

# **Promoting Economic Liberalization in Taiwan (2017)**

National Development Council, Executive Yuan, R.O.C



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# Ongoing efforts to promote economic liberalization in Taiwan

## 1. Taiwan ratings for the extent of economic freedom

Between 1995 and 2016, the Heritage Foundation published 22 annual editions of the *Index of Economic Freedom*, considered worldwide to be an important and widely recognized indicator of competitiveness, to promote economic freedom and prosperity around the world. These assessments, published annually, are highly regarded internationally and serve as an important reference for formulating economic policy.

In the 2016 *Index of Economic Freedom*, published by the Heritage Foundation and the *Wall Street Journal* on 15 February 2017, Taiwan ranked 11th in terms of economic freedom, three places higher than in the previous year, setting a new record for Taiwan. This figure has improved by a total of 24 places over the last nine years.

In general, Taiwan has shown noteworthy results in its economic liberalization efforts during the past nine years, with the main thrust including simplifying administrative operating procedures and relaxing economic restrictions. Concrete measures include eliminating minimum capital for start-ups, eliminating uniform permit systems for profit-seeking enterprises, establishing single-counter services and issuing centers for building permits, permitting savings and settlements in Renminbi, loosening restrictions on foreign workers in Taiwan, reducing non-tax based trade barriers, applying effective means of stabilizing commodity prices, and introducing close corporations and limited partnership systems.

Changes to Taiwan's recent rankings and scores as rated by the *Index of Economic Freedom*

Year published	2017	2016	2015	2014	2013	2012	2011	2010	2009	Change to scoring during the last 9 years
<b>Ranking in economic freedom</b>	<b>11</b>	<b>14</b>	<b>14</b>	<b>17</b>	<b>20</b>	<b>18</b>	<b>25</b>	<b>27</b>	<b>35</b>	<b>+24</b>
Average score	76.5	74.7	75.1	73.9	72.7	71.9	70.8	70.4	69.5	+7
1 Property Rights	86.5	70	70	70	70	70	70	70	70	+16.5
2 Judicial Effectiveness	67.7	-	-	-	-	-	-	-	-	-
3 Government Integrity	70.5	61	61	59.7	61	58	56	57	57	+13.5
4 Tax Burden	75.3	76.1	80.4	80.3	80.5	80.4	78.3	75.9	76.2	-0.9
5 Government Spending	89.5	88.7	87.1	84.7	84.9	92.3	89.7	90.5	89.4	+0.1
6 Fiscal Health	83.7	-	-	-	-	-	-	-	-	-
7 Business Freedom	93.4	93.2	92.4	93.9	94.3	88.5	84.7	83	69.5	+23.9
8 Labor Freedom	55	53.8	55.2	53.1	53.3	46.6	46.1	47.7	45.7	+9.3
9 Monetary Freedom	85.2	83.2	83.3	81.7	82.9	83.1	82	79.3	82.1	+3.1
10 Trade Freedom	86.2	86.4	86.4	85.8	85	85	86.2	85.8	85.2	+1
11 Investment Freedom	65	75	75	70	65	65	65	65	70	-5
12 Financial Freedom	60	60	60	60	50	50	50	50	50	+10

## 2. Results for 2016

Between July 2016 and the end of June 2017, Taiwan carried out amendments to laws and regulations in pursuit of economic liberalization and the protection of human rights, and signed various trade agreements and memoranda of cooperation. The highlights are as follows:

## ◆ Property rights

### 1. **Protecting intellectual property rights**

The Patent Act was amended and promulgated on January 18, 2017, to safeguard publicly available inventions that still have the possibility of receiving patent protection. Then on February 22, 2017, Taiwan and the United States signed a memorandum of cooperation in Washington, DC, regarding intellectual property rights enforcement, in order to strengthen bilateral cooperation in law enforcement and investigation to counter intellectual property rights violations and trade fraud.

### 2. **Building robust land expropriation procedures and citizen participation mechanisms**

Starting in August 2016, the Ministry of the Interior convened several public hearings on land expropriation and the protection of habitation rights in preparation for amending the Land Expropriation Act and establishing land expropriation protection measures. Concrete actions included launching a land expropriation management system platform for public reference and consultation (October 1, 2016), promulgating the Ministry of the Interior's Operational Directions for Holding a Hearing (October 31, 2016), and launching a website for the consideration of information concerning national land space and use, providing needed online services (November 11, 2016).

### 3. **Recovering indigenous peoples' land rights and protecting intellectual property rights for their traditional intellectual creations**

Efforts continued to be made to help indigenous people obtain land ownership rights free of charge according to Article 37 of the Slopeland

Conservation and Utilization Act and the provisions of the Regulations on Development and Management of the Lands Reserved for Indigenous People. Other efforts included helping indigenous people obtain exclusive rights to their traditional intellectual creations according to the Protection Act for the Traditional Intellectual Creations of Indigenous Peoples and relevant sub-laws.

## ◆ **Judicial effectiveness**

### **1. Judicial Yuan's Grand Justices issued constitutional interpretations**

Between July 2016 and June 2017, the Council of Grand Justices issued 11 constitutional interpretations, numbered 739 through 749. These are: Review Involving Self-implemented Urban Land Consolidation (No. 739), The Nature of Insurance Solicitor's Service Contract (No. 740), Declaration of the Scope of Cases for Use in Interpretations of Statutory Expiry (No. 741), Emergency Relief for Regular Comprehensive Reviews and Revisions for Urban Planning (No. 742), Whether Land Expropriated for the MRT System May Subsequently Be Used for an MRT Joint Development Project (No. 743), Prior Approval for Cosmetics Advertisements (No. 744), Constitutionality of Rules Regarding the Deduction of Expenses from Salary Income (No. 745), Payment of Interest and Late Fees on Overdue Payments of Tax (No. 746), Landowners' Requesting Surface Rights for Highways Passing Under Their Land (No. 747), Same-Sex Marriage Freedom (No. 748), and Regular Work Suspension and Suspended Licenses for Taxi Drivers (No. 749).

### **2. Judicial Yuan's efforts to computerize the courts**

In June and August 2015, the Judicial Yuan launched online filing services for intellectual property administration lawsuits and tax administration



matters respectively. On August 8, 2016, the Judicial Yuan launched an electronic civil suit filing system. Members of the public can register with their ID card and receive an account number and password, with which they can file lawsuits and documents on the Judicial Yuan's online lawsuit and document filing site (URL: <https://efiling.judicial.gov.tw/SOL/LOGIN.jsp>).

## ◆ **Government integrity**

### **1. Amendments to the Money Laundering Control Act**

For a healthy money laundering prevention system, in accordance with the specifications of the Asia-Pacific Group on Money Laundering (APG), the government carried out money laundering prevention work, underscoring its determination to crack down on money laundering and other economic crimes, and pursuing the goal of elevating Taiwan's overall trust ratings with regard to financial activity. On December 28, 2016, the wording of 23 articles of the Money Laundering Control Act was fully amended, and it was officially enacted on June 28, 2017.

### **2. Promulgation of the United Nations Convention against Corruption and amendment of the National Integrity Building Action Plan**

The United Nations Convention against Corruption was promulgated on September 7, 2016, and according to Article 8 of the Act to Implement the United Nations Convention against Corruption was enacted on December 9, 2015. The National Integrity Building Action Plan (August 24, 2016) was formally issued in coordination with the enactment of the Act to Implement the United Nations Convention against Corruption, boosting the effectiveness of corruption fighting and prevention efforts.

### **3. Formulating and launching transparency principles for administrative operating procedures and amending legal mechanisms for rewarding the reporting of corruption**

The Rules of the Executive Yuan and its Subordinate Agencies Regarding the Promotion of Transparency in Administrative Operating Procedures was finalized and promulgated on (December 21, 2016) with the aim of reducing corruption through external oversight and accountability. Other amendments include Directions for the Establishment of a Corruption Reporting Reward Investigation Committee under the Ministry of Justice (November 14, 2016); Notes Regarding the Ministry of Justice Providing Rewards for Reported Cases of Corruption (November 14, 2016); and the Criteria on Reviewing the Rewards for Reporting Corruption & Malfeasance Cases for the Ministry of Justice (November 16, 2016).

### **4. Strengthening international cooperation in anti-corruption efforts**

Between July 2016 and the end of June 2017, a cooperative law enforcement mechanism was established with international anti-corruption organizations, and seven corruption cases were tackled jointly.

## **◆ Tax burden**

### **1. Amendments to the regulations of the Income Tax Act**

The Income Tax Act was amended (July 27, 2016), establishing a system of profit-seeking controlled foreign companies (CFC) and places of effective management (PEM), stopping businesses from taking advantage of border crossings for tax evasion. The Income Basic Tax Act was also amended (May 10, 2017) to prevent profit-seeking enterprises, after the launch of the CFC system, from setting up spin-off CFCs under their own

names in low-tax-burden countries or regions to evade ROC taxes and set up natural-person CFC systems.

## **2. Strengthening international cooperation on tax-related matters**

Three agreements went into effect on January 1, 2017: these are the Agreement between the Association of East Asian Relations and the Interchange Association for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the Arrangement between the Canadian Trade Office in Taipei and the Taipei Economic and Cultural Office in Canada for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, and the Agreement between the Taipei Economic and Cultural Office in Poland and the Warsaw Trade Office in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income.

## **◆ Labor freedom**

### **1. Loosening employment restrictions on foreign workers**

The Employment Service Act was amended (November 3, 2016), ending the requirement for foreign workers seeking rehiring to leave and re-enter the country after the expiration of their employment period. In addition, amendments were made to the Regulations on the Permission and Administration of the Employment of Foreign Workers (November 15, 2016); Directions of the Employment Transfer Regulations and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to 11, Paragraph 1, Article 46 of the Employment Services Act (November 15, 2016); Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to

11, Paragraph 1, Article 46 of the Employment Service Act (November 16, 2016); Regulations on the Permission and Administration of the Employment of Foreign Workers (January 11, 2017); Standards for Fee-charging Items and Amounts of the Private Employment Services Institution (April 6, 2017); and Regulations of Leave-Taking under Returning Home for Foreigners Engaging in the Jobs Specified in Items 8 to 10, Paragraph 1, Article 46 of the Employment Service Act (April 18, 2017).

## **2. Amendment of the Labor Standards Act**

The Labor Standards Act was amended (December 21, 2016) to unify the two-day weekend and national holiday system for laborers with the rest of the country, so that laborers can enjoy more “rest days” and “special holidays,” improving protections of laborer rights.

## **3. Strengthening international agreements on labor**

The Workforce Development Agency and TAFE Directors Australia (TDA) signed a Memorandum of Understanding on Vocational Education and Training (November 2, 2016), increasing the effectiveness of practical training cooperation between Taiwan and Australia.

# **◆ Monetary freedom**

## **1. Loosening restrictions on the banking industry**

The Regulations Governing Foreign Exchange Business of Banking Enterprises was amended (September 9, 2016), relaxing restrictions on designated banks handling foreign exchange derivative sales for high-net-worth investing entities, requiring them instead to report for record after commencing. The Operational Directions for Banks Issuing

Transferrable Foreign Currency Time Deposits was amended (September 20, 2016), allowing banks to issue transferable time deposits in Australian dollars.

## **2. Loosening restrictions on the insurance and securities industries**

The Regulations Governing Foreign Exchange Business of Insurance Enterprises was amended (December 30, 2016), stating that non-life insurance policies using foreign currency for receipt and payment may receive and pay funds in New Taiwan dollars subject to certain provisions, along with relevant foreign exchange settlements. The Regulations Governing Foreign Exchange Business of Securities Enterprises was amended (March 27, 2017), allowing the securities industry to conduct securities sales related spot exchange transactions and derivatives business in New Taiwan Dollars.

## **3. Relaxing foreign exchange control regulations**

Both the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions and the Directions for Banking Enterprises on Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions were amended on March 27, 2017, allowing declarants to apply to a banking enterprise over the Internet to handle New Taiwan Dollar settlement declarations. The Directions for Domestic Securities Firms on Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions was formulated and promulgated on March 27, 2017, stating that domestic securities firms (DSF) handling spot exchange transactions must comply with the scopes, amounts, and conditions of restriction stipulated in the Regulations Governing Foreign Exchange Business of Securities Enterprises. An

application process to the Central Bank was also formulated for futures trading firms that also act as leveraged transaction firms to carry out leverage contract transactions involving foreign exchange (December 2, 2016).

## ◆ Trade freedom

### 1. Relaxation of customs regulations

The Customs Act was amended (November 9, 2016; January September 8, 2016) to conform with the World Trade Organization's regulations on advance country of origin ruling and to prevent importers from misusing the rule exempting taxes on low-priced transactions. The Customs Import Tariff was amended (December 30, 2016), adopting the 2017 edition of the Harmonized Commodity Description and Coding System (HS) published by the World Customs Organization (WCO), adjusting the structure of part of the tariff numbers and modifying commodity naming. Other amendments include the Regulations Governing the Customs Management of Container Terminals (October 4, 2016; May 9, 2017); Regulations Governing the Customs Management of Freight Forwarders (October 14, 2016); Regulations Governing Customs Clearance for Goods in Logistics Centers (November 3, 2016; May 19, 2017); Regulations Governing the Establishment and Management of Bonded Warehouses (November 9, 2016; May 26, 2017); Regulations Governing Customs Clearance for Goods in Free Trade Zones (November 9, 2016 ); Regulations Governing VAT Refund Claims by Foreign Travelers Purchasing Goods Eligible for VAT Refund (December 30, 2016); and Regulations Governing Customs Clearance Procedures for Maritime Express Consignments (March 14, 2017).

## **2. Signing of trade agreements and memoranda of cooperation**

The Trade Facilitation Agreement (TFA) officially went into effect on February 22, 2017. The Mutual Recognition Arrangement on Authorized Economic Operator (AEO) between Taiwan and Korea became effective on October 1, 2016. Taiwan and Vietnam signed a memorandum of understanding on certificates of origin on July 6, 2016. Taiwan and Belgium signed a memorandum of understanding on electronic certificates of origin on November 24, 2016. Taiwan and the European Anti-Fraud Office (OLAF) signed an administrative cooperation agreement in November 25, 2016. The Arrangement on Cooperation between the Taiwan Customs Service and the Finnish Customs Service to Combat Customs Fraud was signed on January 19, 2017. (January 19, 2016).

## **◆ Financial freedom**

### **1. Loosening regulations regarding financial industry management**

The Securities Transaction Tax Act was amended (December 30, 2016; April 26, 2017). Other amendments include the Regulations Governing Cooperating with or Assisting Foreign Institutions in Engaging in Activities Associated with Electronic Payment Business within the Territory of the Republic of China (July 1, 2016); Regulations Governing the Standards for Information System and Security Management of Electronic Payment Institutions (August 17, 2016); Rules Governing the Administration of Electronic Payment Business (September 10, 2016); Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions (September 10, 2016); Enforcement Rules of the Financial Asset Securitization Act (September 22, 2016); Rules Governing Finance-Related Matters of the Information Services and

Financial Technology Industries to be Affirmed by the Competent Authority (December 13, 2016); Regulations of Investment Ceilings and Guidelines Governing Financial Holding Company's Venture Capital Subsidiaries Investing in Non-financial Enterprises Not Listed on Taiwan Stock Exchange or Gretai Securities Market (December 15, 2016); Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest (December 22, 2016); Regulations Governing Investments in Real Estate by Commercial Banks (April 6, 2017); and the Act Governing Bills Finance Business (May 3, 2017).

## **2. Strengthening international financial agreements**

The Financial Supervisory Commission signed a memorandum of cooperation for the cross-national exchange of information between bank regulators with the Superintendency of Banks of Panama (September 6, 2016), a memorandum with the Illinois Department of Financial and Professional Regulation (November 10, 2016), and multilateral memoranda of understanding regarding cooperation in auditing and supervisory information exchanges (April 4, 2017). The Central Deposit Insurance Corporation signed separate memoranda of cooperation with Switzerland and South Korea regarding deposit insurance (February and April 2017). The Taipei Exchange signed separate memoranda of cooperation with Indonesia and Thailand regarding stock exchanges (July and November 2016). The Taiwan Futures Exchange signed a memorandum of cooperation with the Korea Financial Investment Association in July 2016 and with the Iran Mercantile Exchange in April 2017. The Taiwan Depository & Clearing Corporation and the Central Securities Depository of Iran signed a memorandum of cooperation in December 2016.



## Property Rights

### 1. Protection of Intellectual Property Rights

#### **(1) Amended "Patent Act" (Amended and promulgated on January 18<sup>th</sup>, 2017, executed on May 1<sup>st</sup>, 2017)**

To accommodate the situation that enterprises and academic institutions disclose inventions by multiple ways before submitting the application and make it possible for the inventions which have been disclosed to be protected, the Patent Act was amended and promulgated on January 18<sup>th</sup>, 2017, a total of 4 amended Articles and 1 added Article. The main amendments are shown in the following table.

Law	Articles	Main revisions
Patent Act (Amended and promulgated on January 18 <sup>th</sup> , 2017, executed on May 1 <sup>st</sup> , 2017)	Article 22, Article 59, Article 122, Article 142; Added Article 157-1	Amended the favorable application period of invention patent and utility model patent from 6 months to 12 months. Loosened the provision of disclosure conditions. Cancelled the limitation of the circumstances of disclosure from applicants. Allowed both the disclosures made by and against the applicant's will to be applicable. Deleted the procedural requirement that the favorable application period must be claimed at the time of application. (Article 22, Article 59)  Loosened the provisions regarding the

		<p>circumstances of disclosure and procedural requirements of design patent. (Article 122)</p> <p>Clearly specified that the amended Articles shall be applicable only to patent applications filed after the implementation of the said amendment to this Act. (Article 157-1)</p>
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For the English translations of the Patent Act, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=J0070007>

**(2) Signed “Memorandum of Understanding between R.O.C. and U.S.A on Cooperation in Law Enforcement of Intellectual Property Rights”  
(February 22<sup>nd</sup>, 2017)**

R.O.C. and U.S.A. completed the signature of “Memorandum of Understanding between R.O.C. and U.S.A on Cooperation in Law Enforcement of Intellectual Property Rights” in Washington D.C., the capital of U.S.A. on February 22<sup>nd</sup>, 2017. It greatly contributes to the cooperation in law enforcement and investigation of illegal acts against intellectual property rights and acts of fraudulent trading, related law enforcement experiences, exchanges of technique and information. After signing the MOU, R.O.C. and U.S.A. will start the international, interdisciplinary and inter-professional cooperation, which is an important milestone of the cooperation in protection of intellectual property rights between R.O.C. and U.S.A., and it helps deepen the cooperation relationship between R.O.C. and U.S.A.

**2. Making the procedure of land expropriation and the mechanism of citizen participation complete**

## **(1) Proposals for the Drafting of the “Land Expropriation Act” Relating to the Facilitation of Citizen Participation**

“Land Expropriation Act” was amended and promulgated on January 4<sup>th</sup>, 2012 (For the English translations of the Land Expropriation Act, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=D0060058>), adding the provisions, including avoiding farm land expropriation, public hearing system of arable and pastoral lands in a special agricultural zone, the provision that the value of expropriated land shall be compensated based on its current market value, and the provision that the land use applicant shall draft a resettlement plan for economically disadvantaged people, to strengthen the protection of the right of existence, emphasize the evaluation of public welfares and necessity and implement the principle of proportionality and principle of public welfares in Constitution of the Republic of China (Taiwan).

To widely collect the suggestions from different areas and discuss the correct direction of the amendment of “Land Expropriation Act”, the Ministry of the Interior held the public hearing of “land expropriation and protection of rights to housing” on August 11<sup>th</sup>, 2016, and invited experts, scholars, private groups, land applicants and each municipal and county (city) government to hold the meeting of “Proposals for the related matters of the amendment of Land Expropriation Act” on September 29<sup>th</sup> of the same year. In addition, the Ministry of Interior held the advisory group meeting regarding the amendment of “Land Expropriation Act” on March 28<sup>th</sup>, 2017 and April 13<sup>th</sup>, 2017, continuing to discuss and make proposals for Land Expropriation Act.

## **(2) Build the Protection Measures for Land Expropriation**

Based on the provision protecting property rights of people, to let people obtain reasonable compensation for the sacrifice for public welfares, the Ministry of Interior has started to substantially amend related laws and regulations regarding expropriation since 2012. In addition to stipulating that the value of expropriated land shall be compensated based on its current market value, the review requirements were amended to include public welfares and necessity. The amendments have made the procedures of expropriation more rigorous and prevented abusive expropriations. Furthermore, the following policies had been proposed within the past one year:

**1. Opened the “Land Expropriation Management System” for people to enquire and browse (August 15<sup>th</sup>, 2016)**

The Ministry of Interior started the operation of Land Expropriation Management System on February 1<sup>st</sup>, 2016 and started to open the system for people to enquire and browse on August 15<sup>th</sup>, 2016 (Web Address: <http://lems.land.moi.gov.tw/LandOBT/ASPX/pubQuery.aspx>). The purpose of construction of the system is to keep tracking the subsequent enforcement circumstances of the applicant after the expropriation has been approved, protect the rights and benefits of people, bring the effect that the expropriation cases being supervised by all the people and make the approval of expropriation cases and speed of execution open and transparent.

**2. Enacted “Operating Procedure Guidelines Governing the Ministry of Interior to Hold Hearing” (Promulgated on October 31<sup>st</sup>, 2016)**

To meet the demand of administrative due process in Constitution of the Republic of China (Taiwan) and give persons involved and persons interested the opportunities to present their opinions through oral argument procedure, after the Ministry of Interior followed the provisions of Administrative

Procedure Act and considered the natures of the cases including urban planning, important wetlands, coastal management, urban renewal, land expropriation and urban land consolidation, the Ministry of Interior promulgated “Operating Procedure Guidelines Governing the Ministry of Interior to Hold Hearing” on October 31<sup>st</sup>, 2016.

### **3. Completed the construction of “The Information Designated Area of the Use and Review of National Spaces” website (Started on November 1<sup>st</sup>, 2016)**

To implement the significant policies of “making the channels of citizen participation complete”, the construction of single portal website of “The Information Designated Area of the Use and Review of National Spaces” was completed on November 1<sup>st</sup>, 2016 (Web Address: <http://lud.cpami.gov.tw/>), and it provides people more real-time and transparent information and multiple channels of participation to protect the rights and benefits of people and speak for the issues they care about.

The portal website, which integrated with the current “Land Expropriation Cases Enquiry” system and “Reviewed Cases Enquiry of Region, City, National Park Plan Committee” system, is convenient for people, landowners, interested persons to enquire related information (e.g. meeting time and agenda) of the reviewed cases of land expropriation, regional planning, urban planning and national park planning, and people can timely have the latest information of review and schedule at their fingertips.

### **3. Recovery of the Land Rights of Aboriginal People and the Protection of Intellectual Property Rights of Traditional Intellectuality Creations**

#### **(1) The Recovery Policy of Land Rights of Aborigines and the Results**

To guarantee the land rights of aborigines, according to Article 37 of Slope Land Conservation And Utilization Act and Regulations on Development and Management of the Lands Reserved for Indigenous People, the aborigines are counseled to respectively apply for the registration of creating cultivation, agricultural right and creating superficies and continue the self-operation or self-use. Afterwards, the aborigines will acquire title to the land gratis after the duration of their lands has continued for a period of five years.

As of May 16<sup>th</sup>, 2017, the total amount of the aboriginal reservations in the whole nation was 431,072, and the area of land was about 264,235 hectare, including the area of land which had been created other rights 25,419 hectare, the area of land which had been private aboriginal reservation 115,314 hectare, the total amount accounts for about 53% of the whole area of land.

## **(2) The policy of the Intellectual Property Rights of Aboriginal Traditional Intellectual Creations and Results**

To protect the Aboriginal Traditional Intellectual Creations, the Council of Indigenous Peoples actively counsel aborigines and tribes on applying for the exclusive rights of traditional intellectual creations in accordance with “Protection Act for the traditional intellectual creations of indigenous peoples” and accompany the aborigines to the completion of application procedures.

As of the end of March of 2017, 110 application cases of exclusive rights of traditional intellectual creations had been accepted, and 16 pre-meetings before the Committee member meeting of Review Committee regarding the application cases of exclusive rights of traditional intellectual creations had been held, and 65 cases had been reviewed. In addition, 5 Committee member meetings of Review Committee had been held, and 21 cases had been reviewed, 7 cases had been approved after the makeup of subjects, and we are actively assisting and

counseling the applicants to makeup according to the resolution of meetings to quickly obtain the exclusive right of intellectual creations.

## Judicial Effectiveness

### 1. Interpretation of the Constitution by the Constitutional Court, Judicial Yuan.

July 2016 to June 2017, the Constitutional Court of the Judicial Yuan made 11 interpretations of the Constitution, as explained below:

#### (1) Interpretation No. 739: Review Involving Self-implemented Urban Land Consolidation (Jul. 29, 2016)

On July 29, 2016, the 1444th meeting of the Constitutional Court, Judicial Yuan, gave Interpretation No. 739 with regard to “the case of Review Involving Self-implemented Urban Land Consolidation”. The intention of the interpretation is as follows:

Intention of Interpretation No. 739
<ol style="list-style-type: none"><li>1. The requirement of Article 8, Paragraph 1 of the Regulation for Encouraging Landowners to Handle Urban Land Consolidation to apply for the approval of organizing a preparatory committee by the initiators does not include the provision stating the mandated ratio between the amount of land areas within the proposed consolidation range owned by the initiators and the sum of all land areas within the same proposed consolidation range; further the provision that initiators shall be seven or more landowners does not mandate the ratio between the number and the total amount of all landowners within the proposed consolidation range, thus are inconsistent with the due process of law in the administrative procedure required under the Constitution.</li><li>2. Article 9, Subparagraph 3 and Article 20, Paragraph 1 of the same Regulation provide that the preparatory committee shall apply for the approval of the proposed consolidation range; Article 9, Subparagraph 6 and Article 26, Paragraph 1 of the same Regulation provide that the</li></ol>



preparatory committee shall apply for the approval of the consolidation project, publicly announce, and notify the landowners, etc., matters that should be under the authority of the consolidation committee but are handed over the preparatory committee, thus inconsistent with the meaning and purpose of Article 58, Paragraph 1 of the Equalization of Land Rights Act, and exceed the purpose and scope of authorization set forth by Paragraph 2 of the same Article, violating the principle of legal reservation.

3. The procedures provided by the Regulation regarding for the competent authorities to approve the proposed consolidation range do not require the competent authorities to set up appropriate organizations to review, offer the interested parties opportunities to be heard, and respectively execute the service of the approved dispositions to the landowners within the consolidation range other than the applicants; the procedures regarding for the competent authorities to grant permissions to implement the consolidation project do not require the competent authorities to set up appropriate organizations to review, respectively execute the service of the consolidation project related information to the landowners within the consolidation range other than the applicants, conduct hearings by public manner, so that the interested parties may appear to vocally express and deliberate opinions, consider all hearing records, explicate the reasons for adoption or not adoption and thereafter make the approval, together with the approved urban land consolidation project, respectively execute the service to every landowners and other stake-holders within the consolidation range, etc., those are inconsistent with the due process of law in the administrative procedure required under the Constitution. All provisions mentioned above violate the meanings and purposes of the right of property and the freedom of residence of the people protected under the Constitution. The relevant authorities shall, in accordance with the meaning and intention of this Interpretation, with regard to the parts that violate the Constitution mentioned above, consider amending within one year from the date this Interpretation is issued. The said unconstitutional parts of the provisions shall become null and void if they have not been amended within one year from the issuance of this Interpretation.
4. The provision set forth in Article 58, Paragraph 3 of the Equalization of Land Rights Act can hardly be deemed to have violated the principle of proportionality or the principle of equality.

[http://www.judicial.gov.tw/constitutionalcourt/EN/p03\\_01.asp?expno=739](http://www.judicial.gov.tw/constitutionalcourt/EN/p03_01.asp?expno=739)

Note: The English translation of Constitutional Court Interpretation No. 739  
please see this website:

[http://www.judicial.gov.tw/constitutionalcourt/EN/p03\\_01.asp?expno=739](http://www.judicial.gov.tw/constitutionalcourt/EN/p03_01.asp?expno=739)

(2) Interpretation No. 740: The case of whether insurance salesperson insurance solicitation labor contracts are labor contracts (Oct. 21, 2016):

On Oct. 21, 2016, the 1446<sup>th</sup> meeting of the Constitutional Court gave Interpretation No. 740 with regard to “the case of whether insurance salesperson insurance solicitation labor contracts are labor contracts”. The intention of the interpretation is as follows:

Intention of Interpretation No. 740
Whether the insurance solicitation labor contract signed by an insurance salesperson and the insurance company he/she belongs to are labor contracts as defined in Subparagraph 6 of Article 2 of the Labor Standards Law should depend on whether the labor debtor (insurance salesperson) is able to decide the method of payment for labor (including work time) and bears sales risk him/herself (such as using the insurance premiums collected as the basis of remuneration and should not be directly determined according to the Rules Governing Management of Insurance Salesperson.

(3) Interpretation No. 741: Scope of Application of case for which the interpretation is sought of Interpretation that Declares a Statute or Regulation Invalid after a Prescribed Period of Time (Nov. 11, 2016):

(4) On Oct. 21, 2016, the 1448th meeting of the Constitutional Court gave Interpretation No. 741 with regard to “the Scope of Application of case for which the interpretation is sought of Interpretation that Declares a Statute or Regulation Invalid after a Prescribed Period of Time”. The intention of the interpretation is as follows:

Intention of Interpretation No. 741
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<p>When the Judicial Yuan declares a statute or regulation unconstitutional but invalid only after a prescribed period of time, the individual who has applied for constitutional interpretation may seek a re-trial and other remedies on the basis of the case for which the interpretation was sought. The Prosecutor General may also make an “extraordinary appeal” to protect the rights and interests of the individual who has applied for constitutional interpretation. The aforementioned case for which the interpretation was sought of an interpretation that is invalid after a prescribed period in JY Interpretation No. 725 is also applicable. JY Interpretation No. 725 should be supplemented.</p>
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(5) Interpretation No. 742: Case of Relief for change after periodic overall review of urban plans. (Dec. 9, 2016)

On Oct. 21, 2016, the 1450th meeting of the Constitutional Court gave Interpretation No. 742 with regard to “the Case of Relief for change after periodic overall review of urban plans”. The intention of the interpretation is as follows:

## Intention of Interpretation No. 742

The necessary changes made to urban plans after periodic review of the plans carried out by the agencies that formulate the plans according to regulations is regulatory in nature and not administrative action. However, if concrete items within directly limit the rights and interests or increases the burden of a certain person or a certain majority of people in a defined area, based on the principle of “there is no *right* without *relief*” in the Constitution, they should be allowed to seek relief for that part by means of administrative appeal or administrative litigation to match intention of protecting appeal right and litigation right in Article 16 of the Constitution. The JY’s Interpretation No. 156 should be supplemented.

The formulation of urban plans (including change after periodic review) has a far-reaching impact on people’s rights and interests. The legislative body should, within two years of the announcement of this interpretation, add related regulations so that people can bring a lawsuit to seek relief with respect to illegal urban plans or when they believe their rights or legal interest are damaged. If such related regulations are not added before this period expires, urban plans (including changes after periodic overall review) announced from the day this interpretation to two years after, for relief the relief regulations relating to illegal administrative action in the Administrative Appeal Act and Administrative Litigation Act should be applied.

(6) Interpretation No. 743: Case of Whether or not Expropriated MRT-use land can be used for joint development (Dec. 30, 2016)

On Oct. 21, 2016, the 1451st meeting of the Constitutional Court gave Interpretation No. 742 with regard to “the case of whether or not expropriated

MRT-use land can be used for joint development”. The intention of the interpretation is as follows:

Intention of Interpretation No. 743
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| <ol style="list-style-type: none"><li>1. Land expropriated for mass rapid transit system use according to Article 6 of the Mass Rapid Transit Act promulgated on July 1, 1988, cannot be used for joint development in the same plan approved according to Paragraph 1 of Article 7 of the same Act.</li><li>2. Land expropriated according to the Mass Rapid Transit Act should only be transferred by the competent agency when clearly supported by regulations to match the intention of protecting people’s property right in the Constitution.</li></ol> |
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(7) Interpretation No. 744: Case of Advance Review of cosmetics advertisements (Jan. 6 2017):

On Oct. 21, 2016, the 1452nd meeting of the Constitutional Court gave Interpretation No. 744 with regard to “the case of advance review of cosmetics advertisements”. The intention of the interpretation is as follows:

Intention of Interpretation No. 744
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<p>Paragraph 2 of Article 24 of the Statute for Control of Cosmetic Hygiene stipulates: “Cosmetics companies posting or broadcasting advertisements should, apply to the central or city competent authority for approval in advance.” Paragraph 1 of Article 30 of the same Act stipulates “Those in violation of Paragraph 2 of Article 24 will be subject to a fine of up to NT\$50,000.” Requiring advance review of cosmetics advertisements limits the freedom of speech of cosmetics companies, goes beyond the necessary degree and does not match the principle of proportionality in Article 23 of the</p>
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Constitution and goes against the intention of protecting free speech in Article 11 of the Constitution. The provisions should lose their effectiveness from the day of announcement of this interpretation.
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(8) Interpretation No. 745: Case of whether not allowing the real amount of expenses to be deducted from salary income violates the Constitution (Feb. 8, 2017)

On Feb. 8 2017, the 1453rd meeting of the Constitutional Court gave Interpretation No. 745 with regard to “the Case of whether not allowing the real amount of expenses to be deduced from salary income violates the Constitution”. The intention of the interpretation is as follows:

Intention of Interpretation No.745
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Regarding income tax calculation, Paragraph 1 of Article 14, and Item 3-2, Subparagraph 2 of Paragraph 1 of Article 17 of the Income Tax Act only permits a tax payer to deduct a fixed amount salary income special deduction and does not allow a tax payer to deduct necessary expenses by enumeration or other method that year when necessary expenses exceed the statutory deduction. In this scope, this goes against the intention of protection of the right of equality of Article 7 of the Constitution. Related agencies should adjust related Income Tax Act regulations in line with the intention of this interpretation within two years of the announcement of this interpretation.
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(9) Interpretation No. 746: Case of collection of a fine and interest for late payment of tax (Feb. 24 2017)

On Feb. 24 2017, the 1454th meeting of the Constitutional Court gave Interpretation No. 746 with regard to “the case of collection of a fine and interest for late payment of tax”. The intention of the interpretation is as follows:

## Intention of Interpretation No.746

Article 20 of the Tax Collection Act stipulates: "...Those who fail to pay tax within the time limit stipulated in tax law shall be subject to a fine of 1% of the unpaid tax amount every two days; In the case of failure to pay after 30 days...." Paragraph 1 of Article 51 of Estate and Gift Tax Act states: taxpayers who fail to pay approved estate or gift tax within the time limit stipulated in Article 30 shall be subject to a fine of 1% of the unpaid tax amount every two days; In the case of failure to pay after 30 days. These are means to spur people to fulfil their tax payment obligation within the legal time limit and cannot be deemed to go against the principle of proportionality in the Constitution and intention of protecting property rights in Article 15.

The interpretation regarding collection of a fine for those that pay half of tax payable after the payment deadline after addition of tax by review decision in the Ministry of Finance's April 8, 1991 Tai Cai Zi No. 790445422 document and Tai Cai Zi No. 811680291 document of Oct. 9, 1992 is in accord with the intention of Article 20, Paragraph 1 and Subparagraph 1, Paragraph 2 of Article 39 of the Tax Collection Act and Paragraph 1, Article 51 of the Estate and Gift Tax Act and does not conflict with the tax legal principle of Article 19 of the Constitution.

Paragraph 2 of Article 51 of the Estate and Gift Tax Act stipulates: "The aforementioned payable tax and fine should be subject to interest charged at the same rate as the Directorate General of Postal Remittances and Saving Bank's one year fixed term deposit rate from the day after delinquency period expires until the taxpayer pays and should be collected which should be collected together with the payable tax and fine. The payable tax amount plus interest is not in conflict with the protection of property rights in the Constitution; however, the addition of interest to the fine violates the principle of proportionality and goes against the intention of protecting of property rights in the Constitution and should lose its effectiveness on the day this interpretation is announced.

(10) Interpretation No. 747: Case of the land owner being able to request expropriation of surface rights when a road passes under land he/she owns (Mar. 17 2017)

On Feb. 24 2017, the 1455th meeting of the Constitutional Court gave Interpretation No. 747 with regard to the Case of the land owner being able to request expropriation of surface rights when a road passes under land he/she owns. The intention of the interpretation is as follows:

Intention of Interpretation No.747

Article 15 of the Constitution clearly states that people's property rights should be protected. When a land user crosses above or below private land for the businesses defined in Article 3 of the Land Expropriation Act, exceeding the scope of social responsibility that the owner should bear and causing special sacrifice by the individual and when application for expropriation of the land is not made to the competent authority according to expropriation regulations, the land owner can request that the land user apply to the competent authority for expropriation of surface rights.

Article 11 of the same Act announced on Feb. 2, 2000 stipulates: "Before a land user applies for expropriation of land, the land should be obtained by agreeing purchase price with the owner or other means; when the land owner refuses to come to an agreement or when agreement cannot be reached in meetings, application for expropriation of the land can be made under this Act."

(The main intention of amended Paragraph 1 of the same Article announced on Jan. 4, 2012 is the same) Paragraph 1 of Article 57 stipulates: "When a land user crosses above or below private land for the businesses defined in Article 3 of the Land Expropriation Act, obtaining of surface rights of spatial scope to be used can be agreed; When agreement cannot be reached, expropriation regulations can be applied to obtain surface rights." It does not stipulate that a land owner can request the land user to apply to the competent authority to expropriate surface rights and so does not match the aforementioned intention.

Within one year of the announcement of this interpretation, related agencies should, in line with the intention of the interpretation, properly amend the Land Expropriation Act. If amendment is not carried out within this period, land owners can, in accordance with the intention of this interpretation, request that the land user apply to the competent authority to expropriate surface rights.



(11) Interpretation No. 748: Case of same sex couples having freedom to marry  
(May 24 2017)

On May 24 2017, the Constitutional Court's Interpretation No. 747 Case of same sex couples having freedom to marry was announced by the JY. The intention of the interpretation is as follows:

Intention of Interpretation No.748
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| <ol style="list-style-type: none"><li>1. Chapter 2 Marriage in Volume 4 Relatives in the Civil Law does not allow two people of the same sex to establish an intimate and exclusive relationship of permanent association for the purpose of living together. This goes against the intention of protecting the freedom to marry and equal rights in articles 22 and 7 of the Constitution respectively.</li><li>2. Related agencies should complete amendment to or drawing up of related laws within two years of the announcing of this interpretation. The question of what form equal protection of freedom to marry takes lies within the scope of legislation.</li><li>3. If amendment or drawing up of related laws is not completed within the said time period, to establish the aforementioned relationship of permanent association, two people of the same sex can, in line with the regulations of the Marriage chapter above, can carry out marriage registration at a household administration agency upon presentation of a document signed by two or more witnesses.</li></ol> |
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(12) Interpretation No. 749: Case of fixed term suspension of business and revocation of the licenses of taxi drivers (June 2 2017)

On May 24 2017, the Constitutional Court's Interpretation No. 749 Case of fixed term suspension of business and revocation of the licenses of taxi drivers was announced by the JY. The intention of the interpretation is as follows:

Intention of Interpretation No. 749
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1. Paragraph 3 of Article 37 of the Act Governing the Punishment of Violation of Road Traffic Regulations stipulates:” A taxi driver who commits the crime of theft, fraud, possessing stolen property, infringement of liberty or any crime in articles 230 to 236 of the Criminal Law, upon being sentenced to imprisonment at the court of first instance will have their professional registration suspended. Those whose sentence of imprisonment is confirmed will have their professional registration cancelled and their driving license revoked.” This provision’s main criteria are the crime committed by the driver and a sentence of imprisonment, and it pays no attention to whether the driver’s crime was a direct threat to their passengers. This suspension and revoking of business registration in all cases exceeds the necessary degree and goes against the principle of proportionality in Article 23 and the intention of protecting the right to work of the people of Article 15 of the Constitution. Related agencies should, within two years of the announcement of this interpretation, carry out suitable amendments in accordance with its intention; in the event that amendments are not made in this time period, the aforementioned regulations relating to suspension and cancelling of business registration will lose their effectiveness. Prior to the amendment of the aforementioned regulation, in order to implement the original objective of suspending business, a taxi driver who has his/her business registration revoked cannot register again for three years.
2. The part about revoking driving license in Paragraph 3 of Article 37 of the Act clearly exceeds the necessary degree to reach the objective of fixed term suspension of business and goes against the principle of proportionality in Article 23 of the Constitution and the intention of protecting the right to work and the general freedoms in articles 15 and 22 of the Constitution respectively and should become ineffective from the day this interpretation is announced. Thus Paragraph 1 of Article 68 of the same Act (Article 68 prior to amendment announced on May 5, 2010) should no longer be applied to revoke driving licenses of each type for the reason of violation of Paragraph 3 of Article 37 of the same Act.
3. “A driver who has had his/her license revoked under Paragraph 3 of Article 37 cannot take a driving test for three years....” Stimulated in Paragraph 2, Article 67 of the Act, should also become ineffective since the part in Paragraph 3 of Article 37 of the same Act has been announced as ineffective by this interpretation.

## JY promotes court electronization

In recent years, the JY has actively promoted the idea of E-court, using IT and software to make the hearing process more open, transparent and focused and effectively increasing the effectiveness of hearings. One important part of the JY's e-court plan is online case filing.

In June and August 2015 the JY established and launched the intellectual property administrative litigation and tax administrative case online filing service. On August 8, 2016 the JY further activated a civil case electronic filing system, allowing citizens to use a natural person certificate to register and obtain a document-submission account number and password and then file a case and transmit documents through the JY e-filing platform. (website: <https://efiling.judicial.gov.tw/SOL/LOGIN.jsp>)

The advantages of online filing are that documents can be submitted and corresponding litigation documents received 24 hours a day so they do not need to be delivered in person or mailed, and they are also more easily filed than paper documents, requiring only electronic case files, making online convenient and also environmentally-friendly.

## Government Integrity

### **1. Amended “Money Laundering Control Act” (Amended and promulgated on December 28<sup>th</sup>, 2016, executed on June 28<sup>th</sup>, 2017)**

Taiwan enacted “Money Laundering Control Act” in 1996, and it is the first exclusive act for money laundering prevention in Asian countries. Taiwan also joined “Asia-Pacific Group on Money Laundering, APG” in 1997 and became one of the founding members.

In the past 20 years, criminal syndicates’ tactics and channels for money laundering have been continuously updating. Although “Money Laundering Control Act” had been amended for several times, all the content of amendments focused on criminal prosecution, which cannot be in line with international norms and bring the prevention effect into full play. In addition, Taiwan accepted the second round of mutual evaluation with APG in 2007 and was put in the list of objects which shall be subsequently tracked, and Taiwan will accept the third round of mutual evaluation in 2018.

To make the money laundering prevention system complete, meet the international regulations and standards, operate the money laundering prevention works in practice, show the determination to beat economy crimes and money laundering crimes, and enhance the overall reputation evaluation of financial activities, the total 23 Articles of “Money Laundering Control Act” was amended and promulgated on December 28<sup>th</sup>, 2016, and officially executed on June 28<sup>th</sup>, 2017. The main amendments are shown in the following table.

Law	Articles	Main revisions
Money Laundering Control Act (Amended and	Amended and promulgated	1. Amended the forms of money laundering behaviors. (Article 2)

<p>promulgated on December 28<sup>th</sup>, 2016, executed on June 28<sup>th</sup>, 2017)</p>	<p>the full-text of the total 23 Articles.</p>	<p>2. Amended the standards of serious crimes from the crimes for which the minimum punishment is 5 years or more imprisonment to the crimes for which the minimum punishment is 3 years or more imprisonment, and correspondingly deleted the listed crimes which the minimum punishment is 3 years or more imprisonment. In addition, the amendment enlarged the range of serious crimes in this Article and deleted the regulations regarding the standard of the property or property interests obtained from a crime. (Article 3)</p> <p>3. Amended the definition of “serious crime” in the Act and clearly stipulated the definition of “the property or property interests obtained from the commission of the serious crime”, in which the serious crime is not necessary to be adjudicated guilty by a final judgment of court. (Article 4)</p> <p>4. Amended and changed the “jewelry</p>
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		<p>retail businesses and other financial institutions likely to be used for money laundering” to “designated non-financial enterprises or personnel” and added the provision stipulating the applicable transaction types and the applicable range of the Act of the institutions designated by the Ministry of Justice after requesting approval from the Executive Yuan in consultation with the central competent authority. (Article 5)</p> <p>5. Amended the provision regarding the duty that financial institutions and the designated non-financial enterprises or personnel shall enact guidelines governing money laundering prevention, and added the provision regarding the inspections of the competent authority and the penalties for evading, refusing or hindering inspections. (Article 6)</p> <p>6. Added the legal basis for financial institutions and the designated non-financial enterprises or personnel to review their clients and the provision</p>
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		<p>regarding the penalties which shall be imposed while breaching the duty. (Article 7)</p> <p>7. Added the legal basis that financial institutions and the designated non-financial enterprises or personnel shall have the duty to preserve transaction records and the provision regarding the penalties that shall be imposed while breaching the duty. (Article 8)</p> <p>8. Amended the provision stipulating the penalties for not declaring large amounts of transaction according to regulations, and added the disclaimer provision stipulating that financial institutions and the designated non-financial enterprises or personnel shall keep confidential while declaring large amounts of transaction according to regulations, and clearly specified the authority imposing the penalties for breach of the duty. (Article 9)</p>
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		<p>9. Amended the provision stipulating the penalties for not declaring the transactions which is suspected to be money laundering according to regulations, and clearly specified the authority taking charge of imposing the penalties for breach of the duty. (Article 10)</p> <p>10. Added the legal basis on which the competent authorities governing financial target businesses may adopt prevention measures against the nations or regions with high risk of money laundering or terrorism financing. (Article 11)</p> <p>11. Enlarged the scope of the duty of declaration from the circumstances of entry and exit of clearance to not being accompanied by the circumstances of entry and exit of clearance, and added the provision that the New Taiwan Dollar, the currencies issued by Hong Kong or Macau, gold, and the designated items suspected to be used</p>
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		<p>for money laundering are also listed in the subjects of declaration. (Article 12)</p> <p>12.To accommodate the amendment regarding the forms of money laundering in Article 2, the behaviors defined in Article 2 were regarded as the elements of crime. In addition, the amendment added the punishment for attempted behaviors, and the pronounced imprisonment of money laundering shall not exceed the maximum principal punishment stipulated by its serious crimes. (Article 14)</p> <p>13.Added special money laundering crime and the punishment for attempted behaviors in the crime. (Article 15)</p> <p>14.Extended the scope of confiscation to the property of money laundering or the subject of the benefits obtained from the property. (Article 18)</p>
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		<p>15. Amended the related provisions assisting Taiwan and foreign governments, institutions, or international organizations in executing confiscation procedures according to treaties and agreements. (Article 19)</p> <p>16. Added the legal basis for the Ministry of Justice to set up funds while operating money laundering prevention works. (Article 20)</p> <p>17. Added the legal basis on which the central competent authority may delegate the municipal and county (city) governments to inspect, impose sanctions and investigate the items regarding money laundering prevention. (Article 22)</p> <p>18. The Act shall become effective 6 months after the date of promulgation. (Article 23)</p>
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For the English translations of “Money Laundering Control Act”, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0380131>

## **2. Published “United Nations Convention against Corruption” (Published on September 7<sup>th</sup>, 2016)**

The “United Nations Convention against Corruption” was published on September 7<sup>th</sup>, 2016, and tracing back to December 9<sup>th</sup>, 2015, came into effect according to the “Act to Implement the United Nations Convention against Corruption”.

For the Traditional Chinese version and English translations of the “United Nations Convention against Corruption”, please refer to the following link:

<http://www.aac.moj.gov.tw/ct.asp?xItem=460056&ctNode=44544&mp=289>

## **3. Amended “National Integrity Building Action Plan” (Amended and promulgated on August 24<sup>th</sup>, 2016)**

To accommodate the execution of the “Act to Implement the United Nations Convention against Corruption” on December 9<sup>th</sup>, 2015 and the promotion of “National Integrity Building Action Plan”, improve the efficiency of prevention and beating corruption, include the main regulations and connotation of the Convention, the overall content of the Action Plan was reviewed and the “National Integrity Building Action Plan” was amended and promulgated on August 24<sup>th</sup>, 2016, with a total of 9 specific strategies. The main points are shown in the following table:

Regulation	Articles	Main Points
<p>National Integrity Building Action Plan</p> <p>(Amended and promulgated on August 24<sup>th</sup>, 2016)</p>	<p>Full-text of the 9 Specific Strategies</p>	<p>(1) The 9 specific strategies are as follows:</p> <ol style="list-style-type: none"> <li>1. Strengthen the accountability system for government agencies' integrity management and implement the practice of risk control.</li> <li>2. Facilitate openness and transparency to prevent conflicts of interest.</li> <li>3. Continue indicator research and take the pulse of public opinion as well as international trends.</li> <li>4. Put the code of conduct for civil servants into effect and establish a government model.</li> <li>5. Encourage social participation and facilitate a consensus for transparency and zero tolerance against corruption.</li> <li>6. Promote campus integrity and deepen the character education for students.</li> <li>7. Strengthen corporate integrity and build an anti-corruption consensus in the private sector.</li> <li>8. Add and amend laws on corruption investigation, enhance investigation capacity, and enforce the whistleblower</li> </ol>

Regulation	Articles	Main Points
		<p>protection.</p> <p>9. Promote international cooperation and asset recovery and establish a mutually beneficial mechanism among countries.</p> <p>(2) Amended 9 specific strategies according to the following standards and enacted specific operational procedures and the index items of performance evaluation:</p> <p>For the one that should meet the “mandatory requirement” of the United Nations Convention against Corruption, if the content of the National Action Program Against Corruption has not yet achieved the Convention’s requirement, it shall be amended to meet the spirit of the Convention.</p> <p>For the one that should meet the mandatory or optional requirement of the United Nations Convention against Corruption but has not been listed in the National Integrity Building Action Plan, if currently there have been related systems or policies in practice in Taiwan, it may maintain the status quo and does not require to be added to the Program.</p>

Regulation	Articles	Main Points
		For the one that belongs to the managed and reviewed items of the current National Action Program Against Corruption, if it is not required by the United Nations Convention against Corruption, it shall be deleted from the managed item list.

For the English translations of National Integrity Building Action Plan, please refer to the following link:

[http://www.aac.moj.gov.tw/lp.asp?ctNode=40726&CtUnit=16345&BaseDSD=7&mp=290\\_](http://www.aac.moj.gov.tw/lp.asp?ctNode=40726&CtUnit=16345&BaseDSD=7&mp=290_)

4. Enacted “Principles of Transparent Procedures for the Administrative Operation by the Executive Yuan and its Subordinate Agencies (Promulgated on December 21<sup>st</sup>, 2016)

To transparentize the administrative operation procedures of the Executive Yuan and its Subordinate Agencies in order to effectively operate external supervision and build a government against corruption, the “Principles of Transparent Procedures for the Administrative Operation by the Executive Yuan and its Subordinate Agencies” was enacted and promulgated on December 21<sup>st</sup>, 2016. It is expected to effectively decrease corruption and crimes by operating external supervision and imposing responsibility.

Regulation	Articles	Main Points
Principles of	Full-text	1. The definition, review standards of

Regulation	Articles	Main Points
Transparent Procedures for the Administrative Operation by the Executive Yuan and its Subordinate Agencies (Promulgated on December 21 <sup>st</sup> , 2016)	of the 10 Points	<p>transparent procedures of administrative operations. (Point 2, Point 3)</p> <p>2. The work items and key issues for each agency, combining its internal control, to promote the transparentization of administrative operation procedure. (Point 4, Point 5)</p> <p>3. Unify the subject and measures of planning and building the system of transparent administrative operation procedures. (Point 6)</p> <p>4. The system of transparent administrative operation procedures may integrate with the application of electronic methods and technology. (Point 7)</p> <p>5. Strengthen the promotion of transparent administrative operation procedures. (Point 8)</p> <p>6. Periodical tracking of the operation of transparent administrative operation</p>

Regulation	Articles	Main Points
		procedures. (Point 9)

## **5. Amended the administrative rules related to rewards for reporting (Amended and promulgated on November 14<sup>th</sup>, 2016)**

Considering the amendment and promulgation of the “Anti-Corruption Informant Rewards and Protection Regulation” on March 16<sup>th</sup>, 2016, to ensure the completeness of anti-corruption policies and the consistency of legal procedures, the “Ministry of Justice Essentials for Establishing a Reward Review Committee for Informants of Corruption and Malfeasance Cases” and the “Ministry of Justice Guidelines for Granting Rewards to Informants of Corruption and Malfeasance Cases” were amended on November 14<sup>th</sup>, 2016, and the “Ministry of Justice Review Standards for Granting Rewards to Informants of Corruption and Malfeasance Cases” was amended on November 16<sup>th</sup>, 2016.

Regulation	Articles	Main Points
The Ministry of Justice Essentials for Establishing a Reward Review Committee for Informants of Corruption and Malfeasance Cases (Amended on	Full-text of the 7 Points	<p>1. Amended the name of review committee and unified the wording into “Corruption and Malfeasance Cases”. (Point 1 to Point 7)</p> <p>2. Added the provision regarding the ratio of the gender of committee members. (Point 2)</p>



Regulation	Articles	Main Points
November 14 <sup>th</sup> , 2016)		3.Deleted the provision stipulating that Accounting Department of the Ministry of Justice shall assign representatives to attend the Committee. (Point 4)
The Ministry of Justice Guidelines for Granting Rewards to Informants of Corruption and Malfeasance Cases (Amended on November 14 <sup>th</sup> , 2016)	Full-text of the 6 Points	<p>1. Amended the wording to “Rewards for Informants of Corruption and Malfeasance Cases”. (Point 1, Point 5)</p> <p>2.Clearly stipulated the definition of the authorities possessing prosecuting authorities, and amended the time informers can submit the application. (Point 2)</p> <p>3.Amended the operation procedures of the prosecutor offices, judicial police authority, or the Government Ethics Department for the distribution of the Rewards for Informants of Corruption and Malfeasance Cases. (Point 3)</p>

Regulation	Articles	Main Points
		<p>4. Clearly stipulated that the rewards for reporting shall be separately taxed. (Point 4)</p> <p>5. Amended appendix is in horizontal form. (Point 5)</p>
<p>The Ministry of Justice Review Standards for Granting Rewards to Informants of Corruption and Malfeasance Cases (Amended on November 16<sup>th</sup>, 2016)</p>	<p>Full-text of 12 Points</p>	<p>1. Added the purpose for enacting the Standards (Point 1)</p> <p>2. The amount of rewards for reporting corruption and malfeasance cases will be subject to review depending on court sentence. A one-third portion of the minimum amount of the appendix table of Paragraph 1 in Article 7 of The Regulation shall be granted to the informant when the corruption and malfeasance case is convicted by the court. After the final guilty judgment has been entered, the informant shall receive the remaining rewards. To avoid controversy, the preceding provision was clearly stipulated. (Point 2)</p>

Regulation	Articles	Main Points
		<p>3. Clearly stipulated that the Court's Judgment is based on the most severe sentence pronounced of the pronounced imprisonment of the fact the fact in the same corruption and malfeasance cases. (Point 3)</p> <p>4. Added the provision that if the number of the afore-mentioned convicts is more than five, rewards will be increased by one-half of the standard as prescribed in the Criteria and the principle of application of concurrence of the provision regarding the increase of rewards. (Point 11)</p> <p>5. Added the exceptional rewards review standards stipulated in Paragraph 2 in Article 7 of the Anti-Corruption Informant Rewards and Protection Regulation.</p>

For the English translations of the “Ministry of Justice Review Standards for Granting Rewards to Informants of Corruption and Malfeasance Cases”, please refer to the following link:

<http://mojlaw.moj.gov.tw/LawContentE.aspx?id=FL010270>

## **6. The Results of the Cooperation of the Anti-Corruption International Agreements (Treaties)**

According to the “Act to Implement United Nations Convention against Corruption” and the provision regarding international cooperation in Article 43, the provision regarding mutual legal assistance in Article 46, the provision regarding law enforcement cooperation in Article 48 and the provision regarding Joint investigation in Article 49 of the “United Nations Convention against Corruption”, the Agency Against Corruption Ministry of Justice created the platform mechanism of law enforcement cooperation with related international anti-corruption institutions and had jointly beaten 7 corruption cases from July 1<sup>st</sup>, 2016 to June 30<sup>th</sup>, 2017.

## **Tax Burden**

### **I Revised Income Tax Regulations**

#### **(1) Income Tax Act (amended and promulgated on July 27, 2016, not yet entered into force)**

To prevent a profit-seeking company from creating a Controlled Foreign Company (CFC) in a low-tax area, not distributing reserved surpluses and evading taxes; or restrain a company that has its Place of Effective Management (PEM) within the territory of Taiwan from setting up a company in a low-tax area and converting to non-resident status, avoiding both domestic and foreign income taxation, the Income Tax Act, taking applicable tax agreements for Taiwan businesses into account, was expanded with Article 43-3 and 43-4 and amended by Article 126 on July 27, 2016, creating a system for CFCs and PEMs. The main points of which are as follows:

<b>Law</b>	<b>Article Content</b>	<b>Main Points</b>
Income Tax Act (Amended and promulgated on July 27, 2016, not yet entered into force)	Article 43-3	For any profit-seeking enterprise and its related parties directly or indirectly holding up to 50% of shares or capital of a foreign affiliated enterprise registered in a low-tax burden country or jurisdiction, or having a significant influence on such a foreign affiliated enterprise, except in accordance with one of the following provisions, the surplus earnings of the foreign affiliated enterprise shall be recognized as the profit-seeking enterprise's investment income which is calculated according to the ratio and holding period of the shares or capital, and such investment income shall be included in taxable income of the current year

	Article 43-4	Any foreign profit-seeking enterprise established according to foreign law but with a place of effective management in the Republic of China shall be deemed as a profit-seeking enterprise having its head office within the territory of the Republic of China, be subject to profit-seeking enterprise income tax in accordance with the Income Tax Act and other relevant laws, and shall apply the same regulations to withholding tax and issuing certificates.
	Article 126	To assist companies to adjust their organizational structure to reduce the impact of the anti-tax avoidance system, the Executive Yuan specifies the implementation date. In the future, the Ministry of Finance will consider the implementation state of the double taxation avoidance on both sides of the Strait and the strengthening of taxation cooperation agreements, in accordance with the internationally applied (including Singapore and Hong Kong) Common Reporting and Due Diligence Standard (CRS), implement the Automatic Exchange of Financial Information in Tax Matters and the campaign against tax avoidance and, following this, submit a request to the Executive Yuan for approval and implementation to maintain tax fairness and give consideration to both industrial development and the rights and interests of taxpayers.

NB: English version of the Income Tax Act is available at:

<http://law.moj.gov.tw/Eng//LawClass/LawContent.aspx?pcode=G0340003>

**(2) Income Basic Tax Act (amended and promulgated on May 10, 2017, not yet entered into force)**

To prevent the abuse of spin-off companies from setting up CFCs using private individual names in low-tax countries or areas to avoid Taiwan tax obligations following the implementation of the CFC system, on May 5, 2017, some articles of the Income Basic Tax Act were amended and an individual CFC system was set up. In conformance with trends in the international tax system, a more well-rounded system was thus created to maintain tax fairness.

Law	Article Content	Main Points
Income Basic Tax Act  (Amended and promulgated on May 10, 2017, not yet entered into force)	Article 12-1	For any individual and his or her related parties residing in the Republic of China and directly or indirectly holding up to 50% of shares or capital of a foreign affiliated enterprise registered in a low-tax burden country or jurisdiction, or having a significant influence on such a foreign affiliated enterprise, where the individual, himself or herself, with his or her spouse and relatives within the second degree of kinship holding up to 10% of shares or capital of the foreign affiliated enterprise, the surplus earnings of the foreign affiliated enterprise shall be recognized as the individual's business income which is calculated according to the ratio of the holding shares or capital and be included in the individual's basic income of the current year as foreign income.
	Articles 3,	To be revised accordingly in line with the

	13, 14	aforementioned changes in Article 12-1.
	Article 18	To reduce the impact of the anti-tax avoidance system, the Executive Yuan specifies the implementation date. In the future, the Ministry of Finance will consider the implementation state of the double taxation avoidance on both sides of the Strait and the strengthening of taxation cooperation agreements, in accordance with the internationally applied (including Singapore and Hong Kong) Common Reporting and Due Diligence Standard (CRS), implement the Automatic Exchange of Financial Information in Tax Matters and the campaign against tax avoidance and, following this, submit a request to the Executive Yuan for approval and implementation to maintain tax fairness and giving consideration to both industrial development and the rights and interests of taxpayers.

NB: English version of the Basic Income Tax Act is available at:

<http://law.moj.gov.tw/Eng//LawClass/LawContent.aspx?pcode=G0340115>

## **II International Tax Agreements (Treaties)—Results**

(1) Agreement between the Association of East Asian Relations and the Interchange Association for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (implemented on January 1, 2017).

The Agreement between the Association of East Asian Relations and the Interchange Association for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed by Taiwan and Japan has been in use since January 1, 2017 and is Taiwan's 30<sup>th</sup> comprehensive tax treaty and the first to enter into force with a North East Asian



country. It aids in mutual investment, technology exchanges, and cooperation, encouraging innovative corporate R&D and raising global competitiveness.

- (2) Arrangement between the Taipei Economic and Cultural Office in Canada and the Canadian Trade Office in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (implemented on January 1, 2017)

The Arrangement between the Taipei Economic and Cultural Office in Canada and the Canadian Trade Office in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed by Taiwan and Canada has been in use since January 1, 2017. It is Taiwan's 31<sup>st</sup> comprehensive tax agreement (treaty) and the first to enter into force with a North American country. This treaty solves the double taxation problem that overseas Taiwanese living in Canada have had to face over the years. It makes Taiwan businesses more competitive overseas and makes the Taiwan investment environment more attractive for foreign businesses.

- (3) Agreement between the Taipei Economic and Cultural Office in Warsaw and the Warsaw Trade Office in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (implemented on January 1, 2017)

The Agreement between the Taipei Economic and Cultural Office in Warsaw and the Warsaw Trade Office in Taipei for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed by Taiwan and Poland has been in use since January 1, 2017. It is Taiwan's 32<sup>nd</sup> comprehensive tax treaty and the 15<sup>th</sup> to enter into force with an European country, binding Taiwan ever more closely to the European tax treaty network and building a tax treaty environment favorable to Taiwan becoming an Asian Pacific R&D, operations, and logistics center.

## Labor Freedom

### I. Loosening employment restrictions for foreign nationals in Taiwan

#### (1) *Employment Service Act* (Amended and promulgated on November 3<sup>rd</sup>, 2016)

In article 52 of the Employment Service Act, paragraph 4 was revised and paragraph 5 was created. The provision in Paragraph 4 which regulated foreigners, who engage in the jobs specified in Items 8 to 10, Paragraph 1, Article 46 of the Employment Service Act, may only come back for work once after leaving the country for one day, was deleted. In Paragraph 5, it created the provisions specifying that the foreign worker who, under the proviso of the preceding paragraph 4, requests to return to his / her national country during the employment permit period, the employer shall give his/her consent, and authorize the central competent authority to stipulate the method of ask for leave, duration of absence, procedures and other relevant regulations. The main revisions are shown in the following table.

Law	Article Content	Main Points
<i>Employment Service Act</i> (Amended and promulgated on November 3 <sup>rd</sup> , 2016)	Article 52	An employed foreign worker who has not violated any law or regulation within the duration of employment permit, and has departed from the Republic of China due to the termination of employment or the expiration of the employment permit, or an

		<p>employed foreign worker who failed the health examinations but accepted medical treatment thereafter at his/her national country and then passed the health examinations therein, may re-enter the Republic of China to work. The provision regulating that the foreigner, who engages in any of the jobs specified in Items 8 to 10, Paragraph 1, Article 46 of the Employment Service Act, may only come back for work once after leaving the country for one day, was deleted, but the above-mentioned foreign worker shall not exceed his/her work in the territory of the Republic of China for a cumulative of more than 12 years.</p>
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For the English translations of the Employment Service Act, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0090001>

***(2) Regulations on Permission and Administration of the Employment of Foreign Workers (Amended and promulgated on November 25<sup>th</sup>, 2016)***

In accordance with the amendment of Paragraph 4 of Article 52 of the *Employment Service Act* on November 3<sup>rd</sup>, 2016, the provision regulating foreigners, who engage in the jobs specified in Items 8 to 10, Paragraph 1, Article 46 of the Employment Service Act, may only come back for work once

after leaving the country for one day, was deleted. The application procedures and other provisions, governing the continuation with the original employer or consecutive employment by new employers for the foreign employee whose permitted employment period has expired, have been textually revised. The main revisions are shown in the following table.

<b>Regulation</b>	<b>Article Content</b>	<b>Main Points</b>
<i>Regulations on Permission and Administration of the Employment of Foreign Workers</i> (Amended and promulgated on November 25 <sup>th</sup> , 2016)	Article 20, Article 26, Article 27-1, Article 27-3, Article 28-1, Article 28-3, Article 28-4, Article 48	<p>1. Where an employer is permitted by the Central Competent Authority to continue the employment or renew upon expiration of the original employment permission, the employer may not be restricted by the regulation of forbidding a re-conduct recruitment of type B foreign worker(s) before the departure of the originally employed type B foreign worker(s) from the territory of the Republic of China. (Article 20)</p> <p>2. Where renewal or transfer of employment upon expiration of the term as permitted by the Central Competent Authority, an employer may not be restricted by the regulation forbidding the employment of a type B foreign worker who has already</p>

		<p>entered the Republic of China. (Article 26)</p> <p>3. The employer taking over the employment upon expiration of the term may be exempted from the regulation stipulating an employer's duty to notify the local Competent Authority to conduct an inspection after the foreign worker's entry into the Republic of China. (Article 27-1)</p> <p>4. Local competent authority's regulations governing the audit dealing with foreign worker's wage/salary and expenses incurred before entering the Republic of China for employment. (Revised Article 27-2)</p> <p>5. The starting date and period of the responsibilities taken by the employer who continue or renew the employment of a type B foreign worker. (Article 28-1)</p> <p>6. In the event the employee and the employer reach an agreement of continuing the employment upon the expiration date, the employer shall submit the application to the Central Competent Authority for permission of renewal of employment four months to two months before the expiration date of the employment permission. (Article 28-3)</p>
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		<p>7. In the event the employee and the employer reach an agreement of not continuing the employment upon the expiration date, the employer shall submit the application to the Central Competent Authority for permission of renewal of employment four months to two months before the expiration date of the employment permission. (Article 28-4)</p> <p>8. Followed the effective date of the revised Article 52 and added the execution date of the revised Articles. (Article 48)</p>
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For the English translations of the *Regulations on Permission and Administration of the Employment of Foreign Workers*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0090027>

***(3) Directions of the Employment Transfer Regulations and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to 11, Paragraph 1, Article 46 of the Employment Service Act (Amended and promulgated on November 15<sup>th</sup>, 2016)***

In accordance with the amendment of Paragraph 4 of Article 52 of the *Employment Service Act*, the provision, which regulated foreigners, who engage in any of the jobs specified in Items 8 to 10, Paragraph 1, Article 46 of

the Employment Service Act, may only come back for work once after leaving the country for one day, was deleted. To protect foreigners' employment rights and benefits, the application procedures and related regulations governing the renewal of employment by new employers upon the expiration of the foreign employee were added. In addition, the related regulations governing the continuous employment of foreign workers in the event of a business unit's merger were added, and the regulation governing the butchery employer's application for consecutively employing type B foreign workers was added. The main revisions are shown in the following table.

Regulation	Article Content	Main Points
<i>Directions of the Employment Transfer Regulations and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to 11, Paragraph 1, Article 46 of the Employment Service Act</i> (Amended and	Revisions of the entire Articles.	<p>1. In accordance with the Industrial Development Bureau, Ministry of Economic Affairs' provision governing the required certificates which shall be provided by the business units while applying for the identification of specific production procedures, the provision allowing the applicant not to apply for factory establishment registration was deleted. In addition, in order to simplify the name of the act, related regulations were revised. (Article 6, Article 7)</p> <p>2. In accordance with the provision of</p>

<p>promulgated on November 15<sup>th</sup>, 2016)</p>		<p>Paragraph 4 of Article 52 of the <i>Employment Service Act</i>, the provision regarding the employment permit period for the employer offering consecutive employment was revised. (Article 14)</p> <p>3. To clearly regulate the provision regarding the ratio of the new employer's increased hired foreign workers upon the payment of employment settlement fee after the purchase or rent of the original manufacturing machinery, equipment or factories or the purchase or rent of the original employer's slaughterhouse, and to regulate that the surviving company shall handle in accordance with Company Act and Business Mergers and Acquisitions Act if the employer execute a company merger, related provisions were revised. (Article 17, Article 18, Article 19, Article 20, Article 22)</p> <p>4. The renewal procedures of the discontinuation of the original employer's employment upon the expiration of employment. (Article 23)</p> <p>5. The qualification of the foreigners whose new employer may apply for</p>
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		<p>takeover and continue the employment upon the expiration of the original employment. (Article 24)</p> <p>6. The qualification of foreigner's application for transfer of work type upon the expiration of employment. (Article 25)</p> <p>7. If the transfer of employers or work for the foreigners upon the expiration of employment is not completed within the period of transfer, the period of transfer shall not be extended, and the original employer is responsible for arranging foreigners' departure from the country. (Article 26)</p> <p>8. Employers meeting the specified qualifications for taking over consecutive employment of the transferring foreigners, shall directly apply for consecutive employment upon the agreement of both parties. (Revised Article 27)</p> <p>9. Employers intending to consecutively employ Finish Contract and under Transfer Foreign Workers shall notify the local Competent Authority to implement inspection of Foreign Workers Living/Care-giving Service Planning Book.</p>
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		<p>(Revised Article 28)</p> <p>10. The deadline of application for Consecutive Employment Permit, required documents, and period of Consecutive Employment Permit of employers entering into the consecutive employment agreement. (Revised Article 29)</p> <p>11. The employer taking over the employment of the foreigner shall bear liability as an employer from the permitted date of consecutive employment. (Article 30)</p> <p>12. To clearly specify the regulations regarding the verification measures and the applicable verification ratio of employed foreigners by the said employers, the stipulated calculation measures and standards of approval of regular verification of manufacturing employers and butchery employers were stipulated. (Article 32, Article 33)</p>
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<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0090023>

For the English translations of the *Directions of the Employment Transfer Regulations and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to 11, Paragraph 1, Article 46 of the Employment Service Act*, please refer to the following link:

**(4) *The Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to 11, Paragraph 1 to Article 46 of the Employment Service Act* (Amended and promulgated on November 16th, 2016)**

The revision has been made to loosen restrictions that the employer can only apply for the makeup of foreign labors 2 years after the transfer of quota places, to increase the amount of foreign bilingual translators, and to specify the counting range of the number of fishermen and the number of care workers. The main revisions are shown in the following table.

Regulation	Article Content	Main Points
<b><i>The Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to 11, Paragraph 1 to Article 46 of the Employment Service Act</i></b>	Article 1, Article 6, Article 7, Article 9, Article 14-7, Article 21, Article 26	1. The regulation that the employment period of a family's foreign caregiver who performs well shall not exceed the permitted employment duration specified in Paragraph 6 of Article 52 of the <i>Employment Service Act</i> (hereafter referred to as "the Act") was added. It specified that the foreigner who has been hired to perform the jobs stipulated in the Standards, and in the case where he/she has not been absent for three consecutive days but has been out of contact, he/she

<p><b>(Amended and promulgated on November 16, 2016)</b></p>		<p>shall not be allowed to re-enter the Republic of China to work. (Article 6)</p> <p>2. The establishment of provision regarding the required certificate(s) of qualification for foreign caregivers. (Article 7)</p> <p>3. The amendment of the provision regarding the number of foreign workers and total sailors allowed on the same fishing vessel. (Article 9)</p> <p>4. If the reason for transfer is proved by the local Competent Authority to be not attributable to the manufacturing employer, the number of foreign workers transferring to another employer or work, in accordance with Article 59 of the <i>Employment Service Act</i>, may be exempted from the total amount of employed foreign workers. (Revised Article 14-7)</p> <p>5. The calculation method of the number of domestic caregivers while employers apply for the recruitment permit of institutional caregiver. (Article 21)</p> <p>6. The provision regarding the ratio of the number of foreign bilingual translators was revised to accommodate the need of</p>
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		communication and translation between employers and foreign labor. (Article 26)
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For the English translations of the *Directions of The Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Items 8 to 11, Paragraph 1 to Article 46 of the Employment Service Act*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0090029>

***(5) Regulations on Permission and Administration of the Employment of Foreign Workers (Amended and promulgated on January 11<sup>th</sup>, 2017)***

In accordance with the amendment of Article 50 of the *Employment Service Act* amended and promulgated on June 17<sup>th</sup>, 2016, the provision governing the maximum working hours per week of Overseas Chinese students was revised. The provision governing the preservation of internet application documents, the provision for strengthening the administration of the employment of foreign workers, and the provision for simplifying the practical reviewing procedures and making of the related regulations were added. The main revisions are shown in the following table.

Regulation	Article Content	Main Points
<i>Regulations on Permission and Administration of the Employment of Foreign Workers</i>	Article 5, Article 6-1, Article 7, Article 16, Article 19-1, Article 28,	1. The provision to promote international exchanges, simplify administrative operations and increase the quota of the foreigners invited by all levels of government authorities, any member of a foreign embassy or consulate located in

<p>(Amended and promulgated on January 11<sup>th</sup>, 2017)</p>	<p>Article 32, Article 34, Article 40, Article 40-1, Article 41</p>	<p>the Republic of China, and foreign institutions located in the Republic of China to engage in non-for-profit art performances or sports activities in the Republic of China was revised. If the period of stay allowed by the visa or permit is within thirty days, there is no need to apply for a work permit. (Article 5)</p> <p>2. To protect employer's rights and benefits, regarding the application for employment of a foreign worker through the Internet, the provision which stipulates that the employer shall retain the written originals of all application documents for at least five years, was added. (Article 6-1)</p> <p>3. The provision governing the documents which must be submitted while applying for the permit to employ type A foreign worker(s) was revised in order to make the provision clearer and meet the actual need of practical review. (Article 7)</p> <p>4. The provision governing the documents which must be submitted while applying for a permit to recruit type B foreign</p>
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		<p>worker(s) was revised in order to meet the actual need of practical review. (Article 16)</p> <p>5. To timely include the content of the Foreign Worker's Living Care Service Plan in related laws and regulations of the Republic of China, the items which shall be included in the Foreign Worker's Living Care Service Plan were added. (Article 19-1)</p> <p>6. To simplify the documents which must be submitted while applying for a permit to recruit type B foreign worker(s) and the reviewing operation procedures, the provision, which regulated that the certificate of health examination shall be included in the required documents, was deleted. (Revised Article 28)</p> <p>7. To allow the student enrolled in a technical training class conducted by the OCAC to work during the 2-year training period in the Republic of China, the preceding student was included in the Foreign students of Chinese origin referred in the Regulations. (Article 32)</p> <p>8. In accordance with the provision of</p>
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		<p>Article 50 of the Act amended and promulgated on June 17<sup>th</sup>, 2015, except during summer and winter vacations, the maximum working hours of Overseas Chinese students was revised from sixteen hours a week to twenty hours a week. (Article 34)</p> <p>9. The provisions governing the limitation of the minimum amount of living care service staff which shall be set up by an employer who employs 100 or more foreign workers, as referred to in Subparagraphs 9 and 10, Paragraph 1 of Article 46 of the Employment Service Act, or a private employment services institution that has been commissioned by an employer to conduct living care service for foreign worker(s) were revised. (Article 40, Article 40-1)</p> <p>10. The provision governing the limitation of the minimum amount of personnel with bilingual ability which shall be set up by an employer who employs 200 or more foreign workers, as referred to in Subparagraphs 9 and 10, Paragraph 1 of Article 46 of the <i>Employment Service Act</i></p>
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		was revised. (Article 41)
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For the English translations of the *Directions of Regulations on the Permission and Administration of the Employment of Foreign Workers*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0090027>

**(6) *Standards for Fee-charging Items and Amounts of the Private Employment Services Institution* (Amended and promulgated on April 6<sup>th</sup>, 2017)**

The for-profit employment services institution is allowed to charge service fees from a foreigner when the foreigner delegates the agency to seek for employment vacancies regulated in Subparagraph 8 to 10, Paragraph 1 of Article 46 of the Act. The monthly amount of the service fees which may be charged by the for-profit employment services institution when the foreigner delegates the agency to seek for employment vacancies was revised. The main revisions are shown in the following table.

Regulation	Article Content	Main Points
<i>Standards for Fee-charging Items and Amounts of the Private Employment Services Institution</i>	Article 6	The amount of the service fee shall not be over NT\$1,800 for each month in the first year, NT\$1,700 for each month in the second year, and should be not be over NT\$1,500 for each month in the third year. However, the fee should not be over

(Amended and promulgated on April 6 <sup>th</sup> , 2017)		NT\$1,500 for each month if the employee has been hired for over two years, or if the employee has to leave the country and make a re-entry due to termination of employment or expiration of employment duration, and is hired again by the same employer.
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<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0090028>

For the English translations of the *Standards for Fee-charging Items and Amounts of the Private Employment Services Institution*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0090028>

***(7) Regulations of re-entering the territory after a leave for Foreigners Engaging in the Jobs Specified in Items 8 to 10, Paragraph 1, Article 46 of the Employment Service Act (Amended and promulgated on April 18<sup>th</sup>, 2017)***

To protect the rights and benefits of the foreigners engaging in the jobs specified in Items 8 to 10, Paragraph 1, Article 46 of the Employment Service Act to take a leave to go back to their original countries, avoid the foreigners' rights and benefits to go back to their original countries and visit families from being affected by the revision of Paragraph 4 of Article 52 of Employment Service Act deleting the provision that the foreigners may only come back for work again after leaving the country for one day upon the expiration of employment period and protect the rights and benefits of employers to operate businesses and the caring rights and benefits of care recipients at the same time, the Regulation was set up in accordance with the authorization provision of

Paragraph 5 of Article 52 of *Employment Service Act*, a total of 6 Articles, stipulating the provisions including the source of law of the Regulation, applicable objects, the negotiation between employer and employee.

Regulation	Article Content	Main Points
<i>Regulations of re-entering the territory after a leave for Foreigners Engaging in the Jobs Specified in Items 8 to 10, Paragraph 1, Article 46 of the Employment Service Act</i> (Promulgated on April 18 <sup>th</sup> , 2017)	The whole promulgated Articles, a total of 6 Articles.	<ol style="list-style-type: none"> <li>1. The source of law of these Regulations. (Article 1)</li> <li>2. The applicable objects of these Regulations. (Article 2)</li> <li>3. When a foreigner obtains annual paid leaves during the duration of employment by the same employer, he/she may take an annual paid leave and arrange a time to go back to his/her original country. In principle, the employer shall agree. Exceptions may be negotiated by employer and employee, and the solution may be made by both parties if agreement fails to be reached. (Article 3)</li> <li>4. The source regulating foreigners taking leaves to go back to his/her original country by other types of leaves except annual paid leaves. (Article 4)</li> </ol>

		<p>5. The reason, amount of days, and procedures for foreigners taking leaves to go back to his/her original country. (Article 5)</p> <p>6. The execution date of these Regulations. (Article 6)</p>
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## **II. *Labor Standards Act* (Amended and promulgated on December 21<sup>st</sup>, 2016, gradually executed since December 23<sup>rd</sup>, 2016)**

The amendment this time made the two days off at weekends and national holidays consistent in the whole country. It additionally provided employees more rest days and annual paid leaves, and protected more rights and benefits of employees. The main revisions are shown in the following table.

Regulation	Article Content	Main Points
<i>Article 26 of Labor Standards Act</i> (Amended and promulgated on December 21 <sup>st</sup> , 2016, gradually executed since December 23 <sup>rd</sup> , 2016)	Article 36	<p>1. A worker shall have two regular days off every seven days. One day is a regular leave and the other one is a rest day.</p> <p>2. From the system build a clear source of law of the two days off on weekends and meet the different needs of employees from various industries. Moreover, it pragmatically give employees 2 days off on weekends, and also keep the flexibility for</p>

		employers to decide whether or not employees shall work on the rest days upon the consent of employees.
<i>Article 26 of Labor Standards Act</i> (Amended and promulgated on December 21 <sup>st</sup> , 2016, executed since January 1 <sup>st</sup> , 2017)	Article 37	The provision regarding national holidays shall be consistent with the leaves granted for national holidays and other holidays which are designated as holidays by the Ministry of the Interior. The leave of Labor Day, which is meaningful to labor, shall be kept.
<i>Article 38 of Labor Standards Act</i> (Amended and promulgated on December 21 <sup>st</sup> , 2016, executed since January 1 <sup>st</sup> , 2017)	Article 38	<p>1. Improve and strengthen the rights and benefits of annual paid leaves of labor.</p> <p>2. To improve the benefits and rights of annual paid leave for junior labor and protect the benefits and rights of annual paid leave for newly employed labor, the provision stipulating three days annual paid leave for service of six months or more but less than one year was added. The annual paid leave was adjusted from seven days to ten days for service of two years or more but less than three years. The annual paid</p>

		<p>leave was adjusted from ten days to fourteen days for service of three years or more but less than five years. The annual paid leave was adjusted from fourteen to fifteen days for service of five years or more but less than ten years One additional day for each year of service over ten years and up to a maximum of thirty days was stipulated, which also protects the benefits and rights of annual paid leaves for senior labor.</p> <p>3. Adopt the provisions of “In principle, annual paid leaves are to be arranged by workers.”, “the employer shall inform the worker(s) to arrange the annual paid leave(s)”, “wages must be paid for annual paid leaves not used by workers”, “the employer shall record the dates of annual paid leaves of workers, and the total amount of the wages paid for annual paid leaves have not taken in the worker payroll roster and shall inform the worker in a written form on a yearly regular basis in order to ensure the complete protection of annual paid leaves of labor.</p>
<i>Article 39 of Labor</i>	Article 39	In accordance with the provision added in

<i>Standards Act</i> (Amended and promulgated on December 21 <sup>st</sup> , 2016, executed since December 23 <sup>rd</sup> , 2016)		Article 36, the provision regarding that wages shall be paid by an employer to a worker for taking such leaves in the Article was added.
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For the English translations of *Labor Standards Act*, please refer to the following link:

<http://laws.mol.gov.tw/Eng/FLAWDAT01.aspx?lsid=FL014930>

### **III. The Results of the Cooperation of Labor-related International Agreements**

To enlarge the effects and benefits of the bilateral substantive training cooperation between the Republic of China and Australia, Workforce Development Agency and TAFE Directors Australia signed the “Understanding of Vocational Education and Training Cooperation” MOU on November 2<sup>nd</sup>, 2016. In addition to cultivating seed personnel, the MOU also localized the training package in order to develop professional-oriented training personnel and establish showcases and models involving international cooperation. The signing of this MOU shows the pragmatism of the Republic of China and Australia in terms of training cooperation, which aims at building sufficient and appropriate workplace capacity and meeting people’s own needs of strengthening their capacities and future career plans.

## Monetary Freedom

### I. “Regulations Governing Banking Enterprises to Operate Foreign Exchange Business” (Amended and promulgated on September 9<sup>th</sup>, 2016)

To strengthen the supervision and management of complex, high-risk foreign exchange derivatives and improve the protection of client rights and benefits, the “Regulations Governing Banking Enterprises to Operate Foreign Exchange Business” were amended and promulgated on September 9<sup>th</sup>, 2016, with a total of four revised Articles. The main revisions are shown in the following table:

Regulation	Article Content	Main Points
<i>Regulations Governing Banking Enterprises to Operate Foreign Exchange Business</i> (Amended and promulgated on September 9 <sup>th</sup> , 2016)	Article 4, Article 12, Article 14, Article 32	1. The definition of complex, high-risk foreign exchange derivatives was clearly specified, and the definition specified in the “Regulations Governing Banking Enterprises to Operate Foreign Exchange Business” shall apply mutatis mutandis to the definitions of the terms “professional customer”, “professional institutional investor” and “high net worth corporate investor” in these regulations. (Article 4)



		<p>2. To engage in new type of complex high-risk foreign exchange derivative business with clients other than professional institutional investors and high net worth corporate investors, an authorized bank shall apply to the Bank for approval before commencing. The restriction was loosened to allow authorized banks engaging in foreign exchange derivatives provided to professional institutional investors and high net worth corporate investors, without involving the NTD exchange rate and not yet approved by the Bank or approved for less than six months, to report for the record after commencing. In addition, the foreign exchange derivatives businesses, which may be engaged in without application, was loosened to include foreign exchange derivatives not involving the NTD exchange rate. (Article 12)</p> <p>3. Loosened the provision regulating the authorized banks to hold training courses on foreign exchange derivatives. (Article 14)</p> <p>4. The provision regulating the</p>
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		counterparties of credit derivatives business was revised. (Article 32)
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For the English translations of the *Regulations Governing Banking Enterprises to Operate Foreign Exchange Business*, please refer to the following link:

[http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw\\_ShowAll.aspx?LawID=LA04C007008](http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw_ShowAll.aspx?LawID=LA04C007008)

## **II. Directions for Issuance of Foreign-currency Denominated Negotiable Certificates of Deposit by Banks (Amended and promulgated on September 20<sup>th</sup>, 2016)**

To make it convenient for banks to provide the products with more types of currency and increase the types of currency for the issuance of foreign-currency denominated negotiable certificates of deposit by banks, the *Directions for Issuance of Foreign-currency Denominated Negotiable Certificates of Deposit by Banks* was amended and promulgated on September 20th, 2016, with a total of one revised Article. The main points are shown in the following table.

<b>Administrative Rules</b>	<b>Provisions</b>	<b>Main Points</b>
<i>Directions for Issuance of Foreign-currency Denominated Negotiable</i>	Article 2	The provision allowing banks to issue AUD Denominated Negotiable Certificates of Deposit (NCD) and AUD NCDs that shall be issued with a par value of 100,000 AUDs, or any integral multiples thereof. (Article 2)

<i>Certificates of Deposit by Banks</i> (Amended and promulgated on September 20 <sup>th</sup> , 2016)		
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For the English translations of the *Directions for Issuance of Foreign-currency Denominated Negotiable Certificate of Deposit by Banks*, please refer to the following link:

[http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw\\_ShowAll.aspx?LawID=LA04C015000](http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw_ShowAll.aspx?LawID=LA04C015000)

### **III. Regulations Governing Foreign Exchange Business of Insurance Enterprises (Amended and promulgated on December 30<sup>th</sup>, 2016)**

To improve the business development of property insurance enterprises and catch the business opportunities, meet the actual business need, simplify the provision regulating the documents which shall be submitted while insurance enterprises applying foreign businesses, clearly specify the exception allowing the relevant funds to be received and paid in New Taiwan dollars and the matters of settling payment to the insurance policies using foreign currency for receipt and payment, the *Regulations Governing Foreign Exchange Business of Insurance Enterprises* was amended and promulgated on December 30<sup>th</sup>, 2016, a total of 3 revised Articles. The main revisions are shown in the following table.

<b>Regulation</b>	<b>Article Content</b>	<b>Main Points</b>
<i>Regulations</i>	Article 4,	1. Added the provision that the insurance

<p><i>Governing Foreign Exchange Business of Insurance Enterprises</i> (Amended and promulgated on December 30th, 2016)</p>	<p>Article 6, Article 13</p>	<p>enterprise may apply to the Central Bank for approval to engage in foreign exchange business that have not been opened by the Central Bank, and the Central Bank may set forth or specify in the letter of approval other matters of compliance. (Article 4)</p> <p>2. Simplified the provision regarding the documents to be submitted while the insurance enterprise applies to engage in foreign exchange business. (Article 6)</p> <p>3. Clearly specified the exception allowing relevant funds to be received and paid in New Taiwan dollars and the matter of settling payment on insurance policies using foreign currency for receipt and payment. (Article 13)</p>
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For the English translations of the *Regulations Governing Foreign Exchange Business of Insurance Enterprises*, please refer to the following link:

[http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw\\_ShowAll.aspx?LawID=LA04C010003](http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw_ShowAll.aspx?LawID=LA04C010003)

#### ***IV. Regulations Governing Foreign Exchange Business of Securities Enterprises*** (Amended and promulgated on March 27<sup>th</sup>, 2017)

To facilitate the development of security enterprises, encourage the innovation of products, enhance the competitiveness of enterprises, enlarge the range of business, provide clients additional services, allow security enterprises to engage in securities-related New Taiwan Dollar exchange businesses and derivatives businesses, largely loosen the range of foreign exchange businesses and foreign exchange derivatives businesses, simplify the application procedures of various businesses and integrate the regulations to make it easier to follow, the *Regulations Governing Foreign Exchange Business of Securities Enterprises* were amended and promulgated on March 27<sup>th</sup>, 2017. The main revisions are shown in the following table.

<b>Regulation</b>	<b>Article Content</b>	<b>Main Points</b>
<i>Regulations Governing Foreign Exchange Business of Securities Enterprises</i> (Amended and promulgated on March 27 <sup>th</sup> , 2017)	The whole amended and promulgated Articles, a total of 69 Articles.	<p>1. Added the item of the foreign-currency calculated Index stock funds businesses in domestic and foreign countries, and the provisions regulating the application procedures and the items that shall be followed when a securities enterprise works as a participating security enterprise and liquidity provider conducting foreign-currency calculated Index stock funds businesses and conducts self-employed and agent businesses. (Article 4, Article 14, Article 33-35)</p> <p>2. Loosened the range of borrowing</p>

		<p>foreign currency by security self-employed enterprises. Loosened the limitation of borrowing foreign current amount when a securities enterprise engages in the underwriting of a foreign currency. (Article 14)</p> <p>3. Added the provisions regarding the approval of a security enterprise engaging in the underwriting of international debt financial planning, evaluating and consulting businesses, and a security enterprise engaging in trading foreign securities businesses by itself. (Article 20, Article 23)</p> <p>4. Simplified the application procedures for participating security enterprises not conducting overseas index equity fund for the first time. (Article 31)</p> <p>5. Added the application procedures and the items that shall be followed while conducting the designation of separate management of money trust wealth business and the trust fund collection management use of account business. (Article 41-45)</p> <p>6. Allowed security enterprises to engage</p>
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		<p>in the security-related New Taiwan Dollar spot exchange transaction businesses. Loosened the accepted conditions and revised application documents. (Article 46, Article 47)</p> <p>7. Added the related provisions regarding foreign exchange security enterprise management, coverage, application and participation in the inter-bank foreign exchange market, a large payment settlement transactions, the handling of business through electronic measures, the handling of documents and the connection with the Bank's foreign exchange data processing system of foreign exchange securities. (Article 48-59)</p> <p>8.To encourage the innovation of products, the revisions enlarge the range of foreign exchange derivatives and simplify the application procedures and the items that shall be followed. (Article 60-63)</p> <p>9. Allowed the head company to authorize its branches to engage in foreign exchange derivatives. (Article 65)</p>
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		10. RMB was regarded as a general foreign currency for management, and the RMB handling procedure was simplified. (Article 67, Article 68)
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For the English translations of the *Regulations Governing Foreign Exchange Business of Securities Enterprises*, please refer to the following link:

[http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw\\_ShowAll.aspx?LawID=LA04C014001](http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw_ShowAll.aspx?LawID=LA04C014001)

***V. Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions (Amended and promulgated on March 27<sup>th</sup>, 2017)***

To accommodate the provisions allowing foreign exchange security enterprises to engage in New Taiwan Dollar spot foreign exchange transactions, revise the current application form to execute paper reduction, accommodate the promulgation and execution of the Limited Partnership Act and meet the needs of actual practice, the *Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions* were amended and promulgated on March 27<sup>th</sup>, 2017, with a total of 4 revised Articles and 1 attachment. The main revisions are shown in the following table.

<b>Regulation</b>	<b>Article Content</b>	<b>Main Points</b>
<i>Regulations Governing the</i>	Article 3, Article 10,	1. Added the definition designating the “foreign exchange security enterprise” as



<p><i>Declaration of Foreign Exchange Receipts and Disbursements or Transactions</i> (Amended and promulgated on March 27<sup>th</sup>, 2017)</p>	<p>Article 13, Article 16-1, Attachment of Article 2</p>	<p>the business contractor and the “Limited Partnership” as the declarant. In addition, to accommodate the provision allowing the Agriculture Bank to be the authorized foreign exchange bank, the definition was revised to include it in the definition of Banking Enterprises. (Article 3)</p> <p>2. To accommodate the trend of the financial technology and electronic transaction of the settlement declaration procedures, the provision loosened the measures of using internet to make declarations of settlements, with no need to “make declarations in person at banking enterprises only”. (Article 10)</p> <p>3. Cancelled the application deadline for revising a declaration that has not yet been declared to protect the rights and benefits of declarant. (Article 13)</p> <p>4. New Taiwan Dollar settlement declarations related to the security businesses received by “Foreign Exchange Security Enterprises” shall apply mutatis mutandis to the related provisions of “Banking Enterprises”.</p>
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		<p>(Article 16-1)</p> <p>5. Promoted paper reduction, the declaration sheet was simplified from triplicate to duplicate and the copy kept by the Central Bank was cancelled.</p> <p>(Attachment of Article 2)</p>
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For the English translations of the *Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions*, please refer to the following link:

<http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw.aspx?LawID=LA04B001008>

***VI. Directions for Banking Enterprises while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions (Amended and promulgated on March 27<sup>th</sup>, 2017)***

In support of some Articles of the *Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements* and the procedures for a declaration revision application and opening operations included in attachment of Article 2, the *Directions* were amended and promulgated on March 27<sup>th</sup>, 2017, and came into effect on March 29<sup>th</sup>, 2017, with a total of 6 revised Articles and 3 revised attachments. The main revisions are shown in the following table:

<b>Administrative Rules</b>	<b>Articles</b>	<b>Main Points</b>
<b><i>Directions for Banking</i></b>	Article 4, Article 17,	1. Based on a trust deed by a charitable trust and used for non-profit business.

<p><b><i>Enterprises while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions (Amended and promulgated on March 27<sup>th</sup>, 2017, and came into effect on March 29<sup>th</sup>, 2017)</i></b></p>	<p>Article 22, Article 27, Article 30, Article 31 and Attachment 1, 11 and 12</p>	<p>After the establishment of a trust deed by a charitable trust has been approved by the competent authorities, the amount of settlement shall be handled in accordance with the group (i.e. the Annual Aggregate Settlement Amount may be five million US Dollars). (Article 4)</p> <p>2. Loosened the measure of using internet to make declarations of settlements in NT\$ to banks. Revised so there is no need to “make declarations of settlements in person at banking enterprises only.” (Article 17)</p> <p>3. Revised the measures of making declarations, including simplified declaration reports, document submission, deadline revision, Limited Partnership. (Article 22, Article 27, Article 30, Article 31)</p> <p>4. In support of the MOEA adjustment transferring some company registration and pre-inspection responsibilities from the Department of Commerce to the Central Regional Office on January 1, 2017, revisions were made per Attachment 1. (Article 24, Attachment 1)</p> <p>5. Added the provisions regulating the authorized payment settlement of foreign</p>
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		<p>currency pricing funds, the payment settlement of security enterprises levy foreign currency ETF security transaction tax amount with no need to be included in the aggregate settlement amount, allowing the bank and trustee enterprises to be authorized to settle the payment of elders and physically and mentally handicapped people's caring trustee made for the purpose of caring to the Attachment 11 and Attachment 12. (Attachment 11 of Article 28, Attachment 12 of Article 29)</p>
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For the English translations of the *Directions for Banking Enterprises while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions*, please refer to the following link:

<http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw.aspx?LawID=LA04B002012>

**VII. Directions for Domestic Security Firm Approved To Conduct Foreign Exchange Business while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions (Amended and promulgated on March 27<sup>th</sup>, 2017)**

To accommodate the provisions allowing security enterprises to engage in the spot foreign exchange businesses involved in New Taiwan Dollar, clearly regulate and effectively manage security enterprises' operation of foreign exchange businesses, make it easier for the *Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions*

to be followed, the *Directions for Domestic Security Firm Approved To Conduct Foreign Exchange Business while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions* was amended and promulgated on March 27<sup>th</sup>, 2017, and came into effect on March 29<sup>th</sup>, 2017, a total of 19 Articles. The main points are shown in the following table.

Regulation	Articles	Main Points
<i>Directions for Domestic Security Firm Approved To Conduct Foreign Exchange Business while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions</i> (Amended and promulgated on March 27 <sup>th</sup> ,	The whole promulgated Articles, a total of 19 articles.	<ol style="list-style-type: none"> <li>1. Clearly specified that the foreign exchange security enterprises (DSF) shall engage in the spot foreign exchange transaction in accordance with the range, amount and limitation regulated in the Regulations Governing Foreign Exchange Business of Securities Enterprises and shall verify the keeping and submitting of the documents which shall be confirmed and the declaration documents. (Article 2)</li> <li>2. While receiving the New Taiwan Dollar settlement declaration cases, the items which shall be followed, including the confirmation and enquiry of the registration and identity of declarant, the aggregate settlement amount of the</li> </ol>

<p>2017, and came into effect on March 29<sup>th</sup>, 2017)</p>		<p>current year, the precaution of breaking the entire settlement amount to zero, the responsibility of assisting the declarations, the correction of declaration content and the declarant's signature of confirming the correctness of declarations, shall be in accordance with the related provisions stipulated by Banking Enterprises. (Article 3-13, Article 19)</p> <p>3. If the New Taiwan Dollar settlement declaration from declarant is received by internet, the agreed items shall be in accordance with Banking Enterprises, and the agreed items shall include the content of agreed items, design of controlling program of internet declaration, enquiry of the aggregate settlement amount of the current year, confirmation of related certificates and the tampering prohibition of internet declaration. (Article 14-18)</p>
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For the English translations of the *Directions for Domestic Security Firm Approved To Conduct Foreign Exchange Business while Assisting Customers to Declare Foreign Exchange Receipts and Disbursements or Transactions*, please refer to the following link:

<http://www.law.cbc.gov.tw/webCbcEng/wfrmLaw.aspx?LawID=LA04B008000>

## VIII. Other Allowed Measures of Foreign Exchange Management

Allowed futures commission traders and leveraged traders to engage in foreign exchange leveraged margin contract trading. The application procedures governing futures commission traders and leveraged traders involved in foreign exchange leveraged contract transactions were stipulated on December 2<sup>nd</sup>, 2016.

## Trade Freedom

### 1. Loosening of the laws and regulations of customs

#### **(1) Revision of the *Customs Act* (Amended and promulgated on November 9, 2016; amended and promulgated on January 18, 2017)**

To meet WTO's provisions regarding advance origin ruling, avoid importers to break up goods into parts, abuse low-price duty-free provisions and satisfy the needs of business execution, *Customs Act* was amended and promulgated on November 9, 2016, a total of 28 Articles. In addition, Article 49 of Customs Act was revised and promulgated on January 18, 2017. The main revisions are shown in the following table.



Law	Articles Content	Main Revisions
Customs Act  (Amended and promulgated on November 9, 2016)	Article 3, 8 to 10, 21, 22, 26 to 28-1, 36-1, 39, 43, 48, 49, 75, 78, 82, 84 to 87, 88 to 92, and 95	<p>1. The provision was added to stipulate that tariff classification of imported and exported goods shall be accorded with the Customs Import Tariff unless otherwise prescribed in this Act. (Article 3)</p> <p>2. The provision was revised to clearly stipulate that, in case of a default on the payment of late fees, interest, the priority sequence of pursuing the due value of goods and the duty-payer of each payment, Customs may notify the relevant authorities to prohibit the duty-payer from transferring, or creating other rights on, the property within the extent of his or her liability or causing a reduction in capital or canceling registration. (Article 8, Article 48)</p> <p>3. The provision was revised to clearly stipulate the execution period of customs case. (Article 9)</p> <p>4. To accommodate the reorganization, the names of authorities were adjusted.</p>

		<p>(Article 21, Article 36-1, Article 39)</p> <p>5. The procedure of advance origin ruling of imported goods was created. (Article 28)</p> <p>6. The applicable scope of application for affixing seals by Customs and enterprises were loosened. (Article 28-1)</p> <p>7. The provision regarding the payment deadline for the due value of goods was added. (Article 43)</p> <p>8. Disabled frequently-imported goods from applying low-price duty-free regulations, and authorized the Ministry of Finance to prescribe the definition of frequent importation in the proviso. (Article 49)</p> <p>9. In the case where the bonded factory failed to make up their self-use machinery and equipment's customs duties in accordance with the proviso and exported the machinery and equipment to the tax area, such violations shall be treated as smuggling goods into this country. (Article 78)</p> <p>10. Added the provisions that, in the case</p>
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		of serious violation of the firm operating the warehouse or container yard, a suspension of container and goods storage privileges may be adopted for a period of not more than six months or its registration may be repealed. In addition, to make it clear for execution of punishment, the constituent elements of related penalty provision were amended. (Article 82, Article 84-87, Article 88-92)
Customs Act  (Amended and promulgated on January 18, 2017)	Article 49	Subparagraph 19 was added to exempt the necessary athletic equipment or supplies imported by or donated to government agencies for holding international athletic contests from customs duty.

For the English translations of the *Customs Act*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350001>

**(2) Revision of the *Customs Import Tariff* (Amended and promulgated on December 30, 2016)**

The *Customs Import Tariff* was amended and promulgated on December 30, 2016, which adopts the Harmonized Commodity Description and Coding System (HS) of World Customs Organization (WCO) to adjust part of formation

structure of tax code and revise names of goods. The main revisions are shown in the following table.

Law	Articles Content	Main Revisions
Customs Import Tariff  (Amended and promulgated on December 30, 2016)	Added, deleted and revised 1,421 Paragraphs, making changes in 59 Paragraphs of section notes, chapter notes, head notes and additional notes and 1,362 Paragraphs of tax code	1.The parts revised to accommodate HS 2017 Edition:  Accommodated the food safety management strengthening need of Food and Agriculture Organization of the United Nations, international dynamic collection and data comparison of the restrained substances of the Chemical Weapons Convention, the hazardous chemicals stipulated in Rotterdam Convention, the control of persistent organic pollutants and hazardous chemicals and insecticide products stipulated in the Stockholm Convention, monitoring the trading condition of manufacture of narcotic drugs precursor by International Narcotics Control Board, United Nations; to accommodate the technology development and the change of international trade type, response to the current trade situation,

		<p>part of tax regulations were revised, e.g. enlarging the coverage of carp, edible fish chop suey, pelagic fishes and tropical trees; the specific heads including hybrid vehicle and electric vehicle were added.</p> <p>2.The part revised to reduce disputes in the imposition and payment of taxes:</p> <p>To meet the category structure of HS, the original purpose of HS and accommodate the changes of domestic laws, parts of tax code's formation structure were adjusted; titles of parts of the goods and subchapters as well as the additional notes were revised to reduce disputes in the imposition and payment of taxes; to accommodate the Motion Picture Act and Radio and Television Act, deleted the approval provisions of motion picture business and radio and television program supply business and revised the provisions in additional note 6 of Article 85.</p>
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For the English translations of the Customs Import Tariff, please refer to the following link:

**(3) Revision of *Regulations Governing the Customs Management of Container Yard* (Amended and promulgated on October 4, 2016; amended and promulgated on May 9, 2017)**

Because Maritime express forwarders responded that the lack of 24-hour operation regulation resulted in the imposing of monitoring fee and the increase of enterprises' operation costs while operating Multi-Country Cargo Consolidation (MCC), a total of 6 Articles of the *Regulations Governing the Customs Management of Container Yard* were amended and promulgated on October 4, 2016. In addition, to accommodate the revisions and promulgation of related provisions in *Customs Act* on November 9, 2016, a total of 2 Articles in the Regulations were amended and promulgated on May 9, 2017. The main revisions are shown in the following table.

Regulations	Articles Content	Main Revisions
Regulations Governing the Customs Management of Container Yard (Amended and promulgated on October 4, 2016)	Article 7, 9, 12, 14, 22, and 24	1. Due to complete recording and monitoring systems set up in related MCC whole areas, Customs may remotely review and timely monitor real-time goods condition at any time of 24 hour, and it replaces the in-person monitor. Therefore, the provision was revised to clearly stipulate that the application for approval from customs to operate MCC business may be made at the time out of Customs'

		<p>working hours. (Article 7)</p> <p>2.To accommodate new provisions which stipulates that the transshipment cargo of forecasted goods information system shall be exempted from registration of T2 transferring application procedure, the related operation provisions of such application sheet was deleted, and the provision which stipulates that the seal shall be affixed to the containers immediately after the containers are loaded was added. In addition, because the monitoring operation of addition, subpackage or refit of the transshipment cargo are enterprises' autonomous management item, the provision was revised to allow autonomously managed container freight stations to be exempt from handling. (Article 9, 24)</p> <p>3.Before containers are stored into container freight stations after the container are unloaded from ship, the seal affixing procedure shall be complete. However, there is lack of the provision stipulating that the container is not necessary to be delivered the container out of dock control station and shall be directly stored in the</p>
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		<p>container freight stations in the ports of the same area, the provision was revised to clearly stipulate that seal shall still be affixed and the provision regarding the printing of the container delivery sheet may be deducted. (Article 12)</p> <p>4. In practice, the delivery enterprise which has containers may not issue the bill (bill of lading) and may apply without submitting application sheet. However, for few consignors which shall still be issued the bill (bill of lading), the self-prepared container adopts the method of negative list. Therefore, the provision was revised to stipulate that except the container which does not need to issue bill (bill of lading) may apply without submitting application sheet, other containers shall be applied according to regulations. (Article 22)</p>
Regulations Governing the Customs Management of Container Yard (Amended and promulgated on	Article 26, 27	<p>The wording “consistent” imposition was revised to “repeated” imposition. In the case of serious violation, a suspension of goods storage privileges may be adopted for a period of not more than six months or its registration may be repealed. (Article 26, 27)</p>



May 9, 2017)		
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**(4) Revision of *Regulations Governing the Customs Management of Freight forwarders* (Amended and promulgated on October 14, 2016)**

To properly reduce enterprises' burden and encourage express enterprises and forwarders to accommodate the new advanced manifest regulation, upon comprehensive review of various management regulations and fine amount, Article 6 of *Regulations Governing the Customs Management of Freight forwarders* was amended and promulgated on October 14, 2016, reducing the current deposit for forwarders by half. The main revisions are shown in the following table.

Regulations	Articles Content	Main Revisions
Regulations Governing the Customs Management of Freight forwarders (Amended and promulgated on October 14, 2016)	Article 6	The current guarantee deposit which shall be submitted by forwarder was reduced to air forwarders TWD 100,000, the Security and Safety AEO (AEOS) of air forwarders TWD 50,000; sea forwarder TWD 500,000, the Security and Safety AEO (AEOS) of sea forwarders TWD 250,000.

For the English translations of Regulations Governing the Customs Management of Freight forwarders, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350074>

**(5) Revision of *The Regulations Governing Customs Clearance for Goods in Logistics Centers* (Amended and promulgated on November 3, 2016; amended and promulgated on May 19, 2017)**

To meet the needs of customs' practical management and review the regulations which are not suitable to current situation, a total of 5 Articles of the *Regulations Governing Customs Clearance for Goods in Logistics Centers* were amended and promulgated on November 3, 2016. In addition, to accommodate the amendment and promulgation of relation provisions of the *Customs Act* on November 9, 2016, a total of 5 Articles of The Regulations Governing Customs Clearance for Goods in Logistics Centers were amended and promulgated on May 19, 2017. The main revisions are shown in the following table.

Regulations	Articles Content	Main Revisions
The Regulations Governing Customs Clearance for Goods in Logistics Centers  (Amended and promulgated on November 3, 2016)	Article 4, 8, 9, 18, and 25	1.To be consistent with the provision of Regulation Governing Customs Bonded Factories, the application for issue of a replacement certificate was loosened to 30 days. (Article 8)  2. The provision was added to stipulate that where the domestic goods are to be shipped from the taxed area, the operator of

		<p>logistics center shall fill out the Form of Entry/Exit of Domestic Goods and submit the information to the computerized system, and the goods may be stored into the warehouse once the goods have been cleared by the Customs. (Article 9)</p> <p>3.To accommodate the revisions to the provision regarding the application of goods from the taxed area to be stored into the warehouse once the goods have been cleared by the Customs, the related provision of storage time limit was added. (Article 18)</p> <p>4.To accommodate the revisions of the provision regarding the storage time limit of the goods stored in Logistics Centers after customs clearance. (Article 25)</p>
<p>The Regulations Governing Customs Clearance for Goods in Logistics Centers</p> <p>(Amended and promulgated on May 19, 2017)</p>	<p>Article 4, 24, 25, 26, and 27</p>	<p>1. The provision stipulating that the agriculture/ fishery/livestock products with in-quota tariff rate shall not enter logistics centers was deleted. (Article 4)</p> <p>2. The wording “consistent” imposition was revised to “repeated” imposition. (Article 24, 25, 27)</p> <p>The wording “logistics centers” was revised</p>

		to “logistics centers enterprises”. (Article 25, 26, 27)
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For the English translations of Regulations Governing the Customs Management of Freight forwarders, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350049>

**(6) Revision of the *Regulations Governing the Establishment and Management of Bonded Warehouses* (Amended and promulgated on November 9, 2016; amended and promulgated on May 26, 2017)**

To accommodate the needs of customs’ practical management and review the provisions which are not suitable to current situation, a total of 7 Articles of the *Regulations Governing the Establishment and Management of Bonded Warehouses* were amended and promulgated on November 9, 2016. In addition, to accommodate the revisions and promulgation of related provisions in the *Customs Act*, a total of 5 Articles of the Regulations were amended and promulgated on May 26, 2017. The main revisions are shown in the following table.

Regulations	Articles Content	Main Revisions
The Regulations Governing the Establishment and Management of Bonded Warehouses	Article 2, 4, 9, 17, 26, 41, and 47	1. The provision was added to stipulate that bonded warehouses that are registered for storing bonded goods which are imported and purchased by the warehouse owners themselves, goods used for reconditioning,

<p>(Amended and promulgated on November 9, 2016)</p>		<p>the bounded warehouse which stores the goods for the sale of duty-free shops or offshore islands duty-free shops shall be self-provided bonded warehouses referred in the Regulations. (Article 2)</p> <p>2. To be consistent with the provision in Regulation Governing Customs Bonded Factories, which stipulates that the Bonded Factory shall handle the procedures for completing the formalities of change for new License within 30 days from the date following the day on which the change in registration was effected, the provision regarding the license renewal period of the alteration of registered information of a bonded warehouse was loosened to thirty days. (Article 9)</p> <p>3. The provision was loosened to allow a self-provided bonded warehouse to apply to the Customs by each purchased goods in addition to applying to the Customs for a monthly consolidated declaration on the purchased goods while purchasing bonded goods from Free trade zone. (Article 17)</p> <p>4. The provision was added to stipulate the clearance application methods for</p>
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		<p>self-provided bonded warehouses applying for the return of the bonded goods purchased from free trade zone. (Article 26)</p> <p>5. The provision was added to stipulate the operation procedures that the exporter may apply to the Customs for the issue of a copy of the export declaration form for the purpose of applying for the duty drawbacks in the case where the self-provided bonded warehouse for the storage of goods which have been announced to cancel the tax rebate. (Article 41)</p> <p>6. The customs clearance procedure for transporting the bonded goods stored in a bonded warehouse to another bonded warehouse and Free trade zone was clearly stipulated. (Article 47)</p>
<p>The Regulations Governing the Establishment and Management of Bonded Warehouses (Amended and promulgated on May 26, 2017)</p>	<p>Article 55 to 59</p>	<p>To accommodate legal system and be conducive to practical execution, the wording “consistent” imposition was revised to “repeated” imposition. (Article 55 to 59)</p>

For the English translations of The Regulations Governing the Establishment and Management of Bonded Warehouses, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350006>

**(7) Revision of the *Regulations Governing Customs Clearance for Goods in Free Trade Zones* (Amended and promulgated on November 9, 2016)**

To accommodate the needs of enterprises, review the Articles which are not suitable to current situation and simplify the practical operation of clearance, a total of 29 Articles of the *Regulations Governing Customs Clearance for Goods in Free Trade Zones* were amended and promulgated on November 9, 2016. The main revisions are shown in the following table.

Regulations	Articles Content	Main Revisions
The Regulations Governing Customs Clearance for Goods in Free Trade Zones  (Amended and promulgated on November 9, 2016)	Revised 29 Articles of the entire Regulations	<p>1. The provision was added to stipulate that customs may delegate the management authority of the free trade zone to process, review and approve the applications for commissioned repair, inspection and/or testing, and the management authority shall inform Customs of the results of its review along with the relevant documents. (Article 10)</p> <p>2. The provision was added to stipulate that</p>

		<p>when the goods of a free-trade-zone enterprise, having been approved by Customs to process a monthly consolidated declaration, are transported out of and back to the free trade zone, the content of the Container (Cargo) Note, packing list, transaction certificate, and other related documents shall be consistent with such goods to meet the needs of customs' practical operation. (Article 13)</p> <p>3. The provision was added to stipulate that Goods to be exported from a free trade zone shall be transferred to maritime (air) express handling units with prior approval of Customs, and customs clearance procedures of the aforementioned goods shall be governed by the Regulations Governing Customs Clearance Procedures for Maritime (Air) Express Consignments. (Article 17)</p> <p>4. In the case that goods are processed or manufactured by a free-trade-zone enterprise, the free-trade-zone enterprise may choose to prepare a bill of materials quantity with or without attrition on the basis of their nature and types. (Article 19)</p>
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		5. The provision was added to stipulate that when any of the duty-free goods in the possession of a free-trade-zone enterprise are deteriorated or expired, and have no more commercial value, the said goods may be imported to tax areas after leviable duty and dues thereon have been assessed or exempted. (Article 20)
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For the English translations of The Regulations Governing Customs Clearance for Goods in Free Trade Zones, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350057>

**(8) Revision of the *Regulations Governing VAT Refund Claims by Foreign Travelers Purchasing Goods Eligible for VAT Refund* (Amended and promulgated on December 30, 2016)**

To accommodate government's policy to develop tourism, create friendly tourism and travel environment and prevent foreign travelers from engaging in money laundering, terrorism financing and other illegal acts by using a large amount of tax refund, a total of 2 Articles of the *Regulations Governing VAT Refund Claims by Foreign Travelers Purchasing Goods Eligible for VAT Refund* were amended and promulgated on December 30, 2016. The main revisions are shown in the following table.

Regulations	Articles Content	Main Revisions
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Regulations Governing VAT Refund Claims by Foreign Travelers Purchasing Goods Eligible for VAT Refund (Amended and promulgated on December 30, 2016)	Article 4, Article 14-1	<p>1. To accommodate the policy to create friendly tourism and travel environment, the sites for tax refund were added, and the provision was clearly stipulated to allow an store that has not been use the electronic invoices to enter into a contract with the Private tax refund operator to apply for becoming an authorized store. (Article 4)</p> <p>2. The provision was added to stipulate that private tax refund operators shall report to competent authority when they accept the case of tax refund above a specific amount or suspected money laundering transactions, and stipulate that the private tax refund operators may not accept an application for a VAT refund made by the foreign travelers if they are listed on the Sanctions list by Ministry of Justice in accordance with Financing of Terrorism Prevention and Control Law. (Article 14-1)</p>
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For the English translations of Regulations Governing VAT Refund Claims by Foreign Travelers Purchasing Goods Eligible for VAT Refund, please refer to the following link:

**(9) Revision of the *Regulations Governing Customs Clearance Procedures for Maritime Express Consignments* (Amended and promulgated on March 14, 2017)**

To enhance the efficiency and effect of customs clearance procedures for maritime express consignments and meet enterprises' needs of diversified businesses operation and the features of multiple items with small quantities in e-commerce online shopping, the *Regulations Governing Customs Clearance Procedures for Maritime Express Consignments* was amended and promulgated on March 14, 2017. The main revisions are shown in the following table.

The main revisions are shown in the following table.

Regulations	Articles Content	Main Revisions
Regulations Governing Customs Clearance Procedures for Maritime Express Consignments (Amended and promulgated on March 14, 2017)	Article 3, 12, 14, 24 to 31	<p>1. The provision was loosened to allow live animals/plants to be cleared through the Maritime Express Handling Units. (Article 3)</p> <p>2. The provision was added to allow the Export Declaration for Free-Trade-Zone Goods to be cleared through simplified declaration at the Maritime Express Handling Units. (Article 12)</p> <p>3. The provision was loosened that, where a simplified declaration is made on</p>

		import/export document or on low-value consignments by a maritime express delivery enterprise, a consolidated declaration in one entry is allowed for goods of the same category under one master waybill number. (Article 14)  4. To accommodate the revisions of Customs Act, the wording “consistent” imposition was revised to “repeated” imposition. (Article 24 to 31)
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For the English translations of Regulations Governing Customs Clearance Procedures for Maritime Express Consignments, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350071>

## **2. Signed Economic and Trade Agreement (Treaty) and Memorandum of Understanding**

(1) Trade Facilitation Agreement came into effect (Came into effect on February 22, 2017)

On February 22, 2017, World Trade Organization (WTO) announced that the Trade Facilitation Agreement officially came into effect. Taiwan had completed the domestic procedure and submitted the acceptance letter to WTO on August 17, 2015. In the future, Taiwan will jointly keep supporting and promoting

multilateral negotiations and cooperation with all of the WTO members to create more economic and trade convenience and benefits for Taiwan and global countries.

**(2) The “Mutual Recognition Agreement between Authorized Economic Operators” between Taiwan and Korea came into effect (Came into effect on October 1, 2016)**

On October 1, 2016, the Mutual Recognition Agreement between Authorized Economic Operators officially came into effect. After the agreement has come into effect, the exporter enterprises which have been verified as Authorized Economic Operator can have convenient custom clearance at both parties’ customs, and it can largely decrease the time of clearance to facilitate the economic and trade development of Taiwan and Korea.

**(3) Signed Memorandum of Understanding on the Certificate of Origin (Taiwan and Vietnam signed on July 6, 2016; Taiwan and Belgium signed on November 24, 2016)**

On July 6, 2016, Taiwan and Vietnam signed Memorandum of Understanding between Vietnam and Taiwan on Collaboration on the Project for the Cross-border Exchange of Certificate of Origin. In addition, on November 24, 2016, Taiwan and Belgium signed Memorandum of Understanding between Belgium and Taiwan on Collaboration on the Project for the Cross-border Exchange of Certificate of Origin. It is helpful to facilitate the trade convenience and strengthen mutual economic and trade relationship.

**(4) Taiwan signed Administrative Cooperation Agreement with European Anti-Fraud Office (OLAF) (Signed on November 25, 2016)**

On November 25, 2016, Taiwan signed Administrative Cooperation Agreement with European Anti-Fraud Office (OLAF) in order to timely take control of the false report of origin and the information regarding operations breaching regulations and further protect the mutual industry benefits.

**(5) Taiwan and Finland signed Cooperative Agreement against Customs Fraud (Signed on January 19, 2017)**

On January 19, 2017, Taiwan custom and Finland custom signed the Cooperative Agreement against Customs Fraud, which can be helpful to strengthen the cooperation between Taiwan custom and Finland custom, enhance the effect of investigation and apprehension of offenders committing smuggling and handling of customs fraud, ensure that both parties have legitimate rights and benefits as manufacturers and industry benefits, protect trade convenience and border security and facilitate both parties' economic development.

## Financial Freedom

### I. Revised to loosen the related laws and regulations of the limitations on the operation of financial enterprises

#### (1) Revised *Securities Transaction Tax Act*

##### **1. Suspended the securities transaction tax on the beneficial certificates of the exchange-traded funds(ETF) mainly invested in bonds (Executed on January 1<sup>st</sup>, 2017)**

To increase the liquidity of the bond exchange-traded funds(ETF) in secondary market, facilitate its development, increase the opportunities for small investors to participate in the bond market, help the financial competent authorities to promote the financial import substitution policy, the Article 2-1 of *Securities Transaction Tax Act* was amended and promulgated on December 30<sup>th</sup>, 2016 and executed since January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2026, suspending the securities transaction tax on the beneficial certificates of the bond exchange-traded funds(ETF).

##### **2. Lowered the tax rate of securities transaction tax of the share transaction writing off on the current day to 1.5‰ (Executed on April 28<sup>th</sup>, 2017)**

Considering the effect of low volume in security market in Taiwan in recent years that affects the fundraising function of capital market, and expecting that the write-off transaction on the current day can increase the liquidity and volume of market and encourage other investors' intents to enter the market, Article 2-2 of *Securities Transaction Tax Act* was amended and promulgated on April 26<sup>th</sup>, 2017 to lower the tax rate of securities transaction tax of the share transaction writing off on the current day to 1.5‰ within one year from April 28<sup>th</sup>, 2017,

expecting to increase transactions in bond market and enhance the volume and power of Taiwanese stock market.

## **(2) Banking Enterprises**

### ***1. Regulations Governing Cooperating with or Assisting Foreign Institutions in Engaging in Activities Associated with Electronic Payment Business within the Territory of the Republic of China (Amended and promulgated on July 1<sup>st</sup>, 2016)***

Article 17-1 and Article 24 of *Regulations Governing Cooperating with or Assisting Foreign Institutions in Engaging in Activities Associated with Electronic Payment Business within the Territory of the Republic of China* were amended and promulgated on July 1<sup>st</sup>, 2016 to allow the approved institution to make advances to customer. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing Cooperating with or Assisting Foreign Institutions in Engaging in Activities Associated with Electronic Payment Business</i>	Added Article 17-1 and revised Article 24	To properly protect the rights and benefits of the merchants in the Republic of China, and to increase the operational flexibility of approved institutions, the provision was revised to allow the approved institution to make advances to customers. (Article 17-1)



<i>within the Territory of the Republic of China</i> (Amended and promulgated on July 1 <sup>st</sup> , 2016)		
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For the English translations of the *Regulations Governing Cooperating with or Assisting Foreign Institutions in Engaging in Activities Associated with Electronic Payment Business within the Territory of the Republic of China*, please refer to the following link:

<http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL076766>

## ***2. Regulations Governing the Standards for Information System and Security Management of Electronic Payment Institutions* (Amended and promulgated on August 17<sup>th</sup>, 2016)**

Article 3, Article 5, Article 7, Article 10, Article 24 of *Regulations Governing the Standards for Information System and Security Management of Electronic Payment Institutions* were amended and promulgated on August 17<sup>th</sup>, 2016 to improve the convenience of payment via agreed linked deposit account and optimize user experiences. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing the Standards for Information System</i>	Added Article 10-1 and revised	1. Increase the types of the mechanisms of the operation for payment via agreed linked deposit account. (Article 3)

<i>and Security Management of Electronic Payment Institutions</i> (Amended and promulgated on August 17 <sup>th</sup> , 2016)	Article 3, Article 5, Article 7, Article 24	2. Simplified the security design for the fixed password. (Article 5)  3. Increased more types of transaction security design. (Article 7)  4. Loosened the session control and website session timeout mechanism and the design requirements for reconfirmation of payment instruction. (Article 10)  5. Adjusted the design principle for payment via the agreed linked deposit account. (Article 10-1)
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For the English translations of *Regulations Governing the Standards for Information System and Security Management of Electronic Payment Institutions*, please refer to the following link:

<http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL076769>

### ***3. Rules Governing the Administration of Electronic Payment Business*** **(Amended and promulgated on September 10<sup>th</sup>, 2016)**

Article 2, Article 12 of *Rules Governing the Administration of Electronic Payment Business* were amended and promulgated on September 10<sup>th</sup>, 2016 to improve the convenience of payment via agreed linked deposit account and properly lower the operation cost of electronic payment institutions. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Rules Governing the Administration of Electronic Payment Business</i> (Amended and promulgated on September 10 <sup>th</sup> , 2016)	Revised Article 2, Article 12	<p>1. Enlarged the range of operation of payment via the agreed linked deposit account and included various electronic payment institution businesses. (Article 2)</p> <p>2. Added the provision regarding electronic payment institution providing users automatic deposit of stored value funds service through the agreed linked deposit account. (Article 12)</p>

For the English translations of the *Rules Governing the Administration of Electronic Payment Business*, please refer to the following link:

<http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL076771>

#### ***4. Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions (Amended and promulgated on September 10<sup>th</sup>, 2016)***

Article 5, Article 6, Article 8, Article 11, Article 12, Article 16, Article 22, Article 23 of *Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions* were amended and promulgated on September 10<sup>th</sup>, 2016 to simplify the user identity confirmation procedure of electronic payment institutions and improve the

convenience of user registration. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions</i> (Amended and promulgated on September 10 <sup>th</sup> , 2016)	Article 5, Article 6, Article 8, Article 11, Article 12, Article 16, Article 22, Article 23	1. Simplified the identity confirmation procedures of the registration and opening of e-payment account of individual users. (Article 8)  2. Simplified the identity confirmation procedures of the registration and opening of e-payment account of non-individual users. (Article 12)  3. Loosened the adjustment period of identity verification process of e-payment accounts, allowing the process to be completed before September 30 <sup>th</sup> , 2017. (Article 22)

For the English translations of the *Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions*, please refer to the following link:

<http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL076762>

## **5. Enforcement Rules of the Financial Asset Securitization Act (Amended and promulgated on September 22<sup>nd</sup> 2016)**

Article 2 of *Enforcement Rules of the Financial Asset Securitization Act* was amended and promulgated on September 22<sup>nd</sup> 2016 in order to promote the private participation in infrastructure projects and increase the funding channels of private institutions participating in infrastructure projects. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Enforcement Rules Of The Financial Asset Securitization Act</i> (Amended and promulgated on September 22 <sup>nd</sup> 2016)	Revised Article 2	To promote the private participation in infrastructure projects and increase the funding channels of private institutions participating in infrastructure projects, the provision was loosened to allow the securitized monetary rights over income derived from the operation of the infrastructure project during its operation period obtained by the private institution according to the concession agreement not to be subject to the requirement of a contract entered into between the Originator and the Obligor specified in Paragraph 1 of the Article.

For the English translations of the *Enforcement Rules Of The Financial Asset Securitization Act*, please refer to the following link:

<http://db.lawbank.com.tw/ENG/FLAW/FLAWDAT01.asp?lsid=FL026238>

**6. Regulations Governing the Information Service Businesses and Financial Technology Businesses Including in the Financial Related Businesses Approved by Competent Authority (Amended and promulgated on December 13<sup>th</sup>, 2016)**

Article 2 of *Regulations Governing the Information Service Businesses and Financial Technology Businesses Including in the Financial Related Businesses Approved by Competent Authority* was amended and promulgated on December 13<sup>th</sup>, 2016, clearly specifying the information service businesses and financial technology businesses invested by bank, which their business items are different from the main business items of the information service businesses and financial technology businesses approved for investment, shall be regarded as different categories, making it easier to follow the provision of Article 74 of *The Banking Act of The Republic of China* regulating a Commercial Bank not to invest in more than one entity engaging in the same line of business. In addition, the listed business items of financial technology business were added, e.g. risk management, money laundering control, information security, transaction security, consumer rights protection, online lending platform, etc., to encourage the enterprises to promote risk management techniques and innovative financial service by using financial technology. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing the Information Service Businesses and</i>	Revised Article 2	1. Clearly specified the information service businesses and financial technology businesses invested by bank, which their business items are different from the main

<p><i>Financial Technology Businesses Including in the Financial Related Businesses Approved by Competent Authority</i></p> <p>(Amended and promulgated on December 13<sup>th</sup>, 2016)</p>		<p>business items of the information service businesses and financial technology businesses approved for investment, shall be regarded as different categories, making it easier to follow the provision of Article 74 of <i>The Banking Act of The Republic of China</i> regulating a Commercial Bank not to invest in more than one entity engaging in the same line of business.</p> <p>2. In addition, the listed business items of financial technology business were added, e.g. risk management, money laundering control, information security, transaction security, consumer rights protection, online lending platform, etc., to encourage the enterprises to promote risk management techniques and innovative financial service by using financial technology.</p>
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***7. Regulations of Investment Ceilings and Guidelines Governing Financial Holding Company's Venture Capital Subsidiaries Investing in Non-financial Enterprises Not Listed on Taiwan Stock Exchange or Taipei Exchange (Amended and promulgated on December 15<sup>th</sup>, 2016)***

*Article 2 of Regulations of Investment Ceilings and Guidelines Governing Financial Holding Company's Venture Capital Subsidiaries Investing in Non-financial Enterprises Not Listed on Taiwan Stock Exchange or Taipei*

*Exchange* was amended and promulgated on December 15<sup>th</sup>, 2016, loosening the provisions regarding the limitation of shareholding ratio and investment amount that the venture capital subsidiary of a financial holding company investing in single company to improve the venture capital enterprises' investment will and power, and assist domestic economic in transforming. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations of Investment Ceilings and Guidelines Governing Financial Holding Company's Venture Capital Subsidiaries Investing in Non-financial Enterprises Not Listed on Taiwan Stock Exchange or Taipei Exchange</i> (Amended and promulgated on December 15 <sup>th</sup> , 2016)	Revised Article 2	Loosened the provision regarding the limitation on venture capital subsidiary of a financial holding company investing in start-up key industries. If the total amount of investment does not exceed NT\$150 million, and only the venture capital subsidiaries among the financial holding company and its subsidiaries participate in the investment, the investment is not subject to the restriction set forth in Paragraph 5, Article 37 of the Act that the combined total shareholding in the invested enterprise. If the invested company belongs to the industries other than those mentioned in the preceding subparagraphs, the maximum of the total amount of investment still remain NT\$50



		million.
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For the English translations of *Regulations of Investment Ceilings and Guidelines Governing Financial Holding Company's Venture Capital Subsidiaries Investing in Non-financial Enterprises Not Listed on Taiwan Stock Exchange or Taipei Exchange*, please refer to the following link:

<https://law.banking.gov.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL049560>

**8. Regulations of Types and Investment Ceilings Governing Commercial Bank Investing in Negotiable Securities (Amended and promulgated on December 22<sup>nd</sup>, 2016)**

Article 2, Article 3, Article 5 of *Regulations of Types and Investment Ceilings Governing Commercial Bank Investing in Negotiable Securities* were amended and promulgated on December 22<sup>nd</sup>, 2016 to improve the operational efficiency of bank funds, guarantee the fairness of investment decisions, maintain the sound operation of banks and make the range of bank's limitation on issuing company's investments clearer. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations of Types and Investment Ceilings Governing</i>	Revised Article 2, Article 3, Article 5	1.To increase the flexibility of commercial banks investing in negotiable securities, the provision of the investment ceilings governing the commercial banks investing in domestic OTC stocks was loosened.

<i>Commercial Bank Investing in Negotiable Securities</i> (Amended and promulgated on December 22 <sup>th</sup> , 2016)		2. Considering the legal consequences arising from the acts done in the positions of representatives of legal directors and directors represented by legal person vest in shareholders of legal entity, the responsible persons of banks shall include shareholders of legal entity in addition to natural person.
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For the English translations of *Regulations of Types and Investment Ceilings Governing Commercial Bank Investing in Negotiable Securities*, please refer to the following link:

<http://ilaw.banking.gov.tw/Eng/FLAW/FLAWDAT01.aspx?lsid=FL006590>

### **9. Regulations Governing Investments in Real Estate by Commercial Banks (Amended and promulgated on April 6<sup>th</sup>, 2017)**

Article 3, Article 4, Article 4-1 of *Regulations Governing Investments in Real Estate by Commercial Banks* was amended and promulgated on April 6<sup>th</sup>, 2017, loosening the self-use proportion of the real estate newly acquired by a bank participating in reconstruction projects with its originally owned real estate. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing Investments in Real Estate by</i>	Revised Article 3, Article 4, Article	1.To make banks' willingness to participate in the city renewal projects held by professional institutions of real estate, or the reconstruction projects implemented

<b><i>Commercial Banks (Amended and promulgated on April 6<sup>th</sup>, 2017)</i></b>	4-1	<p>in accordance with the laws governing accelerated urban reconstruction of hazardous and dilapidated buildings, the provisions were revised to loosen the self-use proportion of the real estate newly acquired by a bank participating in reconstruction projects with its originally owned real estate, lowering the proportion from 50% to 20%.</p> <p>2. Revised the definition of the term "in the near future" as used in Subparagraph 2, Paragraph 2, Article 75 of <i>the Banking Act</i>. When a bank purchases land to construct real estate for self-use, the maximum of the duration was revised from two years to seven years.</p>
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For the English translations of *Regulations Governing Investments in Real Estate by Commercial Banks*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=G0380248>

#### **10. *The Act Governing Bills Finance Business* (Amended and promulgated on May 3<sup>rd</sup>, 2017)**

Article 26, Article 66 of *The Act Governing Bills Finance Business* was amended and promulgated on May 3<sup>rd</sup>, 2017. The main revisions are shown in the following table.

Regulation	Article	Main Revisions
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	Content	
<b><i>The Act Governing Bills Finance Business</i></b> <b>(Amended and promulgated on May 3<sup>rd</sup>, 2017)</b>	Revised Article 26, Article 66	Clearly specified that Short-Term Bills issued in physical or dematerialized forms, except treasury bills, shall be respectively delivered to central custody institutions or submitted to the registration of issuance. In the event that any payment is not paid when due, the documents of the proof of creditor's rights and the proof of unpaid payments, which are proposed by central custody institutions, may be submitted to petition a competent court for a ruling granting compulsory execution.

For the English translations of *The Act Governing Bills Finance Business*, please refer to the following link:

<http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL006699>

### **(3) Securities and Futures Enterprises**

#### **1. Regulations Governing Securities Investment Trust Funds (Amended and promulgated on November 24<sup>th</sup>, 2016)**

To make it convenient for security investment trust fund enterprises to fund and issue new fund products and increase the operation flexibility of security investment trust funds, the *Regulations Governing Securities Investment Trust Funds* was amended and promulgated on November 24<sup>th</sup>, 2016. Amended 7

Articles and added 2 Articles, a total of 9 Articles. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<b><i>Regulations Governing Securities Investment Trust Funds (Amended and promulgated on November 24<sup>th</sup>, 2016)</i></b>	Revised Article 10, Article 19, Article 20, Article 23, Article 31-1, Article 35, Article 38, Article 48	<p>1.To encourage investment trust enterprises to provide the suitable fund products for retirement financial planning and increase the flexibility of the operation of funds, the provisions were added to stipulate that if an expiration date is stipulated for a fund, and for purposes of meeting the investment strategy needs, the securities investment trust contract may specify that the restrictions do not apply during a certain period of time before the expiration date of the fund, and the name of the fund shall indicate the duration or the expiration year. (Article 19, Article 20)</p> <p>2. To make it convenient for investment trust enterprises to provide investors multiple financial investment tools, the type of “multi-asset funds” was added, and the definition of multi-asset funds and related investment regulations were clearly specified. (Article 23, Article 31-1, Article</p>

		<p>31-2)</p> <p>3. Deleted the provision stipulating that the fund's total amount of investment in the short-term bills issued, guaranteed, or endorsed by any single company shall not exceed 0.5 billion New Taiwan Dollars. In addition, to decentralize the risk of fund investment in single company, the limitation of fund's total amount of investment in the short-term bills or securities issued, guaranteed, or endorsed by any single company shall be calculated by combining the amount of that investment. (Article 10, Article 48)</p>
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For the English translations of *Regulations Governing Securities Investment Trust Funds*, please refer to the following link:

<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL032788&ModifyDate=1051124>

## ***2. Regulations Governing Futures Trust Enterprises and Regulations Governing Futures Trust Funds (Amended and promulgated on February 18<sup>th</sup>, 2017)***

To promote digitalized financial environment, enhance the efficiency and effect of service of futures trust enterprises and improve the development of futures trust businesses, *Regulations Governing Futures Trust Enterprises* was amended and promulgated on February 18<sup>th</sup>, 2017, a total of 2 revised Articles. In addition, to make it conducive for futures trust enterprises to response to the

needs of market in time to offer or make a follow-on offering of a futures trust fund, promote digitalized financial environment, enhance the efficiency and effect of service of futures trust enterprises and response to the practical needs of enterprises, the *Regulations Governing Futures Trust Funds* was amended and promulgated on the same date, a total of 4 revised Articles. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<b><i>Regulations Governing Futures Trust Enterprises</i> (Amended and promulgated on February 18<sup>th</sup>, 2017)</b>	Revise Article 30, Article 48	<p>1.To promote digitalized financial environment, enhance the efficiency and effect of service of futures trust enterprises, the provision was revised to allow a futures trust enterprise to inform the subscriber of the nature and potential risks of the futures trust fund by electronic methods while accepting a customer's request to purchase futures trust fund. (Article 30)</p> <p>2. To improve the development of futures trust businesses, the provision loosening the qualifications of associated person of a futures trust enterprise to make it consistent with the qualifications of the sales person of fund distributor was revised. In addition, the provision allowing a person who has three years or more of experience in selling shares</p>

		of securities investment trust funds to be a sales person of a fund distributor was added. (Article 48)
<b><i>Regulations Governing Futures Trust Funds (Amended and promulgated on February 18<sup>th</sup>, 2017)</i></b>	Revised Article 11, Article 17, Article 20, Article 49	<p>1. To make it conducive for futures trust enterprises to response to the needs of market in time to offer or make a follow-on offering of a futures trust fund, the operation procedures of reporting the plan of offering of the futures trust fund to the board of directors was revised, and the provision was loosened to allow the cases of follow-on offering of a futures trust fund no need to submit to the board of directors' resolution and allow the cases of follow-on offering of a futures trust fund no need to submit the board of directors meeting minutes and the issuance plans. (Article 11, Article 17)</p> <p>2.To promote digitalized financial environment and enhance the efficiency and effect of service of futures trust enterprises, the provision was revised to allow a futures trust enterprise to inform the subscriber of the nature and potential risks of the futures trust fund by electronic methods while accepting a customer's request to purchase</p>



		<p>futures trust fund. (Article 20)</p> <p>3. To consider the size of the current futures trust fund markets and response to the practical needs of the enterprises, the limitation of the fund's total amount of the stock transactions engaged in by any single security enterprise was cancelled. (Article 49)</p>
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1. For the English translations of *Regulations Governing Futures Trust Enterprises*, please refer to the following link:

<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL043671&ModifyDate=1030529>

2. For the English translations of *Regulations Governing Futures Trust Funds*, please refer to the following link:

<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL043672&ModifyDate=1050516>

**3. *Standards Governing the Establishment of Futures Advisory Enterprises and Regulations Governing Futures Advisory Enterprises* (Amended and promulgated on February 18<sup>th</sup>, 2017)**

To response to the need of the business operation and practical operation of concurrent operation of a futures advisory enterprise by securities broker, or securities investment consulting enterprise, the *Standards Governing the Establishment of Futures Advisory Enterprises* and *Regulations Governing Futures Advisory Enterprises* were amended and promulgated on February 18<sup>th</sup>,

2017. Article 1 and Article 2 were amended this time. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Standards Governing the Establishment of Futures Advisory Enterprises</i> (Amended and promulgated on February 18 <sup>th</sup> , 2017)	Revised Article 3	Considering the current developing trend of globalization and liberalization of finance, the types of product in the futures market become diversified, the products include the products such as gold futures, exchange rate futures, which are not only confined to security-related futures, to make securities investment consulting enterprise widely develop the source of customers, increase income and benefits and enlarge the size of futures market, the provision, which stipulated that the business range of concurrent operation of a futures advisory enterprise by securities broker, or securities investment consulting enterprise are limited to security-related futures consulting businesses, was deleted. (Article 3)
<i>Regulations Governing Futures Advisory Enterprises</i>	Revised Article 2, Article 11	1. To accommodate Article 3 of <i>Standards Governing the Establishment of Futures Advisory Enterprises</i> , the provision regarding the business range of concurrent

(Amended and promulgated on February 18 <sup>th</sup> , 2017)		<p>operation of a futures advisory enterprise by securities broker, or securities investment consulting enterprise was deleted. (Article 2)</p> <p>2. Considering the provision allowing a futures consulting enterprise to accept principle's request to sign the mandate contact of futures consulting online and inform the principle of the nature of various futures products, transaction conditions and potential risks of the futures trust fund by electronic methods, the wording "by registered and qualified associated persons" was deleted. (Article 11)</p>
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1. For the English translations of *Standards Governing the Establishment of Futures Advisory Enterprises*, please refer to the following link:

<http://eng.selaw.com.tw/LawArticle.aspx?LawID=FL021164&ModifyDate=1040106>

2. For the English translations of *Regulations Governing Futures Advisory Enterprises*, please refer to the following link:

<http://eng.selaw.com.tw/LawArticle.aspx?LawID=FL043672&ModifyDate=1050516>

**4. Paragraph 2 of Article 18, Subparagraph 3 of Paragraph 1 of Article 60, Subparagraph 11 of Paragraph 1 of Article 138 of *Securities and Exchange Act*, Interpretive Directions for Article 6 of *Standards***

***Governing Eligibility of Securities for Margin Purchase and Short Sale***  
**(Promulgated on February 22<sup>nd</sup>, 2017)**

To improve the transaction efficiency of security market and give full play to market mechanism, the provision was revised to loosen the limitation of the daily volume of selling borrowed securities through intraday trading on February 22<sup>nd</sup>, 2017. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
Paragraph 2 of Article 18, Subparagraph 3 of Paragraph 1 of Article 60, Subparagraph 11 of Paragraph 1 of Article 138 of <i>Securities and Exchange Act</i> , Interpretive Directions for Article 6 of <i>Standards Governing Eligibility of Securities for</i>	Revised Article 3	To promote the trading efficiency of security market, bring the effect of market mechanism into full play, the provision was revised to loosen the limitation of the daily volume of selling borrowed securities through intraday trading, adjusting the maximum ratio of “20% of the average transacted quantity of the previous 30 business days of such negotiable security” to “30%”.

<i>Margin Purchase and Short Sale</i> promulgated by NO. JHENG-JIA 1060004431 letter from Financial Supervisory Commission R.O.C. on February 22 <sup>nd</sup> , 2017 (Effective on February 23 <sup>rd</sup> , 2017)		
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**5. Interpretive Direction for Paragraph 1 of Article 6 and Article 5 of *Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities* (Promulgated on April 19<sup>th</sup>, 2017)**

To satisfy non-professional investors' need for layout and flexible operation of asset, ensure that investors are protected by the *Financial Consumer Protection Act* and to enhance the development of the businesses of securities firms, the provision was revised on April 19<sup>th</sup>, 2017, allowing securities firms to accept orders from non-professional investors to trade foreign ETF. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
Interpretive Direction for	Revised Paragraph	To satisfy non-professional investors' need for layout and flexible operation of asset,

Paragraph 1 of Article 6 and Article 5 of <i>Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities</i> amended and promulgated by the NO. JHENG-JIA 1060003019 letter from Financial Supervisory Commission R.O.C. on April 19 <sup>th</sup> , 2017 (Promulgated on April 19 <sup>th</sup> , 2017)	1 of Article 5	ensure that investors are protected by the <i>Financial Consumer Protection Act</i> and to enhance the development of the businesses of securities firms, the Interpretive Direction for Paragraph 1 of Article 6 and Article 5 of <i>Regulations Governing Securities Firms Accepting Orders to Trade Foreign Securities</i> was amended and promulgated on April 19 <sup>th</sup> , 2017, allowing securities firms to accept orders from non-professional investors to trade various foreign ETFs. In addition, non-professional investors shall meet the certain qualifications to trade the leveraged or Inverse ETF which the forward transaction does not exceed double the reverse transaction does not exceed one time. (Article 5)
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#### **(IV) Insurance Enterprises**

##### **1. *Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises* (Amended and promulgated on August 31<sup>st</sup>, 2016)**

To accommodate *Limited Partnership Act's* promulgation on June 24<sup>th</sup>, 2015 and its execution on November 30<sup>th</sup>, 2015, *Housing Act's* promulgation on December 30<sup>th</sup>, 2011 and its execution after one year, *Public Housing Act's* abolishment on January 7<sup>th</sup>, 2015, *Enforcement Rules of Act for Promotion of*

*Private Participation in Infrastructure Project's* amendment and promulgation on October 7<sup>th</sup>, 2015, *Regulations for the Guidelines for Venture Capital Business's* amendment and promulgation on June 1<sup>st</sup>, 2016, and encourage and quickly guide the capital of insurance enterprises to invest in domestic start-up enterprises and 5 major innovative industries, the Regulation was revised. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises</i> (Amended and promulgated on August 31 <sup>st</sup> , 2016)	Revised Article 3, Article 5, Article 7, Article 9, Article 10	<p>1. To accommodate the promulgation and execution of <i>Housing Act</i>, the abolishment of <i>Public Housing Act</i> and the amendment of <i>Enforcement Rules of Act for Promotion of Private Participation in Infrastructure Projects</i>, the items restricted to the use of Insurer's funds for public utilities were revised, deleting public housing and excluding cemeteries and columbarium. (Revised Article 3)</p> <p>2. To accommodate the promulgation and execution of <i>Limited Partnership Act</i>, consider the specialties of limited partnership enterprises and refer to the provision of Article 3 of <i>Regulations for the Guidelines for Venture Capital Businesses</i>, the provision allowing a limited partnership enterprise registered in accordance with the</p>

		<p><i>Limited Partnership Act</i> to be the invested entity was added, and the provision was revised to clearly specify that the insurer must be a limited partner in the limited partnership enterprise and the qualification requirements that shall be met, and the calculation base of the limits of investment was added. (Revised Article 5, Article 7)</p> <p>3. Considering that the limited partnership enterprises in R.O.C. are still in the process of planning or early establishment and the risk of investment is relatively higher, and it is not appropriate to allow insurance enterprises to apply by submitting to the competent authority for subsequent review at the early stage of allowing limited partnership enterprise to be the invested entity, the provision was revised to clearly specify that the insurance enterprises investing in limited partnership enterprises in accordance with regulations shall submit the approval documents from competent authority after submitting to the competent authority for review, but an insurer which has been approved by the competent authority to invest in a limited partnership enterprise and the insurer's cash capital</p>
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		increase in the invested enterprise does not exceed its original investment ratio, the insurer may submit to the competent authority for subsequent review. In addition, to encourage and quickly guide to the capital of insurance enterprises to invest in domestic start-up enterprises and 5 major innovative industries, the provision regarding the applicable standards for allowing the insurance enterprises investing in the same ventures enterprises to submit to the competent authority for subsequent review was loosened. (Revised Article 9, Article 10)
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For the English translations of *Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0390053>

## **2. Insurance Act (Amended and promulgated on November 9<sup>th</sup>, 2016)**

To guide the capital of insurance enterprises to invest in public investment, and consider that most of the current public investment demand investors to set up the company for special purpose to take charge of the operation of the individual investment case, and most of the companies for special purposes are not public traded companies, insurance enterprises shall have the abilities of supervision and management to carry out the risk management mechanism to the use of capital. The main revisions are shown in the following table.

Law	Article Content	Main Revisions
<i>Insurance Act</i> (Amended and promulgated on November 9 <sup>th</sup> , 2016)	Revised Article 146-5, Article 168	<p>1. Loosened the provisions. The insurance enterprises engaging in the public investment shall not be subject to the restrictions set forth in subparagraph 1, subparagraph 2, subparagraph 4 and subparagraph of Paragraph 3 of Article 146-1 and Paragraph 4 of Article 146-1, paragraph 1. are not subject to the restrictions set forth in the preceding paragraph, but the insurance enterprise or its representative serves as director or supervisor of the invested company, the number of directors or supervisors appointed by the insurance enterprise shall not exceed one third of the total number of directors or supervisors of the invested company, and the insurance enterprise shall not assign any person to act as manager of the invested company. (Revised Article 146-5)</p> <p>2. To accommodate the revision of Article 146-5, the related provisions of Paragraph of Article 5 were revised. (Revised Article</p>

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For the English translations of *Insurance Act*, please refer to the following link:

<http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0201.asp>

### **3. Regulations Governing Investment of Investment-linked Insurance (Amended and promulgated on December 12<sup>th</sup>, 2016)**

To enhance insurer's ability of risk management of exchange rate when the insurer entrusts an enterprise approved by the competent authorities to engage in or concurrently engage in discretionary investment service to utilize and manage assets in a separate account, and strengthen the policy of internal control and internal audit to the insurers engaging in such businesses, the *Regulations Governing Investment of Investment-linked Insurance* was amended and promulgated on December 12<sup>th</sup>, 2016, a total of 1 revised Article and 1 added Article. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing Investment of Investment-linked Insurance</i> (Amended and promulgated on December 12 <sup>th</sup> ,	Revised Article 10, Added Article 10-1	1. Clearly stipulated that when the insurer entrusts an enterprise approved by the competent authorities to engage in or concurrently engage in discretionary investment service to utilize and manage assets in a separate account in accordance with subparagraph 2, paragraph 1 of Article 5, the linked investment objects provided in

2016)		<p>the investment-linked insurance contract and the utilization of assets in the separate account may include currency related derivatives transactions for the purpose of currency hedging in connection with the assets in the separate account, provided such transactions comply with the range, conditions and relevant provisions set out by the competent authorities. In addition, the related items which shall be followed was clearly stipulated. (Article 10)</p> <p>2. Added the provision stipulating that the insurer shall establish the procedures for handling entrusted discretionary investment service providers, and the relation provision stipulating that the insurer shall make sure prior to the entrustment that the entrusted enterprise already has procedures for handling its discretionary investment services in place. When the insurer engages in such entrusted businesses, the insurer shall not simplify the investment transaction process by the method stipulated on its own in the discretionary investment entrusted contract, and shall handle in accordance with 4 major investment processes stipulated in Paragraph 1 to Paragraph 3 of</p>
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		Article 28 of “Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises”. (Article 10-1)
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For the English translations of *Regulations Governing Investment of Investment-linked Insurance*, please refer to the following link:

<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?pcode=G0390048>

#### **4. Regulations Governing Insurance Agents (Amended and promulgated on June 27<sup>th</sup>, 2017)**

To simplify the signing procedure of insurance agents, the provision allowing competent authorities to stipulate the range of the businesses which there are no need to include signature.

Regulation	Article Content	Main Revisions
Regulations Governing Insurance Agents (Amended and promulgated on June 27 <sup>th</sup> , 2017)	Revised Article 34	Added the provision that the range of the businesses no need to include signature may be stipulated by competent authorities. (Article 34)

## **5. Regulations Governing Insurance Brokers (Amended and promulgated on June 27<sup>th</sup>, 2017)**

To accommodate the revision of Article 163 of Insurance Act, authorize competent authorities to stipulate the applicable range of written analysis report and simplify the signing procedure of insurance agents, the Regulation was revised, a total of 2 revised Article. The main revisions are shown in the following table.

Regulation	Article Content	Main Revisions
<i>Regulations Governing Insurance Brokers</i> (Amended and promulgated on June 27 <sup>th</sup> , 2017)	Revised Article 33, Article 34, Article 35	<p>1. To meet the practical operation, the applicable range of the written analysis report which shall be actively provided before a broker negotiates and concludes an insurance contract and the content of written analysis report was revised. (Paragraph 4 of Article 33 and Attachment 1)</p> <p>2. To simplify the signing procedure of insurance agents, the provision, which stipulated the range of the business no need to sign may be specified by competent authority, was added. (Paragraph 1 of Article 34)</p>

## **II. Results of the Cooperation of International Financial Agreements**

### **(1) Financial Supervisory Commission R.O.C.**

**1. Signed the MOU of cross-country bank supervision information exchange and mutual cooperation with Superintendence of Banks Panama on September 6<sup>th</sup>, 2016.**

To strengthen the bilateral financial supervision cooperation, Superintendence of Banks Panama, SBP proposed to sign the MOU with the Commission to make it conducive for information exchange and supervision cooperation. Both Parties signed the MOU on September 6<sup>th</sup>, and the content included Purpose, information exchange, actual field inspection, confidential data processing, supervision of bank or financial groups, co-prevention and combating money laundering and the financing of terrorism and other general terms used by each country.

**2. Signed the MOU with Illinois Department of Financial and Professional Regulation on November 10<sup>th</sup>, 2016**

To strengthen the bilateral financial supervision cooperation, Illinois Department of Financial and Professional Regulation, IDFPR proposed to sign the MOU of banking enterprises supervision cooperation to make it conducive for information exchange and supervision cooperation. Both Parties signed the MOU on November 10<sup>th</sup>, 2016, and the content included preamble, definitions, scope and general principles, information sharing, actual field inspection, confidential information protection, financial crime, continuous coordination, and the terms of amendment and termination of the MOU. By building the relationship of supervision cooperation between the competent authorities of both Parties, it can strengthen the cross-border financial supervision cooperation between R.O.C. and U.S.A.

**3. Signed IFIAR Members Approve Multilateral Memorandum of Understanding – Strengthening Future Cooperation Among International Audit Regulators (IFIAR MMoU) on April 4<sup>th</sup>, 2017**

In view of the trend of enterprise internationalization and collectivization, parent company and subsidiaries within a group are audited and approved by accountants in different countries. Therefore, cross-border link and mutual cooperation are necessary for the audit and supervision authorities in different countries. The International Forum of Independent Audit Regulators (hereafter referred to as “IFIAR”) keeps promoting the building of MMoU mechanism and encourage more countries to become members. Financial Supervisory Commission R.O.C. signed IFIAR MMoU and became the first batch of 22 members joining IFIAR MMoU among 52 IFIAR members.

**(2) Central Deposit Insurance Corporation: respectively signed the MOU of deposit insurance with Switzerland and Korea in February and April of 2017.**

Central Deposit Insurance Corporation R.O.C. signed a Memorandum of Understanding (MOU) with Deposit Protection of Swiss Banks and Securities Dealers (“Esisuisse”) in 2012 to build a formal relationship. To further work on the items regarding the exit of problem insured institutions together and keep strengthening the cooperation of information, personnel, professional skills and experience between both Parties, both Parties signed a new MOU on February 10, 2017. In addition, the MOU between Central Deposit Insurance Corporation R.O.C. and Korea Deposit Insurance Corporation (KDIC) expired this year, and both Parties renewed the MOU on April 11th, 2017 to continue the bilateral cooperation relationship.

**(3) Peripheral Units of Financial Supervisory Commission R.O.C.**



## **1. Taipei Exchange respectively signed MOUs with Indonesia Security Exchange and Thailand Security Exchange in July and November of 2016.**

To strengthen the bilateral relationships with Indonesia Security Exchange and Thailand Security Exchange and develop international businesses, Taipei Exchange respectively signed MOUs with them in July and November of 2016. The Articles of the MOUs were stipulated on the basis of the general principles of equality and reciprocity, providing each party a long-term cooperation mechanism, developing contacting channels and facilitating continuous exchanging relationships.

## **2. Taiwan Futures Exchange**

### **(1) Signed the MOU with Korea Financial Investment Association (KOFIA) in July of 2016.**

To keep promoting the participation degree of foreign funds in Taiwan futures market and assist the domestic enterprises in developing overseas markets, Taiwan Futures Exchange signed the MOU with Korea Financial Investment Association (KOFIA). Both Parties will collaboratively carry out market promotion and services for the purpose of facilitating the market development of derivatives products in both regions.

### **(2) Signed the MOU with Iran Mercantile Exchange, IME in April of 2017**

Iran Mercantile Exchange, IME is the first Middle East exchange which signed MOU with Taiwan Futures Exchange, and it mainly engages in the spot and futures markets of agricultural, industrial and petrochemical products, and the main product is Gold Coin Futures, which is the main tools for Iranian enterprises and general investors in gold commodity trading and hedging. Taiwan Futures Exchange excels in shareholder rights products, and the

participation proportion of foreign investments in the whole market gradually increase year by year, and currently it has reached 16%. On the basis of the MOU, Taiwan Futures Exchange and IME expect to draw on each other's experiences and advantages in the fields of merchandise category and finance category through the exchange of experience and information to create comprehensive effects and open a new page for the development of the businesses of both Parties.

### **3. Taiwan Depository & Clearing Corporation: Signed the MOU with Iran Depository Corporation in December of 2016**

To strengthen the cooperation with depository and clearing institutions in the world to response to the internationalization trend of global capital market, Taiwan Depository & Clearing Corporation signed the MOU with Iran Depository Corporation on December 5<sup>th</sup>, 2016 for the exchange cooperation of the business operation, personnel training, information exchange and cross-country businesses to share experience with each other, pursue mutual benefits and facilitate the development of capital market for both Parties.

### **4. Taiwan Insurance Institute**

#### **(1) Renewed and Signed the MOU with the Malaysian Insurance Institute (MII) on July 1<sup>st</sup>, 2016**

To continue the practical exchange and cooperation between the insurance enterprises of both countries and jointly protect the stable development of insurance markets of both countries, Taiwan Insurance Institute renewed and signed the MOU, exchanging new information and new concepts with regards to the professional researches and practical operations of insurance from time to time.

**(2) Renewed and Signed the MOU with Shanghai Jiao Tong University on April 25<sup>th</sup>, 2017**

To effectively construct an exchange platform of insurance acts of both sides of the straits and jointly develop the insurance theories and practical researches, Taiwan Insurance Institute renewed and signed the MOU with Shanghai Jiao Tong University on April 25<sup>th</sup>, 2017, holding “Both Sides Insurance Acts Seminars” every year periodically, combining the insurance theories and practical researches, proposing excellent opinions with regards to the researches of insurance acts of both sides of the straits and the development of insurance market, agglomerating consensus on the major insurance issues of both sides of the straits.

**(3) Signed the MOU with Insurance Association of Vietnam (IAV) on June 7<sup>th</sup>, 2017**

Taiwan Insurance Institute signed the MOU with Insurance Association of Vietnam (IAV) on June 7<sup>th</sup>, 2017 to keep promoting the international exchange cooperation mechanism. In the future, the cooperation items of both Parties will focus on sharing insurance education and professional training knowledges, holding various events including seminars and professional meetings and exchanging the latest industry information.

**III. The Results of the Privatization of Public Sector Financial institutions**

The public sector financial institutions managed by the Ministry of Finance includes Taiwan Financial Holdings, Land Bank of Taiwan, The Export-Import Bank of the Republic of China, Mega Financial Holding, First Financial Holding, Hua Nan Financial Holdings, Taiwan Cooperative Financial Holding, Taiwan Business Bank and Chang Hwa Bank, a total of 9. Except Taiwan Financial Holdings, Land Bank of Taiwan, The Export-Import Bank of the Republic of

China, the remaining 6 banks had been privatized before 2005, and there were no situation of releasing the number of shares to reduce equity in the past one year.

Taiwan Financial Holdings, Land Bank of Taiwan, The Export-Import Bank are all the financial institutions where 100% stake is held by the government, taking charge of different policy-related missions. Taiwan Financial Holdings takes charge of engaging in the favorable interest rate differential subsidiary of government employees & teachers. Land Bank of Taiwan is the professional real estate bank. The Export-Import Bank is the policy-related bank taking charge of promoting external trades and providing export-import credits. And there is no privatization plan to all of the above-mentioned banks recently.

The supervision powers and responsibilities of Taiwan Finance Institutions are clearly stipulated. According to Article 2 of “*Organic Act Governing the Establishment of the Financial Supervisory Commission*”, Financial Supervisory Commission (FSC) shall be the competent authority for development, supervision, regulation, and examination of financial markets and financial service enterprises. The public sector financial institutions shall be governed under the same standards. There is no exception of management due to the investment of government stakes.