the employer for regular leaves, rest days, holidays (Labor Day and other memorial or festival days designated as leave days by the government) and annual paid leaves. When a worker agrees to work on a holiday (including holidays and annual paid leave days), the employer shall pay double the regular rate for such work.

Under the stipulations of the Labor Standards Act, Regulations of Leave-taking of Workers, and Act of Gender Equality in Employment, workers may apply for maternity leave, sick leave, menstruation leave, personal leave, family leave, pre-natal check-up leave, paternity leave, wedding leave, and mourning leave.

In addition, the Act of Gender Equality in Employment provides basic protection for employees through its provisions prohibiting gender discrimination and sexual abuse, and other stipulations for promoting equality at work including the right to apply for unpaid parental leave and resumption of employment.

## Insurance and Welfare

- **Labor Insurance**

Labor insurance is a comprehensive insurance including both general accident insurance and occupational disaster insurance. Insurance premiums are calculated according to monthly insured salary, insurance rate, and sharing ratio. On May 1, 2016 the maximum insured salary was raised to NT\$45,800, and the minimum insured salary is set according to the minimum wage. In 2017, the general accident insurance rate was 9.5% of the monthly insured salary of the insured party (exclusive of 1% employment insurance). The cost of insurance is borne 70% by the employer, 20% by the employee and 10% by the government. Occupational accident insurance rates for 2017 ranged from 0.11% to 0.99% of monthly salary, and premiums are fully paid by the employer.

- **Employment Insurance**

In 2016, the employment insurance premium rate was set at 1% of the monthly insurable salary; 70% of the premium is borne by the employer, 20% by the employee and 10% by the government.

- **National Health Insurance**

National Health Insurance (NHI) is a form of compulsory social insurance. It is a universal system that offers equal care to all subscribers and guarantees medical services to those who are sick, injured, pregnant, or facing other medical needs. Taiwanese nationals who have established household registration in Taiwan for a period of six months and Taiwanese children born in Taiwan who have completed household registration procedures must be enrolled in the NHI program. Foreign nationals (including people from Hong Kong, Macau, and China) who hold an alien resident certificate (ARC) and who meet the requirements of the National Health Insurance Act and regulations announced by the competent authority shall join the NHI program from the date of their hiring if they have a regular employer, and non-employees holding residency documents for six months shall also register, in order to guarantee their right to treatment.

To protect the right to health of newborn foreign children, children born on Taiwan who have ARCs must participate in the NHI program the day of their birth. This policy will be implemented from the day of announcement. For more information refer to the National Health Insurance Administration website: <https://www.nhi.gov.tw/>.

- **Retirement Pensions**

The Labor Pension Act sets out the employer's obligation to provide retirement benefits to the individual labor pension account of each employee, with the rate of contribution by the employer to not be less than 6% of the worker's monthly wage. A retirement plan's portability feature means that it is not affected by career changes, resignation or dismissal. When employees who fell under the old pension system set by the Labor Standards Act before implementation of the Labor Pension Act in 2005 elect to remain in the old system, or switch to the new system but keep their seniority under the old system, their employment unit pays a monthly pension premium equivalent to 2% to 15% of the worker's preretirement monthly wage into its pension reserve fund.

## Employment of Foreign

**Professionals** Foreign professionals who conduct professional or technical work in Taiwan must be paid an average monthly salary of at least NT\$47,971. To apply for a work permit, they must have a professional license or have obtained a degree of a designated level or higher. Typically, a foreign professional must have at least two years' experience, but the Ministry of Labor has formed a committee mechanism to review individual cases and grant exceptions. A work permit is valid for up to three years at a time and can be extended by the employer.

In order to encourage foreign students who obtain degrees in Taiwan to stay and work in professional or technical positions, such students can apply to receive a work permit through a special merit-based appraisal system (restrictions in the previous paragraph do not apply). The system evaluates eight major criteria: the applicant's academic record, salary, work experience, position, Chinese-language capabilities, and personal experience, along with compliance with government policies. The Ministry of Labor can issue a work permit if the applicant scores at least 70 points and the employer is qualified to hire foreign professionals.

Enterprises that provide a substantial benefit to economic development in Taiwan or have special circumstances can seek approval from the competent labor and industrial authorities for an exemption from paid-in capital or revenue restrictions when hiring foreign workers. The Taiwan representative offices and secretariats of international NGOs are also permitted to hire foreign professionals to work in Taiwan.

To make it easier for innovative start-ups to attract foreign professionals and bring in new expertise, experience and creativity to Taiwan, on January 7, 2015, the Ministry of Labor began allowing qualified companies to hire foreign white-collar workers with a college degree even if those workers did not have two years' related experience. It also eased employer capital requirements by eliminating the need for such startups to have revenues of at least NT\$10 million or paid-in capital of at least NT\$5 million.

On July 26, 2017, the Ministry of Labor relaxed the conditions for foreign spouses accompanying foreign professionals engaged in part-time work as well as the employer's qualification criteria to resolve obstacles for the spouses of foreign professionals applying for work permits as well as to provide flexibility for parttime work. The minimum hourly wage of the spouses of foreign professionals is NT\$200.

Taiwan's Act for the Recruitment and Employment of Foreign Professional Talent officially went into effect on February 28, 2018.

On October 31, 2017, Taiwan's Legislature passed the Act for the Recruitment and Employment of Foreign Professional Talent in a bid to attract and retain more international professionals in the country, and it officially went into effect on Thursday of this week. Among the 10 new incentives included with the law, qualified foreign professionals now have the option of applying for a four-in-one "Employment Gold Card", which includes a work permit, residence visa, alien residency permit and re-entry permit.

The new law defines three new categories of foreign professionals, including "foreign professionals", "foreign special professionals", and "foreign senior professionals". The "foreign professionals" refers to professionals who meet requirements defined by government agencies and examples include: technical workers, business executives, sports coaches or athletes, independent artists, and specialty or technology teachers at short-term cram schools. In order to speed up the transformation and upgrading of domestic industries, "foreign special professionals" are those who are skilled in eight major areas, including: science and technology, economics, education, culture and arts, sports, finance, law and architectural design. Targeted areas include non-technology, artificial intelligence (AI), Internet of Things (IoT), virtual reality (VR), semiconductors, biotech, green energy, FinTech, digital economy, and more. Also, the "foreign senior professionals" are senior professional talents and specialists in areas that Taiwan is lacking in, such as science, research, business management, and winners of international competitions.

The act has eased regulations on visitor, work and residence visas for foreign professionals, including those for their spouses and children. It also makes provisions for retirement benefits, expanded health insurance coverage and tax concessions. The introduction of a special employment visa for professionals will still be limited to individuals who during the most recent six months of work earned at least NT\$47,971 (US\$1,648) per month, while those without working experience should at least have graduated from one of the world's 500 top universities. The maximum number of such foreign professionals for this year was set at 2,000, but that could change in the future.

The newly relaxed rules also now allow teachers of animation, gaming and other forms of digital content to teach in cram schools, as long as they have over four years of related work experience and over two years of teaching experience. In addition to the benefit for gamers, foreign independent artists will also be allowed to apply for a work permit in Taiwan without an employer.

# Stable Development of Finance and Foreign Exchange

## Financial Organizations

Financial organizations in Taiwan are generally divided into deposit monetary institutions such as domestic banks, branches of foreign or Chinese banks, credit cooperatives, and the credit departments of fishermen’s and farmers’ associations; the Department of Savings and Remittance of the Chunghwa Post Co.; and life insurance companies.

prices and wages have shown long-term stability, labor productivity has increased an average of 3.1% annually and continues to rise.

## Administration of Foreign Exchange

Foreign currency exchange in Taiwan is conducted in accordance with the provisions of the Foreign Exchange Regulation Act and is based on the operation of the free market. Currently, inward and outward remittances of purely foreign-denominated capital that do not involve conversion of New Taiwan Dollars are fully free. They can be directly handled by banks, with interest and exchange rates decided by the market. Inward and outward remittances of foreign-denominated capital that involve the conversion of New Taiwan Dollars are subject to a few restrictions. Capital flows on products, services, approved direct investments, and securities investments are fully free; short-term capital movement restrictions requiring approval from the Central Bank apply to the conversion of more than US\$50 million per year by a company, limited partnership, or firm, and to the conversion of more than US\$5 million cumulatively per year by an individual or association. A single transaction conversion of more than US\$ 100,000 by a non-resident also requires Central Bank approval. These restrictions are in place in order to maintain the exchange stability of the New Taiwan Dollar. Foreign exchange transactions with a value equal to or exceeding NT\$500,000 must be reported.

How to Open a Bank Account		
Foreign Individual	With an ARC	ARC and second form of identification, such as a passport, local driver’s license or NHI card, are needed.
	Without an ARC	Valid passport with entry visa (or stamp) or Overseas Chinese Identification Certification and Record of ID No. in the ROC are needed.
Foreign Corporation	Registered with the Taiwan government authorities	Application can be made using the company registration certificate along with the minutes of the board of directors meeting, articles of incorporation, or financial statements.
	Not yet registered with the Taiwan government authorities	Certificate of incorporation, ID of responsible person, power of attorney appointing its representative or agent in Taiwan, and the Tax Code notice issued by the local tax authorities are needed.

## Foreign Investment in Taiwan Securities

The process for overseas Chinese or foreign nationals investing in less than 10% of the equity of companies listed on the stock market, over-the-counter market, or emerging share markets, or other domestic securities, is very convenient. Overseas Chinese and foreigner nationals must entrust a domestic agent (usually a domestic bank or securities firm) or a representative who registers with the Taiwan Stock Exchange. The overseas Chinese or foreign national may then entrust any local securities firm to handle registration with the Taiwan Stock Exchange. Once the registration is completed, an account may be opened with the securities broker to buy and sell securities. If a single investment exceeds 10% of the equity of an enterprise, the investor must submit an application to the Investment Commission of the Ministry of Economic Affairs, the administrative office of any science park, or the Export Processing Zone Administration of the Ministry of Economic Affairs.

## Status of Financial Markets

At the end of October 2017, Taiwan's foreign exchange reserves were US\$447.8 billion, and in 2016 the savings rate stood at 33.91%. At the end of 2016, the financial industry was NT\$83.44 trillion; in 2016 the output value of Taiwan's financial and insurance industries was NT\$1.21 trillion, equal to 6.56% of GDP. Profits are increasing each year in Taiwan's well-run banking, Securities industry, and insurance industries.

Income before tax in 2016 in the banking and insurance industries was NT\$337 billion, NT\$32.4 billion, and NT\$119.1 billion, respectively, showing that Taiwan's financial markets are becoming more mature.

In 2016, Taiwan had more than 1,624 enterprises listed on stock and OTC markets with a combined market value of approximately NT\$29.9705 trillion. Its securities market transaction amount was NT\$24.0946 trillion and the transaction turnover rate was 80.39%. At the end of 2016, the market value of Taiwan's listed and OTC companies and their transaction amounts accounted for 1.3% and 0.8%, respectively, of the world total, showing the maturity, and high transaction volume of Taiwan's securities market. Relative to stock markets in Mainland China and Hong Kong, Taiwan features excellent R&D personnel and strong intellectual property rights protection. Its financial assessments of technology enterprises are both fair and trustworthy.

Taiwan offers stable exchange rates and a mature securities market. In recent years, regulatory revisions that have eased restrictions and simplified administrative procedures for foreign enterprises that seek to raise capital have encouraged more foreign enterprises to list in Taiwan. At the end of October 2017, Taiwan had 904 enterprises listed on stock markets; 67 of these were foreign companies, accounting for 7% of the total. There were also 740 OTC companies, 33 of which were foreign companies, accounting for 4% of the total. Foreign companies that listed in Taiwan had a P/E ratio of 21.18, which was much higher than the overall P/ E ratio of 16.69. The average turnover rate of 177.82% for foreign companies was also much higher than the overall average of 62.59%. These numbers show that investors are highly receptive to foreign companies and will help those companies raise capital through active trading.

## Financial Liberalization

Restrictions that prevented foreigners from investing in Taiwan's financial intermediary industry (including banks, credit cooperatives, bills finance firms, credit card issuance companies and financial holding companies) and insurance industry (including life insurance, property insurance and reinsurance) have been lifted. Foreigners are now permitted to own up to 100% of shares in a Taiwan financial institution.

To turn Taiwan into an Asia-Pacific financial planning center that can attract foreigners to engage in financial planning and the purchase of a diverse range of financial products, the government has adopted plans for using offshore banking units, offshore securities units, and offshore insurance units (opened to application in 2015) to develop international financial businesses. By the end of October of 2017, 38 banks were approved to set up offshore banking units (OBUs), 17 securities brokers were approved to establish offshore securities units (OSUs), and 20 insurance companies were approved to establish offshore insurance units (OIUs).

To promote development of the finance industry, the government is encouraging the development of innovative products and convenient services. In its management of the foreign exchange business, the Central Bank has continued to liberalize the business scope of all types of financial institutions and has simplified related application procedures. Policies include: significantly simplifying banking with electronic processing of foreign exchange services; allowing designated banks to accept clients using internet banking to set up foreign exchange accounts; liberalizing New Taiwan Dollar spot foreign exchange transactions, derivatives business, and the scope of foreign currency loans which securities firms and related securities business may handle to increase the flow of foreign currency funds; opening up the insurance industry to allow foreign-currency receipt and payment for investment insurance products, traditional insurance, property insurance, and reinsurance to allow banks to participate in the foreign currency policy loans and the foreign currency syndicated loans foreign currency lending businesses; and allowing securities businesses to handle foreign currency bond brokerages, dealerships, and the foreign currency bond settlement banking business. To strengthen the domestic financial infrastructure, multicurrency foreign currency settlement platforms in line with international standards have been established. This improves remittance efficiency and significantly reduces customer remittance costs, bank operating costs, and foreign exchange settlement risk.

A hand is shown in the bottom left corner, holding a large, lit paper lantern. The lantern is glowing with a warm orange light. In the upper right, another smaller lit paper lantern is floating in the sky. The background is a clear blue sky transitioning to a bright orange sunset at the horizon. A thin yellow horizontal line is positioned below the text.

We offer solutions tailored  
to your tax challenges.

*Successful companies consider tax implications before they make business decisions, so they do not pay more than their legal obligation. This makes international tax compliance, consulting, and structuring a crucial element in your global strategy.*



# Vibrant Lifestyle

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Several factors make Taiwan a suitable location for investment by foreign enterprises: a friendly tax system, the provision of incentives, high-quality human resources and stable financial markets. Various industrial development zones satisfy the investment needs of foreign enterprises.

## A Handy Guide to Visas and Residency

### Visas

Various types of visas are available depending on the purpose of the visit and the status of the individual.

- **Visitor Visa:**  
A short-term visa is normally valid for a period within six (6) months from the date of issue.
- **Resident Visa:**  
A long-term visa is normally valid for a period of six (6) months or more from the date of issue.
- Diplomatic Visa
- Courtesy Visa

- **Visitor Visa**

Foreign nationals who hold ordinary passports or other legal travel documents and who intend to stay in Taiwan for no more than six months for the purposes of transit, tourism, visiting relatives, interviews, undertaking inspections, attending international conferences, conducting business, short-term study, short-term employment, short-term missionary work, or engaging in other activities approved by the Ministry of Foreign Affairs.

Stays of up to 14, 30, 60 or 90 days.

Visitor visa holders who are permitted to stay in Taiwan for 60 days or more and whose visas do not state that “no extension will be granted” may apply at the local service centers of the National Immigration Agency for an extension of visa.

- **Resident Visa**

Foreign nationals who hold ordinary passports and who intend to stay in Taiwan for 180 days or more for the purpose of joining family, studying, employment, investment, missionary work, conducting official duties, participating in international exchange programs, and engaging in other activities approved by the Ministry of Foreign Affairs or other central competent authority.

Resident visa holders must apply for an ARC at the local service centers of the National Immigration Agency within 15 days dated after arrival in Taiwan or from the date when approval is granted to switch one’s original visa to a residence visa for those who apply in Taiwan. The ARC will state the duration of the stay.

## Visa-Free Entry

Nationals of the Philippines are eligible for stays of up to 14 days under the visa exemption program. Nationals of Malaysia, Singapore, Thailand and Brunei are eligible for stays of up to 30 days under the program. Nationals of other countries who are eligible for the visa exemption program are permitted to stay up to 90 days. The duration of stay is not extendable and visa-free entry cannot be converted to visitor or resident visas. British and Canadian passport holders who enter Taiwan visa-free for non-employment or non-residency purposes can apply for an extension of stay in accordance with relevant regulations. The maximum total stay is 180 days.

Europe			
Austria	Andorra	Belgium	Bulgaria
Croatia	Cyprus	Czech Republic	Denmark
Estonia	Finland	France	Germany
Greece	Hungary	Iceland	Ireland
Italy	Latvia	Lithuania	Liechtenstein
Luxembourg	Monaco	Netherlands	Norway
Poland	Portugal	Romania	San Marino
Slovakia	Slovenia	Sweden	Spain
Switzerland	U.K.	Vatican	City State
Malta			
Asia			
Brunei (pilot program until July 31, 2018)	Japan	Republic of Korea	Malaysia
Singapore	Thailand (pilot program until July 31, 2018)	Israel	Philippines (pilot program until July 31, 2018)
North America			
Canada	U.S.A.		
Central and South America			
Chile	El Salvador	Haiti	Honduras
Nicaragua	Paraguay	Belize	Dominican
Guatemala	Saint Christopher and Nevis	Saint Lucia	Saint Vincent
Oceania			
Australia	New Zealand		

## Nationals Eligible for eVisa

An eVisa is an official document issued electronically to qualified foreign nationals who are not eligible for visa-free entry. Applications are completed using convenient “one-stop” online service (via submit relevant personal information, pay the required fee by credit card, receive the eVisa after the submitted information is assessed and found to meet relevant criteria).

- Residents of 23 countries coming to Taiwan for tourism, business, or family visits.
- Foreign nationals from any country invited to participate in international conferences, sports competitions, trade exhibitions, or events hosted or organized by central government organizations.
- Tour groups from India, Indonesia, Vietnam, Myanmar, Cambodia, and Laos may apply through the Tourism Bureau of the Ministry of Transportation and Communications in accordance with the “Southeast Asian Preferential Tour Groups Sightseeing Visas Procedural Guidelines”.
- Business people from India, Sri Lanka, Bangladesh, Nepal, Bhutan, Pakistan, and Iran who are recommended by local offices of the Taiwan External Trade Development Council.

Europe			
Macedonia	Montenegro		
Asia			
Turkey	Oman B	Bahrain	Qatar
Kuwait	Saudi Arabia	United Arab Emirates	
Central and South America			
Ecuador	Colombia	Peru	Panama
Dominica			
Africa			
Burkina	Faso	Swaziland	Mauritius
Oceania			
Kiribati	Marshall	Islands	Solomon Islands
Nauru	Palau	Tuvalu	

## Landing Visa

Holders of a Turkish or Macedonian passport and nationals of countries eligible for visa-exempt entry (except US passport holders) who hold an emergency or a temporary passport valid for at least six months are eligible to apply for a landing visa that permits a stay of up to 30 days. A landing visa generally cannot be converted to a visitor or resident visa.

## Residency for Foreign Nationals

A foreign national who enters Taiwan using a valid passport with a valid visa, visa-free with a valid passport, or a valid travel document, shall acquire the right of stay or residence after having been inspected by the National Immigration Agency of the Ministry of the Interior is allowed to enter the country. Those who acquire permission to reside shall apply to the Agency for an Alien Resident Certificate within 15 days after the date of entry. If a foreign national possesses a visa valid for a visit of 60 days or more and such a visa does not contain extension restrictions or other restrictions marked by the visa issuing authority, he/ she may conditionally apply to the National Immigration Agency for residence. After the agency approves the application, it shall issue an ARC.

Foreign nationals who meet the application requirements of the “Qualification Procedure for Foreign Nationals applying for an Entrepreneur Visa” (Chinese web site: [https://www.moeaic.gov.tw/businessPub.view?lang=ch&op\\_id\\_one=6](https://www.moeaic.gov.tw/businessPub.view?lang=ch&op_id_one=6) ) must prepare and submit the required documents to the Bureau of Consular Affairs of the Ministry of Foreign Affairs, a local Bureau of Consular Affairs office in Taiwan or overseas office for an Entrepreneur Visa, and apply for an Alien Resident Certificate with the National Immigration Agency within 15 days of entering Taiwan. The initial visa allows a stay of one year, and may, with permission, be extended for two more years.

A foreign national who has legally and continuously resided in Taiwan for five years and for more than 183 days each year during that period, or the foreign spouse and/or children of a national with registered permanent residence in the Taiwan Area who has/have legally resided in Taiwan for 10 years, during which period they have actually resided in Taiwan for more than 183 days each year for five years, may conditionally apply to the National Immigration Agency for permanent residence within two years of meeting the residency requirements. Individuals who have made exceptional contributions to Taiwan, senior professional personnel needed by Taiwan, and investors can apply to the National Immigration Agency for permanent residence.

For domestic help, Taiwan has established an excellent labor dispatch system and HR training program. Those foreign nationals meeting the following criteria may apply for one foreign domestic helper:

Item	Requirements
Amount of Foreign Investment	GM and above: NT\$100 million or more
	Section heads and above: NT\$200 million or more
Last FY's Business Turnover	GM and above: NT\$500 million or more
	Section heads and above: NT\$1 billion or more
Salaried Income	Managers or above of companies, financial juristic persons, corporate juristic persons or international NGOs: <ul style="list-style-type: none"> <li>• Last fiscal year's taxable income in Taiwan: NT\$3 million or more</li> <li>• Current fiscal year's monthly income: NT\$250,000 or more</li> <li>• Those with an annual salary of NT\$2 million or more or a monthly salary of NT\$150,000 or more who employed a domestic worker overseas for at least one year can apply to have the same domestic worker come to provide domestic help in Taiwan.</li> </ul>

Note:

Managers of foreign branches or representatives attached to representative offices are subject to the requirements given above for general managers.

Also, in accordance with the Regulations Governing Speed Clearance of Foreign Businessmen, four types of foreign businesspeople can enjoy speedy immigration clearance at designated immigration inspection booths: those who invest at least NT\$50 million in Taiwan, are assigned to serve as supervisors or general managers of overseas investment firms or international enterprises, are hired to serve as a local supervisor or general manager of a Taiwanese enterprise, or make significant contributions to the Taiwanese economy. To receive this benefit, the businessperson must be recommended by his or her chamber of commerce in Taiwan, approval must be granted by the Ministry of Economic Affairs, and the National Immigration Agency must publish approval on its website. Spouses and immediate family members can receive the same benefit when accompanying the approved businessperson. Approval for speedy immigration clearance is generally valid for one year, starting from the date that the Ministry of Economic Affairs notifies the National Immigration Agency of its approval. A foreigner who has already obtained residence in Taiwan can enjoy this benefit over the period for which his or her residence permit is valid.

*Crowe Horwath International's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily*



# Appendix I Company Establishment

Taiwan has always sought to attract investment from foreign nationals. Along with changes in the domestic development and international trade situations, it has adjusted its laws and regulations. It has eliminated investment barriers to establish an excellent investment climate and to assist foreign investors.

## Investment Laws and Regulations:

Statute for Investment by Foreign Nationals, Statute for Investment by Overseas Chinese (excluding the people of Mainland China area)

- The “Statute for Investment by Foreign Nationals” and “Statute for Investment by Overseas Chinese” are virtually identical, apart from a few items in which investment is permitted for overseas Chinese but forbidden or restricted for other foreigners.
- Investments by People of the Mainland China Area are governed by the “Act Governing Relations between the People of Taiwan Area and Mainland Area” and “Measures Governing Investment Permit to the People of Mainland Area”, with a positive list of items permitted for Investments by the People of Mainland Area.

## Definition of Investment

Statute for Investment by Foreign Nationals, Statute for Investment by Overseas Chinese (excluding the people of Mainland China area)

- Holding shares issued by a Taiwanese company or contributing to the capital of a Taiwanese company.
- Establishing a branch office, proprietary business, or partnership in Taiwan.
- Providing loan(s) to an invested business as referred to in the preceding two items for a period of at least one year.

## Kinds of Investment

- Cash
- Machinery and equipment or raw materials for own use.
- Patent rights, trademark rights, copyrights, technical knowledge, or other intellectual property rights.
- Other property which may be invested under the competent authority’s approval (such as credit through reorganizations, mergers and acquisitions, procurement or stock splits).

## Prohibited or Restricted Areas of Investment

- Investment is forbidden in enterprises that may negatively affect national security, public order, good customs and practices, or national health, and those that are prohibited by law.
- Investors who apply to invest in an industry in which investment is restricted by law or by an order given under the applicable law shall obtain approval thereof or consent thereto from the competent authority in charge of the industry in question.
- In line with the previous two paragraphs, the Executive Yuan has adopted the “Negative List for Investment by Overseas Chinese and Foreign Nationals.”

## Guarantee of Exchange Settlement

- An investor may apply for exchange settlement against the interest accrued on his/her annual income, or against the profit surplus distributed to him/her from his/her investment.
- An investor transferring his/her shares or withdrawing or decreasing his/her investment may apply for exchange settlement, in a lump sum, of the total amount of his/her investment as approved. The foregoing clause is also applicable to the capital gains realized from the investor's investment.
- An investor's application for exchange settlement against the payment of principal and interest on his/ her loan investment shall be governed by the agreed terms and conditions.

## Protection Against Expropriation

- When foreign investment accounts for 45% or more of the total capital amount of an enterprise, the invested enterprise shall not be subject to requisition or expropriation for a period of 20 years after the commencement of business of the invested enterprise as long as the said capital contribution rate of the investor remains unchanged.
- In case the government expropriates or acquires an invested enterprise for national defense reasons, a foreign investor whose investment is less than 45% of the total capital amount of the invested enterprise shall be entitled to a reasonable compensation.

## Investment Incentives

- Provisions of the Company Act requiring that cash capitalization increases retain a certain proportion of shares for purchase by company employees do not apply to investments which account for more than 45% of the total capital.
- Where an invested enterprise is organized as a company under the Company Act , an investor thereof who serves as a supervisor may be exempt from the restrictions on his/her domicile in Taiwan.

## Protection of Rights

- Except as otherwise provided for in other laws, an enterprise in which the investor has invested shall be accorded the same rights and obligations to which an enterprise operated by local nationals is entitled.

## Investment Application Procedures Establishing a Company (Business Enterprise) Checking the Company (Business Enterprise) Name

- Investors should first select a Chinese name for the company (business enterprise) that they will be setting up in Taiwan. The company that they set up must then file an application for pre-review of the company name and business scope as well as to retain the company name during the preview period with the Central Region Office, MOEA. If the investors are setting up a business enterprise (proprietary business or partnership), they must file this application to the local county or city government to which the business enterprise being set up belongs.

## Permission for Investment

- An investor is required to submit the Investment Application Form and relevant documents to the Investment Commission, MOEA (address: 8F, No. 7, Sec. 1, Roosevelt Rd., Taipei; telephone: 02- 3343- 5700). If the invested company is located in an export processing zone or a science park, then the investor should apply directly to the administrative agency in charge of that zone or park.

## Approval of Investment Amount

- For investors making inward remittances of foreign currencies, investment funds may be remitted from abroad after the investment is approved. When the remittance is settled in NT dollars, the original approval documents should be submitted to the domestic bank handling the transaction, and approval of the investment amount must be authorized by the authority which approved the investment according to the paragraph above.

## Registration of a Company (Business Enterprise)

- If the company being established involves an investment of NT\$500 million or more, the investor should apply to the Department of Commerce, MOEA for company registration. If the investment is less than NT\$500 million, the investor should apply to the local municipality government or the Central Region Office, MOEA (for Taiwan Province, Kinmen, and Matsu), depending on location. If the company being set up is located in an export processing zone, science park, or free trade zone, the investor should apply directly to the administrative agency in charge of that zone or park.
- Parties applying for business registration should apply with their local country or city government office.
- Taiwan has cancelled the minimum investment limit for company registration. Apart from some specific industries, a company can be established as long as the investment is sufficient to cover reasonable expected costs.

## Taxation Registration

- An investor must apply to the tax collection authority of the company's locality to register his/her business.

## Export/Import Business Registration

- The operator of an export/import business must apply first to the Bureau of Foreign Trade, MOEA, for an advance check of its English name, and then apply to that Bureau for registration as an export/import business.

## Factory Registration

- A company that is engaged in the manufacturing or processing of goods must apply for a factory registration with the local county or city government where the factory is situated. If the factory is located in an export processing zone, science park, or agricultural biotechnology park, the company should apply for registration with the administrative agency in charge of that zone or park.



## Application for Businesses Requiring Special Permission

- Before operating a business requiring special permission, and before the company (business enterprise) is set up and registered, the investor is first required to obtain permission from the competent authorities to set up and equip the intended business.
- After completing the establishment and registration of the company (business enterprise), the investor should obtain a permit from the competent authority for the intended business. Only then may the business go into operation as a specially permitted business.

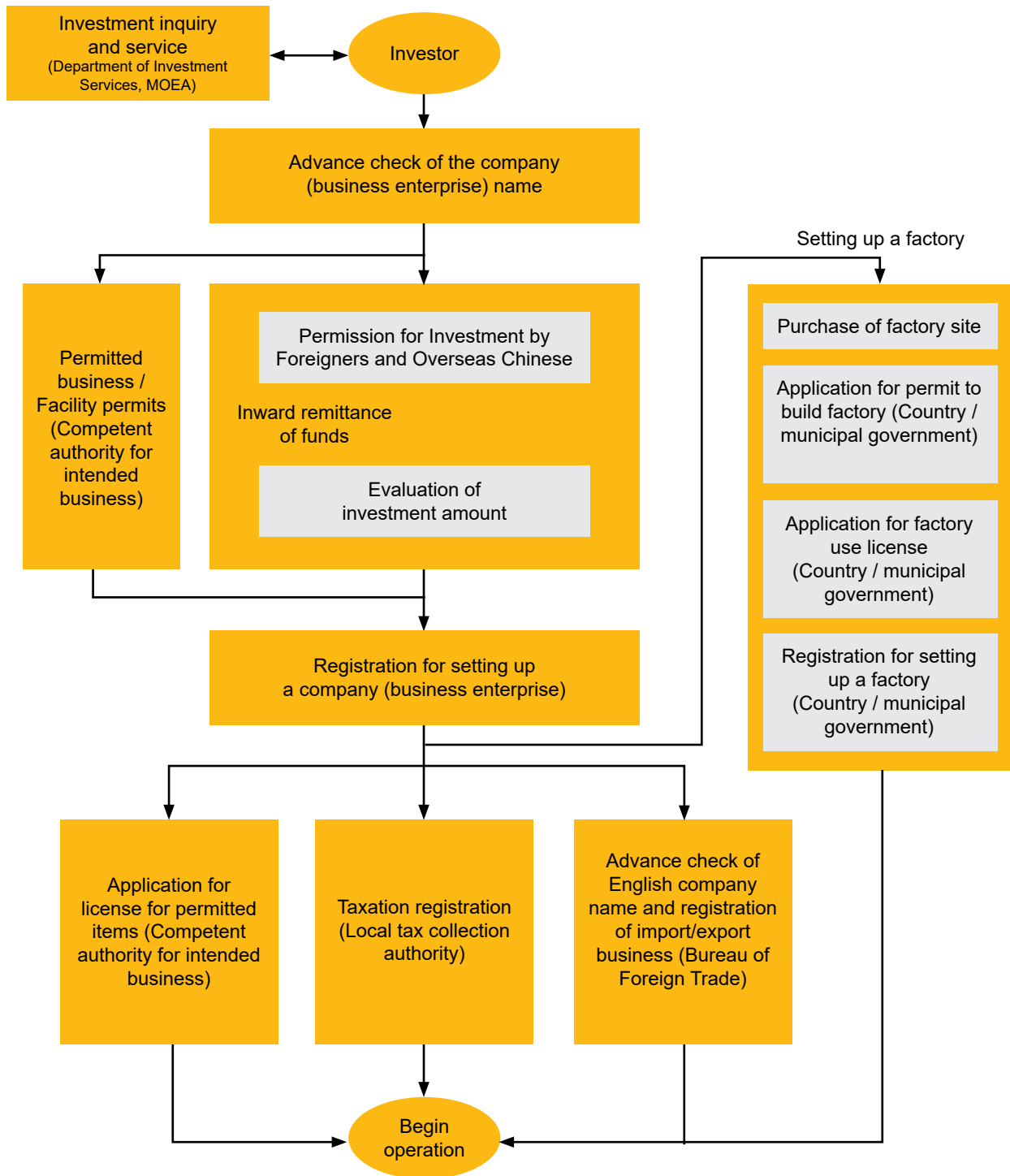
## Establishing a Branch Company

- The foreign investor should first apply to the Central Region Office, MOEA, for an advance check of the Chinese name of his/her company and its field of business, and for retention of that company name.
- He/she should then apply to the Central Region Office, MOEA, for “Recognition of Foreign Company,” evaluation of investment amount, and registration as a “Branch of Foreign Company.” If the site of investment is in an export processing zone, science park, agricultural biotechnology park or free trade zone, after receiving notice of recognition of foreign company from the Department of Commerce, MOEA, the investor should apply for registration as a branch company with the administrative agency in charge of that zone or park.
- The application procedures for taxation registration, registration as an exporter/importer, factory registration, or specially permitted business are the same for a branch company as for setting up an ordinary company.

## Establishing a Representative Office

- The foreign investor should first file an Application for Reporting Designated Representative for Handling Legal Matters in the ROC with the Central Region Office, MOEA, and obtain its letter of approval.
- The investor should then apply to the local tax collection authority for a taxpayer code number.

# Flow Chart for Applying to Set up a Company (Business Enterprise)



Note:  
Solid lines and boxes indicate required procedures for all applications, dotted lines and boxes indicate procedures that are required in certain instances, depending on the nature of the business.

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# Appendix II Offices for Investment Services

Unit	Services	Contact
Department of Investment Services, MOEA	Acts as the primary service window for consultation services and assistance with investment for foreign and Mainland Chinese investors.	Address: 8 Fl., No. 71, Guanqian Rd., Zhongzheng District, Taipei Tel.: 886-2-2389-2111 Fax: 886-2-2382-0497 E-mail: <a href="mailto:dois@moea.gov.tw">dois@moea.gov.tw</a> <a href="http://www.dois.moea.gov.tw">http://www.dois.moea.gov.tw</a> <a href="http://investtaiwan.nat.gov.tw">http://investtaiwan.nat.gov.tw</a>
InvestTaiwan Service Center	Provides overseas and local investors with start-to-finish service for investing in Taiwan.	Address: 8 Fl., No. 1, Xiangyang Rd., Zhongzheng District, Taipei Tel: 886-2-2311-2031 Fax: 886-2-2311-1949 E-mail: <a href="mailto:service@invest.org.tw">service@invest.org.tw</a> <a href="http://investtaiwan.org.tw/">http://investtaiwan.org.tw/</a>
Investment Commission, MOEA	Handles regulatory, review and application procedures for foreign and Mainland Chinese investors in Taiwan.	Address: 8 Fl., No. 7, Roosevelt Rd. Section 1, Zhongzheng District, Taipei Tel.: 886-2-3343-5700 Fax: 886-2-2393-8829 E-mail: <a href="mailto:serve@moeaic.gov.tw">serve@moeaic.gov.tw</a> <a href="http://www.moeaic.gov.tw/">http://www.moeaic.gov.tw/</a>
Department of Commerce, MOEA	Handles inquiries concerning the Company Act and other regulations as well as explanations of company registration applications and other commercial administrative affairs.	Address: No. 15, Fuzhou St., Zhongzheng District, Taipei Tel.: 886-2-2321-2200, Ext 8957 886-2-412-1166 0800-231-314 <a href="http://qcis.nat.gov.tw/">http://qcis.nat.gov.tw/</a>
Export Processing Zones	Zone services, regulatory information, investment information, etc.	Export Processing Zone Administration (including the Kaohsiung Software Park) Address: No. 600, Jiachang Rd., Nanzi District, Kaohsiung Tel.: 886-7-361-2725 Fax: 886-7-361-4713 E-mail: <a href="mailto:Lintaian@epza.gov.tw">Lintaian@epza.gov.tw</a> <a href="http://www.epza.gov.tw">http://www.epza.gov.tw</a>
		Taichung Branch (including the Taichung Software Park) Address: No. 1, Jianguo Rd., Tanzi District, Taichung Tel.: 886-4-2533-0830 Fax: 886-4-2534-8750
		Ghungkang Branch Address: No. 6, Daguan Rd., Caonan Village, Wuqi District, Taichung Tel.: 886-4-2658-1215 Ext 611 Fax: 886-4-2658-2325
		Kaohsiung Branch Address: No. 2, Central 1 <sup>st</sup> Rd., Kaohsiung Export Processing Zone, Qianzhen District, Kaohsiung Tel.: 886-7-823-9310 Fax: 886-7-813-8182
		Pingtung Branch Address: No. 1, Pingjia Rd., Qianjin Village, Pingtung City, Pingtung County Tel.: 886-8-7518212 Ext 102-103 Fax: 886-8-751-8193
Science Parks	Zone services, regulatory information, investment information, etc.	Hsinchu Science Park Administration, Ministry of Science and Technology Address: No. 2, Hei-Ann Rd., Hsinchu City Tel.: 886-3-577-3311 Fax: 886-3-577-6222 <a href="http://www.sipa.gov.tw">http://www.sipa.gov.tw</a>
		Central Taiwan Science Park Administration, Ministry of Science and Technology Address: No. 2, Zhongke Rd., Xitun District, Taichung Tel.: 886-4-2565-8588 Fax: 886-4-2565-8288 <a href="http://www.ctsp.gov.tw/">http://www.ctsp.gov.tw/</a>
		Southern Taiwan Science Park Administration, Ministry of Science and Technology Address: No. 22, Nanke 3 <sup>rd</sup> Rd., Xinshi District, Tainan Tel.: 886-6-505-1001 Fax: 886-6-505-0470 <a href="http://www.stsp.gov.tw">http://www.stsp.gov.tw</a>

Unit	Services	Contact
Agricultural Technology Parks	Zone services, regulatory information, investment information, etc.	Pingtung Agricultural Biotechnology Park Address: No. 1, Shennong Rd., Dehe Village, Changzhi Township, Pingtung County Tel.: 886-8-774-1031 Fax: 886-8-774-1035 <a href="http://www.pabp.gov.tw">http://www.pabp.gov.tw</a> 
		Taiwan Orchid Plantation Address: No. 325, Wushulin, Wushu Village, Houbi District, Tainan Tel.: 886-6-664-0766 Fax: 886-6-664-0767 <a href="http://top.tainan.gov.tw/">http://top.tainan.gov.tw/</a> 
Environmental Science and Technology Parks	Zone services, regulatory information, investment information, etc.	Taoyuan Environmental Science and Technology Park Address: No. 331, Huanke Rd., Datan Village, Guanyin District, Taoyuan Joint Service Center: 886-3-473-0214, Ext 31 Fax: 886-3-336-6591 <a href="http://www.tyht.nat.gov.tw/c/index.aspx">http://www.tyht.nat.gov.tw/c/index.aspx</a> 
		Liuying Technology and Environment Industrial Park Address: No. 7, Gongyi Rd., Danung Village, Liuying District, Tainan Tel.: 886-6-623-2345 Fax: 886-6-623-4005 <a href="http://www.lytp.org.tw">http://www.lytp.org.tw</a> 
		Kaohsiung Environmental Science and Technology Park Address: No. 2, Siwei 3 <sup>rd</sup> Rd., Lingya District, Kaohsiung Tel.: 886-7-336-6333, Ext 2162 <a href="http://twup.org/ksbc/">http://twup.org/ksbc/</a> 
		Hualien Environmental Science and Technology Park Address: No. 1, Zhongke Rd., Changqiao Village, Fenglin Township, Hualien County Tel.: 886-3-823-7575 Ext 2219 Fax: 886-3-822-4320
Free Trade Zones	Park service, related laws and regulations, investment information	Free Trade Zone Info Address: No. 10, Penglai Rd., Gushan District, Kaohsiung Tel.: 886-7-213-6982 <a href="http://taiwan-ftz.com/">http://taiwan-ftz.com/</a> 
		Taoyuan Free Trade Zone Address: No. 101, Hangxiang Rd., Dayuan District, Taoyuan Tel.: 886-3-399-2888 <a href="http://www.farglory-holding.com.tw/ftz.web/index.jsp">http://www.farglory-holding.com.tw/ftz.web/index.jsp</a> 
Free Trade Zones	Park service, related laws and regulations, investment information	Free Trade Zone Info Address: No. 10, Penglai Rd., Gushan District, Kaohsiung Tel.: 886-7-213-6982 <a href="http://taiwan-ftz.com/">http://taiwan-ftz.com/</a> 
		Taoyuan Free Trade Zone Address: No. 101, Hangxiang Rd., Dayuan District, Taoyuan Tel.: 886-3-399-2888 <a href="http://www.farglory-holding.com.tw/ftz.web/index.jsp">http://www.farglory-holding.com.tw/ftz.web/index.jsp</a> 
Local Business Promotion Organizations – Industrial Development & Investment Promotion Committees (IDIPCs)	Every city and county in Taiwan has an IDIPC, which serves to promote investment and provide services for investors. Investors should contact the local IDIPC for assistance when making an investment in a given locale or when they encounter difficulty.	<a href="http://investtaiwan.nat.gov.tw/cht/show.jsp?ID=429&amp;MID=8">http://investtaiwan.nat.gov.tw/cht/show.jsp?ID=429&amp;MID=8</a> 
Overseas Business Promotion Organizations – Overseas units of the Ministry of Economic Affairs and the Taiwan External Trade Development Council (TAITRA)	The Ministry of Economic Affairs and TAITRA have established overseas offices in the world's leading nations and regions. These provide easily accessible consultation services for those coming to invest in Taiwan; they also assist Taiwanese businesses with investments in overseas areas.	<a href="http://www.trade.gov.tw">http://www.trade.gov.tw</a> <a href="http://www.taitra.org.tw">http://www.taitra.org.tw</a>  



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## About us

Crowe Horwath (TW) CPAs is an independent member firm of Crowe Horwath International based in Taiwan. It was established by First Horwath & Company CPAs, Horwath & Company CPAs, and Horwath Chien Hsing CPAs. Crowe Horwath (TW) CPAs further merged with Dinkum & Co. CPAs on January 1, 2016. Our teams now consist of over 36 partners and 450 dedicated professionals to provide quality services for our clients throughout the country.

Crowe Horwath (TW) CPAs is headquartered in Taipei also with offices located in Taichung, Changhua, and Kaohsiung. To provide diversified services, Crowe Horwath (TW) CPAs constructs a global service network with Crowe Horwath International to offer clients more diversified and transnational professional services.

Crowe Horwath (TW) CPAs is currently the 5<sup>th</sup> largest professional accounting firm in Taiwan. As a member firm of Crowe Horwath International, our goal is to assist our clients succeed in businesses on a local and global scale. For decades, we have worked with clients in various sectors, including public offering, listed companies, multinational corporations, general companies, schools, foundations, and other non-profit organizations, etc. Our dedicated professionals provide assurance, tax, risk consulting, corporate advisory and outsourcing services.

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