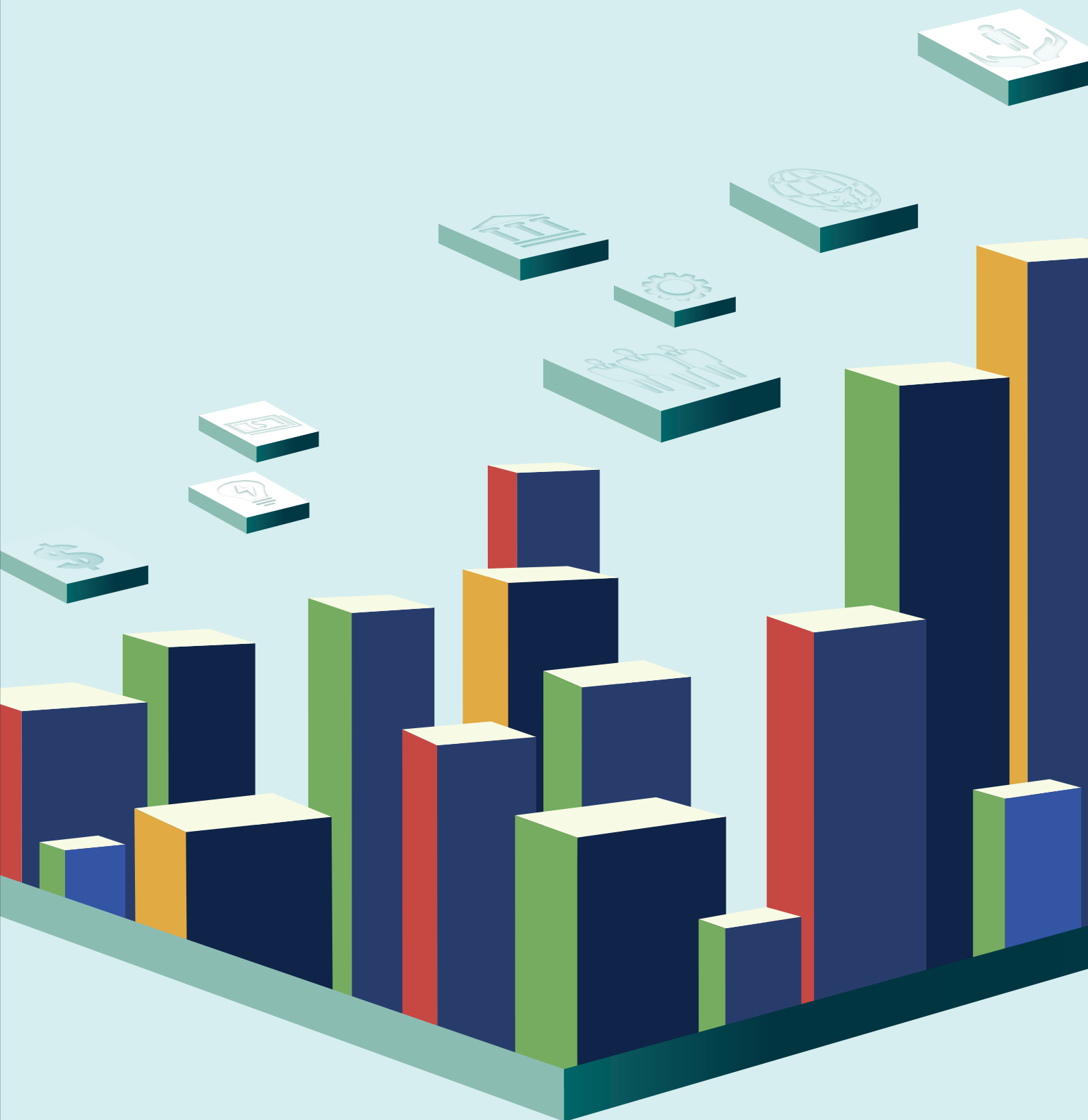


2017 REPORT ON **TAIWAN'S** EASE OF DOING BUSINESS REFORMS



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



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2017 Report on Taiwan's Ease of Doing Business Reforms

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Executive Yuan, R.O.C.

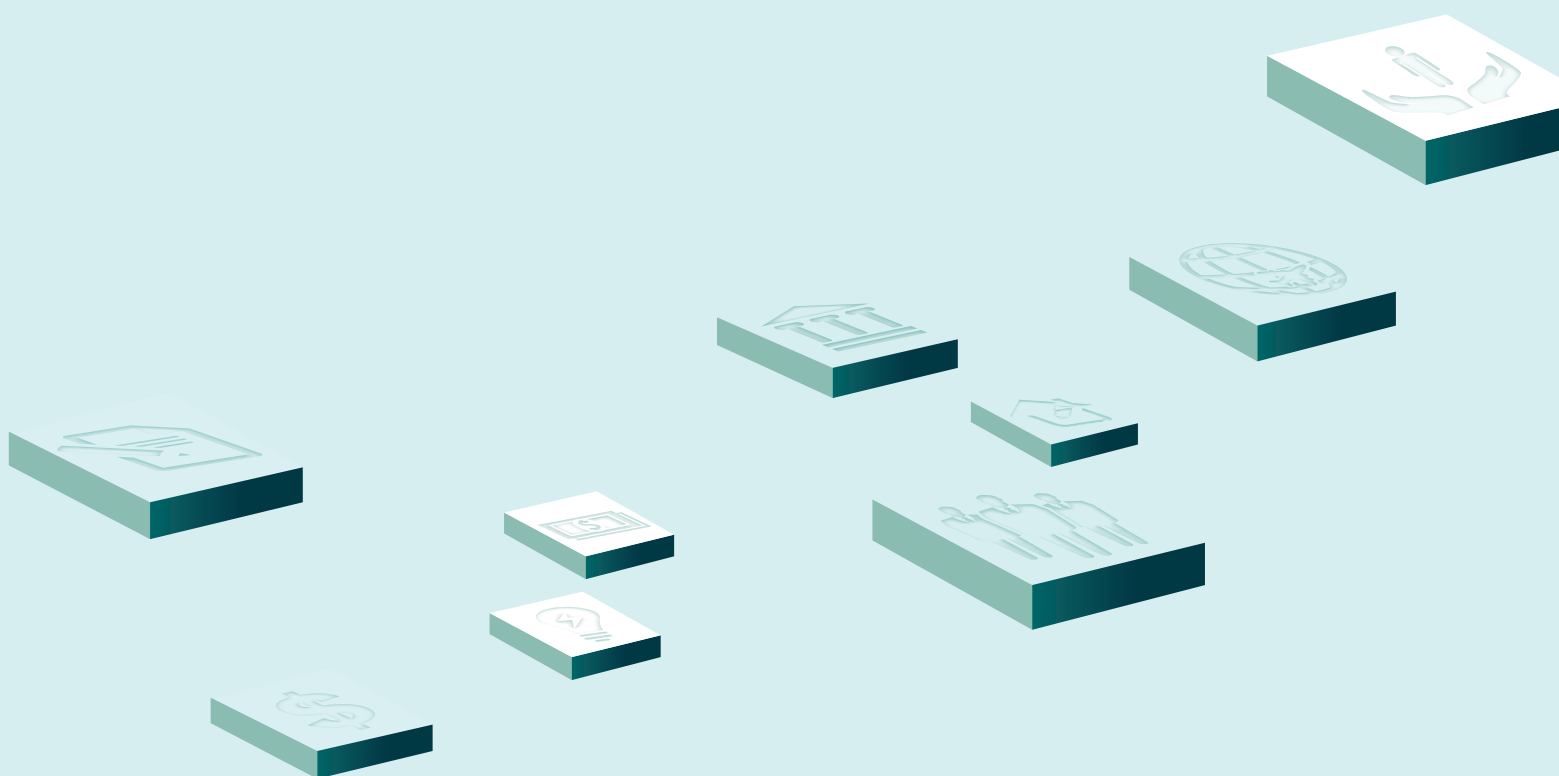


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Foreword

Attracting domestic and foreign investment through improvements to the investment environment and ease of doing business has been a consistent goal of the Taiwanese Government. The World Bank's Doing Business report provides every country with indicators to evaluate its ease of doing business. As the comparable measures are clear, it is widely accepted as an important and authoritative reference for all countries in promoting reform and increasing international competitiveness. Annually, the National Development Council (NDC) adopts the World Bank's Doing Business indicators to promote business regulatory reform, and has recorded substantial achievements by doing this.

Taiwan remained in 11th place in the World Bank's Doing Business 2017 report. Last year our reform efforts were focused on deregulation and encouraging investment and innovation as we sought to unleash the power of enterprises. Measures taken include providing incentives for enterprise transformation and R&D, simplifying the investment process, increasing administrative efficiency, building domestic and foreign enterprises' confidence in Taiwan's investment environment, and fully stimulating the economic growth momentum of industry.

To provide interested parties with insight to the current situation and access to clear results from the current year's key Ease of Doing Business Reforms, the NDC has, as in the past, drawn up the 2017 Report on

Taiwan's Ease of Doing Business Reforms. Highlights of the reforms are: enhancing the company registration one-stop online application functions, shortening the time period allowed for sub-contractors to complete underground lines in the process of obtaining power supply, establishing good corporate governance, simplifying the profit-seeking enterprise income tax reporting process, promoting paperless import/export C2 document review, and launching a civil case online filing system.

Many countries around the world are striving to reform the environment for doing business, and Taiwan is also undertaking a comprehensive review of related institutions and regulations. We are making every effort to boost government efficiency and create a regulatory environment in alignment with international norms. We hope this will enhance Taiwan's production efficiency and competitiveness and help us to build a more suitable environment for doing international business.



Chen, Mei-ling

Minister

National Development Council

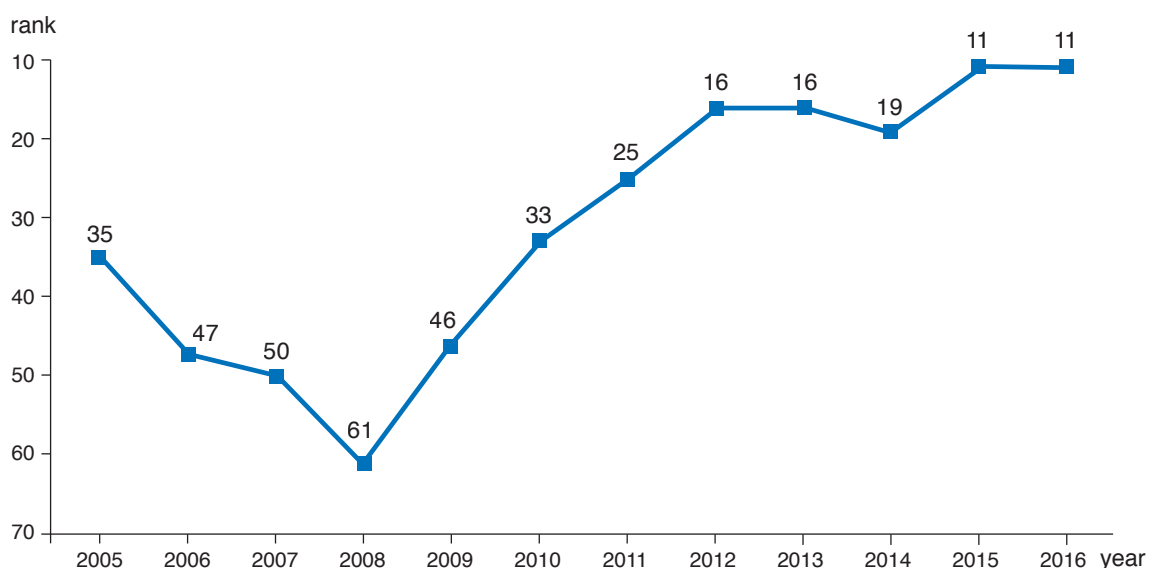
Overview

Taiwan Completes Year 9 of Business Environment Reforms

LOOKING BACK ON EIGHT YEARS OF REFORMS

In October 2008, Taiwan launched a series of business environment reforms based on the criteria of the World Bank's Doing Business report. As of May 2017, nine consecutive years of reforms have been completed. During this time, Taiwan's global ranking for ease of doing business (EoDB) rose by a total of 50 places from 61st in 2008 to 11th in 2016, the latter being a record high (see Figure 1.1).

Figure 1.1 Changes in Taiwan EoDB ranking over the years



Note: The World Bank's Doing Business began global EoDB rankings in 2005.

Looking back on eight years of business environment reforms in Taiwan, there have been marked increases in administrative efficacy and improvements in legislative transparency, which have received widespread approval from both businesses and the public at large. The

body that institutes the reforms is an interagency taskforce organized by the Executive Yuan, and the National Development Council (NDC) proposes reform programs and is involved in the coordination and oversight of the various agencies. Comparative Indexes Show Significant Improvement in Global Ranking After 8 Years of Reform (see Table 1.1)

Table 1.1 Changes in Taiwan ranking in the World Bank's Doing Business report in recent years

Doing Business	2017	2016	2015	2014	2013	2012	2011	2010	2009	8 years, reform and change
Date	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Global EoDB Rank	11	11	19	16	16	25	33	46	61	+50
1 Starting a Business	19	22	15	17	16	16	24	29	119	+100
2 Dealing with Construction Permits	3	6	11	7	9	87	95	97	127	+124
3 Getting Electricity	2	2	2	7	6	3	-	-	-	+1
4 Registering Property	17	18	40	31	32	33	32	30	26	+9
5 Getting Credit	62	59	52	73	70	67	72	71	68	+6
6 Protecting Minority Investors	22	25	30	34	32	79	74	73	70	+48
7 Paying Taxes	30	39	37	58	54	71	87	92	100	+70
8 Trading Across Borders	68	65	32	18	23	23	17	33	30	-38
9 Enforcing Contracts	14	16	93	84	90	88	90	90	88	+74
10 Resolving Insolvency	22	21	18	16	15	14	10	11	11	-11

Note:① EoDB ranking and indexes based on specific year of publication.

② 2011 was first year for the "Getting Electricity" comparative index.

Below is a summary of each of the eight years of reform work:

Year 1 of business environment reforms (2008/2009)

Labor Insurance and National Health Insurance enrollment procedures were simplified; the Company Act was amended, repealing the minimum capital requirements for starting a business; the unified certification system for profit-seeking enterprises was terminated; the Directions for Reviewing of Work Rules were amended to specify the timeframe for review and approval; and an e-filing and e-payment system for business tax was instituted.

Year 2 of business environment reforms (2009/2010)

The administrative procedures and time needed for company registration were reduced; Enforcement Rules of the National Health Insurance Act were amended to stipulate the time they would take effect; the Directions for Reviewing of Work Rules were amended to prescribe model work rules and specified timeframes for review and approval; the Deed Tax Act was amended to unify the basis for the payment of the deed tax on real property transactions; and the Income Tax Act was amended to reduce the income tax rate for profit-seeking enterprises.

Year 3 of business environment reforms (2010/2011)

The Company and Business One-Stop Service Request website was completed and launched; we collaborated with the Taipei City Government to establish the One-Stop Counter for Warehouse Building Permits; application procedures were streamlined and the time needed to get electricity was shortened; and measures were instituted to make payment of profit-seeking enterprise income tax easier.

Year 4 of business environment reforms (2011/2012)

The Taipei City Government expanded the functions of the One-Stop Center for Building Permits to include processing of building permit applications for factories, warehouses, and office buildings of up to five stories; investor protection provisions in the Company Act and the Securities Exchange Act were amended; and a system was set up for online tax withholding from corporate bank accounts.

Year 5 of business environment reforms (2012/2013)

An online transmission function for CPA Capital Audits Certification was added to the Company and Business One-Stop Service Request website; the procedures of the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five

Stories or Lower) were reconsolidated; and the Customs Act was amended to add the source of law for the CPT Single Window.

Year 6 of business environment reforms (2013/2014)

The procedure for starting a business online entered a totally paper-free era with the adoption of electronic signatures. A more streamlined procedure was introduced for the processing of permit applications by the Taipei City Government's One-Stop Counter for Building Permits (for Factories, Warehouses or Office Buildings of Five Stories or Lower). The process for registering the sale and transfer of ownership of land and buildings in Taipei City was simplified; and the Reform Plan to Enhance JCIC Database Sources was also completed. Also, the Nationwide Property Secured Transactions Public Inquiry Website, CPT Single Window, and Online Lawsuit Filing System were established, now providing online services.

Year 7 of business environment reforms (2014/2015)

The Taipei City Government revised the Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses or Office Buildings of Five Stories or Lower), introducing online applications for construction permits. The Taiwan Power Company (Taipower) amended the Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size, shortening the time required for powerline work. In addition, a centralized Property Secured Transactions Online Registration and Public Inquiry website was set up in the year.

Year 8 of business environment reforms (2015/2016)

The Ministry of Economic Affairs (MOEA) completed the Work Rule Online Submission and Automatic Checking System providing businesses with online filing services. Taipower revised the Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size, dividing work time for overhead and underground work. The Taipei City government set up an independent appeals mechanism for handling disputes involving cadastral mapping agencies and real estate land registration offices. The MOEA completed the Property Secured Transactions Online Registration and Public Inquiry website, and provided comprehensive online services.

The Financial Supervisory Committee revised and announced the Enforcement Rules of the Personal Property Secured Transactions Act. The Ministry of Finance (MOF) continued to simplify the income tax and business tax reporting procedure for profit-seeking enterprises. The MOF promoted the Advance Cargo Information System project, the

new export system went fully online, and a paperless process for declaring Form C2 and affiliated documents was initiated. The Judiciary Yuan completed the Online Lawsuit Filing and Legal Brief Submission Platform and provided an online service for filing intellectual property- and tax-related administrative suits that went live.

BUSINESS ENVIRONMENT REFORMS 2017:

YEAR 9 REFORMS (2016/2017)

Between June 2016 and June 2017, Taiwan completed Year 9 of business environment reforms. Key reforms and legislation revisions were as follows:

Getting Electricity

On March 2, 2017 the Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size were revised so the wait time for outside contractors to complete exterior, underground line work was reduced from 13 to 12 days.

Protecting Minority Investors

1. On June 30, 2016, the Taiwan Stock Exchange Corporation (TWSE) published Stewardship Principles to encourage institutional investors actively to participate in corporate governance.
2. On September 18, 2016, the TWSE and the GreTai Securities Market revised the Corporate Governance Best Practice Principles for OTC Companies to provide listing companies with the creation of an excellent corporate governance reference.
3. On January 18, 2017, the FSC issued an Executive Order that when a listed company calls a shareholders meeting, electronic voting shall be included (effective on January 1, 2018).

Trading Across Borders

1. In February 2017 the MOF Customs Agency consulted the guidance of the World Customs Organization's Time Releases Study and implemented the Import General Clearance Time Query System and integrated it into the Customs-Port-Trade Single Window (CPT Single Window) website.
2. On June 30, 2016, the Ministry of Transportation Maritime and Port Bureau drew up the Guidelines Regarding Implementation of the Verified Gross Mass of Containers in

Taiwan in accordance with the requirements of the International Convention for the Safety of Life at Sea (SOLAS) and began implementation of the Guidelines on July 1.

3. In January 2017 the NDC completed a research report on Easing Trade Across Borders for Businesses based on the World Bank's Trading Across Borders indicator questionnaire and methodologies and consultations with businesses involved in the import and export of HS 85 and HS 8708 products.

Enforcing Contracts

1. On July 29, 2016 the Judicial Yuan amended regulations relating to the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents as guideline for the introduction of the Online Filing and Documents Transmission Platform launched on August 8, 2016.
2. On August 8, 2016 the Judiciary Yuan's Online Filing and Documents Transmission Platform for submission of civil litigation documents was officially launched, allowing ordinary citizens, using a natural person certificate issued by the Ministry of the Interior, to apply for a system account number to submit documents via the platform.
3. From June 14, 2016 on the Judicial Yuan's Lawyers' Single Log-In system (e-service system for lawyers) provides lawyers with the function of online application for inspection of paper document or obtaining electronic file copy.

Dealing with Construction Permits

INTRODUCE ONE-STOP COUNTER BUILDING PERMITS

In March 2011, Taipei City Government set up the One-Stop Counter for Building Permits (hereafter referred to as the Counter) to issue building permits for warehouses, and on March 1, 2012, extended its permit issuance to include factories, warehouses and office buildings of up to five stories. On May 1, 2013, a more streamlined procedure was introduced for the counter's processing of permit applications. After giving careful consideration to the practicalities of permit applications and reviewing the application process, the City Government on April 25, 2014 divided the application into four distinct procedures, respectively "Obtaining Basic Information", "Pre-construction", "Commencement of Construction", and "Post-completion". With the revised procedures, it takes 58 working days from the day of receipt of an application for the Counter to complete the whole administrative process for construction permit issuance.

On March 10, 2015, the Taipei City Government again announced revisions to the Operational Guidelines and Work Procedures of the One-Stop Counter for Building Permits. Under these revisions, the application process is divided into four procedures (see Figure 2.1): "Obtaining Basic Information", "Application for Construction Permit and Review of Design for Water Supply", "Commencement of Construction", and "Obtaining Occupancy Permit, Water Connection, and Registration of Title". (Official website: <http://dba.gov.taipei/np.asp?ctNode=68796&mp=118021>)

To comply with the implementation of paperless applications, applicants may register via the Internet to apply for construction permits from the City Government (website for paperless applications: <http://tccmoapply.dba.tcg.gov.tw:8080/tccmoapply/>). Once the Counter accepts an application, all of the administrative operating procedures shall be completed within 52 working days (49.5 days for online applications) from the day the application is submitted. The key points of the procedures are as follows:

"Obtaining Basic Information"(Procedure 1)

- The applicant shall fill out an application form, select the type of application, check against the Self Checklist of Application for Obtaining Basic Information Documents (OSC1) and apply to obtain the basic information on water supply and power equipment at the Counter.

- Such information is solely for the applicant's reference in designing the building. It is not a required document or mandatory procedure for construction permit application. The applicant may decide whether to obtain this information.
- The procedures "Obtaining Basic Information from the Water Supply Unit" and "Obtaining Basic Information from the Electricity Supply Unit" have been combined into the "Obtaining Basic Information" procedure. The applicant can apply according to actual needs.
- The stipulated time for completion of this procedure is 3 working days from the day the application is submitted to the One-Stop Counter.

"Application for Construction Permit and Review of Design for Water Supply" (Procedure 2) is a procedure for submission of construction permit and water supply applications and the conduct of a joint review.

- Before submitting an application, the applicant shall carefully follow the Self Checklist of Application for Pre-Construction Documents (OSC2). He shall then submit the application form, illustrations and other important documents to the One-Stop Counter by mail or personally or file an application online.
- After the joint review, all applicable fees must be paid and the construction permit is then issued.
- "Application for Water Supply" is incorporated in this procedure. The Counter automatically forwards this application to Taipei Water Department and finishes the application process. (Note: Water supply is applied at Taipei Water Department and NOT at Taiwan Water Corporation.)
- An online application for this procedure takes 9 working days from the day the application is submitted to be processed, 2.5 days shorter than the stipulated time.

"Commencement of Construction" (Procedure 3) is the procedure for payment of the air pollution prevention fee and approval to start construction.

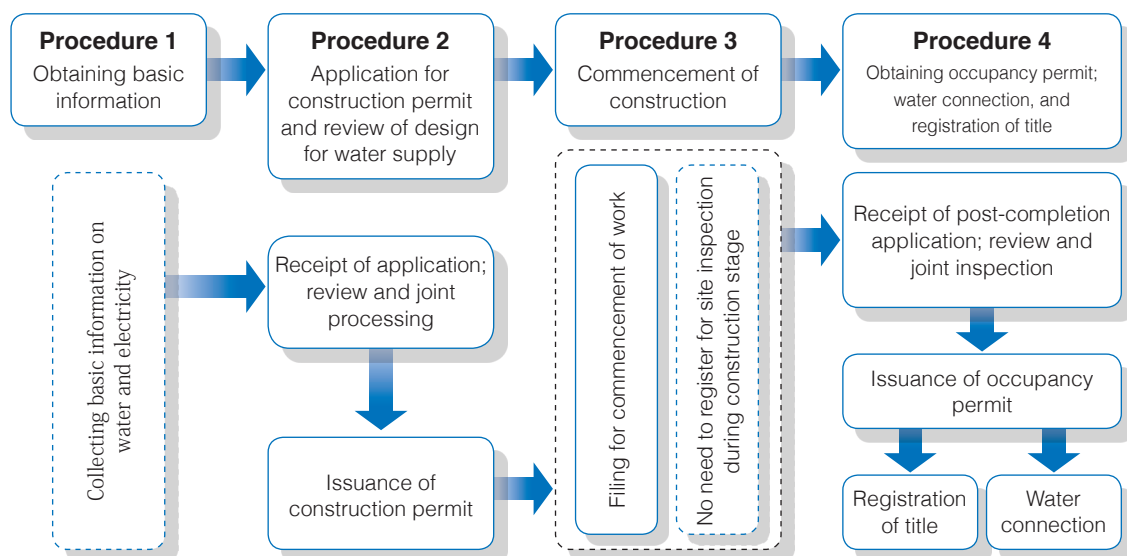
- Upon receiving a building permit, the applicant shall follow the Self Checklist of Application for Commencement of Construction Documents (OSC3) to prepare an application form for commencement of construction, a construction plan and other important documents to submit to the Counter by mail or personally.

- After the joint reviews, approval is given for commencement date of work and the air pollution prevention fee must be paid.
- The stipulated time for completion of this procedure is 6 working days from the day the application is submitted.

“Obtaining Occupancy Permit, Water Connection, and Registration of Title” (Procedure 4) has incorporated the procedures for “Receiving Inspection from Water Company”, “Obtaining Water Connection” and “Registration of Title”.

- The applicant shall complete the Self Checklist of Application for Post-Completion Documents (OSC4) and select “Receive Water Supply Inspection”. The Counter automatically forwards the application to Taipei Water Department for processing.
- Upon issuance of the occupancy permit, the Counter automatically forwards this application to Taipei Water Department and Land Administration to complete the “Obtaining Water Connection” and “Registration of Title ” procedures.
- The procedures “Applying to the One-Stop Counter for Occupancy Permit, Completion of Post-Completion Inspection” and “Obtaining Occupancy Permit, Issuance of Completion Permit and Registration of Title” have been combined into the “Obtaining Occupancy Permit, Water Supply and Registration of Title” procedure.
- The stipulated time for completion of this procedure is 31.5 working days from the day the application is submitted.

Figure 2.1 One-Stop Counter Flow Chart



CORRECTION TO SURVEY

Taipei City Government's reform of the construction permit application process, effective from March 10, 2015, divides the application process into four procedures, respectively, "Obtaining Basic Information", "Application for Construction Permit and Review of Design for Water Supply", "Commencement of Construction" and "Obtaining Occupancy Permit, Water Supply, and Registration of Title". Applicants may download Self Checklists of application documents for each procedure (OSC1, OSC2, OSC3, and OSC4) from the website of the Taipei City Government One-Stop Counter for Building Permits and submit them sequentially to the Counter. (Website: <http://dba.gov.taipei/np.asp?ctNode=68796&mp=118021>)

No.	Procedure	Time	Cost
1	Obtaining Basic Information Collecting basic information on water supply and power equipment at desired construction site.	3 days	No charge
Explanation	1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015 (1) Point 2 Paragraph 1 Subparagraph 1 of Taipei City Government's Operational Guidelines for One-Stop Counter for Building Permits (for Factories, Warehouses or Offices Five Stories or Lower) (2) Point 2 Paragraph 1 of Taipei City Government's Work Procedures for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower) 2. This procedure collects basic information on water and power supply at the intended construction site. 3. Procedural flow: (1) The applicant shall fill out an application form, select the type of application, check against the Self Checklist of Application for Obtaining Basic Information Documents (OSC1) and apply to obtain the basic information on water supply and power equipment at the Counter. (2) Such information is solely for the applicant's reference in designing the building. It is not a required document or mandatory procedure for building permit application. The applicant may decide whether to obtain this information. 4. Completion time: Three days from the day the application is submitted. 5. Cost: No charge.		

No.	Procedure	Time	Cost
2	Application for Construction Permit and Review of Design for Water Supply Applying for construction permit at the Counter.	11.5 days /9 days(online)	NT\$ 31,402
Explanation	<p>1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015</p> <p>(1) Point 2 Paragraph 1 Subparagraph 2 of Taipei City Government's Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Fewer)</p> <p>(2) Point 2 Paragraph 2 of Taipei City Government's Work Procedures for the One- Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Fewer)</p> <p>2. Procedure flow: The applicant may at this stage submit a construction permit application to the Counter, and the relevant departments will conduct joint review and processing of the submitted drawings and documents for the building and for commencement of work.</p> <p>(1) Before presenting an application, the applicant should carefully follow the Self Checklist of Application for Construction Permit and Review of Design for Water Supply Documents (OSC2). He should then place the application form, drawings and explanations, and other important documents in proper order in a file envelope, write "Application for Building Permit and Water Supply" on the outside of the envelope, and deliver this by mail or in person to the Counter.</p> <p>(2) The application may also be filed online. Website for paperless application: http://tccmoapply.dba.tcg.gov.tw:8080/tccmoapply/</p> <p>(3) If, due to particular case circumstances, there is a need for an application to be processed jointly with another unit, the applicant should fill out a Taipei City Government Building Permit (Design Alteration) Joint Review Form, selecting the joint processing unit and joint review item(s), and submit it once.</p> <p>(4) If an application is not within the scope of the Counter's jurisdiction, or is one that it cannot process due to some special circumstance, the Counter will not be able to accept it, but will help the applicant conduct it through ordinary channels.</p> <p>(5) If an application is within the scope of the Counter's jurisdiction, the staff member taking receipt of it shall immediately verify that the correct documents have been submitted, assign the application a case number, and after completing receipt, apply a receipt stamp or fax a receipt stub.</p> <p>(6) When a joint review of an application has been conducted by the Counter and it has been found that the application does not conform to requirements, the Counter will notify the applicant that he has one chance to make the necessary correction.</p>		

No.	Procedure	Time	Cost
Explanation	<p>(7) A building permit is issued, and fees for the building permit, specification of building setback line, wastewater discharge permit, and land ownership certificate are paid.</p> <p>3. Completion time: 11.5 working days (9 working days for online submissions) from the day the application is submitted.</p> <p>(1) This procedure begins with delivery of the building permit application. Paper applications will take 2.5 working days for registration of receipt.</p> <p>(2) When the documents are all in order, the Counter will forward them to the relevant offices (the Construction Management Office, Bureau of High Speed Rail, Department of Rapid Transit Systems, Department of Public Works, Department of Cultural Affairs, Fire Department, Water Department, etc.) for conduct of joint review. The joint review will need 8 working days.</p> <p>(3) Upon completion of the review, the issuance (approval) of a building permit and payment of all fees will need 1 working day.</p> <p>4. Cost: NT\$31,402.</p> <p>(1) Building permit fee: NT\$24,152.</p> <p>A. Article 29 Subparagraph 1 of the Building Act stipulates that, when issuing a construction permit, the competent local authority shall charge a fee of 0.1% of the building construction cost, payable by the builder or owner.</p> <p>B. According to the Table of Construction Costs for Building Engineering, Miscellaneous Work Materials and Land Improvement used by Taipei City Government, effective from February 1, 2014, the cost of constructing the steel frame building in this example is NT\$18,570 per square meter, so the cost of construction should be calculated as: $\text{NT\\$}18,570 \times 1,300.6\text{m}^2 = \text{NT\\$}24,152,142$.</p> <p>C. At 0.1% of the construction cost, the building permit fee in this case should be: $\text{NT\\$}24,152,142 \times 0.1\% = \text{NT\\$}24,152$.</p> <p>(2) Other fees: NT\$4,000 to Taipei City Government for application to designate the building setback line, NT\$3,200 to Taipei City Government for a wastewater discharge permit, and NT\$50 to Taipei City Government for a copy of the land ownership certificate. Total: NT\$7,250.</p> <p>(3) Building permit fee + other fees: $24,152 + 7,250 = \text{NT\\$}31,402$</p>		

No.	Procedure	Time	Cost
3	Commencement of Construction Report the start date to the Taipei City Government, present a construction plan, pay the air pollution prevention fee before starting construction, and apply for water connection.	6 days	NT\$19,821
Explanation	<p>1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015</p> <p>(1) Point 2 Paragraph 1 Subparagraph 3 of Taipei City Government's Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>(2) Point 2 Paragraph 3 of Taipei City Government's Work Procedures for the One- Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>2. Procedural flow:</p> <p>(1) After the applicant obtains a building permit, he prepares the application for commencement of construction, a construction plan, and other required documentation, in accordance with the "Self Checklist of Application for Commencement of Construction Documents" (OSC3), and submits them to the Counter by mail or in person.</p> <p>(2) The applicant pays the air pollution prevention fee, and obtains approval for the commencement of work.</p> <p>3. Completion time: 6 working days from the day the application is submitted.</p> <p>(1) After obtaining the building permit, and before commencing construction, the applicant must complete the start date reporting process.</p> <p>(2) When the documents are all in order, the Counter will pass them to the relevant offices (the Construction Management Office, Department of Public Works, Fire Department, Department of Environmental Protection, Water Department, Department of Rapid Transit Systems, Bureau of High Speed Rail, etc.) for conduct of pre-commencement joint review. The joint review will need 7 working days.</p> <p>(3) After the pre-commencement joint review has been completed, the Counter will collect the air pollution prevention fee and approve the commencement of work. This will need 1 working day.</p>		

No.	Procedure	Time	Cost
4	<p>4. Fee to be paid: Air pollution prevention fee of NT\$19,821.</p> <p>(1) The building in this case is a 2-story warehouse, with a total floor area of approximately 1,300.6 m² (650.3 m² each floor), situated on a 929 m² plot of land. Such a building would need approximately 6 months for construction.</p> <p>(2) Under the provisions of Article 4 of the Regulations Governing Construction Project Air Pollution Prevention Facilities, this example would be classified as a Grade 1 construction.</p> <p>(3) According to the Collection Rates of Air Pollution Prevention Fees for Construction Projects announced by the Environmental Protection Administration as effective from January 1, 2014, the air pollution prevention fee for a steel frame Grade 1 6-month construction project, as in this case example, is calculated as “fee rate × fee base” at a fee rate of NT\$2.54 per m² per month, with the fee base as “construction area × period under construction (months)”, and each month calculated as 30 days. Hence, the air pollution prevention fee for this example should be calculated as: $NT\\$2.54 \times 1,300.6 \text{ m}^2 \times 6 \text{ months} = NT\\$19,821$.</p>		
	<p>Obtaining Occupancy Permit, Water Supply, and Registration of Title</p> <p>Obtaining occupancy permit, completing registration of title, and initiating use of public utilities</p>	31.5 days	NT\$73,304
4	<p>1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015</p> <p>(1) Point 2 Paragraph 1 Subparagraph 4 of Taipei City Government’s Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>(2) Point 2 Paragraph 4 of Taipei City Government’s Work Procedures for the One- Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>2. Procedure flow: The applicant shall apply to the Counter for an occupancy permit, presenting the construction permit (the original document). The relevant administrative units will conduct joint review of the relevant documentation.</p> <p>(1) Where construction is completed without imposing damage to adjacent property, the applicant can take the original building permit to the Counter and make a onetime submission of the Self Checklist of Application for Occupancy Permit, Water Supply, and Registration of Title Documents (OSC4). The Counter will forward the application documents to the relevant units and to Taipei Water Department for processing.</p>		

No.	Procedure	Time	Cost
Explanation	(2) The mode of submission is the same as for the first stage (the construction permit application). The applicant must put the relevant application letter, application form, drawings & explanations, and other documentation required by law or by the regulations of the unit concerned into one file envelope for each separate application, and must specify the type of application and the unit concerned on the envelope (e.g., "Application to the Fire Department for post-completion inspection of fire-fighting equipment.")		
	(3) The applicant must specify the construction permit number (○○○Jian Zi No. ○○○○), and fill out the Self Checklist of Application for Occupancy Permit, Water Supply, and Registration of Title Documents (OSC4). Then he should check the correctness of the forms, write "Application for Occupancy Permit, Water Supply, and Registration of Title" on the envelope containing the application documents, and deliver it by mail or hand to the Counter.		
	(4) The applicant can also request the Counter to arrange and liaise with the departments concerned for the conduct of joint inspection. When the applicant so requests in the Self Checklist (OSC4), the Counter will arrange for the joint inspection to be scheduled as specified by the applicant.		
	(5) Once the review has been completed, the relevant administrative fees paid (the occupancy permit fee, last-stage air pollution prevention fee, etc.), and a duplicate made, the occupancy permit can be issued.		
	(6) The applicant may choose to have the occupancy permit mailed to him, or go in person to the service desk of the Counter to collect it. At the same time, the Counter will notify the relevant units to process registration of title and apply for water supply.		
	(7) The building is completed and ready for occupancy.		
	3. Completion time: 31.5 working days from the day the application is submitted.		
	(1) This procedure begins with submission of a Post-completion application, and takes 2.5 working days for registration of receipt.		
	(2) When the documents are all in order, the Counter will forward them to the relevant offices (the Construction Management Office, Bureau of High Speed Rail, Department of Rapid Transit Systems, Department of Public Works, Department of Cultural Affairs, Department of Transportation, Department of Land, Department of Urban Development, etc.) for conduct of joint site inspection. The joint site inspection will take 8 working days.		

No.	Procedure	Time	Cost
Explanation	<p>(3) After the joint site inspection is completed, and the building is found to be in compliance with applicable regulations, the Counter will approve the issuance of an occupancy permit, and will attend to collecting payment of the various applicable fees. It will also notify Taipei Water Department to carry out the procedures for "Receiving Inspection from Water Company" and "Obtaining Connection to Water." These procedures will take 3 working days.</p> <p>(4) Once issuance of the occupancy permit is approved, the Counter will transmit the documentation to apply for registration of title to the local land administration office. The registration of title will be completed in 18 days (including the requisite 15-day public announcement period).</p> <p>4. Cost: NT\$73,304</p> <p>(1) Building registration: NT\$48,304</p> <p>A. For the first registration of a building for the time, Point 3 of the Supplementary Regulations on Computing and Collecting Land Registration Fees and Penalties stipulates that the registration fee is computed according to the total cost of construction as recorded in the occupancy permit. Article 84 of the Land Registration Regulations stipulates that the general land registration procedure applies mutatis mutandis to the first registration of a building, hence the applicable registration fee is 0.2% of the aforesaid total cost of construction.</p> <p>B. The cost of construction of building in the example is NT\$24,152,142.</p> <p>C. The building registration fee: $\text{NT\\$}24,152,142 \times 0.2\% = \text{NT\\$}48,304$</p> <p>(2) Fee for obtaining water connection: NT\$25,000.</p> <p>(3) Building registration fee + water connection fee: $48,304 + 25,000 = \text{NT\\$}73,304$.</p>		

BUILDING QUALITY CONTROL INDEX

Question		Answer
I. Quality of building regulations index		
1	How accessible are building laws and regulations in your economy?	Available online; Free of charge.
2	Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet?	List of required documents; Fees to be paid; Required preapprovals.

Question		Answer
II. Quality control before construction index		
	Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations?	Licensed architect.
III. Quality control during construction index		
1	What types of inspections (if any) are required by law to be carried out during construction?	Inspections by in-house engineer.
2	Do legally mandated inspections occur in practice during construction?	Mandatory inspections are always done in practice.
IV. Quality control after construction index		
1	Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection.
2	Do legally mandated final inspections occur in practice?	Final inspection always occurs in practice.
V. Liability and insurance regimes index		
1	Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)?	Professional in charge of the supervision; Construction company; Owner or investor.
2	Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)?	No party is required by law to obtain insurance .
VI. Professional certifications index		
1	What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations?	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam.
2	What are the qualification requirements for the professional who supervises the construction on the ground?	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam.

Appendix

檔 號：
保存年限：

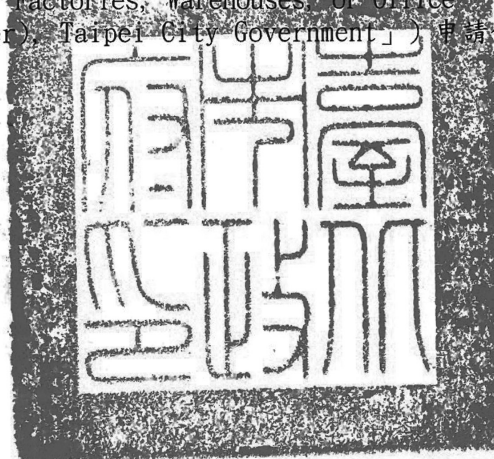
臺北市政府 公告

建照科

發文日期：中華民國104年3月2日

發文字號：府都建字第10463530900號

附件：本府「五層以下(工廠倉儲／辦公服務類)建築單一窗口發照中心(「One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower), Taipei City Government」)申請作業準則及流程



主旨：公告本府「五層以下(工廠倉儲／辦公服務類)建築單一窗口發照中心(「One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower), Taipei City Government」)改革措施，並自104年3月10日起實施。

公告事項：

- 一、計畫時間：本府「五層以下(工廠倉儲／辦公服務類)建築單一窗口發照中心」2015年精進計畫(詳附件)，自今(104)年3月10日零時起實施。
- 二、修正為4個作業程序／52個工作天(自遞件當日起算，網路送件49.5日)，發照中心受理案件經核未適用或案情特殊者，仍得依一般申請流程辦理：
 - (一)程序一「獲取基本資料」：取得自來水、電力之基本資料，計3日。
 - (二)程序二「建造執照、供水申請」：取得建照並完成開工，計11.5日(網路送件9日)。
 - (三)程序三「開工」：完成開工審查及申報，計6日。

(四)程序四「使用執照、供水及產權登記」：取得使照、接水及產權登記，計31.5日。

三、新增建造執照電子化送件申請，線上申請網址：<http://10.39.0.95:8080/tccmoapply/>

四、修正適用範圍如下：

五層(含)以下且符合下列各款(工廠倉儲/辦公服務類)建築物：

(一)非屬「臺北市都市設計及土地使用管制審議」、「山坡地保育利用條例」、「水土保持法」或「臺北市山坡地開發建築要點」地區。

(二)未申請適用「臺北市土地使用分區管制自治條例」綜合設計放寬規定。

(三)申請基地範圍無涉及「臺北市樹木保護自治條例」、畸零地及現有巷之廢止或改道。

(四)申請基地範圍非屬地質敏感地區或建築物規模達特殊結構審查者。

(五)申請基地非位於鄰近山坡地範圍者。

(六)依「獎勵民間參與交通建設毗鄰地區禁限建辦法」申請基地非毗鄰高鐵範圍。

五、網址及諮詢專線：http://www.dbaweb.tcg.gov.tw/one_stop/one_stop_service.htm／1999（外縣市請撥打02-27208889）轉8517。

市長柯文哲

Taipei City Government One-Stop Counter for Building Permits (for Factories, Warehouses, or Office Buildings of Five Stories or Fewer)
(Proclaimed on March 10, 2015)

■ **Objectives:**

On March 1, 2011, the Taipei City Government (hereinafter referred to as “the Government”) officially established the One-Stop Counter for Warehouse Building Permits to simplify administrative procedures, improve administrative efficiency and speed up the activation of the industry. In 2012, the Counter was expanded to a One-Stop Counter for Building Permits (For Factories, Warehouses, or Office Buildings of Five Stories or Fewer) (hereinafter referred to as “the Counter”).

■ **Mission:**

The Counter aims to provide “one-stop services” by combining the Government’s units, state-owned enterprises and private institutions. At first, only construction projects of a certain scale would be subject to revisions to regulations and simplification of application procedures, in an effort to speed up the review process and provide a fast application model different from the existing building permit review process. In coordination with the implementation of an online application and paperless operation system, applications for building permits can be applied for from the Government through online registration as of March 10, 2015.

■ **Scope of services:**

In 2012, the Counter extended the services to a one-stop counter dedicated to processing the applications for building permits (for factories, warehouses or office buildings of five stories or fewer) and as-built joint review. All sites that are qualified and under the jurisdiction of this City must submit their applications to the Counter.

■ **Expected performance:**

Before submitting the applications to the Counter, the applicants should read and fully understand the relevant guidelines defined by the Counter and the *“Operational Guidelines for the One-Stop Counter for Building Permits (For Factories, Warehouses, or Office Buildings of Five Stories or Fewer)”*. Within 52 business days upon acceptance of the applications (49.5 working days for online submission), the

Counter will complete all administrative operating procedures, so that the building can be occupied successfully. Unqualified applicants should still go through the normal application procedure.

■ **Service hours:**

The Counter is open for acceptance (receipt) of applications from 8:30AM to 5:30PM every Monday to Friday (except national holidays). Starting from March 10 2015, applications for building permits through online submissions will not be restricted by the abovementioned service hours and shall be available 24 hours a day.

■ **Online submission:**

<http://10.39.0.95:8080/tccmoapply/login.jsp>

■ **Service location:**

One-Stop Counter for Building Permits (For Factories, Warehouses, or Office Buildings of Five Stories or Fewer), Taipei City Government (2F., No.1, Shifu Rd., Xinyi Dist., Taipei City 110)

■ **Hotline:**

1999 (other counties or cities, please call 02-27208889) ext. 2704, contact Ms. Yu Lee.

■ **Website:**

<http://english.dba.gov.taipei/np.asp?ctNode=68979&mp=118022>

Taipei City Government Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses, or Office Buildings of Five Stories or Fewer)

I. Application Scope:

For factories, warehouses, or office buildings of five stories or fewer which meet the following requirements:

1. The building is not located in areas referred to in the “Taipei City Government Urban Planning and Land Control Review,” “Sloped Land Conservation and Utilization Act,” “Soil and Water Conservation Act,” or “Taipei City Sloped Land Development and Building Regulations.”
2. No application has been made for comprehensive design specified in the “Taipei City Land Use and Zoning Control Bylaw.”
3. The scope of the application site is not subject to the “Taipei City Tree Protection Bylaw” nor included in disused marginal land or existing lanes or diversions.
4. The scope of the application site does not cover geologically sensitive areas and the building does not need to undergo a special structural review due to its scale.
5. The application site is not located near sloped land.
6. Pursuant to “Restriction Measures for Rewarding Private Participation in the Banning of Construction in Areas Adjacent to Transportation Construction,” the application site is not in the vicinity of the high speed rail.

II. Application Procedure:

1. Procedure 1 “Obtaining Basic Information” ^{Note*}: Collection of basic information for water and power supply of the construction site planned for application shall be completed within 3 working days from the date of submission.

(Note*: This procedure is not necessary for the building permit application. If it is necessary to access such information for a specific case, the applicant may acquire the information through an application to the Counter.)

2. Procedure 2 “Application for Construction Permit and Review of Design for Water Supply”: Obtain a building permit within 11.5 working days (9 working days for online submissions) from the date of submission.

3. Procedure 3 “Commencement of Construction”: Review and report on work commencement within 6 working days from the date of submission.
4. Procedure 4 “Obtaining Occupancy Permit, Water Connection, and Registration of Title”: Obtain the building occupancy permit, completion of property rights registration and connect public utilities within 31.5 working days from the date of submission.

There are a total of four procedures and 52 working days (49.5 working days for application through online submission).

For details, please refer to the “Operational Guidelines for One-Stop Counter for Building Permits (for Factories, Warehouses, or Office Buildings of Five Stories or Fewer),” Procedures 1 and 2 are processed via a paperless application system.

III. Application Form: (This item will undergo another revision after input from all units)

1. The application form shall be completed by filling in the following self-review forms for “Access to Basic Information” ^{Note*}, “Building Permit, Water Supply Application,” “Work Commencement,” and “Occupation Permit, Water Supply and Property Rights Registration.”

2. Related application forms

“Self Checklist of Application for Obtaining Basic Information Documents” (OSC1) ^{Note*}

(Note*: This procedure is not necessary for the building permit application. If it is necessary to access such information for a specific case, the applicant may acquire the information through an application to the Counter.)

- Form OSC1: for the collection of basic information for water and power supply

“Self Checklist of Application for Construction Permit and Review of Design for Water Supply Documents” (OSC2)

- Form 2-1: Construction Management Office (Building permit online application, <http://10.39.0.95:8080/tccmoapply/login.jsp>)
- Form 2-2: HSR building permit bans/restriction scope, Bureau of High Speed Rail (not required if not in the vicinity)
- Form 2-3: RTS building permit bans scope, Department of Rapid Transit System (not required if not in the vicinity)
- Form 2-4: Traffic Engineering Office (entrance/exit design for cars and motorcycles not required if application requirements are not met)
- Form 2-5: Traffic impact assessment, Parking Management and Development Office (Traffic Impact Assessment Guidelines; not required if application requirements are not met)

- Form 2-6: In the vicinity of historical monuments, Department of Cultural Affairs (not required if not in the vicinity)
- Form 2-7: New Construction Office, Public Works Department (Road excavation application)
- Form 2-8: Water Department, Public Works Department (Rainwater drainage and water drainage facility review)
- Form 2-9: Sewerage Systems Office, Public Works Department (Sewage and drainage equipment user review)
- Form 2-10: Parks and Street Lights Office, Public Works Department (Roadside tree and street lamp relocation application)
- Form 2-11: Taipei Water Department Water Supply Design Review (Water supply review)

“Self Checklist of Application for Commencement of Construction Documents” (OSC3) ^{notes*}

- Form 3-1: Construction Management Office (Work commencement application, including construction Plan)
- Form 3-2: Fire Department (Fire protection drawing review)
- Form 3-3: Environmental Protection Agency (First-phase air pollution fee payment and waste disposal plan review)
- Form 3-4: Labor Bureau Review (Labor health & safety and labor review)

“Self Checklist of Application for Occupancy Permit, Water Supply and Registration of Title Documents” (OSC4)

- Form 4-1: Construction Management Office (Completion application)
- Form 4-2: New Construction Office, Public Works Department (Road excavation case closing application)
- Form 4-3: Sewerage Systems Office, Public Works Department (Sewage drainage user drainage facility examination)
- Form 4-3: Fire Department (Fire protection completion review)
- Form 4-4: Household Registration Office (Application for new house number)
- Form 4-5: Environmental Protection Agency (Final-phase air pollution fee payment and waste disposal plan release control form)
- Form 4-6: Taipei Water Department (Water supply completion review)
- Form 4-7: Household Registration Office (Property rights registration)

IV. Responsible Units:

1. Obtaining basic information:
 - Access to water supply information from Taipei Water Department.

- Access to power supply information from Taiwan Power Co., Ltd.
2. Application for construction permit and review of design for water supply:
 - Building permit review, Construction Management Office, Taipei City Government
 - Water supply application, Taipei Water Department.

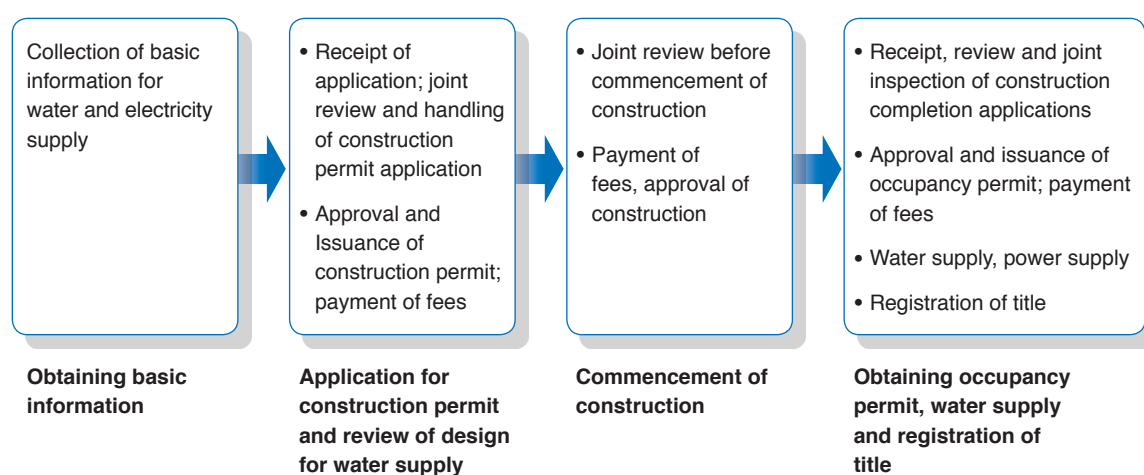
The following units should handle the application if involved.

- Bureau of High Speed Rail, Ministry of Transportation: not required if not in the vicinity of the high speed rail.
 - Review of the RTS building permit bans/restrictions scope by the Department of Rapid Transit Systems, Taipei City Government.
 - Review of sanitary sewer pipelines, drainage ditch locations, street lamps and roadside tree relocation, Public Works Department, Taipei City Government
 - Review of water supply design, Taipei Water Department.
3. Commencement of construction:
 - Review of work commencement by the Construction Management Office, Taipei City Government
 - Review of fire protection by the Fire Department, Taipei City Government.
 - Payment of first-phase air pollution fees and waste disposal plan review by the Environmental Protection Agency, Taipei City Government
 - Review of labor health & safety conditions and by the Labor Bureau, Taipei City Government
 4. Obtaining occupancy permit, water supply and registration of title:
 - Application review of construction completion, Construction Management Office, Taipei City Government
 - Application review of construction completion, Sewerage Systems Office, Public Works Department, Taipei City Government
 - Application review of construction completion, New Construction Office, Public Works Department, Taipei City Government
 - Application review of construction completion, Fire Department, Taipei City Government
 - Application for house number plate, Household Registration Office
 - Payment of final-phase air pollution fees and waste disposal plan review, Environmental Protection Agency, Taipei City Government
 - Application for joint completion inspection
 - Registration of title, Household Registration Office
 - Construction completion review, Taipei Water Department

Taipei City Government Operational Procedure for the One-Stop Counter for Building Permits (for Factories, Warehouses, or Office Buildings of Five Stories or Fewer)

The “One-Stop Counter for Building Permits (For Factories, Warehouses, or Office Buildings of Five Stories or Fewer)” (hereinafter referred to as the Counter) defines the Operational Procedure as the standard procedure to process applications for building permits and joint completion inspections for **buildings of five stories or fewer for factories, warehouses, or office buildings**).

I. Workflow:



(Note*: This procedure is not required for the building permit application. If it is necessary to access such information for a specific case, the applicant may acquire the information through an application to the Counter.)

II. Workflow description:

Construction projects shall be completed through submission of applications to the Counter in 4 phases, namely “Obtaining Basic Information”, “Application for Construction Permit and Review of Design for Water Supply”, “Commencement of Construction” and “Occupancy Permit, Water Supply and Registration of Title”.

- (I) **Obtaining Basic Information:** The applicant may complete the application form (via the link “**Access to Basic Information Application Form**”) and select the scope of application and conduct the review in accordance with the “**Self Checklist of Application for Obtaining Basic Information Documents “ (OSC1)**” to apply to the Counter for access to basic information about water supply and electrical equipment. Note that such information is only provided as a design reference (as the water and

power infrastructure in this city is well-established). In fact, this procedure is not required for the application of building permits. Applicants may decide to handle the procedure at their own discretion.

(II) **Application for Construction Permit and Review of Design for Water Supply:** The applicant can apply for the building permit at the Counter during this phase. Related departments are responsible for review of documents and drawings (**via the link “Building Permit Application Form”**)

- (1) Before submitting the documents, the applicant should check item by item according to the **“Self Checklist of Application for Construction Permit and Review of Design for Water Supply Documents” (OSC2)**, and put the application form, drawings and other relevant and necessary documents into the envelope. The envelope should be marked “Building Permit Application Form” and be sent by mail or delivered personally to the Counter.
- (2) If assistance by other units is needed for a specific case, the **“Building Permit (Design Change) Assistance Review List of Taipei City Government”** must be completed by checking the assisting unit(s) and review item(s).
- (3) The Counter will not accept applications that are beyond the service scope of the Counter or that meet the requirements for special cases. The Counter will assist the applicant to apply for the permit through normal procedures.
- (4) The relevant personnel shall check the documents and assign a number to the application upon receipt of any application that falls within the service scope of the Counter. When the application is officially accepted, a receiving stamp will be affixed or an acknowledgement receipt will be sent by fax.
- (5) When any nonconformity is identified during the review, the Counter will give the applicant notice for a one-time opportunity for correction.
- (6) The building permit will be issued and the government fee shall be paid upon completion of the review before construction. The building permit can be received by mail or picked up in person from the Counter.

(III) **Commencement of Construction:** The applicant can submit the application for work commencement to the Counter along with the original copy of the building permit. Related departments are responsible for review of documents. (**Link to “Work Commencement Application Form”**)

- (1) Before submitting the documents, the applicant should check item by item

according to the **“Self Checklist of Application for Commencement of Construction Documents”(OSC3)**, and put the application form, drawings and other relevant and necessary documents into the envelope. The envelope should be marked “Work Commencement Application Form” and sent by mail or delivered personally to the Counter.

- (2) When any nonconformity is identified during the joint review before work commencement, the Counter will give the applicant notice for a one-time opportunity for correction.
- (3) The application for work commencement will be approved only upon payment of various government fees (including the first-phase air pollution fee and other administrative fees).

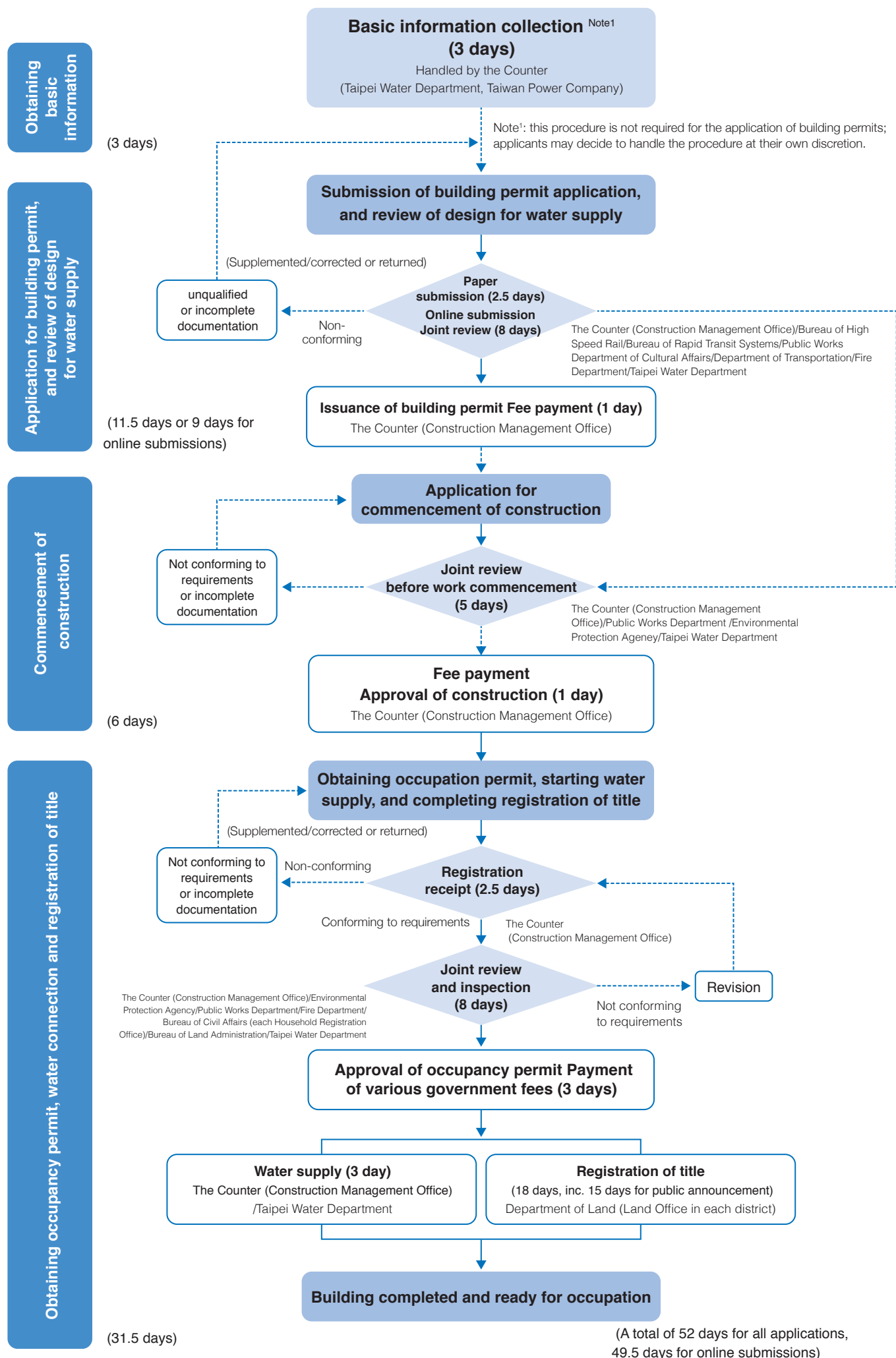
(IV) **Obtaining Occupation Permit, Water Supply and Registration of Title:** The applicant must hold an original building permit in order to submit the application for an occupation permit to the Counter. Related departments are responsible for the review of documents and drawings (**via link “Occupation Permit, Water Supply and Property Rights Registration Form”**)

- (1) Upon project completion, if no construction damage to neighboring properties has occurred, the applicant can submit the application to the Counter along with the original copy of the building permit and the post-construction application form. The Counter will forward the documents to the relevant units and the Public Utility Division for processing. The Counter accepts only applications for which a pre-construction application was submitted in the first phase.
- (2) When submitting the application, the applicant should put all required application letters, forms, drawings, and other documents/drawings required by law or other relevant units into one envelope. The type of application and the unit being applied to should be marked on the envelope (e.g. “Application to Fire Department for Completion Inspection of Fire Protection Equipment.”)
- (3) The applicant should provide the building permit number (○○○Permit No.○○○○) assigned by the Counter and fill in the **“Self Checklist of Application for Occupancy Permit, Water Supply and Registration of Title Documents”(OSC4)**. The applicant should conduct the self-review according to the form. The envelope should be marked “Use license, water supply and property rights registration application form” and sent by mail or delivered personally to the Counter.

- (4) The applicant can apply to the Counter for coordinating all relevant units to carry out the joint inspection according to the schedule that the applicant specifies in the self-review form (OSC4).
- (5) The occupancy permit will be issued only after the application has been approved, the application fee, final-phase air pollution fee and other administrative fees have been paid, and a copy of the occupation permit has been made.
- (6) The occupancy permit can be received by mail or picked up in person from the Counter. Meanwhile, the Counter will inform relevant units to do the property rights registration.
- (7) The building is complete and is ready for occupation.

III. Online submission procedure description:

Online registration: <http://10.39.0.95:8080/tccmoapply/login.jsp>



Getting Electricity

2017 REFORM

To simplify the application process for getting a new electricity connection for buildings under a certain size (warehouses with a total floor area of 2,000 square meters or less, five stories or less, five or fewer users, and total contracted capacity of less than 150 kilowatts), Taiwan Power Company (TPC) announced Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size on January 31, 2011.

On March 2 2017, the aforementioned notice (provided in the attachment) was further revised. Categories for time to complete, namely overhead and underground lines, shall be maintained. In addition to shortening the number of days for overhead lines from 18 working days to 14 working days, external works for underground lines were also simplified so that the total duration of underground lines was shortened from 18 working days to 17 working days. The Directions are available on Taipower's official website (<http://www.taipower.com.tw/HowCanWeHelpYou>) for public perusal.

COMPARISON OF BEFORE AND AFTER REFORM

The 2016 World Bank Doing Business Survey

Table 3.1 Result of 2016 survey on Getting Electricity in Taiwan

No.	Procedure	Time to complete	Costs
1	Submit application for connection and await completion of design	4 days	NT\$ 293,202
2	Await completion of external works by TPC's subcontractor	17 days	Free
3	Await meter installation, internal wiring inspection and electricity flow from TPC	1 days	Free
Total		22 days	NT\$ 293,202

2017 Reform and Corrections

Table 3.2 Corrections to Getting Electricity survey

No.	Procedure	Time to complete		Costs
		Overhead	Underground	
1	Submit application for connection and await completion of design	3 days	4 day	NT\$ 293,200
2	Await completion of external works by TPC's subcontractor	10 days	12 days	Free
3	Await meter installation, internal wiring inspection and electricity flow from TPC	1 day	1 day	Free
Total		14 days	17 days	NT\$ 293,200

EXPLANATION OF REFORMS AND CORRECTIONS

Duration: Underground lines may be shortened from 18 days to 17 days, while overhead lines may be shortened from 18 days to 14 days

The process and cost of overhead and underground lines are about the same. For time to complete, Procedure 1 of overhead lines was 1 working day shorter compared to that of underground lines. For Procedure 2, Taipower further simplified the task of external connection by integrating the tasks receiving of construction materials and work preparation into the same day to shorten the duration of underground lines by 1 working day. Overhead lines, on the other hand, was shortened by 2 working days as they do not require delegation or implementation of construction tasks. The length of Procedure 3 is 1 working day for both categories. Hence, the total duration for underground lines could be shortened from 18 working days to 17 working days, while the duration for overhead lines could be shortened from 18 days to 14 working days.

SUPPLEMENTARY EXPLANATION

Information Disclosure

- **Amended Directions on the Processing of Applications for Electricity Supply to Buildings under a Certain Size**
(http://www.taipower.com.tw/e_content/content/hcwhy/hcwhy01.aspx)
- **Reliability of power supply - frequency and duration of power outages**
(http://www.taipower.com.tw/e_content/content/report/report01.aspx)

Appendix

Directions on the Processing of Applications for Electricity Supply to Buildings Under a Certain Size

(amended and promulgated March 2, 2017)

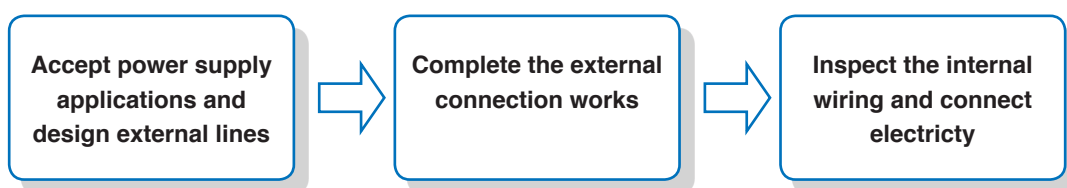
01 Objectives

To simplify the processing of getting an electricity connection, improve the service efficiency and ensure the quality of power supply and consuming, the TPC formulated the processes for satisfying customers' needs.

02 Service Areas

This processing is suitable for buildings under a certain size set established by Ministry of the Interior (five-floor, five-household warehouses with a total floor area of less than 2000 square meters and the contract capacities applied is less than 150 kW). In addition, the process was expanded to One-Stop Counter, which was established by Taipei City Government for Building Permit. (For Factories, Warehouses, or Office Building of Five Stories or Lower)

03 The Procedures



04 Important Points to Note

4.A Accept power supply applications and design external lines

- 4.A.a Customers fill out and sign application forms for the installation of a new electricity supply, according to the category of use applied for. Then customers submit the completed form together with diagrams of internal wiring. Customers can pay the fee when they apply, or it can be paid via electronic transfer.

4.A.b After receiving an application for electricity supply, TPC will promptly examine the submitted drawing and data, access to Distribution Mapping Management System (DMMS), refer to Easymap system, and then design the external line. Customers will not need to confer with TPC's designer for the external inspection.

4.A.c This procedure takes about 3 working days for overhead lines, and about 4 working days for underground lines.

4.B Complete the external connection works

4.B.a According to the Electricity Act, electricity equipment shall be standardized whenever possible, and the methods, specifications, and the installation rules thereof shall be provided by the central competent authority. Therefore, TPC will complete the external connection works for customer's needs according to the Governing Regulations of Electricity Power Supply Line provided by the Ministry of Economic Affairs.

4.B.b Our company's class four traffic maintenance plan of Taipei city power distribution piping construction has been verified by Taipei city government in order to simplify the procedure of traffic maintenance plans ("Taipei e-services online" website: http://www.e-services.taipei.gov.tw/hypage.exe?HYPAGE=form.htm&s_uid=016152#). The time of this procedure depends on the construction scale. Normally it takes about 10 working days for overhead lines, and about 12 working days for underground lines, if the length of connection is 150 meters long.

4.C Inspect the internal wiring and connect electricity

4.C.a For ensuring the safety of power consuming, according to the Electricity Act, the installation, construction, and modification of a user's electricity devices shall be administered by contract electric appliance installers who must complete registration at the local competent authority, and no electricity supply should be connected before reporting the completion of the said tasks to the electricity enterprise and submitting a member certification of completion issued by the respective electric appliance installer association.

4.C.b This procedure takes about 1 working day.

05 Required Documents

5.A Application form

5.B An indoor wire diagram

5.C Permission of reserve space for TPC to install electric supply facilities

5.D Statement of Completion & Application of Inspection

※ If customer requires temporary electricity service for construction, TPC also provide such service.

06 Customer's Contribution in Aid of Construction Costs

According to TPC regulations of business, Article. 67: when customer applies for a new use or an increase in contracted demand, customer's contribution in aid of construction costs should be charged as follows:

6.A Minimum charge for installation:

6.A.a Lighting Service (including Flat Rate Lighting except Street Lighting and Meter Rate Lighting):

Customer Contribution will be equal to the applied number of customer times unit price of Minimum Charge. (Appendix I, TPC regulations of business).

6.A.b Power Service:

Customer Contribution will be equal to the applied number of contracted demand times unit price of Minimum Charge. (Appendix I, TPC regulations of business).

6.B Charges for Line Extension : The length of extension line (no matter overhead or underground extension line) in excess of 5,000 meters from starting point, will be charged Customer Contribution on the basis of the excess meters of extension line length times unit price of extension line. (Appendix II, TPC regulations of business).

6.C Example: A company applies Low Tension power service with 140 kW of contract capacity which requests 150 meter new (added) external connection line, the customer's contribution in aid of construction costs of A company shall be:

6.C.a Minimum charge for installation: $2,199 * 140 \text{ kW} = 307,860$ (tax inclusive)

Charges for Line Extension : 0 (free of charge when new (added) external connection line under 5,000 meter)

$$\begin{aligned} 6.C.b \text{ Customer's Contribution in Aid of Construction Costs excluding tax} = \\ (307,860+0) / 1.05 = 293,200. \end{aligned}$$

07 Application Processing Status Inquiry

Customers can use the TPC E-Counter for online inquiring (<http://wapp.taipower.com.tw/naweb/apfiles/nawp090.htm>) and enter the customer name and registration number to check application processing status. For more information, please dial the number of 1911 to call center for inquiring.

Registering Property

MAIN REFORMS

Taking reference from suggestions in the World Bank's publication Doing Business regarding the procedures required when people register transfer of real property, such as declaration and payment of taxes and application of registration transfers, we have revised relevant regulations to lower the cost of transactions and expedite the process of registration.

Establishment of a portal site for local tax online declaration (October 2009)

In October 2009, the Ministry of Finance completed the establishment of eTax Portal, a portal for nationally centralized local tax online declaration (website : <https://net.tax.nat.gov.tw/PLRX/Lrx200d01>), allowing online filing of land value increment tax, deed tax, stamp duty and entertainment tax by tax payers and their agents.

Amendment to the Deed Tax Act: Deed tax payable follows the standard prices determined by local real property assessment committees (amended and promulgated on May 5, 2010)

The amendments to the Deed Tax Act, which were introduced on April 20, 2010 and took effect on May 5, 2010, provide more specific information about the formula of calculating deed tax.

- Under the amended provisions of Article 13 of the Deed Tax Act, the value of the deed declared by taxpayers shall follow the “standard prices” determined by a local real property assessment committee.
- Under the provisions of Articles 4 and 5, the deed taxes on sale and Dien shall be declared and paid by the purchaser and Dien holder respectively in accordance to amounts specified in the contract. Amendment of these two articles has removed this regulation and such deed taxes shall be declared by the standard prices determined by the local real property assessment committee.(Website for the Deed Tax Act inquiries: <http://law.moj.gov.tw/Eng//LawClass/LawContent.aspx?pcode=G0340105>)

Additionally, the proviso of Article 2 of the Deed Tax Act stipulates that if land is located in a zone where land value increment tax is assessed, the deed tax shall be exempted. In other

words, the purchaser of the real property does not have to declare deed tax on the purchased land and only needs to declare and pay deed tax based on the standard price of the house.

Establishment of one-stop windows for integrated service for processing land and buildings (October 1, 2013)

To simplify the process for registering the sale and transfer of ownership of land and buildings in Taipei City, Taipei City Government promulgated the Operational Directions for the One-stop Window Processing of Land and Building Sales by the Taipei City Land Administration and Revenue Authorities on September 18, 2013, and it went into effect on October 1, 2013.

It also provides one-stop windows for cases involving simple real property or those also involving the creation of mortgages, provided the stipulated conditions are met, to allow for cross-agency, cross-district integrated services.

Point 6 of the Operational Directions for the One-Stop Window Processing of Land and Building Sales by the Taipei City Land Administration and Revenue Authorities stipulates that the whole registration process for cases of simple real property sale must be completed in two working days, and cases that also involve the creation of a mortgage must be completed in three working days. As the World Bank case is a simple sale that does not involve the creation of a mortgage, the procedure for registration of transfer can be completed in two working days (<http://www.land.gov.taipei/ct.asp?xItem=70653638&CtNode=70422&mp=111002>) .

From October 1, 2013 through June 2017, the one-stop land administration and revenue service windows set up by Taipei City Government in district land offices have processed a total of 30,720 registration cases, involving 32,569 land plots and 29,477 buildings. Details are shown in Table 4.1.

Table 4.1 Statistics for land and building sale cases processed by the one-stop windows of Taipei City land administration and revenue authorities

Month and Year	Number of Cases Processed	Number of Land Plots	Number of Buildings
Oct.-Dec., 2013	2,616	2,650	2,348
Jan.-Dec., 2014	8,878	8,933	8,094
Jan.-Dec., 2015	7,227	7,251	6,701
Jan.-Dec., 2016	7,569	8,671	7,754
Jan.-Jun., 2017	4,430	5,064	4,580
Total	30,720	32,569	29,477

Source: Department of Land, Taipei City Government.

<http://www.land.gov.taipei/ct.asp?xItem=59214118&CtNode=84881&mp=111001>

Land offices providing land registration service for land outside their areas of responsibility and within the same county/city(February 2015)

In order to improve efficiency of land office services, Taiwan's government has allowed people to register their land in a land office that is not in charge of the area where the land is located as long as the land office is within the same municipality, city, or county where the land is located. In addition to amending related regulations to facilitate delivery of this government service, since February, 2015 Taiwan has taken 4-stage action to allow all land offices to provide registration service for land outside the areas of their responsibility. Now people can obtain government services regarding land sale, auction, exchange, giving-away, and creation of mortgage in any nearby land offices of the municipality, city and county where the land is located.

Launch of “Immediate Notification of Land Registration Changes” (October, 2016)

To prevent fraudulent mortgage loans or transfers, guarantee people's property rights, offer a rapid, convenient, and diverse cadastral information service so that the public may at any time obtain information on changes in real estate property rights, and to provide a guaranteed, additional layer of security for these property rights, on October 31, 2016 an Immediate Notification of Land Registration Changes service was implemented. This service allows the public to go online or go to the nearest district land office to submit a filing free of charge, after which they will be automatically and promptly notified by text message or email when the specific immovable property is transferred or mortgaged, thus enabling the public at any time to obtain information on the transfer of real estate property ownership, effectively guaranteeing property security.

APPEALS AND CONCILIATION

No.	Quality of Land Administration Index Survey	Answer
4.2.1	e) Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration through a telephone hotline, a mailing address, e-mail or other means?	Last Year : No This Year : Yes
4.2.2	d) Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of cadastral plans through a telephone hotline, a mailing address, e-mail or other means?	Last Year : No This Year : Yes

Legal basis: Articles 1, 2, 52 of the Administrative Appeal Act; Article 34-2 of the Land Act; Articles 2, 3 of the Regulations of Governing Establishment and Conciliation by Committees on Real Estate Dispute Conciliation at Municipality/City/County Levels.

Legal website links:

1. Administrative Appeal Act:
<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=A0030020>
2. Land Act:
<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=D0060001>
3. Regulations of Governing Establishment and Conciliation by Committees on Real Estate Dispute Conciliation at Municipality/City/County Levels:
<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=D0000077>

Comment:

With regard to issues relating to the Land Registration Office or the Cadastral Mapping Agency, the design of the Taiwan legal system is that both the central government and local governments establish independent appeal or conciliation mechanisms that provide for filing a complaint, which include a telephone hotline, mailing address, and email address as follows:

I. Appeal Mechanism

1. Paragraph 1, Article 1 of the Administrative Appeal Act stipulates that “Anyone who’s right or interest was unlawfully or improperly injured by a center or local government agency’s administrative action is entitled to file an administrative appeal according to this Act, provided that other Acts stipulated otherwise.” Article 2, paragraph 1 stipulates that “Anyone who’s right or interest was unlawfully or improperly injured by a center or local government agency’s inaction to his application according to Acts during the period stipulated by this Act is entitled to file an administrative appeal as well.”
2. Article 52 of the Administrative Appeal Act stipulates that (1) every agency shall organize an administrative appeal review committee to process the administrative appeal cases. The members of the committee shall be equipped with law or legal expertise in principle. (2) The members of an administrative appeal review committee shall be chosen from the agency’s senior staffs, righteous gentlemen in the society, scholars or experts; inter alia, the ratio of the righteous gentlemen, scholars and experts shall not less than one half. (3) The rule of organizing an administrative appeal review committee and the reviewing procedure regulation shall be regulated by the Yuan in charge.

3. The Taipei City Government has set up an Administrative Appeals Committee to handle complaints filed by the public. In addition, the Taipei City Government Department of Legal Affairs website has created an “Appeals Section” (<http://www.legalaffairs.gov.taipei/np.asp?ctNode=89860&mp=120034>) providing guidance on filing an appeal, model written appeal forms, the appeal flowchart, relevant documents to be downloaded, an online appeal filing, case status check, meeting minutes, and statistics. In addition, the following information is also included:
 - (1) Mailing address: 11008 Taipei, Xinyi District, Shifu Rd. 1, 8th Fl., NE Section.
 - (2) Telephone hotline: Taipei City citizen hotline 1999 (outside of the city, please dial +886-2-2720-8889), transferring to the Department of Legal Affairs, Emergency Relief Section.
 - (3) FAX: +886-2- 2759-3266
 - (4) E-mail: za25000@mail.taipei.gov.tw
4. Thus complains or appeals regarding matters of the Land Registration Office or the Cadastral Mapping Agency can be filed online via the Taipei City Government Department of Legal Affairs’ website “Appeals Section”, or in the form of mail, FAX, or email to the City’s Appeals Committee.

II. Conciliation Mechanisms

1. Article 34-2 of the Land Act stipulates that: “In order to settle property disputes, the Committee on Property Dispute Conciliation shall be set up by the Municipal or County Land Office. The Committee shall employ members with land administration, construction, and legal backgrounds together with local distinguished persons. Rules governing the organization of the Committee on Property Dispute Conciliation, the conditions for the application for conciliation, the procedure, the time limit, conciliation fees and other matters to follow shall be formulated by the Central Land Office.”
2. Article 2 of the Regulations of Governing Establishment and Conciliation by Committees on Real Estate Dispute Conciliation at Municipality /City/County Levels stipulates 20 disputes types, which include rights and registration disputes in accordance with the Land Act, Enforcement Rules for the Land Act, Cadastral Clearance Act, and Regulations of the Land Registration. With regard to issues involving the Land Registration Office or the Cadastral Mapping Agency, applicants can file for conciliation using these regulations.

3. Article 3 of the Regulations of Governing Establishment and Conciliation by Committees on Real Estate Dispute Conciliation at Municipality /City/County Levels stipulates the Municipality /City/County level set up a Committee on Real Estate Dispute Conciliation composed of 11 to 13 members. In addition to appointed government officials, there must be three to five non-government persons with land administration, civil affairs, construction, or legal knowledge and experience in order to insure the independence of the Committee.
4. Taipei City has set up a Committee on Real Estate Dispute Conciliation to receive complaints filed by the public. In addition, it has created a “Committee on Real Estate Dispute Conciliation Section” on its Department of Land Administration website (<http://www.land.gov.taipei/ct.asp?xItem=11837&CtNode=85168&mp=111001>) that provides information on 20 case types, filing methods (written application), complaint rejections, conciliation effectiveness, fee payments, downloadable forms, and statistical data.
5. In addition, the Taipei Department of Land Administration and district land offices under it have all set up the following channels for the public to file complaints or appeals:
 - (1) Channels for Land Offices to receive appeals: example here would be the Taipei City Zhongshan Land Office, which has put a “petitioners’ mailbox” on its website (Email: fz.people@mail.taipei.gov.tw) and has a FAX number (+886-2-25052775).
 - (2) Taipei City Department of Land Administration Mailbox (http://w2.land.taipei.gov.tw/LandBox/ce_1.asp) and telephone (switchboard, +886-2-27208889 or dedicated line, 1999)
 - (3) Contact numbers for the various sections and offices of the Taipei City Department of Land Administration
(<http://www.land.gov.taipei/ct.asp?xItem=114562&CtNode=84095&mp=111001>)
6. Thus in Taipei for issues involving the Land Registration Office or the Cadastral Mapping Agency, petitioners can file for conciliation via the “Committee on Real Estate Dispute Conciliation Section” of the Taipei City Department of Land Administration website, or can make written application for conciliation to the Committee itself. Alternatively, any of the channels (telephone, FAX, email) of the Taipei Department or district land offices may be used to for complaints or appeals.

CASE STUDY SURVEY CORRECTION

The 2016 World Bank Doing Business Survey

Table 4.2 Results of 2016 survey on Registering Property in Taiwan

Item No.	Procedure	Time to Complete	Associated Costs
1	Buyer researches the property rights and encumbrances registered against the property at the registry of titles	Less than one day (online procedure)	NT\$ 20 per sheet of e-transcript
2	Buyer pays the deed tax and stamp duty at the Municipality	Less than one day (online procedure)	6% of standard property value (deed tax) + 0.1% of property value (stamp duty)
3	Registration of transfer of title at the Land Registry	3 days	0.1% of property value (registration fee) + NT\$ 80 for new ownership certificate
Total		4 days	6.2% of property value

2017 Correction: Procedure No. 2 and No. 3

Table 4.3 Corrections to 2017 survey

Item No.	Procedure	Time to Complete	Associated Costs
1	Buyer researches the property rights and encumbrances registered against the property at the registry of titles	Less than one day (online procedure)	NT\$ 20 per sheet of e-transcript
2	Buyer pays the deed tax and stamp duty at the Municipality	Less than one day (online procedure)	6% of standard property value (deed tax) + 0.1% of property value (stamp duty) = 0.55% of property value (0.45% deed tax on property value + 0.1% stamp duty on property value)
3	Registration of transfer of title at the Land Registry	2 days	0.1% of property value (registration fee) + NT\$ 80 per ownership certificate (total NT\$ 160 for land and housing ownership certificates)
Total		3 days	0.65% of property value

Explanation :

Time: Shortened from 4 days to 3 days

On October 1, 2013, Taipei City Government set up one-stop windows for processing real property registration and relevant tax payments at all district land offices (real property

registries). As the World Bank case is a simple real property sale and does not involve the creation of a mortgage, the registration of transfer only requires two working days to complete. Hence, the time needed to complete registration of transfer of title at a land office in Taipei has already been reduced by one day.

Cost: Corrected to 0.65% of the property value

The buyer researches the property rights and encumbrances registered against the property. Since a transcript of the land registration and the building registration are required, the buyer will have to pay approximately NT\$ 40 for e-transcripts.

In accordance with Article 2 of the Fee Schedule for Land or Construction Improvement Ownership Certificate and Cadastral Data Use, a computer-printed registration transcript or the abridged version of it will cost a nominal fee of NT\$ 20 per sheet. In the World Bank case, the real property in transaction does not carry a mortgage or other registration of rights, i.e., it is owned by only one enterprise. It thus should have only one transcript of the land and building registrations. Hence, the buyer pays NT\$ 40 for two e-transcripts.

Fees for e-transcripts = NT\$ 20 per sheet \times number of sheets = 20 \times 2 = NT\$ 40

The deed tax and stamp duty payable by the buyer amount to 0.55% of the property value.

- A. Under the provisions of Articles 2, 3, 4 and 13 of the Deed Tax Act, the deed tax that must be paid by the buyer is calculated at 6% of the “standard price” of the property as determined by the local real property assessment committee. According to the Article 2 of the Deed Tax Act, if the land is located in an area where land value increment tax is assessed, the deed tax shall be exempted. That is, the land is exempted from the deed tax and the buyer shall pay a deed tax on property based on the property’s standard price. The standard price of a property is calculated according to a certain formula in respect of the property’s structure, serviceable life, rate of depreciation, and street/road grade, as publicly announced by the committee. (Re-assessment of Taipei Housing Standard Price and Related Matters, Proclamation No. 10630000700, Taipei City Revenue Service, Taipei City Government, January 23, 2017. <http://www.tpctax.gov.taipei/ct.asp?xItem=264768394&ctNode=80917&mp=103011>)
- B. Applying the above to the World Bank’s survey example, the deed tax payable by the buyer would represent only 0.45% of the property value. Its calculation is as follows:
 Deed tax = the standard price \times 6%
 Standard price = the determined unit value \times (1 - depreciable years \times depreciation rate) \times street grade adjustment rate \times property area

- a. Determined unit value: This example is a 2-story warehouse, which belongs to the 4th category of “warehouse” under Taipei City’s Purpose Distribution Table. According to the “Table of Standard Unit Values for Building Constructions under 35 Stories in Taipei City”, the average unit value for a Category IV 2-story steel reinforced concrete (2,560) and steel reinforced (precast) concrete (1,690) warehouse, as in the example, yields a determined unit value of NT\$2,125 $((1,690 + 2,560) \div 2)$ per square meter.
 - b. $(1 - \text{depreciable years} \times \text{depreciation rate})$: In this example, the property is a 10-year-old warehouse. According to the Taipei City Table of Service Life and Depreciation Rates of Various Categories of Buildings, the annual depreciation rate of a steel reinforced concrete or steel reinforced (precast) concrete warehouse is 1%, so $1 - 10 \times 1\% = 90\%$.
 - c. Street/road grade adjustment rate: This example is a warehouse located in a suburban area of Taipei. Assuming this warehouse is located on Section 6, Minquan East Road in Neihu District, then according to the “Table of Street and Road Grade Adjustment Rates for Buildings in Taipei”, we can assume an adjustment rate of 150% (the adjustment rates for Neihu District are between 110% and 150%).
 - d. The warehouse in this survey example has a total floor area of 929 m² with a property value of NT\$35,527,010.
 - e. The standard price of the building = $(1,690 + 2,560) \div 2 \times 90\% \times 150\% \times 929 = \text{NT\$}2,665,068$.
 - f. The deed tax on the building = the standard price $\times 6\% = 2,665,068 \times 6\% = \text{NT\$}159,904$.
 - g. The ratio of the deed tax to the value of the property = $(159,904 \div 35,527,010) \times 100\% = 0.45\%$.
- C. Article 7 Subparagraph 4 of the Stamp Duty Act stipulates a stamp duty of 0.1% of the contract price must be affixed to each contract for the sale of real property by the person executing the contract or drawing up the receipt. In most cases as per the customary practice in Taiwan, the stamp duty on real property transactions is generally paid by the buyer.
- $$\begin{aligned} \text{Stamp duty} &= \text{contract price (property value)} \times 0.1\% \\ &= 35,527,010 \times 0.1\% = \text{NT\$}35,527. \end{aligned}$$
- D. The buyer must pay deed tax of NT\$159,904 and stamp duty of NT\$35,527, adding up to NT\$195,431, which represents 0.55% of the property value.
- E. Hence, according to the World Bank case example, the buyer’s deed tax (0.45%) and stamp duty (0.1%) costs represent only 0.55% of the property value.

The buyer pays a registration fee equal to 0.1% of the value of property and NT\$ 160 for land and building ownership certificates.

- A. Article 46 of the Regulations on Land Registration stipulates that a fee for land registration must be paid pursuant to the provisions of the Land Act. Article 2 of the same regulations stipulates that “land registration” for this purpose refers to the registration of the ownership of, and other rights over, land and constructional improvements (buildings) thereon.
- B. Article 76 of the Land Act stipulates that, in applying for the registration of any change in a land right, the obligee shall pay a registration fee at the rate of 0.1% of the declared value of the land or 0.1 per cent of the value of any right over it other than ownership, as the case may be. Hence, the fee payable by the buyer for registering transfer of ownership at the land registry will not be more than 0.1% of the actual sale price (the property value).

$$\text{Registration fee} = \text{property value} \times 0.1\% = 35,527,010 \times 0.1\% = \text{NT\$ } 35,527$$

- C. According to the provision of Article 75 of the Land Act, after completing the registration of transfer of land right, the land administration will issue a certificate of ownership to the right holder (the buyer). As stipulated by the provisions of the Fee Collection Standards for Land or Constructional Improvement Rights Certificates and Applications to Use Cadastral Information, the fee for such certificate is NT\$ 80 per copy. Since one ownership certificate is issued for land and one for building, per the World Bank's example the buyer will pay NT\$ 160 for the certificates.

$$\text{Fees for rights certificates} = \text{NT\$ } 80 \text{ each} \times \text{No. of certificates} = \text{NT\$ } 80 \times 2 = \text{NT\$ } 160$$

- D. Registration fees payable to the land administration by the buyer for application of registration of ownership transfer include a registration fee equal to 0.1% of the property value and NT\$ 160 for land and building ownership certificates.

In summary, per the World Bank example, when a buyer registers his property in Taiwan, they will only bear an overall cost equal to 0.65% of the property value as opposed to the 6.2% indicated in the World Bank survey.

- A. Total cost of transferring ownership = fees for e-transcripts + house deed tax + stamp duty + registration fee + fees for rights certificates

$$= 40 + 159,904 + 35,527 + 35,527 + 160 = \text{NT\$ } 231,158$$
- B. Property Value = NT\$ 35,527,010
- C. Total cost: property value ratio = total cost of ownership transfer/property value \times 100% = $231,158 / 35,527,010 \times 100\% = 0.65\%$ of property value

Appendix

Directions for One-Stop Window for processing Land and Constructional improvements Sales at Taipei City Land Office and Taipei City Revenue Service

(promulgated on September 18, 2013 and effective on October 1, 2013)

Article 1.

These directions are stimulated to simplify the process for transfer of the ownership of land and construction improvements by sale and purchase applications (hereinafter referred to as sale and purchase applications) in Taipei City (hereinafter referred to as Taipei) and enhance the citizen service. We serve with a one-stop window and we promote cross-departmental task integration service. A revenue service desk is set up at every District Land Office.

Article 2.

The sale and purchase applications shall satisfy all of the following conditions:

- (1) Both buyers and sellers should sign a “written contract for the transfer of the ownership of land/construction improvement” of single estate sales or multiple mortgage applications. However, these directions are unsuitable for cases of foreign buyers or sellers, deemed as gifts pursuant to Article 5 of Estate and Gift Tax Law, or change according to Article 34-1 of Land Act.
- (2) Declarations for Land Value Increment Tax and Deed Tax shall be filed online.
- (3) The transferring amount of land plots and buildings should be less than two.
- (4) Applicants should be one obligee and one obligor.

Article 3.

Sale and purchase applications conforming to the preceding article are allowed for cross-office registration in accordance with the Implementation Rules for Cross-Office Registry among Land Offices under Department of Land, Taipei City Government.

Article 4.

Process Window

- (1) A revenue service desk is set up at every district land office. The tax revenue service desk at each District Land Office is responsible for land and constructional improvements tax affairs.
- (2) The full function service desk processes all applications for sale and purchase and

registration of the creation of a mortgage for land and constructional improvements within the city.

Article 5.

Process

(1) Tax Payment Check:

Applicant or the Deputy files tax declaration on the Local Tax Online Declaration System. After tax payment is made, one shall bring Land Value Increment Declaration Form bearing the stamps of obligor and obligee, Deed Tax Declaration Form bearing the stamp of obligee, true copy of the Contract for Transfer of the Ownership of Land/Construction Improvement and printed payment slip of Land Value Increment Tax, Deed Tax, Stamp Tax and other related incurred taxes to the tax revenue service counter at one of the District Land Offices in Taipei City to complete the tax payment process.

(2) Application Received:

Applicants deliver documents to full function service desk.

(3) Calculation and Collection of Registration Tariffs:

Land: One thousandth of the declared land value.

Construction Improvement: One thousandth of deed tax as approved by the Revenue Service.

(4) Examination:

Applications are examined by the Land Office. The Land Office will notify the applicant of Supplement.

(5) Registration on the Register:

Application may be registered after being examined by the Land Office.

(6) Issue of Certificates:

Issuance by the Land Office after registry is completed.

Article 6.

Processing Time:

(1) Process flow of single sale and purchase application shall be completed within two working days.

(2) Process flow of multiple sale and purchase and mortgage application shall be completed within three working days.

Article 7.

Other sale and purchase applications inapplicable to these directions shall be processed in accordance with general application process flow.

Getting Credit- Legal Rights

INTRODUCTION TO THE PROPERTY SECURED TRANSACTION ONLINE REGISTRATION SERVICE

2016 Reforms

In order to enhance the reforms for Strength of Legal Rights Index, in December 2015 the government of Taiwan has made two important changes by reference to UNCITRAL, Legislative Guide on Secured Transactions, Chapter IV: The Registry System, and the main points of the reforms are as follows:

1. Launch of the Property Secured Transaction Online Registration Service on December 21, 2015

- The Department of Commerce, Ministry of Economic Affairs (MOEA,) has set up a Property Secured Transaction Online Registration one-stop service by integrating the services provided by 13 government agencies.
- The Directorate General of Highways under the MOTC has introduced a system for Property Secured Transaction Online Registration-Apply for Vehicle Category, which connects with the Property Secured Transaction Online Registration website of the MOEA.
- Again, the Property Secured Transaction Online Registration has been connected to the National Property Secured Transaction Disclosure and Inquiry, and the name of the website changed to Property Secured Transaction Online Registration and Public Inquiry. (<https://ppstrq.nat.gov.tw/pps/identity/Identity/init.do>)

2. The amendments to the Enforcement Rules of the Personal Property Secured Transactions Act were promulgated on December 17, 2015 (Web address:<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?pcode=G0380025>). The main points of the amendments:

- The list of eligible collateral for a personal property secured transaction was removed while the parties may create collateral according to the security agreement without type limitation (deletion of Article 2 of the original Act).

- It is expressly stipulated that registration, amending, cancellation, copying of or issue of certificate for a personal property secured transaction may be conducted online (Paragraph 2 of Article 3).
- It is expressly stipulated that the formality examination conducted by the registration authority is limited to equivalence check of the matters of the application and the agreement (Paragraph 2 of Article 5).
- It is expressly stipulated that the secured property under registration may, as agreed by the parties to an agreement, be described in general terms (Paragraph 2 of Article 6).
- It is expressly stipulated that the Online Registration and Public Inquiry website is a centralized database indexed by a debtor's name (Paragraph 2 of Article 11.)

2017 Reforms

In order to facilitate the property secured transaction online registration and public inquiry service, some functions have been added to the website titled Property Secured Transaction Online Registration and Public Inquiry:

1. From March 31, 2017 on, the Public Inquiry Website not only offers inquiries into registered public cases (Website: <https://ppstrq.nat.gov.tw/pps/pubQuery/PropertyQuery/propertyQuery.do>), but the following three functions have also been added:
 - (1) Case status :
<https://ppstrq.nat.gov.tw/pps/caseQuery/CaseQuery/query.do>
 - (2) Monthly statistics of registered cases:
<https://ppstrq.nat.gov.tw/pps/pubQuery/MonthlyReport/showReport.do>
 - (3) Payment records:
<https://ep.cp.gov.tw/payment/QueryTrans.aspx>
2. From April 14, 2017, the Online Application Form offers single-setting and alternative-case entry of the “multiple debtors and creditors” function to facilitate the user's online application for cases involving multiple debtors and creditors.

Statistics for Property Secured Transactions

1. The statistics for registered cases from January 2016 through June 2017 are as follows:

Table 5.1 Statistics for registered cases of Property Secured Transactions in Taiwan

Units: Cases, %

Duration	Vehicles			Other Personal Properties (Machinery, Ships)		
	Cases	Online Cases	Share	Cases	Online Cases	Share
Jan to Dec 2016	461,418	54,756	11.9%	7,693	504	6.6%
Jan to Jun 2017	244,446	89,376	36.6%	3,915	307	7.8%

Sources: Department of Commerce, MOEA; Directorate General of Highways, MOTC

2. The statistics for collateral value from January 2016 to June 2017 are as follows:

Table 5.2 Statistics for collateral value of Property Secured Transactions in Taiwan

Units: NT\$ 1 million, %

Duration	Vehicles			Other Personal Properties (Machinery, Ships)		
	Collateral Value	Online Collateral Value	Share	Collateral Value	Online Collateral Value	Share
Jan to Dec 2016	367,684	46,292	12.6%	472,424	9,864	2.1%
Jan to Jun 2017	191,880	74,845	39%	74,141	7,631	10.3%

Sources: Department of Commerce, MOEA; Directorate General of Highways, MOTC

3. The statistics for Property Secured Transactions online from January 2016 to June 2017 are as follows:

Table 5.3 Statistics for Property Secured Transaction online cases (Jan 2016 – Jun 2017)

Units: Cases

Category	Registrations	Amendments	Cancellations	Copying
Vehicles	144,132	67	20,638	0
Other Personal Properties (Machinery, Ships)	811	14	18	785
Total	144,943	81	20,656	785

Sources: Department of Commerce, MOEA; Directorate General of Highways, MOTC

SURVEY CORRECTIONS OF THE STRENGTH OF LEGAL RIGHTS INDEX

Question 2	Answer
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	Last year : No This year : Yes

Legal basis: Article 4 of the Personal Property Secured Transactions Act, Article 6 of the Enforcement Rules of the Personal Property Secured Transactions Act

Legal links:

1. Personal Property Secured Transactions Act

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0380024>

2. Enforcement Rules of the Personal Property Secured Transactions Act

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0380025>

Comments:

1. Article 4, Paragraph 1 of the Personal Property Secured Transactions Act stipulates that machinery, equipment, tools, raw materials, semi-finished products, finished products, vehicles, forestry, fishery, agricultural, and livestock products, livestock, powered vessels with total tonnages of less than 20 tons, and non-powered vessels with total tonnages of less than 50 tons may each be the subject property of a personal property secured transaction.
2. Article 6, Paragraph 1, Subparagraph 2 of the Enforcement Rules of the Personal Property Secured Transactions Act stipulates that the registration application form shall include the following information. For the subject property under registration: name, type, specifications, brand, quantity, manufacturer, engine number, date of manufacture, location, and, if a license is held, the license number.
3. Article 6, Paragraph 2 of the Enforcement Rules of the Personal Property Secured Transactions Act stipulates that the subject property under registration referred to in Subparagraph 2 of Paragraph 1 may, as agreed by the parties in a contract, be described in general terms, which are sufficiently identifiable, such as name, quantity, location and other features.
4. Therefore, Taiwan's law permits a business to grant a non-possessory right of pledge in a single category of movable assets without requiring a specific description of the collateral. The answer should be "Yes."

Question 6	Answer
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	Last year : No This year : Yes

Legal basis: Article 11 of the Enforcement Rules of the Personal Property Secured Transactions Act

Legal links:

The Public Inquiry page on the Property Secured Transactions Online Registration and Public Inquiry Website: <https://ppstrq.nat.gov.tw/pps/pubQuery/PropertyQuery/propertyQuery.do>

Comments:

- Article 11 of the Enforcement Rules of the Personal Property Secured Transactions Act stipulates that: (1) after completing a registration, the registration authority shall make it public on the Online Registration and Public Inquiry Website or publicly announce it by other appropriate means pursuant to Article 8 of the Act. (2) The Online Registration and Public Inquiry Website is a centralized database that may be searched by the name or designation of debtor.
- After completing a registration, the registration authority shall upload the information to a centralized database on the Property Secured Transactions Online Registration and Public Inquiry Website, and shall publicize it on the website for third-party inquiry. The information in the public inquiry website may be retrieved by the name of the creditor or debtor. With regard to the eligibility as a qualified property secured debtor, there is no specification in the Personal Property Secured Transactions Act; that is, natural persons, corporates or incorporated entities (sole proprietorship, partnerships, or limited partnerships) can all be classified as property secured debtors.
- Therefore, in Taiwan, the property registration authority successfully provides corporate and incorporated entities with registration services, and has successfully established an electronic database that can be searched according to debtors' name, overall geographical area, and asset type. The answer should be "Yes."

Question 8	Answer
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	Last year : No This year : Yes

Legal basis: Article 3 of the Enforcement Rules of the Personal Property Secured Transactions Act

Legal links:

1. Property Secured Transactions Online Registration and Public Inquiry Website
<https://ppstrq.nat.gov.tw/pps/identity/Identity/init.do>
2. The Public Inquiry page of the Property Secured Transactions Online Registration and Public Inquiry Website
<https://ppstrq.nat.gov.tw/pps/pubQuery/PropertyQuery/propertyQuery.do>

Explanation:

1. Article 3 of the Enforcement Rules of the Personal Property Secured Transactions Act stipulates that: (1) the application for registration of a personal property secured transaction shall be made with the registration authority by the parties to the contract or their agents. (2) If there is any change to the content of any registered matter, the parties to the contract or their agents shall submit documentary proof for application to the original registration authority for amendment registration. (3) The applications under the preceding two paragraphs may be made on the Online Registration and Public Inquiry Website via online transmission; the same shall apply to application for cancellation of registration, transcript, or issuance of certificate. (4) Applications made in a manner mentioned in the preceding paragraph shall be treated the same as applications made with the registration authority.
2. The Property Secured Transactions Online Registration and Public Inquiry Website provides the services of online registration, amendment, cancellation and inquiry. Since December 21, 2015, when the Property Secured Transactions Online Registration system officially went on live, there have been 59,221 cases of online registration, 38 cases of online amendment, 18,319 cases of online cancellation, and 692 cases of online copying.
3. The public inquiry website has accumulated 24,745,832 inquiries between its official launch in March 26, 2014 through April 21, 2017. Such a high usage rate reveals that the public inquiry website has been well received by Taiwan's financial institutions, businesses, and private citizens.
4. Therefore, the Property Secured Transactions Online Registration and Public Inquiry Website successfully provides creditors (or their deputies) with the services of registration, amendment, cancellation and inquiry online. The answer should be "Yes."

Appendix

Enforcement Rules of the Personal Property Secured Transactions Act (effective on December 17, 2015)

Current Text as Amended	Original Text
(Delete this article)	Article 2 <p>The designation of goods that may be the subject property of personal property secured transactions as prescribed in Article 4, paragraph 2 of the Act are as provided in the Appendix.</p>
Article 3 <p>The application for registration of a personal property secured transaction shall be made with the registration authority by the parties to the contract or their agents.</p> <p>If there is any change to the content of any registered matter, the parties to the contract or their agents shall submit documentary proof to apply to the original registration authority for amendment registration.</p> <p>The applications under the preceding two paragraphs may be made through the Online Registration and Public Inquiry Website via network transmission; the same shall apply to application for cancellation of registration, transcript or issue of certificate.</p> <p>Applications made in a manner mentioned in the preceding paragraph shall be treated the same as applications made with the registration authority.</p>	Article 4 <p>The application for registration of a personal property secured transaction shall be made with the registration authority jointly by the parties to the contract or their agents.</p> <p>If there is any change to the content of any registered matter, the parties to the contract or their agents shall jointly apply to the original registration authority for amendment registration, submitting documentary proof.</p>
Article 5 <p>The matters to be registered for a personal property secured transaction are as follows:</p> <ol style="list-style-type: none"> 1. Registration of the mortgage of the personal property. 2. Registration of the conditional sale. 3. Registration of the possession in trust. 4. Registration of extension of the effective period. 5. Registration of change of ownership of the subject property. 6. Registration of change to the subject property. 7. Registration of cancellation of the security right in the personal property. 8. Other related registrations. 	Article 6 <p>The matters to be registered for a personal property secured transaction are as follows:</p> <ol style="list-style-type: none"> 1. Registration of the mortgage of the personal property. 2. Registration of the conditional sale. 3. Registration of the possession in trust. 4. Registration of extension of the effective period. 5. Registration of change of ownership of the subject property. 6. Registration of change to the subject property.

Current Text as Amended	Original Text
<p>The registration in the preceding paragraph will be carried out after the registration authority has conducted formal check whether information provided in the application documents under Article 4 herein match the matters of registration applied for.</p>	<p>7. Registration of cancellation of the security right in the personal property. 8. Other related registrations.</p>
<p>Article 6</p> <p>The registration application form mentioned in Article 4, paragraph 1, subparagraph 1 herein shall include the following information:</p> <ol style="list-style-type: none"> 1. Cause of registration. 2. For the subject property under registration, the name, type, specifications, brand, quantity, manufacturer, engine number, date of manufacture, location, and, if a license is held, the license number. 3. Registration authority. 4. Date of application. 5. For each applicant, provide the name of the individual or entity, date of birth, national ID number, government uniform invoice number of the company or business or tax ID number, and domicile/residence or place of business. 6. If the application is filed by an agent or agents, the name, national ID number, date of birth, and domicile of each agent. 7. The type and amount of the secured claim. 8. Other matters required to be recorded. <p>The subject property under registration referred to in the subparagraph 2 of the proceeding paragraph, may as agreed by the parties in a contract, be described in general terms, which are sufficiently identifiable, such as name, quantity, and location and other features.</p>	<p>Article 7</p> <p>The registration application form shall include the following information:</p> <ol style="list-style-type: none"> 1. Cause of registration. 2. For the subject property under registration, the name, type, specifications, brand, quantity, manufacturer, manufacturing model, engine number, date of manufacture, location, and, if a license is held, the license number. 3. Registration authority. 4. Date of application. 5. For each applicant, provide the name of the individual or entity, date of birth, national ID number, government uniform invoice number of the company or business or tax ID number, and domicile/residence or place of business. 6. If the application is filed by an agent or agents, the name, national ID number, date of birth, and domicile of each agent. 7. The type and amount of the secured claim. 8. Other matters required to be recorded. <p>The subject property under registration referred to in the subparagraph 2 of the proceeding paragraph, may as agreed by the parties in a contract, be described in general terms, which are sufficiently identifiable, such as name, quantity, and location and other features.</p>
<p>Article 11</p> <p>After completing a registration, the registration authority shall make public on the Online Registration and Public Inquiry Website or publicly announce it by other appropriate means pursuant to Article 8 of the Act.</p> <p>The Online Registration and Public Inquiry Website is a centralized database which may be searched by the name or designation of debtor.</p>	<p>Article 14</p> <p>After completing a registration, the registration authority shall make public on Nationwide Property Secured Transactions Public Inquiry Website or publicly announce it by other appropriate means pursuant to Article 8 of the Act, for a period of 30 days.</p>

Protecting Minority Investors

2017 REFORM

Between June 2016 and May 2017, the main reforms on protecting minority investors were as follows:

1. When a listed (OTC) company calls a shareholders meeting, e-voting shall be included (effective January 1, 2018).

(1) On January 18, 2017, the Financial Supervisory Commission (FSC) issued an Executive Order: In accordance with Article 177-1, Paragraph 1 of the Company Act, when a listed (OTC) company calls a shareholders meeting, electronic transmission shall be one of the methods used for exercising the voting power, and shall become effective on January 1, 2018.

(2) Website link:

http://www.sfb.gov.tw/ch/home.jsp?id=88&parentpath=0,3&mcustomize=lawnews_view.jsp&dataserno=201701180001

2. Amendment of Corporate Governance Best Practice Principles for OTC Listing Companies(effective September 18, 2016)

(1) In response to the latest developments in international corporate governance and Taiwan's promotion of corporate governance, and with reference to G20/OECD corporate governance principles announced in 2015 and the emergence of corporate governance topics internationally, the Taiwan Stock Exchange Corporation ("Taiwan Stock Exchange") and the GreTai Securities Market ("GreTai") subsequently revised the "Corporate Governance Best Practice Principles for OTC Listing Companies" to provide listing companies an excellent corporate governance reference, and also to promote the healthy development of the securities market.

(2) The changes are comprised of 22 amended articles plus the additions to Article 2-1 of "Personnel responsible for corporation governance affairs," "Establishing for interaction with shareholders" in Chapter II, Section II, and Articles 13-1 and 13-2. The main points of the amendments are as follows:

- With reference to the Secretary of the Board (or "Company Secretary," "Company

Governance Officer”) system of capital markets in the U.S., Great Britain, Hong Kong, and Singapore, and considering the size of companies and their personnel allocation, a revision was made suggesting companies establish a dedicated (or concurrent) unit or personnel responsible for corporate governance, stipulating the appointment of senior management as supervisors, required qualifications and experience, as well as what corporate governance should substantively cover.

- Other amendments that strengthened corporate governance include ones that encourage the participation at company shareholders meetings of at least one independent Board member, reduction of the number of Executive Directors, promotion e-voting and the use of a Board Member nomination system, as well as a public announcement of Board Member candidates prior to the shareholders meeting.
- (3) Website link: <http://eng.selow.com.tw/LawArticle.aspx?LawID=FL020553&ModifyDate=1050930>

3. Launching Stewardship Principles for Institutional Investors (effective June 30, 2016)

- (1) On June 30, 2016, TWSE published “Stewardship Principles” in the hope that through subscribing to and supporting these principles, institutional investors would actively participate in corporate governance to jointly raise the quality of Taiwan’s capital markets and be “value gatekeepers” for clients and beneficiaries.
- (2) The institutional investors who sign on should make a public statement on their own websites, or the TWSE Corporate Governance Center website, that they abide by these principles, which includes a brief introduction to the work of the institutional investors and an overview of progress in implementing the principles; alternatively, they may choose to disclose information relating to their compliance with the provisions of the code (principles) they put on their websites business or annual reports for investors to examine.
- (3) Website link:
<http://cgc.twse.com.tw/frontEN/stewardship>

PART I : PRIVATE LIMITED COMPANIES

Survey case example

- In the following questions, please assume that Buyer Co. (“Buyer”) is a manufacturing

company. It is incorporated as a private limited company or its functional equivalent.

- Its shares cannot be listed on a stock exchange. Examples include the Private Limited Company (Ltd), the Limited Liability Company (LLC), the Sociedad de Responsabilidad Limitada (SRL), Gesellschaft mit beschränkter Haftung (GmbH) and the Société à responsabilité limitée (SARL).

Question 1-1	Last year	This year
(New question) Do all members have the right to inspect and copy any record maintained by the company regarding the company's activities, financial condition, and other circumstances that are relevant to their rights and duties?	-	Yes

Applicable Law: Articles 210 and 229 of the Company Act

Comment:

1. According to Article 210 of the Company Act, (1)Subject to the provisions otherwise provided for by the authority in charge of securities affairs, the board of directors shall keep at the head office of the company copies of the Articles of Incorporation, the minutes of every meeting of the shareholders and the financial statements, and shall keep at the head office of the company or the business office of its securities agent the shareholders roster and the counterfoil of corporate bonds issued by the company. (2)Any shareholder and any creditor of a company may request at any time, by submitting evidentiary document(s) to show his/her interests involved and indicating the scope of interested matters, an access to inspect and to make copies of the Articles of Incorporation and accounting books and records.
2. According to Article 229 of the Company Act, The statements and records of accounts prepared by the Board of Directors and the report made by the supervisors shall be made available at the head office for inspection at any time by the shareholders, ten days prior to the regular meeting of shareholders. The shareholders may bring their lawyers or certified public accountants for such an inspection.

Question 1-2	Last year	This year
Does the sale of 51% or more of Buyer's assets require the consent of the majority of its members?	Yes	Yes

Applicable Law: Article 185 of the Company Act

Comment:

According to Article 229, Paragraph 1 of the Company Act, a company shall not do any of the following acts without a resolution adopted by a majority of the shareholders present

who represent two-thirds or more of the total number of its outstanding shares:(1) Enter into, amend, or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others;(2) Transfer the whole or any essential part of its business or assets; or (3) Accept the transfer of another's whole business or assets, which has great bearing on the business operation of the company.

Question 1-3	Last year	This year
Can members who represent 10% of Buyer's capital call for a meeting?	Yes	Yes

Applicable Law: Article 173 of Company Act

Comment:

According to Article 173 of Company Act, (1) Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. (2) If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.(3) A special meeting of shareholders convened in accordance with the provisions set out in the preceding two Paragraphs may appoint an inspector to examine the business and financial condition of the company. (4) When the board of directors fails or can not convene a shareholders' meeting on account of share transfer or any other causes, the shareholder(s) holding 3% or more of the total number of outstanding shares of the company may, after obtaining an approval from the competent authority, convene a shareholders' meeting.

Question 1-4	Last year	This year
Must all members of Buyer consent to add a new member?	No	Yes

Applicable Law: Article 356-12 of Company Act

Comment:

1. The Company Act was amended on July 1 2015, adding Section 13 Close Company for a total of 14 articles from Article 356-1 to Article 356-14. These articles entered into force on September 4 of the same year. A close company is a non-public offering company with specific restrictions on transfer of shares, whose shares shall be held by no more than 50 persons (Article 356-1 of the Company Act).
2. The most significant legislative feature of a close company is "respect for shareholder autonomy." Shareholders may use the Articles of Incorporation to specify restrictions on

transfer of shares, contribution of equity capital, issuance of shares with no par value, conversion of special shares into common shares, resolutions for the issuance of new shares, and independence in convening shareholders' meetings and exercising of voting powers.

3. Provisions of Article 356-12 Paragraph 1 of the Company Act states that "unless otherwise provided for in its Articles of Incorporation," the issuance of new shares by a close company shall be adopted by a majority of directors at a meeting attended by two-thirds or more of the total number of directors.
4. Therefore, if the Buyer is a close company, it may state in its Articles of Incorporation that "adding of new shareholders must be first agreed upon by all shareholders" to ensure the closed nature of the company shareholders. Therefore, the answer to this question has been changed to "Yes".

Question 1-5	Last year	This year
Must a member of Buyer first offer to sell his or her interest to the existing members before selling to a non-member?	Yes	Yes

Applicable Law: Article 356-1 of Company Act

Comment:

1. The Company Act was amended on July 1 2015, adding Section 13 Close Company for a total of 14 articles from Article 356-1 to Article 356-14. These articles entered into force on September 4th of the same year. A close company is a non-public offering company with specific restrictions on transfer of shares, whose shares shall be held by no more than 50 persons (Article 356-1 of the Company Act).
2. Therefore, if the Buyer is a close company, it may state in its Articles of Incorporation that "if a shareholder intends to sell his or her shares, other shareholders should enjoy preferential rights in the purchase of these shares" to ensure the closed nature of the company shareholders.

Question 1-6	Last year	This year
Must Buyer have a management deadlock breaking mechanism such as a member exit buyout in case of disagreement?	Yes	Yes

Applicable Law: Article 11, 186 and 317 of Company Act

Comment:

1. According to Article 11 of Company Act,(1) In the event of an apparent difficulty in the operation of a company or serious damage thereto, the court may, upon an application from

its shareholders and after having solicited the opinions of the competent authority and the central authority in charge of the relevant end enterprises and having received a defence from the company, make a ruling for the dissolution of the company.(2)The dissolution application to be filed by the company under the preceding Paragraph shall be filed by shareholders who have been continuously holding more than 10% of the total number of outstanding shares issued by the company for a period over six months.

2. Article 186 of the Company Act states that a shareholder who served a notice in writing to the company expressing his intention to object to an act prior to arriving at a resolution of the shareholders' meeting in Article 185 therein (company implementation of major business activities), and also has raised his objection at the shareholders' meeting, the said shareholder may request the company to buy back all of his shares at the then prevailing fair price.
3. According to Paragraph 1 of Article 317 of Company Act,when a company is split up or to be consolidated or merged with another company, the Board of Directors shall draft a split-up plan or a contract of consolidation or merger in respect of the matters related to such company split-up plan or the consolidation or merger contract and shall submit the same to a meeting of shareholders. Any shareholder who has expressed his dissension, in writing or verbally with a record before or during the meeting, may waive his voting right and request the company to buy back, shares of the split and consolidated or merged company he holds at the prevailing fair price.
4. Therefore, where a shareholder objects to the company's major business activity, company demerger, or merger with other companies, the objecting shareholder may request the company to buy back his shares. Additionally, in the event of an apparent difficulty in the operation of a company or serious damage hereto, the shareholder may also request a court to make a ruling for the dissolution of the company to resolve deadlocks in company operations.

Question 1-7	Last year	This year
Is there a percentage of acquired capital that requires a new member to make a tender offer to all remaining members of Buyer?	No	No

Applicable Law: Nil

Comment:

Current laws and regulations do not require new members of private limited companies to make a tender offer to all remaining members.

Question 1-8	Last year	This year
Must Buyer distribute profits or pay dividends at the latest one year from the declaration date?	No	No

Applicable Law: Nil

Comment:

Private limited companies are not mandated to distribute profits or pay dividends at the latest one year from the declaration date by current laws and regulations.

Question 1-9	Last year	This year
Must members of Buyer meet once a year?	Yes	Yes

Applicable Law: Article 170 of Company Act

Comment:

According to Paragraph 1 of Article 170 of Company Act, shareholders' meeting shall be of the following two kinds: (1) Regular meeting of shareholders: to be held at least once every year. (2) Special meeting of shareholders: to be held when necessary.

Question 1-10	Last year	This year
Must annual financial statements of Buyer be audited by an external auditor?	No	Yes

Applicable Law: Article 20, paragraph 2 of the Company Act; Ruling of Ministry of Economy

Comment:

1. According to Paragraph 2 of Article 20 of the Company Act and relevant ruling, where the amount of equity capital of a company exceeds NTD30,000,000, the company shall first have its financial statements audited and certified by a certified public accountant pursuant to the auditing and certification rules as prescribed by the central competent authority.
2. Therefore, if the buyer's paid-in capital exceeds NTD 30,000,000, the annual financial statement must be verified and signed by an external auditor. The answer to this question should be changed to "Yes".

PART II : LISTED COMPANIES

Survey case example

- In the following questions, please assume that Buyer is a publicly traded listed corporation or its functional equivalent in Taiwan, China. It is not state-owned and has issued stock that

is publicly traded and is listed on your country's largest stock exchange. Examples include the Joint Stock Company (JSC), Public Limited Company (PLC), C Corporation, Societas Europaea (SE), Aktiengesellschaft (AG) and Société Anonyme/Sociedad Anónima (SA).

- It has not adopted specific bylaws or articles of association that differ from default corporate law or securities regulations. It does not follow any code of corporate governance, model charter, or code of good practice, unless it is mandatory.
- If there is no stock exchange or if there are fewer than 10 firms actively traded on the stock exchange, please assume that Buyer is a joint-stock company with a large number of shareholders.

Question 2-1	Last year	This year
Does the sale of 51% or more of Buyer's assets require shareholder approval?	Yes	Yes

Applicable Law: Article 185 of Company Act

Comment:

According to Paragraph 1, Article 229 of Company Act, a company shall not do any of the following acts without a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares: (1) Enter into, amend, or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others; (2) Transfer the whole or any essential part of its business or assets; or (3) Accept the transfer of another's whole business or assets, which has great bearing on the business operation of the company.

Question 2-2	Last year	This year
Can shareholders who hold 10% of Buyer's share capital call for an extraordinary meeting?	Yes	Yes

Applicable Law: Article 173 of Company Act

Comment:

According to Article 173 of Company Act, (1) Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. (2) If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the

competent authority, convene a special meeting of shareholders on his/their own.(3) A special meeting of shareholders convened in accordance with the provisions set out in the preceding two Paragraphs may appoint an inspector to examine the business and financial condition of the company. (4) When the board of directors fails or can not convene a shareholders' meeting on account of share transfer or any other causes, the shareholder(s) holding 3% or more of the total number of outstanding shares of the company may, after obtaining an approval from the competent authority, convene a shareholders' meeting.

Question 2-3	Last year	This year
Must Buyer obtain shareholder approval to issue unissued share up to its authorized share capital?	No	Yes

Applicable Law: Article 240, 266 and Article 267 paragraph 8 and 9 of the Company Act ; Article 43-6 of the Securities and Exchange Act

Comment:

1. With respect to issuance of new shares, the Company Act of Taiwan has adopted the authorized capital system. Under the authorized capital system, the issuance of new shares shall not affect the quantity of shares stated in the Articles of Incorporation (authorized share capital), and shall be determined by the Board of Directors by a resolution adopted by a majority vote at a meeting attended by over two-thirds of the directors in compliance with the provisions of Article 266 Paragraph 2 of the Company Act.
2. Article 266 of the Company Act was stipulated to specify “principles” governing the issuance of new shares. However, even if the issuance of new shares would not affect the quantity of shares stated in the Articles of Incorporation, the said issuance must be passed by a resolution of a shareholders' meeting if it meets specific conditions listed in the following:
 - (1) Private placement of its securities: According to Article 43-6 of the Securities and Exchange Act, a company offering its shares to the public may carry out private placement of securities upon adoption of a resolution by at least two-thirds of the votes of the shareholders present at a shareholders' meeting who represent a majority of the total number of issued shares.
 - (2) Distribution of surplus profit as dividends and bonuses: According to the provisions of Article 240 of the Company Act, a company may have the whole or part of the surplus profit distributable as dividends and bonuses distributed in the form of new shares to be issued by the company for such purpose by a resolution adopted by a majority of the shareholders present at a shareholders' meeting who represent two-thirds or more of the total number of said company's outstanding shares.

(3) Distribution of restricted shares: According to the provisions of Article 267 of the Company Act, Paragraph (8) states that a company offering its shares to the public and issuing restricted shares for employees shall adopt such resolution, at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. Paragraph (9): In the event the total number of shares represented by the shareholders present at a shareholders' meeting of a company is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by at least two-thirds of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.

3. Therefore, where the buyer intends to issue new shares within the capital sum specified within its Articles of Incorporation, the buyer must still obtain shareholder approval. The answer to this question shall be "Yes".

Question 2-4	Last year	This year
Are shareholders automatically granted subscription (preemption) rights on new shares?	Yes	Yes

Applicable Law: Article 267 of Company Act

Comment:

According to Article 267 of Company Act, (1) Unless otherwise approved specifically by the central authority in charge of the object enterprise, when a company issues new shares, there shall be ten to fifteen per cent of such new shares reserved for subscription by employees of the company. (2) When a government operated enterprise issues new shares, it may, after obtaining the special approval from the competent authority in charge of the said enterprise, reserve no more than ten per cent of such new shares for subscription by its employees. (3) In issuing new shares, a company shall make public announcement and advise, by notice, its original shareholders to subscribe for, with preemptive right, the new shares, except those reserved under either of the preceding two paragraphs, in proportion respectively to their original shareholding and shall state in the notice that if any shareholder fails to subscribe for new shares, his right shall be forfeited. Where a fractional percentage of the original shares being held by a shareholder is insufficient to subscribe for one new share, the fractional percentages of the original shares being held by several shareholders may be combined for joint subscription of one or more integral new shares or for subscription of new shares in the name of a single shareholder. New shares left unsubscribed by original shareholders may be open for public issuance or for subscription by specific person or persons through negotiation.

Question 2-5	Last year	This year
Must shareholders approve the election and dismissal of the external auditor?	No	No

Applicable Law: Articles 20 and 29 of the Company Act; Paragraph 1, Subparagraph 8 and Paragraph 2 of Article 14-5 of Securities and Exchange Act

Comment:

1. The provisions of Paragraph 1, Article 29 of this Act shall apply, mutatis mutandis, to the appointment, discharge and remuneration of the certified public accountant set forth in the preceding Paragraph.
2. In the case of a company limited by shares, it shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company.
3. According to Paragraph 1, Subparagraph 8 and Paragraph 2 of Article 14-5 of Securities and Exchange Act and relevant ruling of Financial Supervisory Commission, every listed company should establish an audit committee, and the hiring, dismissal and the compensation of an attesting CPA shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution. If it is not approved with the consent of one-half or more of all audit committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.

Question 2-6	Last year	This year
Can the majority vote of holders of the affected shares prevent changes to the rights of their class of shares?	Yes	Yes

Applicable Law: Article 159 of Company Act

Comment:

According to Article 159 of Company Act, (1) In case a company has issued special shares, any modification or alteration in the Articles of Incorporation prejudicial to the privileges of special shareholders shall be adopted in a resolution by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares and shall also be adopted by a meeting of special shareholders; (2) For a company whose share certificates have been publicly issued, if the total number of shares represented by shareholders attending a shareholders' meeting is not sufficient to meet the criteria as specified in the preceding paragraph, the said resolution may be adopted by a large majority representing two thirds of the votes at a shareholders' meeting attended by shareholders representing a majority

of the total number of issued shares, and a favorable resolution to be adopted by a meeting of special shareholders shall be also be required; (3) In case stricter criteria for the total number of shares represented by the attending shareholders and the number of votes at the shareholders' meetings referred to in the preceding two paragraph are specified in the Articles of Incorporation of a company, such stricter criteria shall govern.

Question 2-7	Last year	This year
Must the CEO and the chair of the board of directors be different individuals?	Yes	Yes

Applicable Law: Articles 29 of the Company Act ; Paragraph 2, Article 23 of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Comment:

1. According to Article 29 Paragraph 1 of the Company Act, the company may appoint managerial personnel "in accordance with its Articles of Incorporation." Appointment, discharge, and remuneration of the managerial personnel shall be decided in accordance with a resolution adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company. If there are higher standards specified in the Articles of Incorporation, such higher standards shall prevail.
2. According to Article 23 Paragraph 2 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, it is inappropriate for the chairperson to also act as the general manager. If the chairperson also acts as the general manager or the chairperson and general manager are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased. Where the establishment of a functional committee is necessary, the responsibilities and duties of the committee shall be clearly defined.
3. Therefore, the buyer may state in its Articles of Incorporation that: "A CEO shall be appointed, and the chair of the board of directors may not act as the CEO." The answer to this question shall be "Yes".

Question 2-8	Last year	This year
Must the board of directors (or supervisory board) include independent and non-executive board members?	Yes	Yes

Applicable Law: Article 14-2 of the Securities and Exchange Act; Ruling of Financial Supervisory Commission

Comment:

1. A company that has issued stock in accordance with the Securities and Exchange Act may appoint independent directors (one of the criteria is not being employees of the company) in accordance with its articles of incorporation. The Competent Authority, however, shall as necessary in view of the company's scale, shareholder structure, type of operations, and other essential factors, require it to appoint independent non-executive directors, not less than two in number and not less than one-fifth of the total number of directors.
2. The listed company shall appoint independent non-executive directors, not less than two in number and not less than one-fifth of the total number of directors.

Question 2-9	Last year	This year
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	Yes

Applicable Law: Article 199 of Company Act

Comment:

According to Article 199 of Company Act,

1. A director may be discharged at any time by a resolution adopted at a shareholders' meeting provided, however, that if a director is discharged during the term of his/her office as a director without good cause shown, the said director may make a claim against the company for any and all damages sustained by him/her as a result of such discharge.
2. A resolution required for discharging a director under the preceding Paragraph may be adopted only by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares by the company.
3. For a company whose shares are issued to the public, if the total number of shares represented by the shareholders present at a shareholders' meeting is less than the quorum set forth in the preceding Paragraph, the resolution required for discharging a director may be adopted by two-thirds of the total votes of the shareholders present at the shareholders' meeting attended by the shareholders representing a majority of the total number of outstanding shares issued by the company.
4. Where higher requirements of the quorum of a shareholders' meeting and the number of votes are specified in the Articles of Incorporation of a company, such higher requirements shall prevail.

Question 2-10	Last year	This year
Must Buyer have a separate audit committee?	No	Yes

Applicable Law: Article 14-4 of the Securities and Exchange Act; Article 4 of Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, Ruling of Financial Supervisory Commission

Comment:

1. According to the Administrative Order issued by the Financial Supervisory Commission (FSC) on December 31 2013:
 - (1) A financial company issuing shares in compliance with the Securities and Exchange Act or a listed company not belonging to the financial sector but have a paid-in capital exceeding NTD 10 billion shall establish an audit committee to replace its supervisor on the issuing date of this Order.
 - (2) A listed company not belonging to the financial sector with a paid-in capital of more than NTD 2 billion but less than NTD 10 billion shall establish an audit committee to replace its supervisor starting on January 1 2017.
2. According to Article 14-4 Paragraph 2 of the Securities and Exchange Act and Article 4 of the Regulations Governing the Exercise of Powers by Audit Committee of Public Companies, the audit committee shall be composed of the entire number of independent directors.
3. Therefore, where the Buyer's paid-in capital exceeds NTD 2 billion, its audit committee shall be composed of the entire number of its independent directors. The answer to this question shall be "Yes".

Question 2-11	Last year	This year
Is there a percentage of acquired shares which triggers a mandatory bid rule, requiring a potential acquirer to make a tender offer to all remaining shareholders?	Yes	Yes

Applicable Law: Paragraph 2,3 of Article 43-1 of the Securities and Exchange Act; Article 11 of Regulations governing Public Tender Offers for Securities of Public companies

Comment:

1. Any public tender offer to purchase the securities of a public company from unspecified person(s) bypassing the centralized securities exchange market or the over-the-counter market may be conducted only after it has been reported to the Competent Authority and publicly announced.
2. Where any person independently or jointly with another person(s) proposes to acquire over 20% percentage of the total issued shares of a public company within 50 days shall make the acquisition by means of a public tender offer.

Question 2-12	Last year	This year
Must Buyer distribute profits or pay dividends within a set maximum time period from the declaration date?	Yes	Yes

Applicable Law: Paragraph 9, Article 46 of Operating Rules of the Taiwan Stock Exchange

Comments:

According to Paragraph 9, Article 46 of Operating Rules of Taiwan Stock Exchange Corporation, when a listed company or a primary listed company has not issued a cash dividend within 3 months after the ex-dividend record date, the TWSE may impose a penalty of NT\$100,000 and send the company a written notice to correct the situation within 1 month after its receipt of the notice. If the company again fails to issue the dividend within the deadline, the TWSE may impose a penalty of not less than NT\$200,000 and not more than NT\$1 million, and may impose a new deadline for correction according to the circumstances of the individual case. If the company still fails to comply, the TWSE may impose a penalty of not less than NT\$200,000 and not more than NT\$1 million for each successive failure to comply.

Question 2-13	Last year	This year
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	Yes

Applicable Law: Paragraph 3,4 of Article 167, Article 179, Article 369-1 and 369-2 of the Company Act

Comments:

1. Pursuant to Article 167, Paragraph 3 of the Company Act, where a majority of the total number of outstanding voting shares or of the total amount of the capital stock of a subordinate company are held by its holding company, the shares of the holding company shall not be purchased nor be accepted as a security in pledge by the said subordinate company.
2. According to Paragraph 4 , Article 167 of Company Act, where the holding company and its subordinate company as referred to in the preceding Paragraph jointly hold or possess a majority of the total number of outstanding shares or of the total amount of the capital stock of another company, the shares of the said holding company and its subordinate company shall also not be purchased nor be accepted as a security in pledge by the said another company.
3. According to Article 369-1 and 369-2 of Company Act, affiliated enterprises refer to enterprises which are independent in existence but are interrelated in either of the following relations:(1) Companies having controlling and subordinate relation between

them;(2) Companies having made investment in each other. As to the definition of affiliated enterprises, the controlling company, the subordinate company; and a company which holds a majority of the total number of the outstanding voting shares or the total amount of the capital stock of another company is considered the controlling company, while the said another company is considered the subordinate company.

4. In addition, pursuant to Article 179 of the Company Act, the shares shall have no voting power under any of the following circumstances: (1)the share(s) of a company that are held by the issuing company itself in accordance with the laws;(2)the shares of a holding company that are held by its subordinate company, where the total number of voting shares or total shares equity held by the holding company in such a subordinate company represents more than one half of the total number of voting shares or the total shares equity of such a subordinate company; or(3)the shares of a holding company and its subordinate company(ies) that are held by another company, where the total number of the shares or total shares equity of that company held by the holding company and its subordinate company(ies) directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company.
5. Hence, a subsidiary prohibited from acquiring shares issued by its parent company, and the subsidiary dispose of the shares cannot exercise any voting rights. This question's answer should correct "Yes".

Question 2-14	Last year	This year
Must Buyer disclose ultimate beneficial ownership stakes (i.e. direct and/or indirect) representing 5%?	Yes	Yes

Applicable Law: Article 11 of the Regulations Governing Information to be Published in Annual Reports of Public Companies

Comments:

The section on capital and shares shall include the following information: (4) List of principal shareholders: List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.

Question 2-15	Last year	This year
Must Buyer disclose information on other activities and directorships held by board members, including on their primary employment?	Yes	Yes

Applicable Law: Article 209 of the Company Act, Article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies

Comments:

1. Pursuant to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. The aforesaid approval shall be given upon a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In case a director does anything for himself or on behalf of another person in violation of the provisions of the above regulation, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company.
2. According to Article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies, the contents of an annual report shall include a corporate governance report in which the following information of directors and supervisors shall be disclosed: names, principal work experience and academic qualifications, position(s) held concurrently in the company and/or in any other company, date on which current position was assumed, term of contract, the commencement date of the first term, shares held by directors/supervisors and their spouses, children of minor age, and held through nominees, professional expertise, and whether they are independent directors/supervisors. For directors and supervisors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders, and shall further indicate the names of its 10 largest shareholders and the holding percentage of each. If any of those 10 largest shareholders is an institutional shareholder, the name of the corporate shareholder and the names of its 10 largest shareholders and the holding percentage of each shall be noted.

Question 2-16	Last year	This year
Must Buyer disclose on an individual basis the compensation of directors and high-ranking officers, including bonuses and incentive schemes?	Yes	Yes

Applicable Law: Article 10, 11 of the Regulations Governing Information to be Published in Annual Reports of Public Companies

Comments:

According to Article 10, 11 of the Regulations Governing Information to be Published in Annual Reports of Public Companies, public companies should disclose: (1) the remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers. (2) compensation of directors and supervisors.

Question 2-17	Last year	This year
Must Buyer publish the notice of shareholder meeting 21 calendar days in advance and include information and deadlines on participating and exercising voting rights remotely?	Yes	Yes

Applicable Law: Article 172 and 177-3 of the Company Act; Article 3, 4, 5 of the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies

Comments:

1. According to Article 172 of Company Act, (1)for a publicly traded listed company, a notice to convene an annual general meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting dates. (2) for a limited company, a notice to convene an annual general meeting of shareholders shall be given to each shareholder no later than 20 days prior to the scheduled meeting date.
2. Article 177-3 of the Company Act states that where a company offering its shares to the public convenes a shareholders' meeting, the company shall prepare a manual for shareholders' meeting proceedings and shall disclose such manual together with other information related to the said shareholders' meeting in a public notice to be published prior to the scheduled meeting date of that shareholders' meeting.
3. Article 3 of the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies specifies the contents and compliance requirements of the manual for shareholders' meeting proceedings. Article 4 therein specifies: (2) information to be included within the shareholders' meeting agenda handbook. Article 5 therein specifies that the company shall prepare electronic files of the background of various meeting agenda and explanatory materials of the shareholders' meeting and upload them to the Market Observation Post System before the scheduled date for convening the regular shareholders' meeting.

Question 2-18	Last year	This year
Can shareholders or members who hold 5% of Buyer's share capital put items on the general meeting agenda?	Yes	Yes

Applicable Law: Article 172-1 of the Company Act

Comments:

According to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at the annual general shareholders' meeting, provided that only one

matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

Question 2-19	Last year	This year
Must a certified external accountant audit Buyer's annual financial statements?	Yes	Yes

Applicable Law: Article 36 of the Securities and Exchange Act; Ruling of Ministry of Economy
Comments:

1. In accordance with Article 36 of Securities and Exchange Act, unless under special circumstances as otherwise provided by the Competent Authority, an issuer under this Act shall perform public announcement and registration with the Competent Authority as follows: within 3 months after the close of each fiscal year, publicly announce and register with the Competent Authority financial reports duly audited and attested by a certified public accountant, approved by the board of directors, and recognized by the supervisors.
2. According to Paragraph 2 of Article 20 of the Company Act and relevant ruling, where the amount of equity capital of a company exceeds NTD30,000,000, the company shall first have its financial statements audited and certified by a certified public accountant pursuant to the auditing and certification rules as prescribed by the central competent authority.

Question 2-20	Last year	This year
Must Buyer disclose its audit reports to the public?	Yes	Yes

Applicable Law: Article 36 of the Securities and Exchange Act

Comments:

In accordance with Article 36 of Securities and Exchange Act, unless under special circumstances as otherwise provided by the Competent Authority, an issuer under this Act shall perform public announcement and registration with the Competent Authority as follows: within three months after the close of each fiscal year, publicly announce and register with the Competent Authority financial reports duly audited and attested by a certified public accountant, approved by the board of directors, and recognized by the supervisors.

PART III : CONFLICT OF INTEREST CASE STUDY

Survey case example

For the following questions, in addition to previous assumptions, please assume the following:

- Mr. James owns 60% of Buyer. He sits on the 5-member board of directors (or management

board) together with 2 other directors whom he elected. He is neither CEO nor chair.

- Mr. James also owns 90% of Seller, which operates a chain of retail stores. Seller, facing financial difficulties, closed a large number of stores and is no longer using many of its trucks.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its products. Buyer agrees and enters into the transaction.
- All required approvals are obtained and all mandatory disclosures are made. Buyer pays Seller a cash amount equal to 10% of Buyer's assets to acquire the trucks.
- The transaction is part of Buyer's ordinary course of business and is not ultra vires (i.e. is not outside the power or authority of Buyer).
- It is subsequently discovered that the price of the trucks was above market value. The transaction therefore causes damages to Buyer. Shareholders of Buyer want to sue Mr. James as well as board members who voted in favor.

3-1. Who provides the final authorization before Buyer can acquire Seller's trucks?

Answer: *The board of directors excluding Mr. James*

Applicable Law: Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies ; Article 14-3 and Article 14-5 of the Securities and Exchange Act ; Articles 178, 180, 206 of Company Act ; Paragraph 1, Article 16 of Regulation Governing Procedure for Board of Directors Meetings of Public Companies

Comments:

1. According to Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, such a transaction amount reaches 10 percent of the Buyer's total assets, thus the transaction shall be approved by Buyer's board of directors and recognized by its supervisors before Buyer enters into the transaction contract or make a payment.
2. According to Article 14-3 and Article 14-5 of the Securities and Exchange Act, if Buyer has selected independent directors or established an audit committee, the said transaction shall be approved by Buyer's board of directors or audit committee because the personal interest of Mr. James gets involved in such transaction.
3. Moreover, According to Articles 178, 180, 206 of Taiwan Company Act, considering Mr. James has a personal interest in the matter at a board meeting, so he should explain to the board meeting the essential contents of such personal interest and shall not vote nor exercise the voting right on behalf of another shareholder. As a result, the shares held

by Mr. James shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

4. According to Paragraph 1, Article 16 of Regulation Governing Procedure for Board of Directors Meetings of Public Companies, if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

3-2. Must an independent body, external to the company, review the transaction prior to its execution (e.g. external auditor, outside financial advisor, stock exchange or regulator)?

Answer: *Yes, professional appraisers or certified public accountants shall review the transaction.*

Applicable Law: Article 13 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies

Comments:

According to Article 13 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, (1)when a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.(2)The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.(3)When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

3-3. What information about the Buyer-Seller transaction must Mr. James disclose to the board of directors before the transaction is concluded?

Answer: *Full disclosure of all material facts regarding Mr. James' interest in the Buyer-Seller transaction.*

Applicable Law: Article 206 of Company Act; Article 16 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies; Article 14 of the Regulations Governing

the Acquisition and Disposal of Assets by Public Companies

Comments:

1. According to Article 206 of Company Act and Article 16 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies, Mr. James shall disclose the important aspects of the interested party relationship to Buyer's board of directors. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.
2. According to Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Mr. James shall disclose the following information to Buyer's board of directors and Buyer's supervisor: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.(2) The reason for choosing the related party as a trading counterparty.(3) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.(4) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.(5) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.(6) Restrictive covenants and other important stipulations associated with the transaction.

3-4. Which information about the Buyer-Seller transaction must be disclosed by Buyer to the public, the regulator or the stock exchange immediately (within 72 hours of closing the transaction)?

	Last year	This year
1. A description of the assets purchased by Buyer	Yes	Yes
2. The nature and amount of consideration paid by Buyer to Seller	Yes	Yes
3. Mr. James' ownership interest and/or director position in Buyer	Yes	Yes
4. The fact that Mr. James owns 90% of Seller	Yes	Yes

Applicable Law: Article 30 of Regulations Governing the Acquisition or Disposal of Assets by Public Companies, Article 4 and 6 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities

Comments:

1. According to Article 30 of Regulations Governing the Acquisition or Disposal of Assets by Public Companies, a public company acquiring or disposing assets other than real property from or to a related party where the transaction amount reaches 20% or more of

paid-in capital, 10% or more of the company's total assets or NT\$300 million or more of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event.

2. According to Article 4 and Article 6 of Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, a TWSE listed company shall input the material information or explanations into the Internet information reporting system designated by the TWSE one hour before the beginning of trading hours on the trading day following the date of occurrence of the event, whereas the below information is regarded as material: an acquisition or disposal, by the TWSE listed company or by a subsidiary whose shares have not been publicly issued domestically, of assets within the scope of Article 3 of the Regulations Governing Acquisition or Disposal of Assets by Public Companies adopted by the competent authority and where the circumstances of Article 30 or 31 of those Regulations require public disclosure and filing (but with the exception of the following circumstances: (a) Public disclosure has already been made of a merger, consolidation, division, acquisition, or transfer of shares from another pursuant to subparagraph 11 of this paragraph. (b) Public disclosure has already been made of an acquisition or disposal of privately placed securities pursuant to subparagraph 24 of this paragraph. (c) The information pertains to derivatives trades that must be reported by the 10th of each month. (d) An acquisition or disposal of any type of open-end fund.)

3-5. Which information about the Buyer-Seller transaction must be disclosed by Buyer in its annual financial statement?

	Last year	This year
1. A description of the assets purchased by Buyer	Yes	Yes
2. The nature and amount of consideration paid by Buyer to Seller	Yes	Yes
3. Mr. James' ownership interest and/or director position in Buyer	Yes	Yes
4. The fact that Mr. James owns 90% of Seller	Yes	Yes

Applicable Law: Article 18 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers (IFRSs Adopted Edition)

Comments:

According to Article 18 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers (IFRSs Adopted Edition), an issuer shall fully disclose information on related party transactions in accordance with IAS 24...and relevant information shall be disclosed in the notes to the financial reports in accordance with IAS 24.

1. An affiliated enterprise within the meaning given in Chapter VI-I of the Company Act, and any of its directors, supervisors, and managerial officers.
2. A company or institution governed by the same general management office as the issuer, and any of its directors, supervisors, and managerial officers.
3. A person holding the position of manager or higher in the general management office.
4. A company or institution shown as an affiliated enterprise in the issuer's publications or public announcements.

3-6. Can shareholders representing 10% sue Mr. James for the losses that the transaction caused to Buyer?

Answer: *Yes, derivatively.*

Applicable Law: Article 369-3 and Article 369-4 of the Company Act

Comments:

1. According to Article 369-3 of the Company Act, under any of the following circumstances, it shall be concluded as the existence of the controlling and subordinate relation:
 - (1) Where a majority of executive shareholders or directors in a company are contemporarily acting as executive shareholders or directors in another company; or
 - (2) Where a majority of the total number of outstanding voting shares or the total amount of the capital stock of a company and another company are held by the same shareholders.
2. In this case, Mr. James owns 60% of Company A and 90% of Company B, therefore, the controlling and subordinate relation exists between Company B and Company A. Company B sells its trucks to Company A above market value and thus is contrary to normal business practice, according to Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, Company B should pay Company A an appropriate compensation upon the end of the fiscal year involved. If Company B fails to do so, and thus causes Company A to suffer damages, Company B shall be liable for such damages. Mr. James, as the responsible person of Company B which caused Company A to do business contrary to normal business practice and caused damages to Company A, shall be liable, jointly and severally, with the company B for such damages.
3. Furthermore, in the event Company B fails to make the indemnification as required in the preceding Paragraph, Company A's creditor, or the shareholder(s) who hold(s) 1% or more of the total number of the outstanding voting shares or of the total amount of the capital stock of Company A may exercise, in its (or his/their) own name, the rights of Company A

as set forth in the preceding Paragraphs to claim for the payment of the indemnity from the Company B to Company A.

3-7. Which of the following is the least difficult to prove for shareholders and would be sufficient to hold Mr. James liable for the damage that the transaction causes to the company?

Answer: *That there was a conflict of interest, that the transaction was unfair and/or that it caused damages to the company.*

Applicable: Article 369-3 and Article 369-4 of the Company Act ; previous High Court decisions.

Comment:

1. According to Article 369-3 of the Company Act, under any of the following circumstances, it shall be concluded as the existence of the controlling and subordinate relation:
 - (1) Where a majority of executive shareholders or directors in a company are contemporarily acting as executive shareholders or directors in another company; or
 - (2) Where a majority of the total number of outstanding voting shares or the total amount of the capital stock of a company and another company are held by the same shareholders.
2. Previous High Court decisions indicates that any transaction of which purpose, price, processing procedures or any other term is deem to be unreasonable, or contrary to normal business practice, is a transaction not in the normal course of operation. Besides, in accordance with Paragraph 1, Article 369-4 of the Company Act, in case a controlling company has caused its subsidiary company to conduct any business which is contrary to normal business practice or not profitable, but fails to pay an appropriate compensation upon the end of the fiscal year involved, and thus causing the subsidiary company to suffer damages, the controlling company shall be liable for such damages.
3. In this case, Mr. James owns 60% of Company A and 90% of Company B, therefore, the controlling and subordinate relation exists between Company B and Company A. Company B sells its trucks to Company A above market value and thus is contrary to normal business practice, according to Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, Company B should pay Company A an appropriate compensation upon the end of the fiscal year involved. If Company B fails to do so, and thus causes Company A to suffer damages, Company B shall be liable for such damages. Mr. James, as the responsible person of Company B which caused Company A to do business contrary to normal business practice and caused damages to Company A, shall be liable, jointly and severally, with the company B for such damages.

4. Furthermore, in the event Company B fails to make the indemnification as required in the preceding Paragraph, Company A's creditor, or the shareholder(s) who hold(s) 1% or more of the total number of the outstanding voting shares or of the total amount of the capital stock of Company A may exercise, in its (or his/their) own name, the rights of Company A as set forth in the preceding Paragraphs to claim for the payment of the indemnity from the Company B to Company A.

3-8. Which of the following is the least difficult to prove for shareholders and would be sufficient to hold the other board members liable for the damage that the transaction causes to the company?

Answer: *That there was a conflict of interest, that the transaction was unfair and/or that it caused damages to the company.*

Applicable Law: Articles 184, 227, 544 of Civil Code; Articles 8, 23, 193, 206, 369-3 and 369-4 of Company Act; Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; and Article 171 of the Securities and Exchange Act of Company Act; Article 28 of Securities Investor and Futures Trader Protection Act.

Comment:

1. According to the comments of the previous two questions, the controlling and subordinate relation exists between Company B and Company A. Company B is the controlling company and should be liable for the damages Company A suffers from the above-said contrary-to-normal-business-practice transaction. According to Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, Company B should pay Company A an appropriate compensation upon the end of the fiscal year involved. If Company B fails to do so, and thus causes Company A to suffer damages, Company B shall be liable for such damages. Mr. James, as the responsible person of Company B which caused Company A to do business contrary to normal business practice and caused damages to Company A, shall be liable, jointly and severally, with the company B for such damages. Furthermore, in the event Company B fails to make the indemnification as required in the preceding Paragraph, Company A's creditor, or the shareholder(s) who hold(s) 1% or more of the total number of the outstanding voting shares or of the total amount of the capital stock of Company A may exercise, in its (or his/their) own name, the rights of Company A as set forth in the preceding Paragraphs to claim for the payment of the indemnity from the Company B to Company A.
2. For Articles 184, 227, 544 of Civil Code, Articles 8, 23, 193 and 206 of Company Act, Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; and Article 171 of the Securities and Exchange Act, Buyer's Directors can be held liable for breach of their duty of care to the company if it can be proven that:

(1) they were negligent in approving such deal; and (2) the transaction caused damage to Buyer.

3. According to Article 28 of Securities Investor and Futures Trader Protection Act, the SPIFC (Securities and Futures Investor Protection Center) may submit a matter to arbitration or institute an action in its own name with respect to a securities or futures matter arising from a single cause that is injurious to multiple securities investors or futures traders, after having been so empowered by not less than 20 securities investors or futures traders. For more information, please see <http://www.sfipc.org.tw>.

3-9. If shareholders are successful in their action(s) against Mr. James, what remedies are available?

	Last year	This year
1. He pays damages	Yes	Yes
2. He repays personal profits made from the transaction	No	Yes
3. He is disqualified from serving in the management of any company for 1 year or more	No	No

Applicable Law: Paragraph 1 and Paragraph 3 of Article 23, Paragraph 2 of Article 215, Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, Paragraph 1, subparagraph 2 of Article 171 of Securities and Exchange act, Article 10-1 of Securities Investor and Futures Trader Protection Act.

Comment:

1. Pursuant to Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, in case a controlling company (Company B) has caused its subsidiary company (Company A) to conduct any business which is contrary to normal business practice or not profitable, but fails to pay an appropriate compensation upon the end of the fiscal year involved, and thus causing the subsidiary company (Company A) to suffer damages, the controlling company (Company B) shall be liable for such damages. And if the responsible person (Mr. James) of the controlling company (Company B) has caused the subsidiary company (Company A) to conduct the business described in the preceding Paragraph, he shall be liable, jointly and severally, with the controlling company (Company B) for such damages.
2. According to Paragraph 1 of Article 23 of Company Act, a director (Mr. James) shall have the loyalty and shall exercise the due care of a good administrator in conducting the business operation of the company; and if Mr. James has acted contrary to this provision, he shall be liable for the damages to be sustained by the company therefrom. As a result, Mr. James should pay the damages. In addition, pursuant to Paragraph 3 of Article 23 of

Company Act, in case a director (Mr. James) of a company does anything for himself or on behalf of another person in violation of his obligation of loyalty or duty of due care, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company unless one year has lapsed since the realization of such earnings. Therefore, Mr. James should repay personal profits made from the transaction following a resolution of the shareholders' meeting.

3. In accordance with Paragraph 2 of Article 215 of Company Act, if shareholders are successful in their actions against Mr. James, Mr. James shall be liable to compensate the shareholders who instituted the action for loss or damage resulting from such an action.
4. Mr. James causes the company to conduct transactions to its disadvantage and not in the normal course of operation, thus causing substantial damage to the company, according to paragraph 1, subparagraph 2 of Article 171 of Securities and Exchange Act, he shall be punished with imprisonment for not less than three years and not more than ten years, and in addition thereto, a fine of not less than NT\$10 million and not more than NT\$200 million may be imposed.
5. According to Paragraph 1 of Article 10-1 of Securities Investor and Futures Trader Protection Act, when the protection institution carries out matters under paragraph 1 of the preceding article and discovers conduct by a director or supervisor of an exchange-listed or OTC-listed company in the course of performing his or her duties that is materially injurious to the company or is in violation of laws, regulations, and/or provisions of the company's articles of incorporation, it may handle the matter in accordance with the following provisions:
 - (1) The protection institution may request the supervisors of the company to institute an action against the director on behalf of the company, or may request the board of directors of the company to institute an action against the supervisor on behalf of the company. If the supervisors or the board of directors fail to institute an action within 30 days after receiving the request made by the protection institution, then the protection institution may institute the action on behalf of the company without regard to the restrictions of Article 214 of the Company Act or Article 227 of the Company Act as applied mutatis mutandis through Article 214. The protection institution's request shall be made through a written instrument.
 - (2) The protection institution may institute a lawsuit in court for an order dismissing the given director or supervisor, without regard to the restrictions of Article 200 of the Company Act or of Article 227 of the Company Act applied mutatis mutandis through Article 200.

3-10. Can a court void/rescind the transaction upon a successful claim by shareholder plaintiffs (please select the least difficult argument to prove that would likely succeed)?

Answer: *Yes, if there was a conflict of interest, if the transaction was unfair or caused damages.*

Applicable Law: Articles 174-1 and 171, Paragraph 1, Subparagraph 2 of the Securities and Exchange Act

Comment:

1. According to previous supreme court decisions, the resolution adopted at Buyer's board meeting for such a transaction is contrary to applicable laws, shareholders can file a lawsuit to void the resolution in his/her/its own name.
2. According to Article 174-1 of Securities and Exchange Act, (1) When a director, supervisor, managerial officer, or employee of a company with securities issued pursuant to this Act commits a gratuitous act as set forth in Article 171, paragraph 1, subparagraphs 2 or 3 or paragraph 1, subparagraph 8 of the preceding Article prejudicial to the rights and interests of the issuer, the issuer may petition a court for voidance of the act. (2) If, at the time of commission of a non-gratuitous act by a director, supervisor, managerial officer, or employee of a company as referred to in the preceding paragraph, such person knew the act to be prejudicial to the rights and interests of the issuer, where the beneficiary of the act also knew of that circumstance at the time of receiving the benefits, the issuer may petition a court for voidance of the act. (3) When an application is made to a court for voidance pursuant to either of the two preceding paragraphs, the court may also be petitioned to order the beneficiary of the act or a party to whom benefits were transferred to restore the status quo ante, provided that this shall not apply where the party to whom the benefit was transferred was not aware of a cause for voidance at the time of the transfer. (4) Any disposition of property between a director, supervisor, managerial officer, or employee as referred to in paragraph 1 and such a person's spouse, lineal relative, cohabiting relative, head of household, or family member shall be deemed a gratuitous act. (5) Any disposition of property between a director, supervisor, managerial officer, or employee as referred to in paragraph 1 and any person other than those set forth in the preceding paragraph shall be presumed to be a gratuitous act.

3-11. Before filing a suit, can shareholders representing 10% obtain internal company documents such as minutes of board meetings, contracts and purchase agreements in connection with Buyer's acquisition of the trucks?

Answer: *Yes, through a government appointed inspect.*

Applicable Law: Article 245 of the Company Act ; Article 38-1 of Securities and Exchange Act; Article 368 of the Code of Civil Procedure

Comment:

1. According to Article 245 of Company Act, shareholders who have been continuously holding three per cent of total number of the outstanding shares of a company for a period of one year or longer may apply to the court for appointment of inspector to inspect the current status business operations, the financial accounts and the property of the company. The court may, when it deems necessary based on the report made by the inspector, order the supervisor(s) of the company to convene a meeting of shareholders.
2. According to article 38-1 of Securities and Exchange Act, When shareholders who have been continuously holding, for a period of 1 year or longer, 3 percent or more of the total number of the outstanding shares of a company whose stock is listed on the stock exchange or traded over-the-counter deem that a specific matter materially damages the interests of shareholders, they may apply to the Competent Authority with reasons, related evidence, and explanations of necessity, asking for inspection of the specific matter, related documents, and account books of the issuer. If the Competent Authority deems necessary, it will proceed pursuant to the preceding paragraph. Therefore, if the Competent Authority deems necessary, it may from time to time appoint a certified public accountant, lawyer, engineer, or any other professionals or technicians to examine the financial and business conditions and related documents, statements, and account books of the issuer, securities underwriter, or other related parties and to submit reports or opinions to the Competent Authority, at the expense of the examinee.
3. Pursuant to Article 368 of the Code of Civil Procedure, where it is likely that evidence may be destroyed or its use in court may be difficult, or with the consent of the opposing party, the party may move the court for perpetuation of such evidence; where necessary, the party who has legal interests in ascertaining the status quo of a matter or object may move for expert testimony, inspection or perpetuation of documentary evidence.

3-12. In a civil trial, what is the scope of information that the plaintiff can ask the judge to compel?

	Answer
1. From the defendant:	<i>Any information that is relevant to the subject matter of the claim.</i>
2. From an uncooperative witness:	<i>Any information that is relevant to the subject matter of the claim.</i>

Applicable Law: Articles 342,343, 344, 346, 347of the Code of Civil Procedure

Comment:

1. Article 342 of the Code of Civil Procedure (1)where the document identified to be

introduced as documentary evidence is in the opposing party's possession, a party shall move the court to order the opposing party to produce such document. (2) The motion provided in the preceding paragraph shall specify the following matters: (a) The identification of document requested to be produced; (b) The disputed fact to be proved by such document; (c) The content of such document; (d) The fact that such document is in the opposing party's possession; and (e) The reason why the opposing party has a duty to produce such document. In addition, where there exists manifest difficulty in specifying the matters provided in the first and the third subparagraphs of the preceding paragraph, the court may order the opposing party to provide necessary assistance.

2. Article 343 of the Code of Civil Procedure stipulates that where the court considers that the disputed fact is material and that the motion is just, it shall order the opposing party to produce the document by a ruling.
3. Article 344 Paragraph 1 of the Code of Civil Procedure stipulates that a party has the duty to produce the following documents: (1) Documents to which such party has made reference in the course of the litigation proceeding; (2) documents which the opposing party may require the delivery or an inspection thereof pursuant to the applicable laws; (3) documents which are created in the interests of the opposing party; (4) commercial accounting books; and (5) documents which are created regarding matters relating to the action.
4. Article 346 Paragraph 1 of the Code of Civil Procedure stipulates that, where a document identified to be introduced as documentary evidence is in a third person's possession, a party may move the court either to order such third person to produce such document or to designate a period of time within which the party who intends to introduce it as evidence shall produce such document.
5. Article 347 Paragraph 1 of the same Code stipulates that where the court considers that the disputed fact is material and that the motion is just, it may order, by a ruling, the third person to produce the document or to designate a period of time within which the party who intends to introduce it as evidence shall produce such document.
6. In general, under the provisions of Article 344 Paragraph 1 and Article 346 Paragraph 1 of the Code of Civil Procedure, a stockholder plaintiff can obtain the following three kinds of information from the defendant(s) and witnesses: (1) information that the defendant has indicated that he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim. In addition, Articles 343 and 347 Paragraph 1 of the Code stipulate that the plaintiff can obtain from the defendant(s) and witnesses (4) any information that

may lead to the discovery of relevant information. To sum up, the plaintiff's request to the judge be to compel evidence from a defendant or witness in a civil trial without specifically identify the documents sought

3-13. How specific must the plaintiff's request to the judge be to compel evidence from a defendant or witness in a civil trial?

Answer: *The request need only identify categories of documents sought, without specifics.*

Applicable Law: Article 342 of the Code of Civil Procedure

Comment:

1. According to Articles 342 of the Taiwan Code of Civil Procedure, (1)where the document identified to be introduced as documentary evidence is in the opposing party's possession, a party shall move the court to order the opposing party to produce such document. (2) The motion provided in the preceding paragraph shall specify the following matters: (a) The identification of document requested to be produced; (b) The disputed fact to be proved by such document; (c) The content of such document; (d) The fact that such document is in the opposing party's possession; and (e) The reason why the opposing party has a duty to produce such document. In addition, where there exists manifest difficulty in specifying the matters provided in the first and the third subparagraphs of the preceding paragraph, the court may order the opposing party to provide necessary assistance.
2. According to Article 346 of the Taiwan Code of Civil Procedure, (1)where a document identified to be introduced as documentary evidence is in a third person's possession, a party may move the court either to order such third person to produce such document or to designate a period of time within which the party who intends to introduce it as evidence shall produce such document. (2)the provisions of the second paragraph and the third paragraph of Article 342 shall apply mutatis mutandis to the motion provided in the preceding paragraph.

3-14. Which statements best describe the process of questioning defendants and witnesses in civil trials?

Answer	
1. From the defendant:	<i>The plaintiff or plaintiff's lawyer performs his own questioning with prior approval by the court of the questions posed.</i>
2. From an uncooperative witness:	<i>The plaintiff or plaintiff's lawyer performs his own questioning with prior approval by the court of the questions posed.</i>

Applicable Law: Articles 200 and 320 of Taiwan Code of Civil Procedure.

Comment:

1. Article 200 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that a party may move the presiding judge to conduct necessary interrogation and may, after informing the presiding judge, conduct interrogation himself/herself. Paragraph 2 of the same Article stipulates that, where the presiding judge considers either the party's motion for interrogation or the interrogation conducted by the party to be inappropriate, the presiding judge may decline to conduct such interrogation or prohibit the party from conducting such interrogation.
2. Article 320 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that a party may move the presiding judge to conduct a necessary examination of a witness or, after informing the presiding judge, conduct such examination himself/herself.
3. Hence, during trial, a plaintiff must obtain prior approval from the court to question a defendant or witness.

3-15. Must the company or defendants reimburse the legal expenses (e.g., court fees, attorney fees and related expenses) of shareholders in their action against company directors?

Answer: *Yes if the court found in favor of the shareholders. The amount can be at the discretion of the court.*

Applicable Law: Paragraph 2 of Article 215 of Company Act, Article 78 of the Code of Civil Procedure; Article 37 of Attorney Regulation Act and Article 35 of Rules of Professional Conduct

Comment:

1. In accordance with Paragraph 2 of Article 215 of Company Act, if shareholders are successful in their actions against Mr. James, Mr. James shall be liable to compensate the shareholders who instituted the action for loss or damage resulting from such an action.
2. According to Article 78 of the Code of Civil Procedure, the losing party shall bear the litigation expenses, which does not include the contingency fees.
3. Pursuant to Article 37 of Attorney Regulation Act, an attorney shall not demand in advance, or receive fees beyond those specified or provided for in Legal Codes, Attorney Code of Ethics or Bar Association Articles of Incorporation.
4. In accordance with Article 35 of Rules of Professional Conduct, a lawyer shall expressly inform a client of the amount of his/her remuneration or the method of calculating his/

her remuneration, but may not enter into an agreement for contingent fee payment with a client in the case of a family matter, criminal matter, or juvenile matter.

Paying Taxes

Between June 2016 and May 2017, reforms were carried out to shorten the time needed for paying taxes. The reforms were carried out in two areas—Profit-Seeking Enterprise Income Tax and Business Tax—which are detailed as follows.

PART I : PROFIT-SEEKING ENTERPRISE INCOME TAX

2017 Reforms

1. Further simplification of the business income tax return forms

In order to lighten the tax filing burden of profit-seeking enterprises and build a simpler and more expedient tax filing system, revisions were made to the tax return forms for profit-seeking enterprise income tax, eliminating or moving to supplementary forms a total of six pages. Following this reform, the number of pages that need to be filled out is 16. A reduction of 27.3% thereby mitigated the filing burden shouldered by profit-seeking enterprises.

2. Expansion of the scope of online business income tax filing

In order to provide profit-seeking enterprises with speedier tax services, profit-seeking enterprises (including education, culture, public welfare and charity institutions and organizations) filing online can also submit relevant attachments online. In this way, they can submit supporting documents without the need to send physical documents.

3. Providing business income tax information inquiry service

Profit-seeking enterprises or their appointed agents may use MOEACA IC cards to login to the Ministry of Finance's eTax portal (<http://www.etax.nat.gov.tw>) and obtain annual income information. By inquiring through this portal, they can shorten the time it takes to gather tax filing information and increase the accuracy of the income figures they file.

Explanation of the Effects of Time-Related Tax Payment Reforms

1. Preparation

Simplifying the format of the annual income tax return for profit-seeking enterprises and

providing an information inquiry service for profit-seeking enterprise income tax will reduce the time that businesses need to spend gathering tax-related information.

2. Filing

- (1) The simplification of the format of the profit-seeking enterprise annual income tax return will reduce the time that business need to spend filling out tax returns.
- (2) Profit-seeking enterprises (including education, culture, public welfare and charity institutions and g organizations) filing online can also submit relevant attachments online, reducing the time needed to deliver supporting documents.

Items that Need Correcting

According to Doing Business 2017, released by the World Bank in October 2016, the time needed to file profit-seeking enterprise income tax in Taiwan was 161 hours, which does not correspond to the actual figure of about 68 hours. A correction is needed.

1. The time spent to file a profit-seeking enterprise income tax return should be 68 hours

The time that a standard medium-sized company in Taiwan spends paying business income taxes according to the World Bank survey differs from the more realistic figure of 68 hours found in a survey conducted by the National Federation of Certified Public Accountant Associations of the Republic of China. The number of hours reported in Doing Business 2017 is 161 hours, which does not correspond to the actual circumstances. An analysis of the discrepancies is presented in the following table:

Table 6.1 An Analysis of Differences in Profit-Seeking Enterprise Income Tax Filing Times

Unit: hours

Item		2016 WB Survey	Actual time in Taiwan	Difference
A. Preparation				
1	Gathering tax return information from internal sources (e.g. accounting records)	40	4	36
2	Additional analysis of accounting information for tax-sensitive items	40	30	10
3	Actual calculation of tax liability (including data entry into software or hardware)	27	6	21

Item		2016 WB Survey	Actual time in Taiwan	Difference
4	Preparation and maintenance of records and account books created specifically for tax purposes	38	18	20
5	Analyzing and reconciling discrepancies between total business revenue declared for business tax and sales income subject to business tax	2	2	0
Subtotal		147	60	87

B. Filing

1	Completing the return	10	5	5
2	Submitting the return	1	1	0
Subtotal		11	6	5

C. Paying Tax

1	Calculating tax payable on the return	1.5	0.5	1
2	Analyzing projected data and calculating provisional tax payment	0.5	0.5	0
3	Payment of tax	1	1	0
Subtotal		3	2	1
Total		161	68	93

2. The time required for a profit-seeking enterprise to commission a certified public accountant to certify and duly file income tax returns should not be included in the time required to report and pay tax

According to the interviewees surveyed in Taiwan, the revenues of the sample companies queried for the survey on tax payment came to approximately NTD 600 million. This meets the requirement of Subparagraph 5, Article 3 of the Regulations for Profit-Seeking Enterprises Delegating an Accountant to Audit, Certificate and File Income Tax Returns, which states that a profit-seeking enterprise with an annual net revenue and non-operating income of over NTD 100 million shall have its tax returns audited and certified by a certified public accountant. Thus, when filling out the questionnaires, the interviewees incorporated the time taken for a profit-seeking enterprise to prepare, file and pay profit-seeking enterprise income tax; but in addition to this, they included the time that the accountant took to carry out tax attestation when figuring the total time needed to pay taxes. This produced a discrepancy between the number of hours reported in the survey and the actual number of hours needed.

PART II : BUSINESS TAX

2017 Reforms

1. Simplification of invoice filing

Following the public utility companies' full adoption of issuing uniform invoices on January 1, 2016, Article 38 of the Value-Added and Non-Value-Added Business Tax Act was amended to state that when business entities receive non-physical electronic invoices and certificates of sales return, purchase return or allowances on purchased merchandise referred to such sales, they shall report input tax by using an itemized statement of input invoices in place of the original input tax deduction copies.

2. Simplification of refund procedure for e-filed taxes

Since February 2016, companies declaring zero-tax-rate sales for export goods/services not via customs and filing tax refunds for fixed assets, can submit documentary evidence electronically within the legally defined filing deadline after completing the business tax e-filing for the period (month).

Explanation of the Effects of Time-Related Tax Payment Reforms

1. Preparation

In the past, public utility companies issued receipts as input tax invoices for businesses. Since January 1, 2016, following the recommendations of local branches of the National Tax Administration, they have been issuing electronic invoices. Businesses can download input tax invoice files from the Ministry of Finance's E-Invoice Platform website, and when filing business tax they can import data from previous invoices. If filing by traditional non-electronic means, a business is not required to bind income tax receipts into a book, but must submit an itemized invoice statement instead of the original invoice. Overall, businesses can avoid repeatedly spending time to compile, sort and retain paper invoices, and if they file online, they can cut down on the time required to register the tax input data.

2. Filing

When applying for zero tax rate for sales not made through customs and for fixed asset refunds via online filing, it used to be necessary to send attached documentary evidence by post or other traditional means. Starting in February 2016, such supporting documentation

must be exported into electronic files (pdf). The business tax supporting documents shall be uploaded or submitted electronically to the local tax offices through the Ministry of Finance's e-filing website. This reform measure has greatly cut down on the time required to submit a tax return.

Time Needed to Pay Taxes after the Reforms Are Completed

1. The time needed to file business tax can be reduced by another 1.9 hours

According to the Taxation Administration's estimation, after the reforms are completed, the time needed to file business tax can be reduced by another 1.9 hours. That is, the total of 33 hours reported in the Doing Business 2017 survey can be reduced to 31.1 hours. The results are shown in the following table:

Table 6.2 An analysis of differences in business tax filing times

Unit: hours

Item		2016 WB Survey	Actual time in Taiwan	Difference
A. Preparation				
1	Gathering tax return information from internal sources (e.g. accounting records)	6	5.7	0.3
2	Additional analysis of accounting information for tax-sensitive items	12	12	0
3	Actual calculation of tax liability (including data entry into software or hardware)	6	6	0
4	Preparation and maintenance of records and account books created specifically for tax purposes	6	5.4	0.6
Subtotal		30	29.1	0.9
B. Filing				
	Submitting the return	2	1	1
Subtotal		2	1	1
C. Paying Tax				
	Payment of tax	1	1	0
Subtotal		1	1	0
Total		33	31.1	1.9

2. Explanation of Adjustment

(1) Preparation

- (a) The invoices issued by public utilities make up about one tenth of all invoices (businesses in Taiwan issue about 8 billion invoices annually, and public utilities issue about 800 million in the same period).
- (b) Electronic invoice files can be directly downloaded from the Ministry of Finance's E-Invoice Platform website, with input invoices accounting for about one half. This measure enables a company(e.g. accounting records) to save its time gathering and preparing tax information by 0.3 hours ($1/10 \times 6/2$), and that for keeping books and records specially for tax purposes by 0.6 hours ($1/10 \times 6$ hours).

(2) Filing

By filing electronically instead of using post or other traditional delivery methods, a company is expected to cut the time needed for filing by half (about one hour).

Additional Comments

1. The figure of 33 hours mentioned above is the time required for a salesperson to file business tax six times in one year, equivalent to an average of about 5.5 hours each time. For an average small or medium-sized enterprise, this time includes issuing and receiving invoices, making ledger entries, gathering information, calculation, preparation, filing, and tax payments. Whether to incorporate the time it takes to gather and register the original documents is up to the interviewee to decide when recalculating the time needed for paying the profit-seeking enterprise income tax.
2. E-filing of business tax is simply a matter of entering data into the computer, printing it out, and uploading it. If there are still taxes to be paid, just click "online payment." This greatly simplifies the businesses tax filing procedure. As such, the time taken for filing and paying business tax should diminish as the proportion of online tax filing increases over the years. This is well reflected in the statistical data.

Trading Across Borders

PART I : Official Taiwan “Trading Across Borders” Research

When the World Bank published its report Doing Business 2016 (DB2016) after changing the evaluation method of its “Trading Across Borders” indicators, Taiwan’s “Trading Across Borders” indicators ranking fell to 65th place from 32nd the previous year, and in 2016 it slid further to 68th place. Among these indicators, the import and export documentary compliance time was 31 and 41 hours, respectively, notably higher than other major Asian economies (See Table 7.1).

Table 7.1 DB2017 Comparison of “Trading Across Borders” Indicators of Major Asian Economies

Economy			South Korea	Singapore	Hong Kong	Japan	New Zealand	Malaysia	Taiwan
Ranking			32	41	42	49	55	60	68
Export	Border Compliance	Time (Hours)	13	12	19	23	38	48	17
		Cost (USD)	185	335	282	265	337	321	335
	Documentary Compliance	Time (Hours)	1	2	1	2	3	10	31
		Cost (USD)	11	37	57	60	67	45	84
Import	Border Compliance	Time (Hours)	6	35	19	40	25	72	47
		Cost (USD)	315	220	266	299	367	321	389
	Documentary Compliance	Time (Hours)	1	3	1	3	1	10	41
		Cost (USD)	27	40	57	100	80	60	90

Source: World Bank Doing Business 2017 (DB2017)

In order to better understand the reasons behind Taiwan's dramatic fall in world ranking based on the "Trading Across Borders" indicators and to ease cross-border trade for Taiwan companies, the National Development Council (NDC) in January 2017 completed its Easing Trading Across Borders for Businesses research. Consultations were expanded to cover a total of 14 businesses involved in the import and export of HS 85 and 8708 products, including customs brokers, freight forwarders, shipping agencies, the container shipping industry, logistics, and the Taiwan International Ports Corporation (TIPC). Participants were interviewed and responded to questions about the "Trading Across Borders" questionnaire. The NDC also completed an official response to the "Trading Across Borders" questionnaire for 2018 Doing Business (See Section Two of this report), together with government bodies such as the Customs Administration of the Ministry of Finance (CA), the Bureau of Foreign Trade of the Ministry of Economic Affairs (BOFT), and the Maritime and Port Bureau of the Ministry of Transportation and Communications.

Case Study

The hypothetical case study for the "Trading Across Borders" questionnaire for the 2018 Doing Business report sent out by the World Bank in March of this year (2017) is as follows:

- A Taiwanese firm is exporting 15 metric tons of HS 85 electrical machinery and equipment and parts thereof, from a warehouse in Taipei, Taiwan, to a warehouse in Shanghai, China.
- A Taiwan firm is importing 15 metric tons of HS 8708 auto parts from a warehouse in Berlin, Germany, to a warehouse in Taipei, Taiwan.
- For customs procedures and procedures associated with other government agencies, include time spent and costs, but only consider such procedures that occur in more than 20% of cases. Also, relevant procedures may occur at the same time.
- The firm's payments (costs) include paying a freight forwarder or customs broker and also payment of all costs related to domestic transport, clearance, and mandatory inspections by customs and other agencies, port/border handling, document preparation, etc. However, costs and fees do not include insurance fees, tariffs, or taxes.
- Time is measured in hours, and 1 day is 24 hours.

I. Exempted Procedures

According to the World Bank's "Trading Across Borders" case study assumptions, the export of HS 85 goods from Taiwan to China and the import of HS 8708 goods into Taiwan from Germany exclude (exempt) the following three procedures: obtaining import/export

licenses from other government organizations, providing a certificate of origin, and paying customs fees. Explanations follow:

1. No need to obtain import/export licenses from government agencies other than customs(see Reference 2.4a and 3.4a)

In Taiwan, the export of HS 85 products or import of HS 8708 products does not require obtaining any government organ's import or export license more than 95% of the time. Therefore, according to the World Bank's assumption that procedures must occur in over 20% of cases:

- In Taiwan, the export of HS 85 products or import of HS 8708 products does not require obtaining an import or export license.

2. No need to provide a certificate of origin (Reference 2.4a and 3.4a)

(1) According to 2016 statistics from the Customs Administration of the Ministry of Finance, only 1.1% of HS 85 products exported from Taiwan to Shanghai, China, required provision of a certificate of origin. For HS 8708 products imported into Taiwan from Berlin, Germany, since Taiwan and Germany have not established a free trade agreement and no preferential tariff applies, Taiwan customs does not require importers to provide certificates of origin.

(2) Therefore, according to the World Bank's assumption that procedures must occur in over 20% of cases:

- No certificate of origin must be provided to clear customs for the export of HS 85 products from Taiwan to the Chinese mainland or the import into Taiwan of HS 8708 products from Germany.

3. No need to pay customs fees (Reference 2.3a and 3.3a)

(1) After products to be imported into or exported from Taiwan via the Cargo Clearance Automation website, a specialty customs computer system filters by criteria such as the the grade of the exporter, the origin of goods, the nature of goods, and customs brokerage in order to review and determine by which of the following three methods customs will be cleared: C1, free of paper and cargo examination; C2, subject to document scrutiny; or C3, subject to cargo examination.

(2) According to statistics from the Customs Administration of the Ministry of Finance, in 2016, there were a total of 2,639,006 customs declaration forms for export of HS 85 products from Taiwan. Of those, 89.5% cleared free of paper and cargo examination

(C1), 8.7% were subject to document scrutiny (C2), and 1.8% were subject to cargo examination (C3). There were a total of 47,739 customs declaration forms for import of HS 8708 products, of which 54.5% cleared free of paper and cargo examination (C1), 37% were subject to document scrutiny (C2), and 8.5% were subject to cargo examination. (See Table 2)

(3) Therefore, according to the World Bank's assumption that procedures must occur in over 20% of cases:

- Taiwan's customs procedure for the export of HS 85 products is customs clearance free of paper and cargo examination (C1).
- Taiwan's customs procedure for the import of HS 8708 products, however, must take into account both customs clearance free of paper and cargo examination (C1) and also clearance subject to document scrutiny (C2).
- For imports into Taiwan that listed for customs clearance free of paper and cargo examination (C1) or subject to document scrutiny (C2), there is no need to pay a customs fee. Only for those listed for customs clearance subject to cargo examination (C3) is there a customs fee for inspection.

Table 7.2 Statistical Analysis of all 2016 Taiwan HS 89 Export and HS 8708 Import Declaration Forms

2016	Total Forms (each)	Free of Paper and Cargo Examination (C1)	Subject to Document Scrutiny (C2)	Subject to Cargo Examination (C3)
HS 85 Exports	2,639,006	2,361,972	230,605	46,429
Share(%)	100	89.5	8.7	1.8
HS 8708 Imports	47,739	26,016	17,681	4,042
Share (%)	100	54.5	37.0	8.5

Source: Ministry of Finance Customs Administration (<http://web.customs.gov.tw/>)

Note: For standard customs fees, please see "Regulations for Collection of Customs Fees", website:

<http://law.moj.gov.tw/Law/LawSearchResult.aspx?p=A&k1=%e6%b5%b7%e9%97%9c%e5%be%b5%e6%94%b6%e8%a6%8f%e8%b2%bb%e8%a6%8f%e5%89%87&t=E1F1A1&TPage=1>

II. Costs

According to the World Bank's "Trading Across Borders" case study assumptions, importing and exporting firms must pay the following costs in fees for the export of HS 85 goods from Taiwan to Mainland China and for the import of HS 8708 goods into Taiwan:

1. Customs broker service fee (Reference 2.3, 2.5, 2.7 and 3.3, 3.5, and 3.7)

- (1) For the importation of goods into Taiwan, over 90% of businesses appoint (employ) the long-term services of customs brokers. The scope of import/export related work entrusted to the handling of customs brokers includes handling of customs procedures, port/border handling, import-export document preparation, and payment of relevant import/export taxes.
- (2) Inquiries of multiple customs brokers and the National Customs Brokers Association of the R.O.C. showed that the average service fees collected by Taiwan customs brokers relevant to the assumptions of the World Bank's case study are as follows:
 - NTD\$2,000 (USD\$62.5) for the export of HS 85 parts.
 - NTD\$5,000 (USD\$78.13) for the import of HS 8708 parts.

2. Terminal handling charge (Reference 2.5a and 3.5a)

- (1) The terminal handling charge (THC) is the fee collected by forwarders for port-side container handling, including lifting, drayage, and seal charges. Container handling charges are calculated based on the measurements of the container.
- (2) According to the 15 metric tons assumption of the World Bank case study, a Taiwanese firm would use a 20-foot container to transport the goods. Referring to the standard charges of freight-forwarding company APL Taiwan:
 - The terminal handling charge for a 20-foot container is NTD\$5,600 (US\$175).

Note: For freight-forwarding company APL Taiwan's standard charges, see the following website:
<http://www.apl.com/wps/portal/apl/apl-home/local-sites/localsite-taiwan/tariffs-and-surcharges/terminalhandlingcharge>

3. Bill of lading fee (Reference 2.7a and 3.7a)

- (1) In order to facilitate the consignee or consignor's receipt of imported or exported product, it must obtain from the forwarder a bill of lading (B/L) or delivery order (D/O), for which the forwarder collects a fee.
- (2) For the assumptions of the World Bank case study, refer to the standard charges of forwarder APL Taiwan:
 - An export bill of lading document fee is NTD\$1,800 (US\$56.25).
 - An import delivery order document fee is NTD\$1,600 (US\$50.00).

Note: For freight-forwarder APL Taiwan standard charges, see the following website: <https://www.apl.com/wps/portal/apl/apl-home/local-sites/localsite-taiwan/tariffs-and-surcharges>

4. Export verified gross mass (VGM) fee (Reference 2.7a and 3.7a)

- (1) Since July 1, 2016, Taiwan has implemented the following regulation of the International Convention for the Safety of Life at Sea (SOLAS): Before a shipping container loaded with goods may be loaded onto a ship, the exporting firm (or consignor) must provide a verified gross mass (VGM).
- (2) The standard for calculating the VGM fee for all Taiwan forwarding companies is NTD\$300 (US\$9.38) for all containers weighing under 40 metric tons (including vehicle and container weight). According to the assumptions of the World Bank case study, 15 metric tons for export would be loaded into an empty 20-foot container weighing 2.4 metric tons:
 - The exporting firm (consignor) must submit a VGM and pay NTD\$300 (US\$9.38). An importing firm (consignee) does not need submitting a VGM or pay the associated fee.
 - In Taiwan, when the exporting firm (consignor) submits the VGM to the captain or his/her representative, it is usually submitted through the shipping company (forwarder)'s electronic platform.

Note: 1. Evergreen Marine's electronic VGM submission platform is located at: http://www.shipmentlink.com/servlet/EVG1_ReportVGMController.do?action=vgmIndex
 2. Yang Ming Marine Transport's electronic VGM submission platform is located at: http://www.yml.com.tw/About_Us/Security_Regulation/SOLAS_VGM/VGM_Announcement_List.aspx

5. Domestic transportation cost (Reference 2.8 and 3.8)

- (1) According to the World Bank's questionnaire, what is the average cost of and time required to transport 15 metric tons of product from a warehouse in Taipei to Kaohsiung (376 kilometers) or from Kaohsiung to a warehouse in Taipei (376 kilometers)? Total time and cost includes that required for warehouse unloading, traffic delays, payment of tolls, and highway police checks.
- (2) Consultations with multiple domestic transporters and forwarding companies found:
 - The cost of transport by truck from Taipei to Kaohsiung (376 kilometers) is NTD\$9,000, plus NTD\$600 for highway express tolls, for a total domestic transport cost of NTD\$9,600 (US\$300).

6. Summary

The costs paid by a Taiwan firm to export HS 85 goods or import HS 8708 goods are as follows:

Table 7.3 Costs To be Paid by a Taiwan Firm to export HS 85 Goods or Import HS 8708 Goods

Item	Export			Import		
	NTD (\$)	USD (\$)	Questionnaire Procedure	NTD (\$)	USD (\$)	Questionnaire Procedure
1 Customs Broker Service Fee	2,000	62.5	2.3a	2,500	78.13	3.3a
2 Terminal Handling Charge (20-foot container)	5,600	175	2.5a	5,600	175	3.5a
3 Bill of Lading or Delivery Order Document Fee	1,600	50	2.7a	1,800	56	3.7a
4 VGM Solas Certificate Fee	300	9.38	2.7a	0	0	3.7a
5 Domestic Transportation Fee	9,600	300	2.8	9,600	300	2.8

Notes: 1. The exchange rate is calculated as US\$1 to NTD\$32.
 2. The World Bank "Trading Across Borders" questionnaire assumptions of import/export shipping fees, insurance fees, tariffs, and various taxes are not calculated into these costs.
 3. Although the World Bank's "Trading Across Borders" questionnaire surveys "domestic shipping costs (Reference 2.8 and 3.8), the item is not yet used for comparative cost evaluation.

III. Time Required

According to the World Bank's "Trading Across Borders" case study assumptions, importing and exporting firms must spend time for the export of HS 85 goods from Taiwan to Mainland China and for the import of HS 8708 goods into Taiwan from Germany as follows:

1. Document handling time (Reference 2.7a and 3.7a)

- (1) A customs broker is hired by the consignor to handle export matters: The customs broker first confirms the vessel schedules, books shipping space with the forwarder, and submits a shipping order (S/O) as a contract of carriage. The consignor faxes the commercial invoice and packing list to the customs broker, who then produces a customs export declaration and transmits it electronically through the online customs system.
- (2) A customs broker is hired by the consignee to handle import matters: The customs broker first confirms that the import documents are error free and completes the procedures of Letter of Credit (L/C) issuance/amendment, redemption, and shipping guarantee. Upon report of the arrival of the import vessel, the customs broker pays relevant fees to the shipping company(forwarder) on behalf of the consignee in exchange for a delivery order (D/O) for use in product delivery. The customs broker

creates a customs import declaration and submits it electronically via the online declarations system.

(3) Consultation of multiple Taiwan customs brokers and the National Customs Brokers Association of the R.O.C. showed that:

- According to the World Bank case study, the document preparation process for the export of HS 85 parts to the Mainland China or for the import of HS 8708 parts into Taiwan from Germany may be completed within 30 minutes (0.5 hours) and can be electronically submitted via the online customs declaration system.

(4) According to the assumptions of the World Bank case study and 2016 statistics from the MOF's Customs Administration, HS 85 products exported from Taiwan fall under the free of paper and cargo examination (C1) clearance category, and imported HS 8708 products fall under the subject to document scrutiny (C2) category. Documents required by government agencies include the following:

Document	HS 85 Export	HS 8708 Import	Relevant Agency
	Free of Paper and Cargo Examination (C1)	Subject to Document Scrutiny (C2)	
1 Commercial Invoice		✓	Customs Administration, MOF
2 Packing List		✓	
3 Import/Export Customs Declaration	✓	✓	
4 VGM SOLAS Certificate	✓		Maritime and Port Bureau, MOTC

2. Time required for customs clearance (Reference 2.3a and 3.3a)

- (1) 2016 statistics from the MOF's Customs Administration showed, the average time from transmission of customs export declaration to customs clearance for export of HS 85 goods that are cleared free of paper and cargo examination (C1) (89.5% of the total) was 5 seconds (0.001 hours). (See Table 7.4)
- (2) In addition, the average time from transmission of customs import declaration to customs clearance for import of HS 8708 goods cleared free of paper and cargo examination (C1) (54.5% of the total) was 4 hours, 14 minutes, and 12 seconds (4.37 hours), and the average time from transmission of customs import declaration to

customs clearance for import of HS 8708 goods subject to document scrutiny for clearance (C2) (37% of the total) was 22 hours, 39 minutes, and 33 seconds (22.66 hours).

(3) Therefore, according to the World Bank's assumption that procedures must occur in over 20% of cases:

- The average time from transmission of customs export declaration to customs clearance for HS 85 goods cleared free of paper and cargo examination (C1) exported from Taiwan is 5 seconds (0.001 hours).
- Because 37% of customs declarations for the import of HS 8708 products from Taiwan are subject to document scrutiny (C2), the rate of occurrence of C2 clearance meets the World Bank 20% assumption. Therefore, the average time between transmission of customs import declaration to customs clearance for the import into Taiwan of HS 8708 products should take into account the 22 hours, 39 minutes, and 33 seconds (22.66 hours) of clearance subject to document scrutiny (C2).

Table 7.4 Average Customs Clearance Time from Submission of Declaration to Clearance for 2016 Taiwan exports of HS 89 products and imports of HS 8708 products

2016	Total Forms (each)	Free of Paper and Cargo Examination (C1)	Subject to Document Scrutiny (C2)	Subject to Cargo Examination (C3)
HS 85 Exports	2,639,006	2,361,972	230,605	46,429
Share (%)	100	89.5	8.7	1.8
Average Clearance Time from Receipt of Declaration to Clearance	22 minutes, 30 seconds	5 seconds	3 hours, 25 minutes 29 seconds	4 hours, 13 minutes, 58 seconds
HS 8708 Imports	47,739	26,016	17,681	4,042
Share (%)	100	54.5	37.0	8.5
Average Clearance Time from Receipt of Declaration to Clearance	16 hours, 29 minutes 22 seconds	4 hours, 14 minutes 12 seconds	22 hours, 39 minutes, 33 seconds	68 hours, 25 minutes 26 seconds

Source: Ministry of Finance Customs Administration (<http://web.customs.gov.tw/>)

3. No need to obtain import/export licenses from other government agencies (Reference 2.4a and 3.4a)

In Taiwan, the export of HS 85 products or import of HS 8708 products does not require obtaining any government agency's import or export license more than 95% of the time. Therefore, according to the World Bank's assumption that procedures must occur in over 20% of cases:

- In Taiwan, the export of HS 85 products or import of HS 8708 products does not require obtaining an import or export license

4. Port and Border Handling Procedures (Reference 2.5a and 3.5a)

(1) In February 2016, Taiwan International Ports Co., Ltd. (TIPC), completed automated gate management systems at all its commercial ports. The status of container and bulk product trucks and of product entry or exit into or out of the port area can be looked up easily on the TIPC website (single window platform). When a container or bulk items truck passes through an automated vehicle lane, the system can automatically capture the vehicle's license plate, container ID, and--via the radio frequency identification (RFID) system--the driver's port access permit identification. This assists port police with their examination of persons, vehicles, and containers and facilitates customs' overall view of container status and inspection work, speeds up drivers' passage of port checkpoints, and greatly enhances port efficiency.

(2) According to the assumptions of the World Bank case study, Taiwan firms use the Port of Kaohsiung as their port of import or export. And, the processing time for a 20-foot container of goods should not exceed the time between port entry and exit of the container truck. According to 2016 statistical information from its automated gate management system provided by Taiwan International Ports Co., Ltd. (See Table 7.5) :

- The average time for loading products for export, from the arrival of the container truck at the port until its departure, is 214 minutes (3.57 hours).
- The average time for loading products for import, from the arrival of the container truck at the port until its departure, is 241 minutes (4.02 hours).

Table 7.5 Average Time Between a Container Truck's Arrival at and Departure from the Port of Kaohsiung

2016	Total Vehicle-Trips	Total Time (minutes)	Average Time (minutes)
Export	7,439	1,571,321	214
Import	9,435	2,275,892	241

Source: Taiwan International Ports Co., Ltd. (<http://www.twport.com.tw/en/>)

5. Domestic transportation time (Reference 2.8 and 3.8)

(1) According to the World Bank's questionnaire, what is the average cost of and time required to transport 15 metric tons of product from a warehouse in Taipei to Kaohsiung (376 km) or from Kaohsiung to a warehouse in Taipei (376 km)? Total time and cost includes that for warehouse unloading, traffic delays, payment of tolls, and highway police checks.

(2) Consultations with multiple domestic transporters and forwarding companies found:

- For the transport by truck of goods from Taipei, Taiwan, to Kaohsiung (376 km), the average time of 6.23 hours estimated by the World Bank is reasonable.

6. Summary

The time spent by a Taiwan firm to export HS 85 goods or import HS 8708 goods is as follows:

Procedure	Export		Import	
	Time (Hours)	Questionnaire Procedure	Time (Hours)	Questionnaire Procedure
1 Procedures Required by Customs Authorities	0.001	2.3a	22.66	3.3a
2 Procedures Required by Government Agencies Other Than Customs	0	2.4a	0	2.4a
3 Procedures Related to Port and Border Handling	3.57	2.5a	4.02	3.5a
4 Procedures Related to Document Preparation	0.75	2.7a	0.5	2.7a
5 Domestic Transportation	6.23	2.8a	6.23	3.8a

IV. Summary

			2016 World Bank Survey	2017 Taiwan Official Survey	Questionnaire Procedure
Export	Border Compliance	Time (hours)	17	3.57	2.6b
		Cost (USD)	335	237.5	
	Documentary Compliance	Time (hours)	31	0.75	2.7
		Cost (USD)	84	59.38	
Import	Border Compliance	Time (hours)	47	26.68	3.6b
		Cost (USD)	389	253.13	
	Documentary Compliance	Time (hours)	41	0.5	3.7
		Cost (USD)	90	56	

PART II : Official Responses to the “Trading Across Borders” Questionnaire of the Doing Business 2018 Report

I. Major 2017 Reforms

From June 2016 to May 2017, major cross-border trade reforms included the following:

1. Completion of the Import General Clearance Time Query System and its integration into the CPT Single Window website (February 2017)

- (1) In order to increase the ease of cross-border trade and the efficiency of customs administration, the Customs Administration of the Ministry of Finance consulted the guidance of the World Customs Organization (WCO) in its Time Releases Study and in February 2017 completed production of the Import General Clearance Time Query System and integrated it into the Customs-Port-Trade Single Window (CPT Single Window) website (<http://portal.sw.nat.gov.tw/PPL/RedirectorNonLoginAction?appId=APGQ&privilegeId=GQ01%3FclassType%3D12>)
- (2) The Import General Clearance Time Query System captures the actual times of every clearance stage from vessel arrival to cargo clearance and delivery. Data can be queried by clearance type, declaration type, tax payment method, country of production, or tax rules and can be returned by the month, quarter, six-month period, or year for big-data analysis. This query system will provide more open and transparent information.

2. Implementation of a pilot program for cross-strait mutual recognition of authorized economic operators (October 1, 2016)

- (1) On October 1, 2016, a pilot program for cross-strait mutual recognition of authorized economic operators (AEO) was implemented. previous to the customs authorities of the two sides signing documents mutually recognizing each other's AEO's, Taiwan and Mainland China operated under Article 8, Paragraph 6, Section 1 of the Cross-strait Customs Cooperation Agreement: The Two Sides must gradually implement mutual AEO recognition and provide regulations for the easing of customs clearance, make arrangements for a pilot program for the mutual recognition of AEO's, and provide preferential measures for the AEO's of the other side, such as simplification of the customs clearance procedure. Currently, there are already AEO's recognized by both sides who can, per this mutual recognition pilot program, smoothly clear customs.
- (2) Taiwan's AEO system has been in effect since December 2009, and as of May 2017, the number of valid authorized enterprises under the system has reached 701. These companies imported and exported a total value of US\$ 233.5 billion, approximately 43% of the total value of Taiwan's import/export trade. Additionally, Taiwan has signed AEO mutual recognition agreements with the the United States, Singapore, Israel, and South Korea.

3. The entry into force of the World Trade Organization's Trade Facilitation Agreement (TFA) (February 22, 2017)

- (1) On February 22, 2017, the World Trade Organization (WTO) announced that the Trade Facilitation Agreement was entering into effect. Taiwan had already completed necessary internal procedures and submitted a letter of acceptance of the TFA to the WTO by August 17, 2015. In the future, Taiwan will, with the WTO and member states, continue to jointly support and promote multilateral negotiations and cooperation to achieve the facilitation of trade and greater benefits from trade for both this country and the world.
- (2) The TFA aims to reduce the transaction costs of cross-border trade through methods such as the simplification of all countries' customs procedures, making law more transparent, and establishing "single windows." According to a research by the Organisation for Economic Co-operation and Development, the agreement may decrease worldwide costs of trade by 12.5-17.5% after it becomes effective in all member countries.

4. Implementation of verified gross mass (VGM) of loaded cargo containers (July 1, 2016)

- (1) In order to increase the safety of oceangoing container transport, the International Maritime Organization (IMO) on November 21, 2014, passed the amended International Convention for the Safety of Life at Sea (SOLAS), which requires that shippers of export containers to take the gross mass of their containers and present a certificate of verified gross mass (VGM) to the shipping vessel's captain or his/her representative. This new rule went into effect on July 1, 2016.
- (2) According to the SOLAS requirements, the Taiwan Maritime and Port Bureau of the Ministry of Transportation and Communications drew up the "Guidelines Regarding Implementation of the Verified Gross Mass of Containers in Taiwan" and implemented them on July 1, 2016. These guiding principles clearly lay out what comprises verified gross mass, how it is measured, the content of inspection documents, the methods of handling of gross mass discrepancies, etc.

II. Export Case Study

2.1 Do you have recent experience importing HS 85: Electrical machinery and equipment and parts thereof; sound recorders and producers, television image and sound recorders and reproducers, and parts and accessories of such articles?

Comment: (Blank, to be filled by the interviewee)

2.2 Do you agree that the most widely used mode of domestic transport and national port/border for a 15 metric ton shipment of HS 85 goods for export are truck and Kaohsiung Port?

Comments:

1. Taiwanese firms export HS 85 (electrical machinery and equipment, etc.) goods from the Keelung, Taipei, Kaohsiung, and Taichung ports. Statistics from the Customs Administration of the Ministry of Finance show that the the total number of HS 85 export declarations over the last three years was divided as follows among these ports:

HS 85 Exports	Share of Declarations (%)			
	Average	2016	2015	2014
Keelung Port	22.50	19.4	21.6	26.5
Taipei Port	11.4	13.2	11.3	9.7

Kaohsiung Port	57.7	58.7	58.7	55.8
Taichung Port	8.4	8.7	8.3	8.1

Source: Customs Administration, Ministry of Finance

- As the data above shows, the “national port” most frequently utilized for the export of HS 85 (electrical machinery and equipment, etc.) goods was the Port of Kaohsiung, which accounts for an average share of 57.7% of the total customs declarations forms over the last three years. Also, the most frequently used mode of domestic transportation is “truck.”
- Therefore, the answer to this question is “Yes.”

2.3 Procedures Related to Customs

2.3.a Required customs procedures (that occur in more than 20% of cases)

What are the time and cost to Taiwan firms of procedures required by the customs authorities of Taiwan to export a shipment of HS 85 (electrical machinery and equipment) goods to China?

Procedure	Time (Hours)	Cost (USD)	Location (Select an Item)
1 Hire a customs broker		62.5	At the firm's office
2 Conduct a pre-shipment inspection			
3 Process the export declaration (C1)	0.001		At the customs broker office
4 Complete documents check by customs (C2)			
5 Complete scanning/weighing by customs			
6 Complete physical inspection by customs (C3)			
7 Pay customs administrative fees			

Comments:

- For the importation of goods into Taiwan, over 90% of businesses appoint (employ) the long-term services of customs brokers. The scope of import/export related work entrusted to the handling of customs brokers includes handling of customs procedures, port/border handling, import-export document preparation, and payment of relevant import/export taxes.
- Inquiries of multiple customs brokers and the National Customs Brokers Association of the R.O.C. showed that the average service fee collected by Taiwan customs brokers relevant to the assumptions of the World Bank's export case study is NTD\$2,000 (US\$62.5).

3. According to statistics from the MOF's Customs Agency, in 2016 there were a total of 2,639,006 customs declaration forms for export of HS 85 products from Taiwan. Of those, 89.5% were cleared free of paper and cargo examination (C1), 8.7% were subject to document scrutiny (C2), and 1.8% were subject to cargo examination (C3). Therefore, according to the World Bank's greater than 20% of cases assumption, Taiwan's customs procedure for the export of HS 85 products is customs clearance free of paper and cargo examination (C1).
4. Also, the statistics showed that the average time from transmission of customs export declaration to customs clearance for export from Taiwan of HS 85 free of paper and cargo examination (C1) goods (89.5% of the total) was 5.2 seconds (0.001 hours).
5. Export of HS 85 goods from Taiwan falls under customs clearance free of paper and cargo examination (C1). The Taiwan customs authority does not perform a pre-shipment inspection or complete scanning/weighing, and the exporting firm is not required to pay customs administrative fees.

2.3b Total time and cost for procedures required by customs authorities

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	4.23	0.001
Cost (USD)	147.69	62.5

2.4 Procedures other than customs

2.4a Procedures required by agencies other than customs (that occur in more than 20% of cases)

What are the time and cost to Taiwan firms of procedures required by any government agency other than customs in Taiwan to export a shipment of HS 85 (electrical machinery and equipment) goods to China?

	Procedure	Time(Hours)	Cost(USD)	Location (Select an Item)
1	Issue an export permit			
2	Issue a technical certificate			
3	Issue a health/phytosanitary certificate			
4	Issue a foreign exchange authorization			
5	Issue a certificate of origin (if applicable) for trade with China			

Comments: The above form is “blank” with nothing filled in.

1. According to statistics from the Customs Administration of the Ministry of Finance and the World Bank's 20% of cases assumption, the export from Taiwan of HS 85 (electrical machinery and equipment, etc.) does not require obtaining an export permit from any government agency other than customs in over 95% of cases.
2. Additionally, according to 2016 statistics from the Customs Agency of the Ministry of Finance, only 1.1% of HS 85 products exported from Taiwan to Shanghai, China, required provision of a certificate of origin (C/O). Therefore, according to the World Bank's greater than 20% of cases assumption, the export of HS 85 products from Taiwan to Mainland China does not require provision of a certificate of origin.
3. Therefore, the above form is “blank” with nothing filled in.

2.4b Total time and cost for procedures required by government agencies other than customs

	2016 World Bank Survey	2017 Taiwan Official Research
Time (hours)	0.00	0.00
Cost (USD)	0.00	0.00

2.5 Procedures Related to Port and Border Handling

2.5a Procedures at the port/border

What are the time and cost to Taiwan firms of procedures required by Taiwan port/border authorities for the export of a shipment of HS 85 (electrical machinery and equipment) goods to China

Procedure	Time (Hours)	Cost (USD)	Location (Select an Item)
1 Time in advance the shipment has to be delivered to the port/border (cut-off time)			
2 Queue with the truck to enter the port/border			At the port/border
3 Pay border/terminal handling fees		175	At the port/border
4 Handle shipment at the port/border			
5 Store shipment in a port/border warehouse			
6 Clear security inspections conducted by port/border authorities			
7 Load the shipment at the port/border	3.57		At the port/border

Comments:

1. According to the 15 metric tons assumption of the World Bank case study, a Taiwan firm would use a 20-foot container to transport the goods. According to the standard charges of APL Taiwan, the terminal handling charge for a 20-foot container is NTD\$5,600 (US\$175).
2. According to the assumptions of the World Bank case study, Taiwan firms use the Port of Kaohsiung as their port of import or export. And, the processing time for a 20-foot container of goods should not exceed the time between port entry and exit of the container truck. According to 2016 information provided by Taiwan International Ports Co., Ltd., from the Port of Kaohsiung automated gate management system, the average time for loading products for export, from the arrival at the port of the container truck to its departure, is 214 minutes (3.57 hours).
3. Therefore, the average time for a container truck from lining up at the automated gate management system to enter the port, to paying the terminal handling charge, to leaving the shipment at the port, and then passing again through the automated gate management system to leave the port is 3.57 hours.

2.5b Total time and cost of procedures at the port/border

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	12.62	3.57
Cost (USD)	187.69	175

2.6 Procedures Required by All Government Agencies: Border Compliance

Totaling the time and cost from 2.3b, 2.4b, and 2.5b:

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	16.85	3.57
Cost (USD)	335.38	237.5

2.7 Procedures Related to Document Preparation**2.7a Documents required to export**

What are the documents required by any Taiwan government agency to export a shipment of HS 85 (electrical machinery and equipment) goods to China?

Document	Form of submission (Select an item)	Relevant Agency	Time to obtain & prepare (hours)	Cost (USD)
1 Commercial Invoice				
2 Packing List				
3 Bill of lading				56.25
4 Certificate of origin				
5 Customs Export Declaration	Electronic	Customs Administration, MOFMO	0.5	
6 VGM SOLAS Certificate	Electronic	Maritime and Port Bureau ,MOTC	0.25	9.38

Comments:

1. According to the assumptions of the World Bank case study and 2016 statistics from the Customs Agency of the Ministry of Finance, HS 85 products exported from Taiwan fall under the category of clearance free of paper and cargo examination (C1). Taiwan's Customs Administration requires electronic submission of customs export declarations with no need to attach a commercial invoice or packing list.
2. In order to facilitate the consignee/ consignor's receipt of imported/ exported product, it must obtain from the forwarder a bill of lading (B/L) or delivery order (D/O), for which the forwarder collects a fee. 2. For the assumptions of the World Bank, according to the standard charges of APL Taiwan, the fee for an export bill of lading is NTD\$1,800 (US\$56.25).
3. Consultation with multiple Taiwan customs brokers and the National Customs Brokers Association of the R.O.C. showed that, according to the World Bank case study, the document preparation procedures for the export of a single shipment of HS 85 goods from Taiwan to Mainland China may be completed within 30 minutes (0.5 hours) and may be submitted electronically via the online customs declaration system.
4. Since July 1, 2016, the Maritime and Port Bureau of the Ministry of Transportation and Communications requires that exporting firms (consignor/shippers) submit the verified gross mass of the shipment to the vessel captain or his/her representative.
 - (1) The standard for calculating the VGM fee for all Taiwan forwarding companies is NTD\$300 (US\$9.38) for all containers weighing under 40 metric tons (including vehicle and container weight). According to the assumptions of the World Bank case study, 15 metric tons for export would be loaded into a 20-foot container weighing

2.4 metric tons, and the exporting firm (or shipper) must pay NTD\$300 (\$9.38).

(2) The VGM is usually submitted electronically through an information platform set up by the shipping company(forwarder).

(3) The time to obtain a VGM is the time it takes for the container truck to be weighed and receive the VGM, estimated at 15 minutes (approximately 0.25 hours).

2.7b Total time and cost to obtain and prepare all documents

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	31.38	0.75
Cost (USD)	84.00	65.63

2.8 Domestic Transportation

What is the average cost and time required to transport 15 metric tons of product from a warehouse in Taipei to Kaohsiung (376 km)? Total time and cost including warehouse unloading, traffic delays, payment of tolls, and highway police checks.

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	6.23	6.23
Cost (USD)	300.00	300.00

III. Import Case Study

3.1 Do you have recent experience importing HS 8708 auto parts?

Comment: (Blank, to be filled by the interviewee)

3.2 Do you agree that the most widely used mode of domestic transport and national port/border for a 15 metric ton shipment of HS 8708 goods for import are truck and Kaohsiung Port?

Comments:

1. Taiwan firms import HS 8708 (auto parts) goods through the Keelung, Taipei, Kaohsiung, Kinmen, and Taichung ports. Statistics from the MOF's Customs Administration showed that the share of customs declarations among these ports over the last three years was as follows:

HS 8708 Imports	Share of Declarations (%)			
	Average	2016	2015	2014
Keelung Port	39.7	36.5	38.2	44.4
Taipei Port	15.4	18.6	17.2	10.4
Kaohsiung Port	31.0	30.9	31.4	30.6
Kinmen Port	0.01	0.01	0.01	-
Taichung Port	13.9	14.0	13.2	14.7

Source: Customs Administration, Ministry of Finance

- As shown by the above statistics, the “national port” most frequently utilized for the import of HS 8708 (auto parts) goods was the Keelung Port, which accounts for an average share of 39.7%; adding in to that the share of the neighboring Taipei Port yields a 51.1% average share. Also, the most frequently used mode of domestic transportation is “truck.”
- Therefore, the answer to this question is “No.” The mostly widely used national port/ border crossing for the import of HS 8708 goods into Taiwan is the Port of Keelung.

3.3 Procedures Related to Customs

3.3.a Required customs procedures (that occur in more than 20% of cases)

What are the time and cost to Taiwan firms of procedures required by the customs authorities of Taiwan to import a shipment of HS 8708 (auto parts) goods from Germany?

Procedure	Time (Hours)	Cost (USD)	Location (Select an Item)
1 Hire a customs broker		78.13	At the firm's office
2 Conduct a pre-shipment inspection			
3 Process the export declaration (C1)			
4 Complete documents check by customs (C2)	22.66		
5 Complete scanning/weighing by customs			
6 Complete physical inspection by customs (C3)			
7 Pay customs administrative fees			

Comments:

- For the importation of goods into Taiwan, over 90% of businesses appoint (employ) the long-term services of customs brokers. The scope of import/export related work

entrusted to the handling of customs brokers includes handling of customs procedures, port/border handling, import-export document preparation, and payment of relevant import/export taxes.

2. Inquiries of multiple customs brokers and the National Customs Brokers Association of the R.O.C. showed that the average service fee collected by Taiwan customs brokers relevant to the assumptions of the World Bank's import case study is NTD\$2,500 (US\$78.13).
3. According to statistics from the Customs Agency of the Ministry of Finance, in 2016 there were a total of 29,406 customs declaration forms for the import of HS 8708 products from Taiwan. Of those, 61.7% were free of paper and cargo examination (C1), 31% were subject to document scrutiny (C2), and 7.3% were subject to cargo examination (C3).
4. Of the total number of customs declaration forms for the import of HS 8708 goods, 61.5% were for clearance free of paper and cargo examination (C1), which take an average time from transmission of customs export declaration to customs clearance of 4 hours, 20 minutes, 2 seconds (4.33 hours). However, products with clearance subject to document scrutiny (C2) made up 31% of the total, meeting the World Bank's more than 20% of cases requirement. Therefore, the average time between transmission of customs import declaration to customs clearance for the import into Taiwan of HS 8708 products should take into account the 22 hours, 39 minutes, and 52 seconds (22.66 hours) required for clearance subject to document scrutiny (C2).
5. For import of HS 8708 goods from Taiwan subject to document scrutiny for clearance (C2), the Taiwan customs authority does not perform a pre-shipment inspection or a complete scanning/weighing, and the importing firm is not required to pay customs administrative fees.

3.3b Total time and cost for procedures required by customs authorities

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	34.46	22.66
Cost (USD)	155.38	78.13

3.4 Procedures other than customs

3.4a Procedures required by agencies other than customs (that occur in more than 20% of cases)

What are the time and cost to Taiwan firms of procedures required by the customs authorities of Taiwan to import a shipment of HS 8708 (auto parts) goods from Germany?

Procedure	Time(Hours)	Cost(USD)	Location (Select an Item)
1 Issue an export permit			
2 Issue a technical certificate			
3 Issue a standard certificate			
4 Conduct a pre-shipment inspection			
5 Issue a foreign exchange authorization			
6 Issue a certificate of origin (if applicable) for trade with Germany			

Comments: The above form is “blank” with nothing filled in.

1. According to statistics from the Customs Administration of the Ministry of Finance and the World Bank's 20% of cases assumption, the import into Taiwan of HS 8708 (auto parts) does not require obtaining of an export permit from any government agency other than customs in over 95% of cases.
2. For HS 8708 products imported into Taiwan from Berlin, Germany, since Taiwan and Germany do not have a free trade agreement and no preferential tariff applies, Taiwan customs does not require importers to provide certificates of origin.
3. Therefore, the above form is “blank” with nothing filled in.

3.4b Total time and cost for procedures required by government agencies other than customs

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	0.00	0.00
Cost (USD)	0.00	0.00

3.5 Procedures Related to Port and Border Handling

3.5a Procedures at the port/border

What are the time and cost to Taiwan firms of procedures required by port/border authorities in Taiwan to import a shipment of HS 8708 (auto parts) goods into Taiwan from Germany?

Procedure	Time (Hours)	Cost (USD)	Location (Select an Item)
1 Vessel/truck waiting time outside the port/border			
2 Pay border/terminal handling fees		175	At the port/border
3 Unload the shipment at the port/border			At the port/border
4 Handle shipment at the port/border			
5 Store shipment in a port/border warehouse			
6 Clear security inspections conducted by port/border authorities			
7 Queue with the truck to exit the port/border (if applicable)	4.07		At the port/border

Comments:

1. According to the 15 metric tons assumption of the World Bank case study, a Taiwan firm would use a 20-foot container to transport the goods. According to the standard charges of APL Taiwan, the terminal handling charge for a 20-foot container is NTD\$5,600 (US\$175).
2. According to the assumptions of the World Bank case study, Taiwan firms use the Port of Kaohsiung as their port of import or export. And, the processing time for a 20-foot container of goods should not exceed the time between port entry and exit of the container truck. According to 2016 information provided by Taiwan International Ports Co., Ltd., for the Port of Kaohsiung automated gate management system, the average time for loading products for import, from the arrival at the port of the container truck to its departure, is 241 minutes (4.07 hours).
3. Therefore, the average time for a container truck from lining up at the automated gate management system to enter the port, to paying the terminal handling charge, to loading the shipment at the port, and then passing again through the automated gate management system to leave the port is 4.07 hours.

3.5b Total time and cost of procedures at the port/border

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	12.92	4.07
Cost (USD)	233.85	175

3.6 Procedures Required by All Government Agencies: Border Compliance

Totaling the time and cost from 3.3b, 3.4b, and 3.5b:

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	47.38	26.73
Cost (USD)	335.38	253.16

3.7 Procedures Related to Document Preparation

3.7a Documents required to import

What are the time and cost to Taiwan firms of procedures required by any Taiwan government agency to import a shipment of HS 8708 (auto parts) goods from Germany?

Document	Form of Submission	Relevant Agency	Time to obtain & prepare (hours)	Cost (USD)
1 Bill of lading/ Delivery order	Electronic			50
2 Commercial Invoice	Electronic	Customs Administration, MOF		
3 Packing List	Electronic	Customs Administration, MOF		
4 Certificate of origin				
5 Customs import declaration	Electronic	Customs Administration, MOF	0.5	
6 SOLAS certificate				

Comments:

1. According to the assumptions of the World Bank case study and 2016 statistics from the Customs Agency of the Ministry of Finance, HS 8708 products imported into Taiwan fall under the category of clearance subject to document scrutiny (C2). Taiwan's Customs Administration requires electronic submission of customs import declarations with no need to attach a commercial invoice or packing list.
2. In order to facilitate the consignee/consignor's receipt of imported/exported product, it must obtain from the forwarder a bill of lading (B/L) or delivery order (D/O), for which the forwarder collects a fee. For the assumptions of the World Bank, according to the standard charges of APL Taiwan, the fee for an import shipping delivery order (D/O) is NTD\$1,600 (US\$50).

3. Consultation with multiple Taiwan customs brokers and the National Customs Brokers Association of the R.O.C. showed that, according to the World Bank case study, the document preparation procedures for the import of a single shipment of HS 8708 goods from Germany to Taiwan may be completed within 30 minutes (0.5 hours) and may be submitted electronically via the online customs declaration system.

3.7b Total time and cost to obtain and prepare all documents

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	40.62	0.5
Cost (USD)	90.15	50

3.8 Domestic Transportation

What is the total time and cost (on average) to transport 15 metric tons of product from Kaohsiung to a warehouse in Taipei (376 km)? Total time and cost including warehouse unloading, traffic delays, payment of tolls, and highway police checks.

	2016 World Bank Survey	2017 Taiwan Official Survey
Time (hours)	6.23	6.23
Cost (USD)	300.00	300.00

IV. Research on Good Practices

- 4.1 A physical one-stop shop is a physical location which allows traders to submit all relevant documentation at once in one place. Please select the status of the one-stop shop in your country's economy:**

Status (Select an item)	Valid for (Select an item)	Name of the one-stop shop	Agencies involved

Comment:

Taiwan uses an online one-stop shop and does not have a physical one-stop shop. This table is left "blank."

- 4.2 An Electronic Data Interchange (EDI) is a system which allows for the transfer of data electronically between entities (i.e customs and traders, or customs and port authorities). An economy may have**

different EDI systems for different interactions. Please select the status of the EDI system in your country.

Status (Select an item)	Valid for (Select an item)	Name of the one-stop shop	Agencies involved
Completed	Both Exports and Imports	Cargo Clearance Automation	Government Agencies: 18 Other Entities: 2,198

Comments:

1. Cargo Clearance Automation refers to utilizing computer connections as an electronic data interchange that links all departments associated with the Customs Office's work of import handling and export cargo clearance together with relevant firms to replace the traditional manual transmission of documents. It also uses computerized automation to replace manual labor and speed up cargo clearance, making great progress toward the goal of paperless customs clearance.
2. The goal of Cargo Clearance Automation is to effectively integrate Customs Office work, shipping work, customs declaration, importers and exporters, warehousing, finance, security inspection, licensing, transport, and freight-forwarding into the EDI and increase standardization and the transparency of processes and information. The Cargo Clearance Automation systems for air and sea transport came online in November 1992 and November 1993, respectively.
3. As of March 2017, there are 18 government agencies and 2,198 firms participating in Cargo Clearance Automation.
4. In order to facilitate the promotion and implementation of Cargo Clearance Automation, the Ministry of Finance has established "Regulations Governing The Implementation Of Automated Cargo Clearance Procedures" (<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350044>)

4.3 A Single Window (SW) is a system which integrates electronically all relevant entities involved in foreign trade. A country can only have one national SW. Please choose all applicable:

	Status (Select an item)	Valid for (Select an item)	Name of the SW	Agencies involved
National single window	Completed	Both Exports and Imports	CPT Single Window website	Government Agencies: 28 Other Entities: 2,198
Regional single window				

Comments:

1. Taiwan's Customs-Port-Trade Single Window (CPT Single Window) is the national SW; Taiwan does not have any other regional SW's.
2. As of March 2017, there are 28 government agencies and 2,198 firms participating in the CPT Single Window.

In order to facilitate the promotion and implementation of the CPT Single Window, the Ministry of Finance has established "Implementation Regulations Governing the Operation of Customs-Port-Trade (CPT) Single Window" (<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0350070>).

4.4 For economies where any component of the one-stop shop, EDI system or single window (SW) is in progress/completed, which of the following actors are integrated? Please select all that apply:

	One-stop shop	EDI	SW
1 Exporters		Integrated electronically	Integrated electronically
2 Importers		Integrated electronically	Integrated electronically
3 Freight forwarders/customs brokers		Integrated electronically	Integrated electronically
4 Carriers		Integrated electronically	Integrated electronically
5 National customs		Integrated electronically	Integrated electronically
6 National ports		Integrated electronically	Integrated electronically
7 National land borders		Integrated electronically	Integrated electronically
8 Ministry of Agriculture/Livestock		Integrated electronically	Integrated electronically
9 Ministry of Industry		Integrated electronically	Integrated electronically
10 Ministry of Trade/Economy		Integrated electronically	Integrated electronically
11 Central Bank		Not integrated	Not integrated
12 Standardization Agencies		Integrated electronically	Integrated electronically
13 Chamber of commerce		Not integrated	Not integrated
14 Sector/industry associations		Not integrated	Not integrated

Comments:

1. Taiwan does not have a physical one-stop shop; therefore the 14 items under One-stop shop are all "blank."

2. The central bank, chamber of commerce, and sector/industry associations are all marked as “Not integrated.”
3. Exporters and the other 11 items are all marked as “Integrated electronically” under EDI and Single Window.

4.5 In case the Single Window is in progress/completed, which procedures can be completed through it? For time, please include the number of hours from the moment the procedure starts (i.e. obtain a certificate) until it is fully completed (i.e. a certificate is issued after inspection). Under “Completion stage,” consider as “partially completed online” when a physical interaction (e.g., a physical inspection) is also required to complete the procedure.

	Completion stage	Time (hours)	Cost (USD)
1 Lodge the customs declaration	Can be fully completed online through the SW		
2 Obtain full customs clearance	Can be fully completed online through the SW		
3 Obtain a phytosanitary/health certificate	Can be partially completed online through the SW		
4 Obtain a technical standards certificate	Can be partially completed online through the SW		
5 Obtain a certificate of origin	Can be fully completed online through the SW		
6 Obtain a foreign exchange authorization	Cannot be completed		
7 Obtain an import/export permit	Can be fully completed online through the SW		
8 Obtain a bill of lading/transport document	Cannot be completed		
9 Inform the shipment is ready for delivery/pickup	Cannot be completed		

Comments:

1. This question item does not distinguish between imports and exports, air and sea transport, or the type of cargo, resulting in difficulty providing immediate numbers; thus, it is left “blank.”
2. The three items obtain a foreign exchange authorization, obtain a bill of lading/

transport document, and inform the shipment is ready for delivery/pickup are all marked as “Cannot be completed” through the SW.

3. The two items obtain a phytosanitary/health certificate and obtain a technical standards certificate are marked as “Can be partially completed” online through the SW.
4. The four items lodge the customs declaration, obtain full customs clearance, obtain a certificate of origin, and obtain an export/import permit are marked as “Can be fully completed” online through the SW port.

Enforcing Contracts

2017 KEY REFORMS

The civil (commercial) litigation reform measures relating to “changes to the case management system” and “introduction of automated solutions” implemented by the Judicial Yuan on June 1, 2016 are as follows:

Amendment of the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents

The Judicial Yuan's electronic litigation system's Online Filing and Document Transmission Platform (the platform) (website: <https://efiling.judicial.gov.tw/SOL/Login.do>) officially launched an online filing function on August 8, 2016, allowing the public to conveniently file documents using the Internet and increasing court use of technological device. In line with this, the related regulations of the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents were amended on July, 29, 2016.

Electronic litigation system launches civil case online filing function (August 8, 2016)

The Judicial Yuan's platform officially launched the online civil case filing function on August 8, 2016. The statement of claim can be e-filed with a court using the platform by the agent ad litem. The court will, if both parties are willing, activate the Provide Supplementary Documents to the Court and Exchange of Electronic Documents Between the Two Parties functions. Both parties can read all documents that are presented through the platform including the statement of claim.

When new documents are received by the platform both parties will be simultaneously notified by email so that users can instantly keep abreast of the case situation. As of the early part of March 2017, the platform has been used 203 times to file a civil lawsuit with the court or to exchange documents by the two parties.

Electronic litigation system service scope expanded to the parties involved in litigation (August 8, 2016)

Originally, the Judicial Yuan's operating platform was only open to agent ad litem who are qualified lawyers to use, however, since the Judicial Yuan electronic service accreditation system was activated on August 8, 2016, ordinary citizens can, using a natural person certificate issued by the Ministry of the Interior, apply for a system account number and use the Judicial Yuan's operating system for submitting documents and its other functions.

Lawyers' electronic service system launches online case file review request function (June 14, 2016)

The Lawyers' Single Log In Window of the Judicial Yuan's Lawyers' Electronic Service System launched the Online File Review and Electronic Document Copy Request function on June 14, 2016, allowing lawyers to apply to the court electronically for Review of Paper Documents at the court or Copy Electronic Documents for civil or other litigation cases. After the court confirms payment, a DVD containing the required electronic files will be sent to the designated address. This service has an automatic application mechanism and allows case files to be obtained without printing or scanning.

QUALITY OF JUDICIAL PROCESSES INDEX

4.1 Court Automation

Question 4.1-1 Electronic Filing	Answer
Can the initial complaint be filed electronically through a dedicated platform within the Taipei District Court? Please answer "No" if it can only be filed by e-mail or fax.	Last year: No This year: Yes
When the initial complaint is filed electronically, must a hard copy be submitted as well?	This year: No

Legal basis: Articles 2 and 12 of the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents

Comments:

1. Article 2 of the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents stipulates that transmission by fax or other technological device in the Rules refers to transmission through a communication network of pleadings of plaintiff or his/her agent ad litem, witness or expert witness statement in writing, affidavits, and other litigation documents by the deliver, through

which the recipient receives the documents or their photocopies using fax or other technological device.

2. Article 12 of the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents stipulates that when documents transmitted to the Judicial Yuan's platform are received it is equal to them being presented to the court accepting the lawsuit. In the aforementioned circumstances, when the opposing party has designated the Judicial Yuan's platform as the means of receiving litigation documents, when documents reach the platform the effect of giving notice to the opposing party will occur.

Question 4.1-2 Electronic Service of Process	Answer
Can the initial complaint filed before the Taipei District Court be served on the defendant electronically? If so, please specify how service is carried out (by e-mail, SMS/text, fax, etc.).	Last year: No This year: Yes

Legal basis: Article 4 of the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents

Comments:

1. Article 4 of the Rules Governing Use of Fax or Other Technological Device for Submission of Civil Litigation Documents stipulates: (1) Plaintiff, statutory agent of a party, agent ad litem, witness or expert witness can transmit litigation documents by fax or by any other technological device to court. (2) When the plaintiff or interested party indicates the availability of fax or other technological device for transmission of litigation documents, the court or opposing party must transmit such documents by fax or other technological device.
2. Therefore, if plaintiff or agent ad litem provides the defendant's email, fax, or SMS number, the Taipei District Court must transmit the statement of claim to the defendant through the Judicial Yuan's platform.

Question 4.1-3 Electronic Payment of Court Fees	Answer
Can court fees be paid electronically within the Taipei District Court? Please mark "Yes" also if payment can be made through online banking.	Last year: Yes This year: Yes

Legal basis: Sub-paragraph 2, Point 2 of the Directions of Diverse Payment for Handling of Litigation Cases by Courts

Comments:

Sub-paragraph 2, Point 2 of the Directions of Diverse Payment for Handling of Litigation Cases by Courts stipulates that, after documents are filed through the Judicial Yuan's

platform, payment can be made in five ways, namely by paying at the counter in a financial institution, transferring by ATM, transferring by web ATM, deducting from the current account, and paying at a convenience store.

Question 4.1-4 Publication of Judgments	Answer
Are judgments rendered at all levels in commercial cases made available to the general public through publication in official gazettes, in newspapers or on the internet/court website? If judgments are published online, please include a link to the relevant website.	Last year: Yes This year: Yes The relevant website: The Judicial Yuan of The Republic of China Law and Regulations Retrieving System http://jirs.judicial.gov.tw/eng/
Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet/court website? If judgments are published online, please include a link to the relevant website.	Last year: Yes This year: Yes The relevant website: The Judicial Yuan of The Republic of China Law and Regulations Retrieving System http://jirs.judicial.gov.tw/eng/

Legal basis:

Article 83 of the Court Organic Act, and Point 2 of the Operation Directions for Government Information Publication of the Judicial Yuan

Comments:

1. Article 83 of the Court Organic Act stipulates: (1) All levels of court should periodically publicize decisions in a gazette or by other means, unless otherwise stipulated by law. (2) As well as a natural person's name, the aforementioned publication should not include ID number or any information through which an individual may be identified.
2. Point 2 of the Operation Directions for Government Information Publication of the Judicial Yuan stipulates that the publication matters for government information it publishes initiatively shall be undertaken by the competent authority that made or obtained the information, and the period of publication shall be decided according to the nature of the information.

4.2 Court Structure & Proceeding

Question 4.2-1 Specialized Commercial Court	Answer
In Taipei, is there a court, division or bench of a court dedicated solely to hearing commercial cases?	Last year: No This year: Yes
What is the name of this court, division or bench?	1. Intellectual Property Court 2. International Trade and Maritime Commerce Specialized Division 3. Intellectual Property Rights Specialized Division 4. Securities and Futures Specialized Division 5. Fair Trade Specialized Division
What is the jurisdictional threshold (minimum claim value) for cases to be heard by this court, division or bench?	As the jurisdiction of each specialized court or division is decided according to the nature of cases, there are no minimum claim value restrictions.

Legal basis: Sub-paragraph 4, Paragraph 1, Article 2 of the Rules for Annual Judicial Affairs Allocation for the Handling of Civil and Criminal, and Administrative Litigation and Specialized Types of Case by Judges of All Court Levels (attached table 1 and 2)

Comments:

1. Sub-paragraph 4, Paragraph 1, Article 2 of the Rules for Annual Judicial Affairs Allocation for the Handling of Civil and Criminal, and Administrative Litigation and Specialized Types of Case by Judges of All Court Levels (attached table 1 and 2) stipulates that, with respect to civil law, there is a special division(section) for intellectual property cases and, with respect to criminal law, a special division(section) for financial cases and intellectual property cases.
2. At present Taiwan has set up the Intellectual Property Court, International Trade and Maritime Commerce Specialized Division, Intellectual Property Rights Specialized Division, Securities and Futures Specialized Division, and Fair Trade Specialized Division for handling intellectual property and commercial cases.
3. As the jurisdiction of each specialized court or division is decided according to the nature of cases, there are no minimum claim value restrictions.

Question 4.2-2 Small Claims Court	Answer
<p>In Taipei, is there a small claims court/division or a fast-track procedure for small claims?</p> <p>A small claims court is a court with limited jurisdiction to hear cases with a maximum claim value that is relatively small. These courts usually have relaxed rules of civil procedure, relaxed rules of evidence and are characterized by the use of plain language.</p>	<p>Last year: Yes This year: Yes</p>
<p>What is the name of this court or division?</p>	<p>Taipei Summary Court, Taipei District Court</p>
<p>What is the name of this court or division?</p>	<p>1. Summary proceeding: The Code of Civil Procedure, Articles 427 to 436-7 2. Small claims proceeding: The Code of Civil Procedure Articles 436-8 to 436-32 Law link: http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=B0010001</p>
<p>What is the maximum monetary amount for cases to be heard by this court/division or through this procedure?</p>	<p>1. Summary proceeding: maximum claim amount of NT\$500,000 2. Small claims proceeding: maximum claim amount of NT\$100,000</p>
<p>Is self-representation allowed within these proceedings?</p>	<p>Both summary proceeding and small claims proceedings allow self-representation</p>
<p>If small claims are resolved through a stand-alone court or division, please mention whether simplified rules of civil procedure apply.</p>	<p>Small Claims Proceeding Articles 436-8 to 436-32, Chapter 4, Part 2 of the Code of Civil Procedure.</p>

Legal basis: Articles 427 to 436-7, 436-8 to 436-32 of the Code of Civil Procedure

Comments:

1. In Taiwan's Code of Civil Procedure small claims litigation is divided into summary proceeding and small claims proceeding. In Taipei, Taipei Summary Court of Taipei District Court has jurisdiction over such cases. The maximum claim in summary proceeding is less than NT\$500,000, while the maximum for small claims proceeding less than NT\$100,000.
2. Summary proceeding is subject to Articles 427 to 436-7 of the Code of Civil Procedure; small claims proceeding is subject to Articles 436-8 to 436-32 of the same law.
3. Even if the claim is over NT\$500,000 or a case is not a case to which summary

proceeding applies under Paragraph 2 of Article 427 of the Code of Civil Procedure, plaintiff and defendant can agree to apply summary proceeding under Paragraph 3 of the same law.

4. When a claim is under NT\$500,000 and summary proceeding should be adopted, plaintiff and defendant can agree to apply small claims proceeding under Paragraph 4 of Article 436-8 of the Code of Civil Procedure.

Question 4.2-3 Pre-Trial Attachment	Answer
Assuming that the plaintiff fears that the defendant may dissipate assets, move assets out of the jurisdiction or become insolvent, would the plaintiff be allowed to request and obtain attachment of the defendant's movable assets (office equipment or vehicles) within the same court?	Last year: Yes This year: Yes

Legal basis: Articles 522 and 524 of the Code of Civil Procedure

Comments:

1. According to Article 522 of the Code of Civil Procedure: (1) A creditor may apply for provisional attachment with regard to monetary claims or claims exchangeable for monetary claims for purposes of securing the satisfaction of a compulsory execution. (2) The application provided in the preceding paragraph may be made with regard to claims subject to a condition or time.
2. According to Article 524 of the Code of Civil Procedure: (1) The court having jurisdiction over the principal case, or the court at the place where the object of the provisional attachment is located, has jurisdiction over the application for provisional attachment. (2) The court having jurisdiction over the principal case shall be the court of first instance in which the action is pending or to be pending.

Question 4.2-4 Assignment of Cases	Answer
How are new cases assigned to judges within the Taipei District Court?	Randomly, through an automated system
Can the parties or their counsels influence the appointment of the judge or predict which judge will be assigned to their case with a high level of certainty?	No

Legal basis: Point 23 of the Implementation Directions for Civil and Criminal Case Numbering, Assignment and Closure

Comments:

1. According to Point 23 of the Implementation Directions for Civil and Criminal Case Numbering, Assignment and Closure case assignment of high court and district court

criminal and civil cases and non-litigation events should be done by drawing lots according to case category.

2. Therefore, Taipei District Court uses a random lot drawing method to assign cases to judges. The litigants or their lawyers are unable to influence case assignment or predict the judge who will hear the case.

Question 4.2-5 Gender Equality	Answer
According to the applicable civil procedure law, does a woman's testimony carry the same evidentiary weight in court as a man's in all types of court cases?	Last year: Yes This year: Yes
If not, in which kind of cases do they not carry the same weight (e.g. commercial, family, etc.)?	

Legal basis: Article 7 of the Constitution of the Republic of China (Taiwan), Article 302 of the Code of Civil Procedure

Comments:

1. Article 7 of the ROC Constitution stipulates that all citizens of the Republic of China, irrespective of sex, religion, race, class, or party affiliation, shall be equal before the law. Article 302 of the Code of Civil Procedure also stipulates that, except as otherwise provided by the laws, every person is under a general duty to testify in an action between others.
2. Therefore, the testimony of women and men in all types of case heard in court have the same evidentiary weight.

4.3 Case Management

Question 4.3-1 Time Standards for Civil Cases, Adjournments and Continuances	
	Last year: Yes This year: Yes Legal basis: The Code of Civil Procedure, the Implementation Directions for Case Handling Time Limits for All Court Levels

If "Yes", which of these key events have specific deadlines set by law? Please mention the specific article of the applicable law/regulation and, if possible, include a link to the material.

Answer:

Last year: Filing of the statement of defense, deadline to submit final judgment.

This year: Service of process, First hearing, Filing of the statement of defense, Deadline to submit final judgment

Process	Legal basis
<input checked="" type="checkbox"/> Service of process	Articles 228 and 421 of The Code of Civil Procedure
<input checked="" type="checkbox"/> First hearing	Articles 251 and 429 of The Code of Civil Procedure
<input checked="" type="checkbox"/> Filing of the statement of defense	Article 267 of The Code of Civil Procedure
<input type="checkbox"/> Completion of the evidence period	
<input type="checkbox"/> Time for the expert to deliver his opinion	
<input checked="" type="checkbox"/> Deadline to submit final judgment	Article 223 of the Code of Civil Procedure, Point 4 of the Implementation Directions for Case Handling Time Limits for All Court Levels.

Legal link website:

1. The Code of Civil Procedure: <http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=B0010001>
2. The Implementation Directions for Case Handling Time Limits for All Court Levels: <http://db.lawbank.com.tw/FLAW/FLAWDAT0202.aspx?lsid=FL000872>

Are these time standards respected in more than 50% of the cases?	Last year: Yes This year: Yes
Does the law also regulate the maximum number of adjournments or continuances that can be granted?	Last year: No This year: Yes Legal basis: Articles 189 and 190 of the Code of Civil Procedure
Are adjournments limited to unforeseen and exceptional circumstances? Please answer "Yes", if the law lists the common causes for adjournments (e.g. death of party/lawyer, appointment of an expert, attempt to reach settlement) and/or if the law explicitly states that adjournments can only be granted in exceptional circumstances.	Last year: Yes This year: Yes Legal basis: Articles 37, 181, 182, 182-1, 182-2 and 189 of the Code of Civil Procedure
If rules on adjournments exist, are they respected in more than 50% of the cases?	Last year: Yes This year: Yes

Comments:**1. Explanation of the time limits key litigation events are subject to by law**

- (1) Service of process: According to Paragraph 1, Article 228 of the Code of Civil Procedure, the original copy of the judgment shall be delivered to the court clerk

on the same day of its announcement; in cases where the judgment is announced during the last oral-argument session, it shall be delivered within five days of that session. And Paragraph 3, Article 431 of the Code of Civil Procedure, within ten days of a successful mediation, an authenticated copy of the transcript shall be served upon the parties and the interested persons who have intervened.

- (2) First hearing: According to Article 251 of the Code of Civil Procedure, (1) The complaint shall be served upon the defendant along with the summons for the oral-argument session. (2) Except in urgent cases, there shall be a preparation period scheduled for at least ten days between the day of service provided in the preceding paragraph and the day scheduled for the oral-argument session. (3) In an action where a preparatory proceeding has been conducted, the preparation period provided in the preceding paragraph shall be no less than five days. And Paragraph 2, Article 429 of the Code of Civil Procedure, the preparation period for the first oral argument session shall be at least five days, except in urgent cases.
- (3) Filing of the statement of defense: According to Article 267 of the Code of Civil Procedure, (1) The defendant shall, if he/she considers it necessary to do so, submit his/her answer to the court, with a written copy or photocopy thereof sent directly to the plaintiff within ten days after receiving the complaint, and no later than five days prior to the oral-argument session if one has been designated. (2) Where any matter which should be notified to the opposing party in preparation of the case is not indicated in the complaint or answer, the parties shall submit to the court a preparatory pleading indicating such matter with a written copy or photocopy thereof sent directly to the opposing party within the period which the opposing party needs to prepare for such matter, and no later than five days prior to the oral-argument session if one has been designated. (3) The parties shall submit to the court the preparatory pleading, if any, to dispute or respond to the matters indicated in the pleadings provided in the two preceding paragraphs with a written copy or photocopy thereof sent directly to the opposing party within five days after receiving such pleadings as provided in the two preceding paragraphs, and no later than three days prior to the oral-argument session if one has been designated.
- (4) Deadline to submit final judgment: According to Article 223 of the Code of Civil Procedure, (1) Judgements for which oral arguments were conducted shall be announced; judgments for which no oral arguments were conducted shall be published. (2) A judgment shall be announced on the day of the last oral-argument session or on a later date that is designated on the day of the last oral-argument session. (3) The date designated for announcing the judgment provided in the preceding paragraph shall be no later than two weeks from the day of the

conclusion of the oral argument. Also, Point 4 of the Implementation Directions for Case Handling Time Limits for All Court Levels stipulates, from the day the case is accepted, if a case is not completed before the following deadlines, after request for approval from the court president by the secretariat and related units, a notification will be made up and sent out to the relevant judge or judicial investigator in the name of the court president urging them to pay attention: (1) More than seven months for the judgment of first instance in civil and criminal simple procedure cases. (2) More than one year for the judgment of first instance in civil and criminal ordinary procedure and civil execution cases.

- (5) Therefore, Taiwan has fixed time limits for four key litigation events, namely, service of process, first hearing, filing of the statement of defense and deadline to submit final judgment.

2. Explanation of the number of times may be stayed and continued by law

- (1) According to Paragraph 1, Article 189 of the Code of Civil Procedure, the parties may stay the proceeding by consent, except that the running of a peremptory period shall not be affected by the stay. Article 190 of the Code of Civil Procedure, in cases where the proceeding is stayed by consent, if the parties fail to continue the proceeding within four months after notifying such consent to the court, the action or appeal shall be deemed dismissed voluntarily. The parties may stay the proceeding by consent only on one additional occasion after continuing the proceeding from a stay by consent. No notification of a stay of the proceeding by consent shall take effect when the proceeding previously has been stayed by consent twice, and the court may continue the proceeding on its own initiative. If both parties fail to appear in the oral argument sessions without giving a justifiable reason, the action or appeal shall be deemed dismissed voluntarily.
- (2) Therefore, the parties can stay the proceedings and continue within four months; proceedings can be stayed again after being continued but only one more time.

3. Explanation of reasons litigation can be stayed by law and exceptions

- (1) According to Article 37 of the Code of Civil Procedure, (1) The judge shall, upon a motion for disqualification, stay the proceeding prior to a ruling on the motion, except where the motion is filed in violation of either the provisions of the second paragraph of Article 33 or the first or second paragraph of Article 34, or for the manifest purpose of delaying the proceeding. (2) Despite a stay in accordance with the provision of the preceding paragraph, necessary measures shall still be taken under emergent circumstances.

- (2) According to Article 181 of the Code of Civil Procedure, when it is necessary for a party to stay the proceeding due to his/her military service during wartime, or a party's communication to the court is obstructed due to a force majeure, war, or other unavoidable events, the court may stay the proceeding by a ruling until such obstruction is removed.
- (3) According to Article 182-1 of the Code of Civil Procedure, (1) When a civil court's decision regarding its subject matter jurisdiction over an action conflicts with an administrative court's binding decision, the civil court shall stay the proceeding by a ruling and petition for the Grand Justice Council's explanation. Notwithstanding, should the parties consent for the civil court to adjudicate the action, then the civil court shall adjudicate the case. (2) If a civil court is deemed as having no jurisdiction over a case, upon the interpretation of the Grand Justice Council, the court shall forward the case ex officio to the court that has jurisdiction. (3) The consent provided in the first paragraph shall be evidenced in writing.
- (4) According to Article 182-2 of the Code of Civil Procedure, (1) In cases where a party has initiated an action with regard to a subject matter for which an action is pending in a foreign court, if reasons exist for the court reasonably to believe that the foreign court's judgment on the action may be recognized in the R.O.C., and it is not substantially inconvenient for the defendant to litigate in such foreign country, then the court by a ruling may stay the proceeding until the entry of a final and binding judgment on the action in that foreign country, except where the parties have otherwise consented to have the subject matter adjudicated by the R.O.C. court. (2) Before deciding on the ruling provided in the preceding paragraph, the court shall accord the parties an opportunity to be heard.
- (5) Therefore, as stipulated by the Code of Civil Procedure, when a judge is requested to recuse, a party's communication to the court is obstructed due to a force majeure, an ordinary court and an administrative court have different opinions of definitive judgment or when an action is pending in a foreign court the court can decide to stay the proceedings.

Question 4.3-2 Performance Measurement Mechanisms

Are there reports that can be generated about the Taipei District Court to monitor the court's performance, the progress of cases through the court and ensure compliance with the time standards mentioned above?	Last year: Yes This year: Yes Legal basis: Points 2 and 4 of the Implementation Directions for Case Handling Time Limits for All Court Levels; Point 2 of the Operation Directions for Government Information Publication of the Judicial Yuan
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If “Yes”, which of the following reports are made available online? These reports could be part of an annual report on the judiciary.

Answer:

- ☒ Time to disposition report (measures the time the court takes to dispose/adjudicate its cases)
- ☐ Clearance rate report (measures the number of cases resolved vs. the number of incoming cases)
- ☒ Age of pending cases report (provides a snapshot of all pending cases according to case-type, case-age, last action held and next action scheduled)
- ☒ Single case progress report (provides a snapshot of the status of one single case)

Related websites:

1. Judicial Yuan Judicial Statistics: <http://www.judicial.gov.tw/juds/>
2. Judicial Yuan Case Progress Enquiry System: <http://cpor.judicial.gov.tw/cqry/Login.do>

Comments:

1. Time to disposition report: Point 2 of the Implementation Directions for Case Handling Time Limits for All Court Levels stipulates that, from the day a case is accepted (11 categories,) when the case has not been closed within the time limit, as well as the court president urging the judge to promptly complete the case, a monthly delayed case form is filled in and reported to the Judicial Yuan.
2. Age of pending cases report: Point 4 of the Implementation Directions for Case Handling Time Limits for All Court Levels stipulates that when a case has not been completed within the set time limit after being accepted, the secretariat and related units will obtain the approval of the court president and send a notice to the relevant judge or investigator in the president's name urging them to pay attention.
3. Therefore, for time to disposition report and age of pending cases report, courts are required to fill in a monthly delayed case form as the basis for performance evaluation by the Judicial Yuan. Also, on the Judicial Yuan's Judicial Statistics website, statistics for closed case and ongoing cases can be enquired and is compiled in the year's Judicial Yuan Statistical Yearbook.
4. Single case progress report can be checked on the Judicial Yuan Case Progress Enquiry System: <http://cpor.judicial.gov.tw/cqry/Login.do>

Question 4.3-3 Pre-Trial Conference	Answer
Is a pre-trial conference part of the case management techniques used before the Taipei District Court?	Last year: Yes This year: Yes
A pre-trial conference is a meeting presided by the judge and designed to narrow down contentious issues and evidentiary questions before the trial. Its purpose is to discuss the possibility of settlement and to expedite the trial process while discouraging unnecessary pretrial motions or other delay tactics.	Legal basis: Articles 269, 270 and 270-1 of the Code of Civil Procedure; Point 47 of the Directions for Civil Litigation Handling

If “Yes”, which issues would be discussed and which actions would take place in such a pre-trial conference?

Answer:

- ☒ Scheduling, including time frame for filing motions and other documents with the court
- ☒ Examination of case complexity and projected length of trial
- ☒ Possibility of settlement or ADR
- ☒ Exchange of witness list
- ☒ Discovery timeline/agreement on evidence
- ☒ Jurisdiction and other procedural issues
- ☒ Narrowing down contentious issues

Comments:

- According to Article 269 of the Code of Civil Procedure, The court may, prior to the oral argument, take the following measures if it considers it necessary to do so in order to expedite the closing of oral argument: (1) To order the parties or their statutory agents to appear in person; (2) To order the parties to produce documents and objects; (3) To notify witnesses or expert witnesses, and to send for documents or objects, or order a third person to produce documents or objects; (4) To conduct inspections, or order expert testimony, or request an agency or organization to conduct an investigation; (5) To require a commissioned judge or an assigned judge to take evidence.
- According to Article 270 of the Code of Civil Procedure, (1) In an action adjudicated by judges sitting in council, the court may, if necessary, appoint one of the judges to be the commissioned judge to conduct the preparatory proceeding. (2) The preparatory proceeding shall not proceed beyond the clarification of the relations involved in the action, except where the court has ordered that evidence be taken in the preparatory proceeding.

3. According to Paragraph 1, Article 270-1 of the Code of Civil Procedure, for the purpose of clarifying the relations involved in the action, the commissioned judge may conduct the following activities without holding a session in public: (1) To order the parties to explain the matters indicated in the preparatory pleadings; (2) To order the parties to make statements with regard to the facts, documents, or objects; (3) To formulate and simplify the issues; (4) Other necessary matters.
4. Also, Paragraph 1 of Point 47 of the directions for Civil Litigation Handling stipulates, in the preparatory proceeding, the commissioned judge may clarify the relations involved in the action, as well as be ordered to take evidence or seek settlement.

Question 4.3-4 Electronic Case Management System

If an electronic case management system is in place within the Taipei District Court, please answer the following two questions.

Which of the following actions can judges perform through the electronic system?

Answer:

- ☒ Access laws, regulations and case-law
- ☒ Automatic generation of a hearing schedule for all cases on the judge's docket
- ☒ Send notifications (e.g. emails) to lawyers
- ☒ Track status of a case on the judge's docket
- ☒ View and manage case documents (briefs, motions, etc.)
- ☒ Assistance with judgment writing
- ☒ Semi-automatic generation of court orders
- ☒ View court orders and judgments in a particular case

The related website:

1. The Judicial Yuan of The Republic of China Law and Regulations Retrieving System: <http://jirs.judicial.gov.tw/eng/>
 2. Judicial Yuan Case Progress Enquiry System: <http://cpqr.judicial.gov.tw/cqry/Login.do>
-

Which of the following actions can lawyers perform through the electronic system?

Answer:

- ☒ Access laws, regulations and case-law
- ☒ Access forms to be submitted to the court
- ☒ Receive notifications (e.g. emails)
- ☒ Track the status of a given case (future hearings, deadlines, etc.)
- ☒ View and manage case documents (briefs, motions, etc.)
- ☒ File briefs and documents with the court
- ☒ Access court orders and decisions on a given case

The related website:

1. The Judicial Yuan of The Republic of China Law and Regulations Retrieving System: <http://jirs.judicial.gov.tw/eng/>
 2. Judicial Yuan website: Documents Reference Examples: <http://www.judicial.gov.tw/assist/assist03.asp>
 3. Judicial Yuan Lawyers Single Log in Window: <http://portal.ezlawyer.com.tw/Login.do>
 4. Judicial Yuan: Online Lawsuit Filing and Document Transmission Operating Platform: <https://efiling.judicial.gov.tw/SOL/LOGIN.jsp>
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Comments:

1. Judges can perform following all actions through the electronic system:
 - (1) Access laws, regulations and case-law: Judges can obtain laws and legal precedents in the Judicial Yuan Law and Regulations Retrieving System.
 - (2) Automatic generation of a hearing schedule for all cases on the judge's docket: The Judicial Process Management System of the Hearing Information System of the courts under the JY allows judges to check the hearing date of the cases they are handling by a calendar method, and it can be changed to Google calendar.
 - (3) Send notifications (e.g. emails) to lawyers: The JY website's Online Lawsuit Filing and Document Transmission Operating Platform and Online Complaint and Lawyers' Single Log In systems will send out related email notifications; the Case Progress Online Enquiry System can be used after a litigant and lawyer apply and approval is gained from a judge; when there is new progress in a case, the system will notify the applicant by email and provide an enquiry function.
 - (4) Track status of a case on the judge's docket: The Case Enquiry function of the Hearing Information System of the courts under the JY allows judges to obtain information about the cases they are handling, such as litigant information, proceeding matters, terminated matters and check list, allowing them to keep fully abreast of the case situation.
 - (5) View and manage case documents (briefs, motions, etc.): Document System of the Hearing Information System of the courts under the JY stores electronic versions of all paper files and electronic files obtained directly from the lawsuit e-filing system. Judges can access and manage all the documents presented by the litigants through this system.
 - (6) Assistance with judgment writing: The Civil Point of Dispute Sorting System helps with the writing of civil case judgments. The Judicial Document Processor of the Hearing Information System of the courts under the JY also provides all the document processing functions a judge needs to write a judgment, including

editing, layout, citation, proofreading and transmission.

- (7) Semi-automatic generation of court orders: The Original Making Function of Hearing Information System of the courts under the JY automatically generates draft judgments according to the case situation columns ticked by judges that are based on commonly seen judgment formats. It greatly reduces the time judges spend on making judgments.
- (8) View court orders and judgments of a given case: The JY's Jurisprudence Information Retrieval System contains decisions and public notices of judgement of abridgment of rights from all levels of courts (including simple cases), and can be used for enquiry by judges and ordinary citizens.

2. Lawyers can perform following all actions through the electronic system:

- (1) Access laws, regulations and case-law: The JY's Jurisprudence Information Retrieval Systems contains regulations over which the JY has jurisdiction and the interpretations and precedents of the JY and its subsidiary courts. These can be searched.
- (2) Access forms to be submitted to the court: The Document Reference Examples on the JY website shows the format of various civil and criminal litigation documents. Forms can be obtained by lawyers on the Document Example page.
- (3) Receive notifications (e.g. emails): The JY website's Online Lawsuit Filing and Document Transmission Operating Platform and Online Filing and Lawyers' Single Log In Window systems will automatically send out notification emails. The Latest Case Progress function of the Lawyers' Single Log In Window allows lawyers to keep track of the status of their cases. When there is a progress in a case (such as setting the date of a hearing,) the lawyer will be notified by email.
- (4) Track the status of a given case (future hearings, deadlines, etc.): The Latest Case Progress function of the JY Lawyer's Single Log in Window system allows lawyers to keep abreast of the progress of cases they are handling.
- (5) View and manage case documents (briefs, motions, etc.): The JY Online Lawsuit Filing and Document Transmission Operating Platform allows lawyers to read and manage all the litigation documents they present to the court. All the documents that have been presented by both sides to the court through this system can be instantly checked.
- (6) File briefs and documents with the court: Presenting complaint and documents to the court: fax, email and the JY website's Online Lawsuit Filing and Document Transmission Operating Platform can be used to deliver electronic litigation documents, and related attached files and forms.

- (7) Access court orders and decisions on a given case: The JY's Jurisprudence Information Retrieval Systems contains decisions and public notices of judgement of abridgment of rights from all levels of courts (including simple cases). Lawyers can search by court, case number and other conditions to find the judgment they want.

4.4 Alternative Dispute Resolution

Question 4.4-1 Arbitration	Answer
In Taiwan, is domestic commercial arbitration governed by a consolidated law or consolidated chapter/section of the applicable code of civil procedure encompassing substantially all its aspects? If "Yes", please indicate the name and year of publication of the law.	Last year: Yes This year: Yes Legal basis: Arbitration Law , promulgated on January 20, 1961
Are valid arbitration clauses or agreements usually enforced by the courts in Taiwan? Please answer "No" if courts would adjudicate a case despite the presence of a valid arbitration clause or agreement	Last year: Yes This year: Yes Legal basis: Article 37 of the Arbitration Law
Are there any commercial disputes – aside from those that deal with public order or public policy – that cannot be arbitrated in Taiwan?	Last year: No This year: No Legal basis: Article 1 of the Arbitration Law

Please indicate whether any of the following disputes cannot be arbitrated:

Answer: blank below

- ☐ Disputes involving immovable property
- ☐ Intra-corporate disputes (e.g. disputes over decisions made by the executive bodies of a corporation or disputes involving shareholder arrangements).
- ☐ Intellectual property disputes
- ☐ Finance and banking activities (including securities transactions)
- ☐ Disputes related to insolvency, bankruptcy or liquidation of a company
- ☐ Employment disputes

Comments:

1. Taiwan's Arbitration Law was promulgated in January, 1961 and has been amended six times. The most recent amendment was in December, 2015. It has total 56 provisions.
2. According to Article 37 of the Arbitration Law, (1) The award shall, insofar as relevant, be binding on the parties and have the same force as a final judgment of a court. (2)

An award may not be enforceable unless a competent court has, on application of a concerned party, granted an enforcement order. However, the arbitral award may be enforced without having an enforcement order granted by a competent court if the contending parties so agree in writing and the arbitral award concerns any of the following subject-matters: (i) Payment of a specified sum of money or certain amount of fungible things or valuable securities; (ii) Delivery of a specified movable property.

3. According to Article 37 of the Arbitration Law, (1) Parties to a dispute arising at present or in the future may enter into an arbitration agreement designating a single arbitrator or an odd number of arbitrators to constitute an arbitral tribunal to determine the dispute. (2) The dispute referred to in the preceding paragraph is limited to those which may be settled in accordance with the law. (3) The arbitration agreement shall be in writing. (4) Written documents, documentary instruments, correspondence, facsimiles, telegrams or any other similar types of communications between the parties evincing prima facie arbitration agreement shall be deemed to establish an arbitration agreement.

Question 4.4-2 Voluntary Mediation / Conciliation	
Is voluntary mediation/conciliation available in Taiwan? Please answer "Yes" only if the parties do not have to participate in the process unless they want to.	Last year: Yes This year: Yes
In Taiwan, is mediation/conciliation governed by a consolidated law or consolidated chapter/section of the applicable code of civil procedure encompassing substantially all aspects of mediation/conciliation? If "Yes", please indicate the name and year of publication of the law.	Last year: Yes This year: Yes Legal basis: Section 4 Chapter 1 Settlement and Chapter 2 Mediation Proceeding of Part 2 of the Code of Civil Procedure, amended and promulgated in Feb. 1968.
Are there financial incentives for parties to attempt mediation/conciliation (i.e. refund of court filing fees, income tax credits, etc.).	Last year: Yes This year: Yes Legal basis: Articles 77-20 and 84 of the Code of Civil Procedure

Comments:

1. Section 4 Chapter 1 Settlement and Chapter 2 Medication Proceeding of Part 2 of the Code of Civil Procedure were amended and promulgated in Feb. 1968.
2. According to Article 77-20 of the Code of Civil Procedure, (1) In a motion for mediation of disputes over proprietary rights, no filing fees will be taxed where the price or claim's value is less than NTD 100,000. A filing fee shall be taxed for claims valued at NTD 100,000 or greater according to the following rates: NTD 1,000 where the price or

claim's value is NTD 100,000 or more but less than NTD 1,000,000; NTD 2,000 where the price or claim's value is NTD 1,000,000 or more but less than NTD 5,000,000; NTD 3,000 where the price or claim's value is NTD 5,000,000 or more but less than NTD 10,000,000; NTD 5,000 where the price or claim's value is NTD 10,000,000 or more. No filing fees will be taxed on a motion for mediation of disputes over non-proprietary rights.(2) In cases where an action is initiated within thirty days following an unsuccessful mediation, the party moving for mediation may have the filing fees paid for that motion deducted from the court cost to be paid.

3. According to Paragraph 2, Article 84 of the Code of Civil Procedure, when a settlement is reached, the parties may, within three months after the settlement date, move for the return of two-thirds of the court costs paid for the current court action.

RESEARCH QUESTIONS

This year, Doing Business is collecting data on the structure and functioning of the enforcement process. For the purposes of this section, an enforcement agent is a person authorized by the state to carry out the enforcement process.

Question 7.1

In Taiwan, enforcement agents have:

- ☒ Public status (i.e. they are public officials – judges, enforcement agents, etc. – on the State's payroll)
 - ☐ Private status (i.e. they are enforcement agents practicing as private professionals under the supervision of public entities)
 - ☐ Mixed status (i.e. the two models detailed above coexist)
 - ☐ Other, please explain
-

Question 7.2

Please list the individuals involved in enforcement proceedings in Taiwan and briefly describe their functions. Examples of individuals include: judge, enforcement officer/bailiff, auctioneer, etc.

Legal basis : Articles 2 and 3 of the Compulsory Enforcement Act

Comments :

1. Article 2 of the Compulsory Enforcement Act stipulates that enforcement matters are to be executed by judges, judicial associate officers, court clerks or execution officers. Article 3 stipulates, (1) Compulsory enforcement cases are to be handled by a court clerk together with execution officers under the orders of a judicial associate officer. (2) All the matters that the Act stipulates are to be handled by a judge can be handled by a judicial associate officer, except arrest and custody.

2. Introduction to the positions of enforcement agents:

- (1) Judge: order a court clerk to carry out compulsory enforcement matters together with execution officers (including arrest and custody).
- (2) Judicial Associate Officer: orders a clerk to carry out compulsory enforcement matters together with execution officers (not including arrest and custody).
- (3) Clerk, execution officer: carry out compulsory enforcement matters under the orders of a judge or judicial associate officer.

Question 7.3	Answer
What is the minimum level of education required to become an enforcement agent?	High-school diploma

Legal basis: Article 3 of the Civil Service Special Examination Regulations for Judges, Article 3 of the Civil Service Special Examination Regulations for Judicial Personnel

Comments :

The minimum educational qualifications for enforcement agents are described below:

1. Judge: University graduate or above, with degree in Law, Political Science or Administration.
2. Judicial Associate Officer: University graduate or above.
3. Clerk: University graduate or above.
4. Execution officer: High school graduate or above.

Question 7.4	Answer
Are individuals required to sit for an examination to become enforcement agents?	Yes

Legal basis: Article 3 of the Civil Service Special Examination Regulations for Judges, Article 3 of the Civil Service Special Examination Regulations for Judicial Personnel

Question 7.5	Answer
Are individuals required to do a practical traineeship to become enforcement agents?	Yes

Legal basis: Paragraph 1 of Article 21 of the Civil Service Examinations Act

Comments:

1. Paragraph 1 of Article 21 of the Civil Service Examinations Act stipulates that in-quota qualifiers of Civil Service examinations at any grade or level shall attend training according to the category and discipline of their examination. Candidates who achieve the required grade at the end of their training will be certificated and appointed to a

post. Training procedures for extra-quota qualifiers on the reserve list who may later be called upon by an employing agency are to be the same as for in-quota qualifiers.

2. Therefore, the civil service examination must be passed and training completed to become an enforcement agent.

Question 7.6	Answer
Are enforcement agents required to follow compulsory continuous training or undergo a re-certification process?	Yes

Legal basis: Article 81 of the Judges Act, Point 11 of the Directions for Handling Affairs for Judicial Associate Officers

Comments:

1. Article 81 of the Judges Act stipulates, (1) Judges must undertake in-service training once a year. (2) The Judicial Yuan should set aside a budget every year to send selected judges of every level to carry out judicial observation or training in Taiwan or overseas.
2. Point 11 of the Directions for Handling Affairs for Judicial Associate Officers stipulates that each court should pay attention to the in-service training of judicial associate officers to advance their professional knowledge and skills.

Question 7.7	Answer
Can parties to the enforcement process lodge complaints against enforcement agents? If so, please list the possible grounds of complaint (i.e. excessive length, excessive cost, lack of information, no enforcement at all, breach of ethics, etc.) and briefly describe how this mechanism works.	Yes

Legal basis: Article 12 of the Compulsory Enforcement Act

Comments:

1. Article 12 of the Compulsory Enforcement Act stipulates: (1) A motion of objection can be lodged before the end of the execution process by the parties or interested parties with regard to the enforcing court's compulsory enforcement order, or the enforcement method of the judge, judicial associate officer, court clerk and execution officer, the process that should be followed during the enforcement, or other matters that they feel infringe on their interests. However, there shall be no stay of execution as a result. (2) The enforcing court shall make a ruling on the aforementioned objection. (3) When the aforementioned ruling is not accepted, an appeal can be lodged.
2. Therefore, an objection can be lodged before the end of the enforcement process by the parties or interested parties with regard to the enforcing court's compulsory enforcement order, or the enforcement method of the enforcing agents, the process

that should be followed during the enforcement, or other matters that they feel infringe on their interests. However, there shall be no stay of execution as a result. The aforementioned objection shall be ruled by the enforcing court, and a motion can be lodged if the ruling is not accepted.

Question 7.8	Answer
Are there time standards set by law or regulation on the duration of the various steps of the enforcement process? If so, please provide reference to relevant legislation.	Yes

Legal basis: Article 10, Paragraph 1, Article 32, Paragraph 1, Article 39, Article 40-1, Paragraph 3, Article 41, Paragraphs 2&3, Article 57, Article 66, Article 80-1, Article 93, Paragraph 1, Article 95, Paragraphs 1&2, Article 110, Paragraph 2, Article 114-4 of the Compulsory Enforcement Act

Comments: for example

1. Article 10 of the Compulsory Enforcement Act stipulates: 1) The enforcing court may order a stay of compulsory execution with the consent of the creditor. 2) The stay of the aforementioned enforcement shall be no longer than three months. The creditor can apply to continue such enforcement and then agree to stay the execution again one time only. At the end of each stay, if the creditor fails to move the court to continue the execution within 10 days after being notified by a court, it will be deemed as voluntary dismissal of the motion for enforcement. 3) When compulsory enforcement is implemented, in the event of a special situation that makes continuation of enforcement inappropriate, the court may change or stay the enforcement date.
2. Paragraph 1 of Article 32 of the Compulsory Enforcement Act stipulates, creditors should declare participation in allocation one day before the day of auction, closing of sale or transfer to the creditor of the subject according to the law and one day before the allocation table is made up when auction or sale does not take place. Paragraph 1 of Article 39 stipulates that, when the creditor or debtor does not agree with the creditor's rights or allocated amount of each creditor listed in the allocation table, they should file an objection with the enforcing court before the day of allocation.
3. Paragraphs 2 and 3 of Article 57 of the Compulsory Enforcement Act stipulate that there should be at least seven days between seizure day and auction day. However, this requirement does not apply if creditor and debtor agree or there is a need for rapid auction due to the nature of the seized articles. The aforementioned auction date should be no more than one month after seizure, unless the nature of the seized articles or force majeure dictates otherwise. Also, Article 66 of the same Act stipulates that

auction should take place five days after announcement. However, this requirement does not apply when fast auction is required due to the nature of the seized articles.

Question 7.9	Answer
Are there performance measurement reports generated by the courts/ Ministry of Justice/body overseeing enforcement agents on the duration of enforcement proceedings? If possible, please provide a link to such resource.	Yes Website link: http://www.judicial.gov.tw/juds/

Legal basis: Sub-Paragraph 2, Point 2 of the Implementation Directions for Case Handling Time Limits for All Court Levels

Comments:

1. According to Sub-Paragraph 2, Point 2 of the Implementation Directions for Case Handling Time Limits for All Court Levels, where claims are not concluded within the following time limits from the day of case acceptance, in addition to the Court President being responsible for spurring the judge handling the case to speed up court proceedings, a monthly pending case report must be filled in and passed to the JY: (2) Over 16 months for ordinary civil and criminal proceedings of first instance and civil execution matters; over 20 months for ordinary criminal proceedings of first instance which have gone through the procedure for third party participation in confiscation; over 24 months for proceedings regarding bankruptcy and corporate reorganization.
2. Related website link: Judicial statistics <http://www.judicial.gov.tw/juds/>

Question 7.10	Answer
Is there a fee schedule detailing the fees to be paid to enforcement agents? If possible, please provide a link to such resource.	Yes Website link: http://www.judicial.gov.tw/assist/assist04.asp

Legal basis: Article 28-2 of the Compulsory Enforcement Act, Article 4 of the Standards for Taiwan High Court's Additional Taxation of Court Charges in Civil Actions and Compulsory Execution, and Article 4 of the Standards for Kinmen branch of Fujian High Court's Additional Taxation of Court Charges in Civil Actions and Compulsory Execution

Comments:

1. As stipulated by Paragraph 2, Article 28-2, (1) In cases of civil compulsory execution, there will be no enforcement fee where the price or claim's value is less than NT\$ 5,000; where the amount is more than NT\$ 5,000, seven jiao (NT\$ 0.70) will be charged for every NT\$ 100; amounts less than NT\$ 100 will be rounded to NT\$ 100. (2) The aforementioned regulation applies to those parties that declare participation in allocation. (3) In matters of non-property rights, the enforcement fee shall be NT\$

3,000. (4) No enforcement fee shall be taxed on enforcement of court fines or default surcharge. (5) Enforcement of expropriation of temporarily waived fees or advance payments made by the treasury is temporarily exempt from enforcement fee, and the fee shall be deducted from the enforcement revenue. (6) No additional fee for enforcement agent board, lodging or transport expenses.

2. Article 4 of Standards for Taiwan High Court's Additional Taxation of Court Charges in Civil Actions and Compulsory Execution and Article 4 Standards for Kinmen Branch of Fujian High Court's Additional Taxation of Court Charges in Civil Actions and Compulsory Execution stipulate that, when the price of claim's value is over NT\$5,000, an additional one seventh of the original taxed enforcement fee will be taxed in accordance with Paragraph 1, Article 28-2 of the Compulsory Enforcement Act.
3. Related website link: Judicial Yuan's Standards of Court Charges for Civil Actions <http://www.judicial.gov.tw/assist/assist04.asp>

Question 7.11

Which party is responsible for paying the enforcement agent?

- ☐ Winning party
 - ☒ Losing party
 - ☐ Other
-

Legal basis: Paragraph 1, Article 28 of the Compulsory Enforcement Act

Comments:

1. Paragraph 1, Article 28 of the Compulsory Enforcement Act stipulates that the enforcement fee, limited to the necessary part, should be borne by the debtor and should be collected at the same time as compulsory enforcement of creditor rights.
 2. Therefore, the losing party (debtor) is responsible for paying the enforcement fee.
-

Question 7.12

What information can enforcement agents access about the debtor's assets?

- ☒ Bank account information
 - ☒ Real estate property registries
 - ☒ Collateral registries
 - ☒ Credit bureaus
 - ☒ Tax databases
 - ☒ Other
-

Legal basis: Article 19 of the Compulsory Enforcement Act

Comments:

1. Article 19 of the Compulsory Enforcement Act stipulates: 1) When the enforcing court believes there is need for investigation of a compulsory enforcement case, it can order the debtor to report his/her assets or investigate them in accordance with its authority. 2) The enforcing court can investigate the debtor's asset situation by investigating a tax or related agency, group, or individual who is familiar with the debtor's asset situation, and the investigated party must not refuse. However, when the subject of investigation is an individual, he/she is not subject to this requirement if he/she has a justifiable reason.
2. Therefore, enforcement agents carrying out compulsory enforcement all have the right to obtain the information about debtor's assets listed in the question.

Question 7.13

If any steps during the enforcement process are carried out electronically, please describe the functionalities of the electronic system. Examples of electronic actions include: searching for assets, placing bids, receive notifications, receive payment, etc.

Legal basis: Directions for Online Court-entrusted Registration of Restriction, Guidelines for Transfer of Case Money by District Court Civil Enforcement Offices

Comments :

1. According to the regulations of the Directions for Online Court-entrusted Registration of Restriction announced by the JY, after digital signature encryption, the electronic files of the subjects of seizure, provisional seizure or provisional disposition shall be sent to the land administration office that has jurisdiction to handle registration of restriction.
2. According to the Guidelines for Transfer of Case Money by District Court Civil Enforcement Offices announced by the JY, a court can request a Ministry of Finance local payment office to pay the case money into the account reported by electronic transmission.

Labor Market Regulation

CASE STUDY ASSUMPTIONS

The Doing Business indicators on labor market regulation measure the flexibility of employment regulation as well as important elements of job quality in light of the following assumptions:

The employee:

- Is a cashier who works in a supermarket or grocery store.
- Is a full-time employee, with a permanent contract.
- Has the pay period that is most common for workers in Taiwan.
- Is not a member of a labor union, unless membership is mandatory.

The employer:

- Is a limited liability company (or the equivalent in Taiwan).
- Operates a supermarket or a grocery store in Taipei.
- Has 60 employees.
- Is subject to collective bargaining agreements if (a) collective bargaining agreements cover more than 50% of the food retail sector and (b) such agreements apply even to firms which are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Definitions:

- Fixed-term contract for permanent tasks: an employment contract that has a specified end date and is used for a task relating to the permanent activity of the firm.
- Probationary period: a fixed-length monitoring period allowed by law for new employees to determine whether they have the skills and abilities needed to perform the assignment in their employment contract.
- Sick leave: paid or unpaid time off from work that employees take due to personal illness, disability, medical appointment with advanced approval, and/or, for illness of an employee's parent, spouse, children, sibling, or any other person who is residing in

the employee's household.

- Redundancy termination (also expressed as “making an employee redundant”): dismissal allowed by law that is justified by economic, operational or structural reasons (not by other causes, such as personal grounds or faulty behavior of the worker).
- Priority rules for redundancies: rules on the order of priority for redundancy (in order to terminate redundant employees, the employer must follow a specific order of seniority, marital status, number of dependents, or other specific priority criteria).

REFORM UPDATE

Taiwan Labor Market Regulation Reforms, June 2016-May 2017:

No.	Law	Reform
1	Labor Standards Act	<ol style="list-style-type: none"> 1. Amendments to Articles 23, 24, 30-1, 34, 36 to 39, 74, and 79 were promulgated on December 21, 2016, entered into force from the day of promulgation. The date of enforcement of Article 34 Paragraph 2 shall be set by the Executive Yuan. Paragraph 1 of ArticleS 37 and 38 entered into force from January 1, 2017. 2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001
2	Enforcement Rules of the Labor Standards Act	<ol style="list-style-type: none"> 1. Amendments to Article 25 were promulgated on October 7, 2016. In addition, Articles 7-1 to 7-3 were added. 2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030002
3	Labor Pension Act	<ol style="list-style-type: none"> 1. Amendments to Articles 5, 24, 46, and 48 were promulgated on November 16, 2016. 2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030020
4	Enforcement Rules of the Labor Pension Act	<ol style="list-style-type: none"> 1. Amendments to Articles 2, 12-1, 32, 34, and 44 were promulgated on January 5, 2017. Article 48 was deleted. 2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0030021
5	Employment Service Act	<ol style="list-style-type: none"> 1. Amendments to Article 52 were promulgated on November 3, 2016. 2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0090001

6	Labor Union Act	<p>1. Amendments to Article 26 were promulgated on November 16, entered into force from January 16, 2017.</p> <p>2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0020001 </p>
7	Act for Settlement of Labor-Management Disputes	<p>1. Amendments to Articles 6 and 43 were promulgated on January 18, 2017. The date of enforcement shall be set by the Executive Yuan.</p> <p>2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0020007 </p>
8	Enforcement Rules of the Labor Insurance Act	<p>1. Amendments to Articles 43 and 82 were promulgated on October 5, 2016.</p> <p>2. Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0050002 </p>
9.	Basic wage	<p>1. The basic wage was adjusted to NT\$ 21,009 per month, NT\$ 133 per hour by the Ministry of Labor on September 19, 2016. The adjustment entered into force from January 1, 2017.</p> <p>2. The related website link : http://www.mol.gov.tw/topic/3067/5990/13171/19154/ </p>

APPLICABLE LEGISLATION

3.1. CURRENT LABOR MARKET REGULATION

No.	Law	Dates of latest amendments and promulgation
1	Labor Standards Act	Promulgated on July 30, 1984; latest amended on December 21, 2016.
2	Enforcement Rules of the Labor Standards Act	Promulgated on February 27, 1985; latest amended on October 7, 2016.
3	Act of Gender Equality in Employment	Promulgated on January 16, 2002; latest amended on May 18, 2016.
4	Enforcement Rules for Act of Gender Equality in Employment	Promulgated on March 6, 2002; latest amended on March 27, 2015.
5	Act for Worker Protection of Mass Redundancy	Promulgated on February 7, 2003; latest amended on July 1, 2015.
6	Labor Pension Act	Promulgated on June 30, 2004; latest amended on November 16, 2016.
7	Enforcement Rules of the Labor Pension Act	Promulgated on January 19, 2005; latest amended on January 5, 2017.

8	Employment Service Act	Promulgated on May 8, 1992; latest amended on November 3, 2016.
9	Enforcement Rules of Employment Service Law	Promulgated on August 5, 1992; latest amended on April 25, 2014.
10	Labor Union Act	Promulgated on October 21, 1929; latest amended on November 16, 2016.
11	Enforcement Rules of Labor Union Act	Promulgated on April 28, 1944; latest amended on October 6, 2014.
12	Act for Settlement of Labor-Management Disputes	Promulgated on June 9, 1928; latest amended on January 18, 2017.
13	Labor Insurance Act	Promulgated on July 21, 1958; latest amended on July 1, 2015.
14	Enforcement Rules of the Labor Insurance Act	Promulgated on March 1, 1960; latest amended on October 5, 2016.
15	Collective Agreement Act	Promulgated on October 28, 1930; latest amended on July 1, 2015.
16	Employment Insurance Act	Promulgated on May 15, 2002; latest amended on February 4, 2016.
17	Enforcement Rules of the Employment Insurance Act	Promulgated on January 1, 2003; latest amended on May 14, 2015.
18	Employee Welfare Fund Act	Promulgated on January 26, 1943; latest amended on July 1, 2015.
19	Enforcement Rules of the Employee Welfare Fund Act	Promulgated on July 16, 1943; latest amended on March 11, 2016.
20	Regulations of Leave-Taking of Workers	Promulgated on March 20, 1985; latest amended on October 14, 2011.

3.2. COLLECTIVE BARGAINING AGREEMENTS

No.	Question	This year's answer
1	Do collective bargaining agreements at a national level apply to more than 50 % of the food retail industry?	No
2	Do these collective bargaining agreements apply to firms that are not party to the agreements?	Depends on whether they have entered into a contract with the employer organization. Legal basis : Article 17 of the Collective Agreement Act Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0020006
3	Please provide the name of the collective bargaining agreement that applies to most workers in the food retail industry.	No

EMPLOYMENT CONDITIONS

4.1. HIRING FRAMEWORK

4.1.1. Hiring of workers through fixed-term contracts

No.	Question	This year's answer
1	Are fixed-term contracts prohibited for permanent tasks?	Yes Legal basis : Article 9 of the Labor Standards Act Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001
2	What is the maximum duration of a single fixed-term contract (in months), not including any renewals?	In general, it is 6-12 months, but "specific work" is exempted. If the length of work exceeds one year, it should be reported to the competent authority for approval and record. Legal basis : Article 6 of the Enforcement Rules of the Labor Standards Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030002
3	What is the maximum cumulative duration of a fixed-term contract (in months), including all renewals?	6-, 9-, or 12-month durations are all determined by the type of contract. The Labor Standards Act has not stipulated the maximum duration, including for renewals, but all must meet the requirements of the contract type. This does not apply to renewals or permanent work.
4	What is the legal basis for the answers to the questions above?	Labor Standards Act and the Act of Gender Equality in Employment.

4.1.2. Probationary periods

No.	Question	This year's answer
1	What is the maximum probationary period allowed by law (in months) for a cashier holding a permanent contract in the food retail industry?	The relevant labor laws and regulations do not cover probationary periods.
2	What is the legal basis for the answer to the question above?	Civil Code.

4.1.3. Wages

No.	Question	This year's answer
1	What is the minimum wage for an adult cashier (age 19, with one year of work experience) in the food retail industry?	Beginning on January 1, 2017, the minimum monthly wage is NT\$ 21,009 and the minimum hourly wage is NT\$ 133.
2	What is the legal basis for this minimum wage?	Article 21 of Labor Standards Act; An interpretive rule of the Ministry of Labor on September 19, 2016.

4.1.4. Equal treatment and gender

4.1.4. A. Does the law mandate that women and men be given equal remuneration for work of equal value (in compliance with ILO standards)?

Equal remuneration refers to rates of all remuneration (including but not limited to overtime, cash value benefits, work materials, family allowances, scholarships, incentives) established without discrimination based on sex. Work of equal value refers not only to the same or similar work, but also to different work of the same value. For more information, see ILO Equal Remuneration Convention (No 100) and "Equal Pay: An Introductory Guide".

This year's answer	Legal basis	Legal link
Yes	Article 25 of Labor Standards Act, Article 10 of Act of Gender Equality in Employment	1. Labor Standards Act : http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0030001 2. Act of Gender Equality in Employment : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030014

4.1.4. B. Are there laws mandating nondiscrimination in hiring on the basis of gender?

This year's answer	Legal basis	Legal link
Yes	Article 7 of Act of Gender Equality in Employment	http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030014

4.2. WORKING FRAMEWORK

4.2.1. Working hours

No.	Question	This year's answer
1	How many hours are there in a standard workday in the food retail industry (excluding overtime)?	Standard daily workday hours may not exceed 8. Overtime plus standard workday hours combined may not exceed 12 hours per day.
2	What is the maximum number of hours (including overtime) allowed in a workweek in the food retail industry?	Standard workday hours may not exceed 40 hours per week; overtime plus standard workday hours may not exceed 12 hours per day. Overtime hours may not exceed 46 hours per month.
3	What is the maximum number of working days allowed in a workweek in the food retail industry?	6 days
4	How many weekly rest days are required by law?	Two days, 1 regular leave, 1 rest day. Employees may be requested to work overtime on rest days.
5	Is there a legally designated weekly day of rest (i.e. a customary weekly holiday)?	No
6	What is the legal basis for the answers to the questions above?	Paragraph 1 of Article 30, Paragraph 2 of Article 32 and Paragraph 1 of Article 36 of the Labor Standards Act Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001

4.2.2. Overtime, weekly holiday and night work

For each of the following questions, please assume that the cashier usually works 40 hours per week, from 9 AM to 6 PM, 5 days a week.

4.2.2. A. Assuming that, as an exception, the employer is requesting the employee to work overtime (8 additional hours, from 6 PM to 8 PM on 4 working days).

No.	Question	This year's answer
1	What are, if any, the restrictions on overtime work in the food retail industry? (i.e. limitation in the number of hours of overtime, restrictions applying to certain categories of workers, etc.)	Overtime may not exceed 4 hours per day or 46 hours per month. Legal basis : Paragraph 1 of Article 30 , Paragraph 2 of Article 32 of the Labor Standards Act

2	What is the wage premium for overtime work in the food retail industry? Please specify if the compensation for overtime work can be provided in the form of an additional (compensatory) leave.	<p>Article 24 of the Labor Standards Act stipulates that:</p> <ol style="list-style-type: none"> 1. When the overtime work does not exceed two hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional one-third of the regular hourly rate. 2. When the overtime work is over two hours, but the total overtime work does not exceed four hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional two-thirds of the regular hourly rate. 3. When overtime work is requested that is due to the natural disaster, an accident, or an unexpected event and when an employer has a necessity to have his/her employee to perform the work besides regular working hours, the employees should receive double the regular rate. 4. Employees can negotiate deferred leave for overtime with employers, but the law does not stipulate it is necessary to grant overtime pay for deferred leave. <p>Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p>
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4.2.2. B. Assuming that, as an exception, the employer is requesting the employee to perform some of his/her 40 hours during the employee's weekly rest day (NOT overtime).

No.	Question	This year's answer
1	What are, if any, the restrictions on weekly holiday work in the food retail industry? (i.e. limitation in the number of hours worked on weekly holiday, restrictions applying to certain categories of workers).	<p>If an employer needs an employee to perform work on a rest day, he can solicit the employee's agreement and pay wages as stipulated in Article 24. As for wages paid for work on regular leave days, these are only limited by the special circumstances of "a natural disaster, an accident, or an unexpected event" as listed in Article 40.</p> <p>Legal basis : Paragraph 1 of Article 36, Article 40 of the Labor Standards Act</p>

2	What is the wage premium for weekly holiday work in the food retail industry? (assuming this is NOT overtime work)	<p>1. Rest days: Article 24, Paragraphs 2 and 3 of the Labor Standards Act stipulate:</p> <p>(1) In accordance with Article 36, an employer shall pay a worker overtime wages when required to work on the rest days. When the overtime work does not exceed two hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional one and one-third of the regular hourly rate. When the overtime work is over two hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional one and two-thirds of the regular hourly rate.</p> <p>(2) The time and wage computation are to be done using the following basis: When the overtime work does not exceed four hours, it shall be computed as four hours; when the overtime is in excess of four hours and under eight hours, it shall be computed as eight hours; when the overtime is in excess of eight hours and under twelve hours, it shall be computed as twelve hours.</p> <p>2. Regular leave: as stipulated in Article 40 of the Labor Standards Act, if a natural disaster, an accident, or an unexpected event requires that employees perform work on a regular leave day, the employees should receive double the regular rate and then be granted leave to make up for the suspended leave of absence.</p> <p>Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p>
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4.2.2. C. Assuming that, as an exception, the employer is requesting the employee to change his/her schedule and work at night from 6 PM to midnight (NOT overtime).

No.	Question	This year's answer
1	What are, if any, the restrictions on night work in the food retail industry? (i.e. limitation in the number of hours worked at night, restrictions applying to certain categories of workers)	There are work hour limits (e.g., for children, pregnant or nursing women).
2	What is the wage premium for night work in the food retail industry? (assuming this is NOT overtime work)	Zero

4.2.2. D. What is the legal basis for the answers to the questions above ?

This year's answer	Legal link
Article 48, 49 of Labor Standards Act	http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001

4.2.2. E. Can women work the same night hours as men in the food retail industry? This question only refers to non-pregnant women and non-nursing mothers.

This year's answer	Legal basis
Yes	No restrictions could be located

4.2.3. Paid annual leave

What is the mandatory paid annual leave for an employee in each of the following cases?

No.	Question	This year's answer
1	After 1 year of continuous employment	7 work days
2	After 5 years	15 work days
3	After 10 years	16 work days
4	What is the formula for calculating the mandatory paid annual leave?	1. Three days for service of six months or more but less than one year. 2. Seven days for service of one year or more but less than two years. 3. Ten days for service of two years or more but less than three years. 4. Fourteen days for service of three years or more but less than five years. 5. Fifteen days for service of five years or more but less than ten years. 6. One additional day for each year of service over ten years up to a maximum of thirty days.
5	What is the legal basis for the answers to the questions above?	Paragraph 1 of Article 38 of the Labor Standards Act Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001

4.2.4. Maternity leave

4.2.4. A. Does the law mandate paid or unpaid maternity leave?

Here the leave can be paid or unpaid, as long as the government explicitly mandates some form of leave.

This year's answer	Legal basis
Yes	<p>Article 50 of the Labor Standards Act, Article 15 of the Act of Gender Equality in Employment</p> <p>Legal link :</p> <ol style="list-style-type: none"> 1. Labor Standards Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001 2. Act of Gender Equality in Employment : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030014

4.2.4. B. What is the mandatory minimum length of paid maternity leave (in calendar days)? This is the minimum number of days of leave that legally have to be paid for by the government, the employer or both.

This year's answer	Legal basis
56 days	<p>Article 50 of the Labor Standards Act; Article 15 of the Act of Gender Equality in Employment</p> <p>Legal link :</p> <ol style="list-style-type: none"> 1. Labor Standards Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001 2. Act of Gender Equality in Employment : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030014

4.2.4. C. Would an employee on maternity leave receive 100 percent of her wages?

This year's answer	Legal basis
Yes	<p>Article 50 of the Labor Standards Act; Article 15 of the Act of Gender Equality in Employment</p> <p>Legal link :</p> <ol style="list-style-type: none"> 1. Labor Standards Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001 2. Act of Gender Equality in Employment : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030014

4.2.4. D. If no, please specify the percent of wages paid during maternity leave.

This year's answer	Legal basis
100%	<p>Article 50 of the Labor Standards Act; Article 15 of the Act of Gender Equality in Employment</p> <p>Legal link :</p> <ol style="list-style-type: none"> 1. Labor Standards Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001 2. Act of Gender Equality in Employment : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030014

4.2.5. Sick leave

No.	Question	This year's answer
1	Assuming that the employee has been sick for 5 working days in a row, how many of those days off will be paid (regardless of the entity paying for the salary: health insurance, State or the employer)?	2.5 days with 50% of salary.
2	What is the legal basis for the answer to the question above?	<p>Article 4 of the Regulations of Leave-Taking of Workers</p> <p>Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030006</p>

4.3. REDUNDANCY FRAMEWORK

4.3.1. If applicable, for questions relating to requirements for notifying, consulting or obtaining the approval of a third party, please describe the requirement and specify the third party involved (e.g., labor inspector, labor union, labor department).

No.	Question	This year's answer
1	Is it legal for an employer to terminate the contract of an employee on the basis of redundancy only?	Yes Legal basis : Article 11 of the Labor Standards Act
2	Must the employer notify or consult a third party before dismissing one redundant employee?	Yes, only notify. Legal basis : Article 33 of the Employment Services Act
3	Must the employer notify or consult a third party before dismissing a group of 9 redundant employees?	Yes, only notify. Legal basis : Article 33 of the Employment Services Act
4	Must the employer obtain the approval of a third party in order to dismiss one redundant employee?	No
5	Must the employer obtain the approval of a third party in order to dismiss a group of 9 redundant employees?	No
6	Are employers obliged to retrain or reassign an employee before making the employee redundant?	Yes. The employer must consider work reassignment. Legal basis : Article 11 of the Labor Standards Act
7	Are there priority rules that apply in case of redundancy dismissals or lay-offs (i.e. specific order based on seniority, marital status, number of dependents)?	No
8	Are there priority rules that apply to reemployment (before opening a new position to a wider pool of applicants, an employer must first offer any position that becomes available to workers previously dismissed for redundancy)?	Yes Legal Basis : Article 9 of the Act for Worker Protection of Mass Redundancy

9	What is the legal basis for the answers to the questions above?	<p>Article 11 of the Labor Standards Act; Article 33 of the Employment Services Act.</p> <p>Legal link :</p> <ol style="list-style-type: none"> 1. Labor Standards Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001 2. Act for Worker Protection of Mass Redundancy : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0020012 3. Employment Services Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N00900013.
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4.3.2. Length of notice period

What is the length of the notice period (in weeks) that an employer must provide before making an employee redundant in each of the following cases?

No.	Question	This year's answer
1	After 1 year of continuous employment	20 days
2	After 5 years	30 days
3	After 10 years	30 days
4	What is the formula for calculating the notice period?	<ol style="list-style-type: none"> 1. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance. 2. Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance. 3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.
5	What is the legal basis for the answers to the questions above?	<p>Article 16 of the Labor Standards Act</p> <p>Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p>

4.3.3. Amount of severance pay

What severance pay must an employer provide when making an employee redundant in each of the following cases?

No.	Question	This year's answer
1	After 1 year of continuous employment	<p>1/2 average monthly wage</p> <p>(After the Labor Pension Act [new pension system] went into effect on July 1, 2005, the work seniority calculations of that Act were used and severance pay was calculated in accordance with Article 12.)</p>
2	After 5 years	<p>2.5 average monthly wage</p> <p>(After the Labor Pension Act [new pension system] went into effect on July 1, 2005, the work seniority calculations of that Act were used and severance pay was calculated in accordance with Article 12.)</p>
3	After 10 years	<p>1. 10-month average wage</p> <p>If a worker was hired before the Labor Pension Act went into effect (new pension system, July 1, 2005) and chose to apply the Labor Standards Act [old pension system] or chose the new system and retained the seniority of the old system, the severance under the old system had to be computed in accordance with Article 17 of the Labor Standards Act.</p> <p>2. 5-month average wage</p> <p>(After the Labor Pension Act [new pension system] went into effect on July 1, 2005, the work seniority calculations of that Act were used and severance pay was calculated in accordance with Article 12.)</p>
4	What is the formula for calculating the severance pay?	<p>1. If a worker chose to continue applying to old pension system or chose the new system and retained the work seniority calculations of the old pension system, severance pay should be calculated according to Article 17 of the Labor Standards Act, i.e., (1) If the worker continues to work for a business entity owned by the same employer, severance pay that is equal to one month's average wage for each year of service; (2) The severance pay for the months remaining after calculation in accordance with the preceding subparagraph, or for workers who have been employed for less than one year shall be calculated proportionally; any period of employment less than a month shall be calculated as one month.</p> <p>2. After the new pension system went into effect on July 1, 2005, the work seniority calculations of that Act were applied, and severance pay was calculated in accordance with Article 12, i.e., an equivalence of half a month of average wage for every full year of employment, and in proportion for employment less than one full year; the foresaid severance shall not exceed more than six months of average wage.</p>

5	What is the legal basis for the answers to the questions above?	<p>Article 17 of the Labor Standards Act, Articles 11 and 12 of the Labor Pension Act</p> <p>Legal link :</p> <p>1. Labor Standards Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p> <p>2. Labor Pension Act : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030020</p>
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4.4. AVAILABILITY OF UNEMPLOYMENT PROTECTION

No.	Question	This year's answer
1	Assuming that the cashier is made redundant after one year of employment, would he/she automatically be eligible for unemployment protection and receive unemployment benefits?	Yes
2	What duration of contribution period (months of employment, consecutive or not) is required before an employee can become eligible for unemployment protection?	The insured person has accumulated at least one year of insurance enrollment within the three years previous to the insured person's involuntary separation from employment and withdrawal from the insurance program while the public employment agency with which the insured person has registered for job placement has failed to find work or arrange vocational training for the insured person within 14 days in spite of the insured person's ability as well as willingness to work.
3	What is the legal basis for the answers to the questions above?	<p>Article 11 of the Employment Insurance Act</p> <p>Legal link : http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0050021</p>

Appendix: Participants in writing this report

Indicator	Participants
Dealing with Construction Permits	<p>Chai-Wei Chuang Department of Urban Development, Taipei City Government</p> <p>Tung-Yu Po Department of Urban Development, Taipei City Government</p> <p>Ji-Yue Liu Construction and Planning Agency, MOI</p>
Getting Electricity	<p>Chun-Ta LAI Taiwan Power Company</p> <p>Ting Yu Lin State-owned Enterprise Commission, MOEA</p>
Registering Property	<p>Wan-Chu Lu Department of Land Administration, MOI</p> <p>Jung-Chang Lai Department of Land Administration, Taipei City Government</p>
Getting Credit	<p>Ja-Lin Wu Regulatory Reform Center, NDC</p> <p>Wan-Yi Liu Banking Bureau, FSC</p> <p>Chiun-Yi Tsai Department of Commerce, MOEA</p> <p>Hsiao-Lun Tang Department of Commerce, MOEA</p> <p>Shiaw-Der Pan Directorate General of Highways, MOTC</p>

Indicator	Participants
Protecting Minority Investors	<p>Wen-Cheng Lin Securities and Futures Bureau, FSC</p> <p>Chin-Yun Hsu Securities and Futures Bureau, FSC</p> <p>Ying-Hua Chen Taiwan Stock Exchange</p>
Paying Taxes	<p>Kai-Ming Huang Taxation Agency, MOF</p> <p>Chen-Yi Lee Taxation Agency, MOF</p> <p>Syuan-An Chen Taxation Agency, MOF</p>
Trading across Borders	<p>Ja-Lin Wu Regulatory Reform Center, NDC</p> <p>Yu-Chih Chang Customs Administration, MOF</p> <p>Chun-Fu Lin Customs Administration, MOF</p> <p>Han-Sung Liu Customs Administration, MOF</p> <p>Li-Sui Hu Customs Administration, MOF</p> <p>Chun-Feng Wu Port of Kaohsiung, TIPC</p>
Enforcing Contracts	<p>Ja-Lin Wu Regulatory Reform Center, NDC</p>
Labor Market Regulation	<p>Hui-Ling Chen Department of General Planning, MOL</p> <p>Hsiang-Wei Tang Department of General Planning, MOL</p>

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