

2018



REPORT ON TAIWAN'S EASE OF DOING BUSINESS REFORMS



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

2018

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Foreword

Over a decade, the National Development Council (NDC) has been embracing regulatory reforms for ease of doing business with reference to criteria applied in the World Bank's Doing Business report, aiming to bring the domestic regulatory system in line with international norms, further improve Taiwan's investment environment and boost its international competitiveness.

To stimulate economic development and make doing business easier in Taiwan, the Tsai government has, ever since taking office in 2016, put forward a series of key policies such as the 5+2 Innovative Industries Program, the Forward-looking Infrastructure Development Program, relaxation of regulations, optimization of the tax system and accelerating investment in Taiwan; of these, reforms pertain to doing business include removing the "seal making" process for company registration, enhancing the function of board of directors and allowing independent directors to fulfill a professional supervisory function, streamlining business income tax filing, fully implementing paperless import/export C2 declarations, promoting an alternative dispute resolution mechanism, and facilitating the establishment of a commercial court.

To improve Taiwan's ease of doing business regulatory system, in addition to drawing up related reform programs and formulating measures to tackle low performance indicators, such as "Getting Credit", Taiwan is amending the Personal Property Secured Transactions Act to reform the secured transactions system; the changes include deleting Article 4 of the aforementioned Act and introducing the floating lien system. It is expected that the draft bill will be completed by the end of 2018 and the legislative

process will follow in due course. Also, with regard to the “Paying Taxes” indicator, the NDC will continue to review the practice and simplify the corresponding procedures and time required, and will initiatively explain differences in the time required for business income tax payment as determined by the World Bank research team and the actual time required so correction can be done.

In the World Bank’s Doing Business 2018 issued in 2017, Taiwan ranked 15th. And the reforms in areas of “Trading Across Borders” and “Enforcing Contracts” were listed as “Doing Business reforms making it easier to do business”. To allow all interested parties to understand Taiwan’s important business reforms and the concrete achievements up to date, the NDC has, as in previous years, completed the 2018 Report on Taiwan’s Ease of Doing Business Reforms. The NDC, alongside other agencies taking part in the reforms, will advance, on the foundation of the Doing Business report, reforms to minimize administrative burdens, and align regulations with international practices to create an even better regulatory environment for doing business.



Chen, Mei-ling

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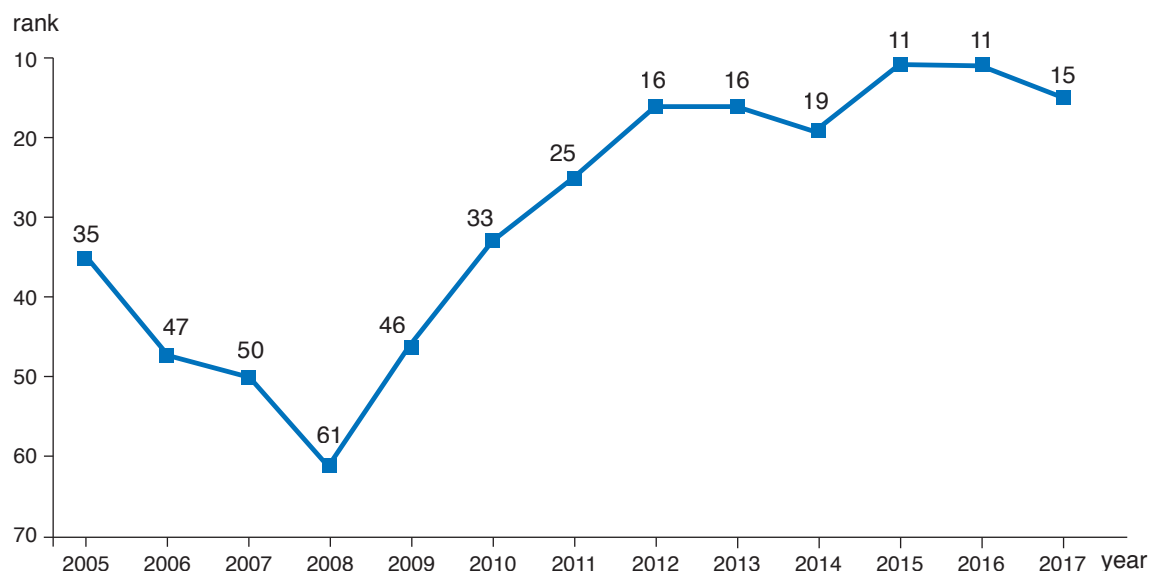
Overview

Taiwan Completes Year 10 of Business Environment Reforms

LOOKING BACK ON NINE 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 2018, ten 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 46 places from 61st in 2008 to 15th in 2017, 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 nine 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 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 9 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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	9 years, reform and change
Date	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Global EoDB Rank	15	11	11	19	16	16	25	33	46	61	+46
1 Starting a Business	16	19	22	15	17	16	16	24	29	119	+103
2 Dealing with Construction Permits	4	3	6	11	7	9	87	95	97	127	+123
3 Getting Electricity	3	2	2	2	7	6	3	-	-	-	-
4 Registering Property	18	17	18	40	31	32	33	32	30	26	+8
5 Getting Credit	90	62	59	52	73	70	67	72	71	68	-22
6 Protecting Minority Investors	24	22	25	30	34	32	79	74	73	70	+46
7 Paying Taxes	56	30	39	37	58	54	71	87	92	100	+44
8 Trading Across Borders	55	68	65	32	18	23	23	17	33	30	-25
9 Enforcing Contracts	10	14	16	93	84	90	88	90	90	88	+78
10 Resolving Insolvency	20	22	21	18	16	15	14	10	11	11	-9

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 nine 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 consolidated; 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.

Year 9 of business environment reforms (2016/2017)

The Taipower amended the Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size, so the wait time for outside contractors to complete exterior, underground line work was reduced. The Taiwan Stock Exchange Corporation (TWSE) published Stewardship Principles to encourage institutional investors actively to participate in corporate governance. 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. The FSC issued an Executive Order that when a listed company calls a shareholders meeting, electronic voting shall be included. The MOF Customs Agency implemented the Import General Clearance Time Query System and integrated it into the Customs-Port-Trade Single Window (CPT Single Window) website. The Judiciary Yuan's Online Filing and Documents Transmission Platform for submission of civil litigation documents was officially launched.

BUSINESS ENVIRONMENT REFORMS 2018:

YEAR 10 REFORMS (2017/2018)

Between June 2017 and June 2018, Taiwan completed Year 10 of business environment reforms. Key reforms and legislation revisions were as follows:

Starting a Business

On May 8, 2017, the Ministry of Economic Affairs informed related agencies that for e-filing via the Company, Business and Limited Partnership-One Stop Service Request Website (<https://onestop.nat.gov.tw>), from May 2017, the application procedure can be completed using electronic signature. In other words, there is no need to upload the application form stamped with the specimen seals, and, therefore, preparation of specimen seals is no longer required.

On June 14, 2018, the Ministry of Economic Affairs amended the note for "Regulations Governing Company Registration and Recognition" tables 1-6, which says, when applying for company registration: "The application form must bear the seals of the company and the person in charge representing the company that the company registration competent authority

has a record of.” Making seals for company registration will no longer be needed, both for documents filed in hard copy form and for those filed electronically.

Protecting Minority Investors

On July 28, 2017, the FSC amended some provisions of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, to Encourage Independent Directors to Exercise Their Professional Supervisory Functions, Enhance the Functions of the Board, and Meet Needs in Actual Practice.

Paying Taxes

On February 7, 2018 amendment of the Income Tax Act was announced, revoking the Integrated Income Tax System Imputation System; from January 1, 2018, Profit-seeking Enterprises do not need to establish and record imputation credit accounts and a sole proprietorship or a partnership recognized as a small-scale profit-seeking enterprise shall not file an annual income tax return. In line with these changes, Profit-seeking Enterprise Income Tax return forms will be simplified to reduce the time for filling out by Profit-seeking Enterprises and build an easy environment for reporting and paying tax.

Trading Across Borders

1. On January 1, 2018, paperless goods declaration for C2 (subject to document scrutiny) cargo clearance was implemented across the board. Paperless customs clearance is now the principle, with clearance by printed document examination the exception.
2. On December 28, 2017, the “Directions on Exporting Goods by Mail from Free Trade Areas” were announced. In free trade zones, goods can now be received by Chunghwa Post Co. and then exported by mail; this aims to facilitate the setting up of warehouses in free trade zones by cross-border e-commerce operators and develop the goods transshipment and collection function and diverse export operating model of free trade zones.
3. On October 11, 2017, Taiwan signed an Authorized Economic Operator (AEO) Mutual Recognition Action Plan with India. On the basis of this Plan, Taiwan and Indian customs will promote Taiwan-India AEO mutual recognition step by step.
4. On July 17, 2017, the Regulations Governing the Implementation of Advance Ruling

on the Country of Origin of Imported Goods were promulgated. They allow the duty-payer or the duty-payer's agent apply an advance ruling on the country of origin of imported goods before import, to assist the importer find out the country of origin early on and allow whether goods are import-controlled to be confirmed, reducing customs clearance disputes and making clearance smooth.

5. On July 7, 2017, the implementation of paperless T6 sea-land joint transshipment operations was announced. T6 transshipment goods that are packed in containers, are not subject to escort or inspection and are destined for Taoyuan International Airport or Kaohsiung Hsiaogang International Airport are exempted from printing out T6 permits.

Enforcing Contracts

1. On December 15, 2017, the Judicial Yuan launched the ADR Organization Enquiry Platform. People can now search for an ADR organization that meets the needs of their respective dispute according to "dispute type", "location of organization" or by keying in an organization key word.
2. On October 30, 2017, a court of third instance "Lawyers' online system for petitions to read documents and copy electronic documents" was launched.
3. On September 30, 2017, the Rules Governing Use of Fax or Other Technological Devices for Submission of Civil Litigation Documents were revised, clearly stipulating the categorization of faxes and other technological devices in the rules. It also re-designated the "Judicial Yuan Online Indictment Documents Transmission Platform" the "Judicial Yuan Online Civil Litigation Documents (including online indictments) Service Platform."

PROGRESS OF REFORM

Starting a Business

❖ Summary of main points

◎ Starting a Business requires 2 procedures and 9 days

- At present, applications for company registration can be made either by submitting the required documents via e-filing or hard copy form. For e-filing via the Company, Business and Limited Partnership-One Stop Service Request Website (<https://onestop.nat.gov.tw>), from May 2017, the application procedure can be completed using electronic signature. In other words, there is no need to upload the application form stamped with the specimen seals, and, therefore, preparation of specimen seals is no longer required.
- There is now no need to make a company seal (procedure 2) to apply for company setup online. Therefore, the reform effort will result in a reduction of the number of procedures from 3 to 2, and the time from 10 to 9 days.

FOR ONLINE APPLICATION FOR COMPANY REGISTRATION, THERE IS NO NEED TO UPLOAD DOCUMENTS STAMPED WITH THE SPECIMEN SEALS—DELETE PROCEDURE 2 “MAKE A COMPANY SEAL”

In order to put the government's electronicalization policy into practice, the Ministry of Economic Affairs informed related agencies on May 8, 2017 by document Jing Shang No. 10602410400, that when applying for a company registration via the Company, Business and Limited Partnership-One Stop Service Request Website, the system will automatically generate a copy of the application form electronically to facilitate checking of content by the applicant; this replaces the requirement for uploading application form with seals of the company and the responsible person authorized to represent the company affixed.

Therefore, at present, applications for company registration via e-filing do not need to be stamped with the specimen seals. In other words, procedure 2 “make a company seal” can be deleted. The number of procedures involved in Starting a Business is reduced from 3 to 2, the time from 10 to 9 days, and the related costs also reduced.

REFORM FOCUSES AND PROGRESS OF REGULATORY AMENDMENT

Partial amendment of the Company Act

In response to new economic development models, the booming development of startups and to meet the requirements of the challenges of economic transformation, related provisions of the Company Act have been amended, the aim being to create a friendly business environment and make Taiwan a place suitable for new business or advanced technology operation or business startup. Discussion of amendment of the Act began in 2016, with experts and scholars, industry representatives and related government agencies providing suggestions and joining discussions. On Dec. 21, 2017 the Executive Yuan passed the draft amendment of the Company Act to the Legislative Yuan for review. On August 1, 2018, amendment of the Company Act was announced. The focuses of amendment are: environment friendly to entrepreneurship, strengthening corporate governance, increasing enterprise operating flexibility, protecting shareholder rights and interests, digitization and paperless, building an internationalized environment, expanding the flexibility of closed companies and following international anti money laundering rules.

Increasing diversity of fee payment mechanisms

Assessment of planning work for fee payment at convenience store counters was completed; from Feb. 2018, when applying for pre-check of company name and business on the Company, Business and Limited Partnership One-stop Service Request Website, as well as being able to pay online, the fee can be paid at a convenience store of choice at time of choice, raising the level of convenience of commercial and industrial registration.

Providing a one-stop system certificate operation mechanism

One-stop system exclusive authorization certificate planning work was completed. From Feb. 2018 enterprises have been able to apply for company registration online using a one-stop system exclusive authorization certificate. This exclusive certificate is a software certificate and can be copied and use by internal staff authorized; it will simplify the current process requiring preparation of certificates and card readers and certificate operation environment.

Reform plans expected to be completed 2018.6-2019.5

For company registration via hard copy form there is also no need to stamp with the specimen seals

On June 14, 2018, the Ministry of Economic Affairs amended the note for “Regulations Governing Company Registration and Recognition” tables 1-6, which says, when applying for company registration: “The application form must bear the seals of the company and the person in charge representing the company that the company registration competent authority has a record of.” Making seals for company registration will no longer be needed, both for documents filed in hard copy form and for those filed electronically.

Enterprise cloud registration document management platform established

Through expansion of the functions of the one-stop system, in future company employees will be able to fill out applications form, company registration form, articles of incorporation and other company registration related documents online. As well as providing document templates, a guide to help with filling in and online checking function to reduce errors in information placement, a document version management function will also be provided, allowing previous application documents to be easily read and retrieved at will, reducing the need for document storage, management and repeated filling out.

Focused application service process improvement

The company establishment application service process will be improved, adding a one stop system website focus function. From the point of view of the entrepreneur, and taking the actual application needs of non-professional agents into account, a friendly interface will be provided to give them ample information and operating assistance to assist entrepreneurs smoothly complete the company registration process.

Providing the Ministry of Labor work rules approval for reference case handling situation enquiry service

It is planned to provide a Ministry of Labor work rules approval for reference case handling situation enquiry service to allow the Ministry to keep abreast of the national city/county government work rules approval for reference case handling situation; using IT, the current work rules approval for reference case review and case progress will be integrated to optimize one-stop case administrative management work.

Diversification of online application identity verification

At present, when people apply through the one-stop system, they must provide an MOICA IC Card to submit the application; however, MOICA IC Cards are not yet universally used. To make electronic company registration more convenient and the electronic platform more flexible, the Ministry of Economic Affairs on January 18, 2018 amended “Regulations

Governing Company Registration and Recognition”; the requirement for use of MOEACA IC card or MOICA IC Card will be lifted to make online application more convenient. Allowing the use of financial certificates for verification of natural person identity in future is being considered to achieve the objective of making natural person identity verification more diverse.

SUPPLEMENTARY EXPLANATION

The Company, Business and Limited Partnership One-stop Service Request Website have been updated. Labor insurance and national health insurance can be applied for fully via e-filing (no need to download the form and send paper document) :

Besides company registration and taxation registration, an entrepreneur may also apply for labor insurance and national health insurance simultaneously via the one-stop website. The aforementioned applications can be paid for and submitted online. In other words, downloading forms and sending paper documents is no longer required.

Dealing with Construction Permits

❖ Summary of main points

◎ Procedures, Time and Costs

- Since 2015, Taipei City Government has rearranged the construction permit application process and divided into four procedures, which were “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”. Besides, the “Obtaining Basic Information” is optional, not an indispensable procedure.
- To obtain the information about water and electricity infrastructure before construction (i.e. procedure 1 and 2 of World Bank EoDB Taiwan Report) are not the mandatory procedures of dealing with construction permits. Generally speaking, these information only use for design reference, apply for it or not, the applicants could decide by themselves.)
- **The air pollution prevention fee in this case shall be calculated by Type 1, and the amount is NTD 19,821.**
 - ✓ The building construction project in this case is $7803.6\text{m}^2 (=1300.6\text{m}^2 \times 6 \text{ months})$. According to subparagraph 1, paragraph 2, Article 4 of the Regulations Governing Construction Project Air Pollution Prevention Facilities, the building construction project is measuring $4,600\text{m}^2$ or greater is Type 1. Therefore, the air pollution prevention fee shall be calculated by the rate of Type 1.
- “Apply for water supply from a local water company”, “Receive inspection from water company”, and “Obtain connection to water” (i.e. procedure 8, 9 and 10 of World Bank EoDB Taiwan Report) have respectively combined into “Application for Construction Permit and Review of Design for Water Supply” and “Obtaining Occupancy Permit, Water Supply, and Registration of Title”)
- **The building of the liability of warrant for defects**

According to Civil Code, Article 492 to 495, and 498 to 501, if there is any

defect in the work, the proprietor may demand the undertaker to repair the defect or rescind the contract or demand a reduction of the remuneration in some circumstances. The rights of the proprietor mentioned above shall not be asserted if the defects have not been discovered within one year after the delivery of the work. In the case of the construction of a building or other works on land, and of vital repairs to the said building or works, the deadline shall be extended to five years. The deadline is extended to ten years respectively in case of the defects of the work which the undertaker has intentionally concealed. In addition, the deadlines may be extended by agreement between the parties but they shall not be reduced.

COMPARISON OF THE PROCEDURES OF DEALING WITH CONSTRUCTION PERMITS

2018 WB Survey		The Procedures of Dealing with Construction Permits in Taiwan		Explanation
Procedure	Content	Procedure	Content	
1	Before Construction: Obtain information about infrastructure from the water company	1	[Obtaining Basic Information] Collecting basic information on water supply and power equipment at desired construction site.	It is not a mandatory procedure for building permit application. The applicant could decide to obtain this information or not. Such information is solely for the applicant's reference in designing the building (See Note).
2	Before Construction: Obtain information about electricity infrastructure from electricity provider			

2018 WB Survey		The Procedures of Dealing with Construction Permits in Taiwan		Explanation
Procedure	Content	Procedure	Content	
3	Before Construction: Request and obtain building permit from the City Government at the One-Stop Counter	2	<p>[Application for Construction Permit and Review of Design for Water Supply]</p> <p>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>11.5 working days (9 working days for online submissions)</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) The Counter will forward documents to the relevant offices for conduct of joint review. The joint review will need 8 working days.</p> <p>(3) The issuance (approval) of a building permit will need 1 working day.</p>
4	Before Construction: Report the start date and present construction plan to the City Government at the One-Stop Counter and pay air pollution protection fee before starting construction	3	<p>[Commencement of Construction]</p> <p>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.</p>	<p>6 working days</p> <p>(1) When the documents are all in order, the Counter will pass them to the relevant offices for conduct of joint review. The joint review will need 5 working days.</p> <p>(2) The Counter will collect the air pollution prevention fee and approve the commencement of work. This will need 1 working day.</p>

2018 WB Survey		The Procedures of Dealing with Construction Permits in Taiwan		Explanation
Procedure	Content	Procedure	Content	
5	After Construction: Request occupancy permit, post-construction approvals and registrations at the One-Stop Counter	4	[Obtaining Occupancy Permit, Water Supply, and Registration of Title] Obtaining occupancy permit, completing registration of title, and initiating use of public utilities	31.5 working days (1) This procedure begins with submission of a Post-completion application, and takes 2.5 working days for registration of receipt. (2) The relevant offices for conduct of joint site inspection will take 8 working days. (3) The Counter will approve the issuance of an occupancy permit, and will attend to collecting payment of the various applicable fees. (3 working days) (4) "Obtaining Connection to Water" will take 3 working days. At the same time, the registration of title will be completed in 18 days.
6	After Construction: Receive final inspection			
7	After Construction: Obtain occupancy permit, post-construction approvals and registrations at the One-Stop Counter			
8	Utilities: Apply for water supply from a local water company	*	Combined into Procedure 2	
9	Utilities: Receive inspection from water company	*	Combined into Procedure 4	
10	Utilities: Obtain connection to water	*	Combined into Procedure 4	

Note: According to subparagraph 1, Article 2 of the "Taipei City Government Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses, or Office Buildings of Five Stories or Fewer)". The note identified that "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."

THE AIR POLLUTION PREVENTION FEE

According to the subparagraph 1, paragraph 2 and paragraph 3 of Article 4 of the Regulations Governing Construction Project Air Pollution Prevention Facilities, the Building construction projects measuring 4,600 (square meters multiplied by number of months) or greater is Type 1 construction project. And according to the paragraph 1 of Article 12 of Taipei city self-government ordinance for construction management, the construction time limit of each aboveground floor is 3 months. Because the case assumption is a 2 level warehouse, both aboveground, and the construction time limit shall be 6 months. Therefore, the Building construction project of this case is 7803.6m^2 ($=1300.6\text{ m}^2 \times 6$ months), shall be Type 1 construction project.

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 rate for a steel frame Type 1 is NTD 2.54 per m^2 per month. Hence, the air pollution prevention fee for this case should be NTD 19,821($=$ NTD 2.54 x $1300.6\text{ m}^2 \times 6$ months).

CLARIFICATIONS OF THE BUILDING QUALITY CONTROL INDEX

The building of the liability of warrant for defects

According to Civil Code, Article 492 to 495, the undertaker shall complete the work in such a manner that the result has the agreed qualities and doesn't be affected with defects which destroy or reduce its value or its fitness for ordinary purposes or for the purposes agreed in the contract. If there is any defect in the work, the proprietor may fix a reasonable period and demand the undertaker to repair the defect within such period. If the undertaker fails to repair the defect within the period or refuse to fix because of the defect would require a disproportionate outlay, or the defect cannot be repaired, the proprietor may rescind the contract or demand a reduction of the remuneration. Besides that, the Civil Code also regulate that, the rights of the proprietor mentioned above shall not be asserted if the defects have not been discovered within one year after the delivery of the work (Article 498). In the case of the construction of a building or other works on land, and of vital repairs to the said building or works, the deadline shall be extended to five years (Article 499). The deadline is extended to ten years respectively in case of the defects of the work which the undertaker has intentionally concealed (Article 500). In addition, according to the Civil Code, Article 501, the deadlines

specified in Articles 498 and 499 may be extended by agreement between the parties but they shall not be reduced.

Other clarifications

• Building regulations:

4.3. Building Codes/complete set of minimum technical requirements

	Last year	This year
1. Is there a National Building Code and/or a unified set of building standards that all constructions must respect in your economy? If your answer is yes:		
(i) Is the Code/Unified Standards available online?	No	Yes
(ii) If online, please provide the link to the website:	—	http://w3.cpami.gov.tw/law/law/lawe-2/b-rule.htm

• Quality control before construction

4.4. Which entity (ies) is/are required by law to verify the compliance of the building plans with existing building regulations?

	Last year	This year
1. The existing legislation is silent on this issue.	Yes	No
3. Government agency (i.e., technical department of the municipality). If yes, please specify whether the following professionals are involved:		
(ii) A certified/licensed engineer	No	Yes
(iii) A representative of the agency who is neither an architect nor an engineer	—	Yes

• Quality control during construction

4.5. Who conducts the mandatory technical inspections required by law to be carried out during construction? (please check all that apply)

	Last year	This year
1. The existing legislation is silent on this issue.	Yes	No
2. Government agency(or agencies)	—	Yes
3. An external and independent civil engineer throughout the entire construction period.	No	Yes

4.6. What type of technical inspections are required by law to be carried out during construction?

1. Unscheduled inspections (inspection that can occur at any time or stage during construction).	—	Yes
2. Phased (at specific stages) inspections are carried out during construction.	No	Yes
3. Risk-based type inspections (inspections that are based on the type or risk level of a building). If yes: (i) Please specify the article of the law: Base on the Building Act, Article 56, the competent authority of construction may carry out inspection at any time.	No	Yes

• Quality control after construction

4.8. Who conducts the final inspection required by law to check the compliance of the building with the approved plans? (please check all that apply)

	Last year	This year
1. The existing legislation is silent on this issue.	Yes	No
4. An external and independent supervising engineer who must sign off on the construction and submit a final report to the building permitting agency.	—	Yes

• Liability/insurance regimes

4.10. By law, which of the following party (ies) is/are primarily held liable when a defect is discovered after the completed building has been handed over to the owner and is already in usage (Latent Defect Liability or Decennial Liability) ?

	Last year	This year
1. The existing legislation is silent on this issue.	Yes	No
2. The architect or engineer who designed the plans of the building. If yes, for how long? The architect, it depends the case.	No	Yes

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)

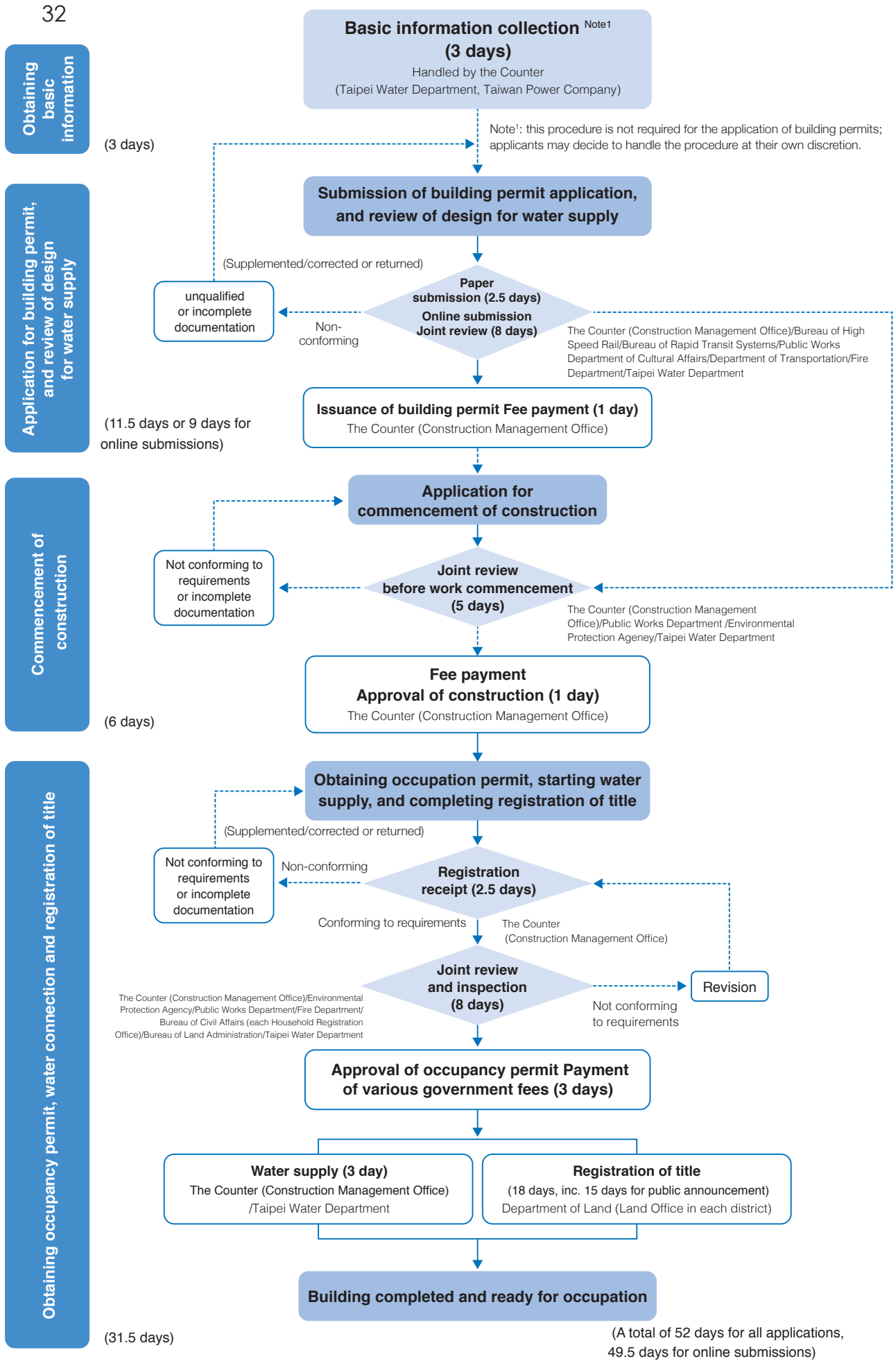
- Form 4-1: Construction Management Office (Completion application)
- Form 4-2: New Construction Office, Public Works Department (Road excavation case closing application)
- Form 4-3: Sewerage Systems Office, Public Works Department (Sewage drainage user drainage facility examination)

- 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

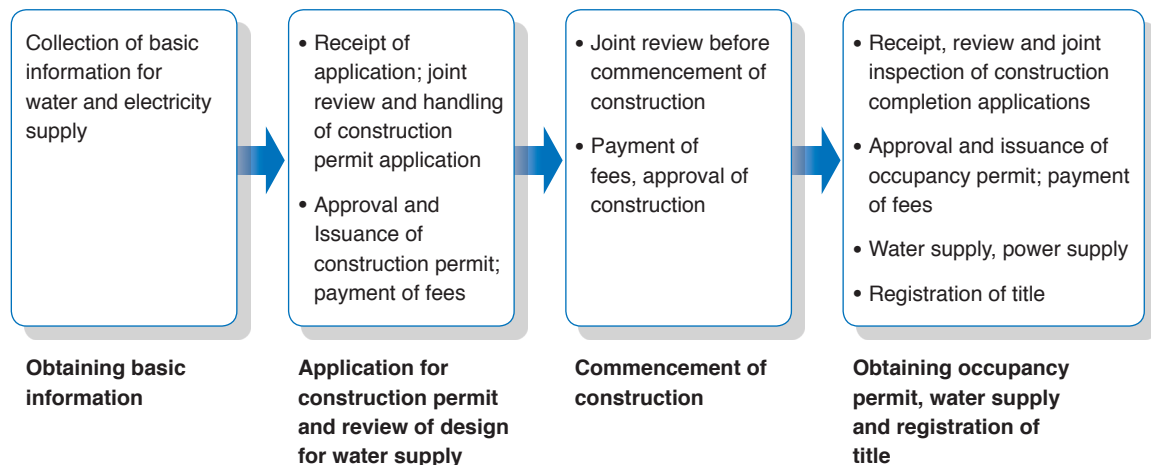
- Review of labor health & safety conditions and by the Labor Bureau, Taipei City Government
4. Obtaining occupancy permit, water supply and registration of title:
- Application review of construction completion, Construction Management Office, Taipei City Government
 - Application review of construction 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

❖ Summary of main points

◎ **The total duration of underground lines of Getting Electricity was shortened from 18 working days to 17 working days (21 calendar days) by simplify the external works for underground lines. And the number of days for overhead lines also shortened to 14 working days (16 calendar days).**

◎ **The information of reliability of power supply (frequency and duration of power outages) was disclosed on the website.**

▪ Chinese version : <http://www.taipower.com.tw/tc/page.aspx?mid=201>

▪ English version : <http://www.taipower.com.tw/en/page.aspx?mid=319>

SHORTEN THE DURATION OF WORKS

- Taiwan Power Company (TPC) revised the Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size on March 2, 2017 (provided in the attachment). The number of days for overhead lines was 14 working days (16 calendar days); besides, the external works for underground lines were also simplified so that the total duration of underground lines was shortened from 18 working days (22 calendar days) to 17 working days (21 calendar days). The Directions are available on Taipower's official website for public perusal.

※Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size

Chinese version:

<http://www.taipower.com.tw/TC/page.aspx?mid=254>

English version:

<http://www.taipower.com.tw/upload/371/2018012418060993838.pdf>

- Clarification of number of days

No.	procedure	Number of days in 2018	
		Underground Calendar days (working days)	Overhead Calendar days (working days)
1	Submit application for connection and await completion of design	4(4)days	3(3) days
2	Await completion of external works by TPC's subcontractor	16(12)days	12(10) days
3	Await meter installation, internal wiring inspection and electricity flow from TPC	1(1)days	1(1) days
Total		21(17)days	16(14) days

- Explanation
 - Procedure 1 of overhead lines was 1 calendar day (working day) shorter compared to that of underground lines.
 - Procedure 2, the 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. On the other hand, the overhead lines were shortened for 2 calendar days (working days) than the underground lines as they do not require assigning or implementing the construction tasks.
 - Procedure 3 is 1 calendar day (working day) for both categories.
 - Hence, the total duration for underground lines could be shortened from 22 calendar days (18 working days) to 21 calendar days (17 working days), while the duration for overhead lines were 16 calendar days (14 working days).

ANSWERS AND EXPLANATIONS OF NEW QUESTIONS FOR 2019 QUESTIONNAIRE

1.4 Consumer safeguards

No.	Question	Answer
1.4.2	If private equipment is damaged due to voltage fluctuations, can customers obtain compensation from the utility?	If yes, please select how compensation requests are filed: At the office of the utility.
	If yes, is there a third-party mechanism or agency that decides (or arbitrates) on the appropriate compensation amount?	Please provide name of the body: Local Civil Court

3.4 Research questions: training requirements and wiring safety

For the questions below, please keep in mind the case study assumptions and check all the answers that apply.

A. Electricity sector regulations:

No.	Question	Answer
3.4.1	<p>1. Is there a national electricity code or set of regulations in Taiwan, providing standards for the installation of electrical wiring ?</p> <p>2. Name of code/ regulations (if applicable):</p> <p>3. Do the above-mentioned code and/or regulations provide clear provisions or guidelines on the following matters ?</p> <p>A. Professional qualifications required to carry-out the external / internal wiring</p> <p>B. Inspections required on the external/ internal wiring</p>	<p>1. Yes.</p> <p>2. 「Regulations for management consumer's electrical installation engineering」, 「Regulations for management electrical installation engineering company」 and 「Regulations for management electrical maintenance engineering private company」</p> <p>3. A&C</p>

	C. Professional qualifications required to inspect the external / internal wiring	
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3.4.2 How are changes in electricity regulations communicated to the following parties ?

	Private sector	Utility employees
(a) Dissemination campaign (e.g. social media, billboards, etc.)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(b) Training/workshops	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(c) Through public broadcast (e.g. TV, radio, etc.)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(d) None of the above	<input type="checkbox"/>	<input type="checkbox"/>
(e) Other (please specify in comments):	<input type="checkbox"/>	<input type="checkbox"/>

B. Quality control of internal wiring

No.	Question	Answer
3.4.3	Who typically conducts the installation of the internal wiring in the warehouse?	<input checked="" type="checkbox"/> Private company (in-house) <input type="checkbox"/> Private company (external party) <input type="checkbox"/> Utility (or third party hired by utility) <input type="checkbox"/> Other - please specify:
3.4.4	What are the legal requirements for the party carrying-out the internal wiring installation?	<input type="checkbox"/> Degree in engineering <input type="checkbox"/> Minimum years of professional experience - please specify how many years: <input checked="" type="checkbox"/> Professional license or certification - please specify what authority issues this certification: <input checked="" type="checkbox"/> Other - please specify: government

Legal Basis (if applicable): Article 3 of the 「Regulations for management electrical installation engineering company.」

Comments: Become 「Electricity Industry Enterprise Guild」 member

3.4.5	Is there a legal obligation to conduct an internal wiring inspection as part of the connection process? Legal Basis (if applicable):	Yes. Article 32 of the Electricity Act
3.4.6	If applicable, who conducts the mandatory internal wiring inspection?	<input checked="" type="checkbox"/> Utility <input type="checkbox"/> Licensed private company separate from the one doing the internal wiring installation <input type="checkbox"/> State energy agency - please specify the name of the agency: <input checked="" type="checkbox"/> Other - please specify: Full-time electrical technicians
3.4.7	According to the law and prior to the installation works, are the internal wiring plans (e.g. wiring diagrams) checked by the utility (or a third-party agency on its behalf)?	<input checked="" type="checkbox"/> Yes – Utility checks <input type="checkbox"/> Yes – Third party checks. Name of agency: <input type="checkbox"/> No

Legal Basis (if applicable): Article 32 of the Electricity Act

3.4.8	If applicable, what are the legal requirements for the party reviewing the internal wiring plans?	<input type="checkbox"/> Degree in engineering <input type="checkbox"/> Minimum years of professional experience - please specify how many years: <input type="checkbox"/> Professional license or certification - please specify what authority issues this certification: <input checked="" type="checkbox"/> Other - please specify: Public electrical transmission company full-time employees responsible for review work.
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Legal Basis (if applicable): Article 32 of the Electricity Act.

C. Quality control of external wiring		
No.	Question	Answer
3.4.9	Who conducts the installation of the external wiring connection to the warehouse?	<input checked="" type="checkbox"/> Private company <input type="checkbox"/> Utility (or third party hired by utility) <input type="checkbox"/> Other - please specify:
3.4.10	What are the requirements imposed by the law on the party carrying-out the external connection works?	<input type="checkbox"/> Degree in engineering <input type="checkbox"/> Minimum years of professional experience - please specify how many years: <input checked="" type="checkbox"/> Professional license or certification - please specify what authority issues this certification: Bureau of Energy, Ministry of Economic Affairs; and Skill Evaluation Center of Workforce Development Agency, Ministry of Labor) <input type="checkbox"/> Other - please specify:
3.4.11	Once the external works are completed, is a final inspection required by law or any regulation?	Yes.
3.4.12	If applicable, who conducts the external wiring connection inspection?	<input checked="" type="checkbox"/> Utility <input type="checkbox"/> Licensed private company <input type="checkbox"/> State energy agency - please specify the name of the agency: <input type="checkbox"/> Other - please specify:

D. Knowledge and training		
No.	Question	Answer
3.4.13	Does the utility provide training to engineers, technicians and/or inspectors involved in the connection process when there is a change in regulation or practice (e.g. technology) ?	Yes
▶	If yes, does the utility receive public funds for the above-mentioned trainings?	Yes

Appendix

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

(Amended and Promulgated March 2, 2017)

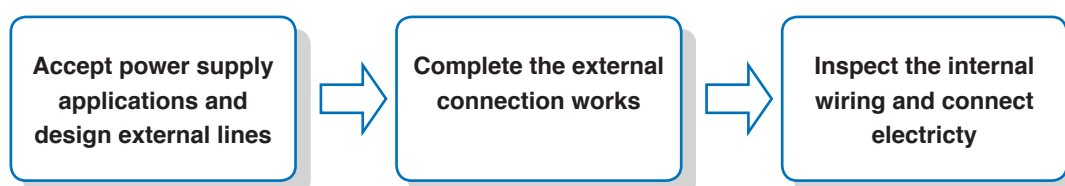
01 Objectives

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/transportation/transportation_planning). 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)

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

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.

Appendix

Appendix 1: Minimum charge for installation

Type of Service		Unit	Price (NT\$)
Lighting Service		Per Customer	3,300
Power Service	Low Tension	Per kW	2,199
	High Tension	Per kW	1,759
	Extra High Tension 69 KV	Per kW	1,600
	Extra High Tension 161 KV	Per kW	1,050
	Extra High Tension 345 KV	Per kW	420

Note: 5% Tax included.

Appendix 2: Charges for Line Extension

Type of Service	Unit	Price (NT\$)	
		Overhead	Underground
Low Tension	Per Meter	Per kW	2,199
High Tension	Per Meter	Per kW	1,759
Extra High Tension 69 KV	Per Meter	Per kW	1,600
Extra High Tension 161 KV	Per Meter	Per kW	1,050
Extra High Tension 345 KV	Per Meter	Per kW	420

Note: 5% Tax included.

Registering Property

❖ Summary of main points

◎ **Quality of Land Administration - Taiwan legal system has established independent appeal or conciliation mechanisms**

According to the Administrative Appeal Act, the Land Act, and the Regulations of Governing Establishment and Conciliation by Committees on Real Estate Dispute Conciliation at Municipality /City/County Levels, with regard to issues involving the Land Registration Office or the Cadastral Mapping Agency, applicants can file for appeal or conciliation using these regulations. To ensure the independence of the mechanism, the applications/complaints will be reviewed by the Administrative Appeal Review Committee, with one half of members composed of impartial persons from society, scholars and experts; or reviewed by the Committee on Real Estate Dispute Conciliation made up of three to five non-government persons with land administration, civil affairs, construction, or legal knowledge and experience, and a local person of outstanding character.

◎ **Time- The registration of transfer requires only two working days**

With the establishment of the Taipei City Government's one-stop windows for processing real property registration and relevant tax payments, and the promulgation of the Operational Directions for the One-Stop Window Processing of Land and Building Sales by the Taipei City Land Administration and Revenue Authorities, the registration of real estate transfer based on the World Bank case, a simple real property sale that does not involve the creation of a mortgage, requires only two working days.

◎ **Cost- The deed tax payable by the buyer would represent only 0.42% of the property value**

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, rather than 6% of the actual sale price.

QUALITY OF LAND ADMINISTRATION - TAIWAN LEGAL SYSTEM HAS ESTABLISHED INDEPENDENT APPEAL OR CONCILIATION MECHANISMS

If a citizen has a dispute with a real estate registration office or cadastral mapping agency, he/she can apply for conciliation or file an appeal, and the application for conciliation or appeal will be reviewed by a committee made up of scholars, experts and impartial persons from society. Application for conciliation or appeal can be made by dedicated phone line, mail or email. Explanation follows:

Conciliation Mechanisms-- The Committee on Real Estate Dispute Conciliation

- i. Legal basis: Article 34-2 of the Land Act; Articles 2, 3,6 of the Regulations of Governing Establishment and Conciliation by Committees on Real Estate Dispute Conciliation at Municipality/City/County Levels.
- ii. The Organization and the dispute types:
 - (i) Organization:

In order to settle property disputes, a Committee on Real Estate Dispute Conciliation should 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. The Committee composed of 11 to 13 members, will include, in addition to appointed government officials, one municipality/city/county land administration agent guild representative, three to five non-government persons with land administration, civil affairs, construction, or legal knowledge and experience, and one local representative of outstanding character. When the Committee fails to have a quorum of half the members present it shall recess, and any decision of the Committee shall only be effective on a favorable vote of half the members present in order to ensure the independence of the Committee.

- (ii) Disputes types:

There are 20 types of real estate dispute, such as disputes arising out of the setting up of border marks or the identification of land borders in Article 46-2 of the Land Act; disputes over cancellation of registration of land right, mortgage, superficies, sealing, provisional appropriation, and provisional disposition in Article 27-30 of

the Cadastral Clearance Act and disputes over land general registration in Article 75 of the Regulations of Land Registration. With regard to issues involving a Real Estate Registration Office or the Cadastral Mapping Agency, applicants can file for conciliation using these regulations.

iii. Taking Taipei City Government as an example:

Taipei City 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. The types of cases that applied for dispute conciliation are shown in Table 5.1:

Table 5.1 Accumulated cases of the real estate dispute conciliation in Taipei City (Sep. 2001 to Jun. 2017)

		Types	Number of Cases
Cases accepted	Resolutions reached	Co-owned property partition disputes	104
		Boundary related cadastral map resurvey disputes	2
		General registration disputes	15
		Housing rental disputes	0
		Building site rental disputes	0
		Farmland rental disputes	0
		Disputes of perpetual lease of farmland	0
		Cadastral clearance disputes	0
		Disputes of registration of positive prescription	82
		Others	1
		Total	204

	Types	Number of Cases
Cases accepted	Dismissed	133
	Agreement	6
	Withdraw	17
	Others	8
	Pending	5
Legal action followed due to dissatisfaction with the conciliation result		53

Source: Department of Land Administration, Taipei City Government
<http://themes.gov.taipei/public/Attachment/77311672390.pdf>

Appeal Mechanism- Administrative Appeal Review Committee

- i. Legal basis: Articles 1, 2, 52 of the Administrative Appeal Act; Article 34-2 of the Land Act.
- ii. Anyone who believes his/her right or interest was unlawfully or improperly injured by a central or local government agency's administrative action is entitled to file an administrative appeal. Land registration is also an administrative action; if a person believes he/she was unlawfully or improperly injured by such registration requirements he/she can file an appeal.
- iii. Organization:
 - (i) 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. The members of an administrative appeal review committee shall be chosen from the agency's senior staff, 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. An administrative appeal decision shall be made upon a resolution of the administrative appeal review committee, and the resolution could be reached upon one half committee members' present and one half presented committee members' consent. Therefore, the organization and operation of the administrative appeal review committee are both independent.

(ii) Taking Taipei City Government (TCG) as an example:

TCG has the Administrative Appeal Review Committee. The list of 11 members announced on Feb. 21, 2018 had seven professors from university law departments, one practicing lawyer, and was more than two-thirds made up of impartial persons (reference website: http://www.legalaffairs.gov.taipei/News_Content.aspx?n=71607F9DBB80325C&sms=BD739EDBC91A2DA5&s=F9F40654753A72BC). The figures for land administration type appeals handled by the Administrative Appeal Review Committee 2011-2016 are shown in the following table 5.2:

Table 5.2 Statistics of land administration appeals received by Taipei City Government 2011-2016

Year	2011	2012	2013	2014	2015	2016	Total
Number of Cases	112	95	136	98	109	90	640

Source: "Appeals Section" of the Taipei City Government Department of Legal Affairs' website
<http://www.legalaffairs.gov.taipei/News.aspx?n=EA65A05D18E060F9&sms=37C252FE8051F769>

Supplementary explanation

- i. The Taipei City Government Department of Legal Affairs website has created an "Appeals Section" (http://www.legalaffairs.gov.taipei/Content_List.aspx?n=0961C40BD08B38ED), 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, complains or appeals can be filed in the form of mail, FAX, or email to the Taipei City's Appeals Committee.
- ii. The Taipei City Government offers its citizens the following channels for filing complaints or appeals:
 - (i) Taipei City Simple Petition System (<https://hello.gov.taipei/>) telephone (switchboard, +886-2-27208889 or dedicated line, 1999)
 - (ii) Taipei City's district land offices also offer a single petition system link and 24-hour complaint fax. Taking Zhongshan Land Office as an example (<http://www.csla.gov.taipei/>), the 24-hour complaint fax number is: 02-25052775.

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>

TIME– THE REGISTRATION OF TRANSFER ONLY REQUIRES TWO WORKING DAYS TO COMPLETE

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>).

English website: <http://www.land.gov.taipei/ct.asp?xItem=70653638&CtNode=70422&mp=111002>

Chinese website: <http://www.land.gov.taipei/ct.asp?xItem=59183952&CtNode=84881&mp=111001>

From October 1, 2013 through January 2018, the one-stop land administration and revenue service windows set up by Taipei City Government in district land offices have

processed a total of 37,602 registration cases, involving 39,565 land plots and 35,392 buildings. Details are shown in Table 5.3.

Table 5.3 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 to Dec 2013	2,616	2,650	2,348
Jan to Dec 2014	8,878	8,933	8,094
Jan to Dec 2015	7,227	7,251	6,701
Jan to Dec 2016	7,569	8,671	7,754
Jan to Dec 2017	10,227	10,754	9,370
Jan 2018	1,085	1,306	1,125
Total	37,602	39,565	35,392

Source: Department of Land, Taipei City Government.

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

COST– THE DEED TAX WOULD REPRESENT ONLY 0.42% OF THE PROPERTY VALUE

Under the Deed Tax Act, the value of the deed shall follow the “standard prices”

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.

- i. 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.
- ii. 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.

According to the World Bank example, clarification as follows

- i. Under the World Bank's assessment of Taiwan's property transaction cost, the estimated average house price in Taiwan would be very unreasonable and deed tax revenue would be much lower than actual revenue.
 - (i) The 2018 Doing Business report's assessment of Taiwan's property transaction cost was 6.2% of property value [cost(% of property value)]; deducting 0.1% property value stamp tax and 0.1% property value registration fee, the deed tax value recognized by the World Bank is 6% of property value.
 - (ii) According to the Ministry of Finance's financial statistics database, deed tax revenue for Taipei City as a whole in 2017 was NT\$1,510,505,000 (see table 5.4)

Table 5.4 Monthly National Net Actual Collection-by area and tax items

Unit: NT\$1,000

Year/Month	Taipei City-deed tax												
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
2017	142,922	88,928	162,525	130,172	157,296	132,916	114,219	118,935	100,022	92,380	155,011	115,179	1,510,505

Data source: <http://web02.mof.gov.tw/njswww/WebProxy.aspx?sys=100&funid=defjspf2>

- (iii) According to the Ministry of the Interior real estate information platform, in 2017 the registration of residences transferred was 11,026 cases, for bought/sold alone (see Table 5.5) ; if deed tax is 6%, then the annual property value of Taipei City would be NT\$25,175,083,333($1,510,505,000 \div 6\%$); and the average property value was NT\$ 2,283,247($25,175,083,333 \div 11,026$), which is very unreasonably low for Taipei City.

**Table 5.5 Number of residences transferred Q1-4 2017 in Taipei City
(Divided by reason for registration)**

	Number of residences transferred	Bought/sold (number)	Bought/sold proportion	Gifted (number)	Gifted proportion	Auctioned (number)	Auctioned proportion	Inherited (number)	Inherited proportion	Other (number)	Other proportion
Q1	6,513	3,109	47.74%	1,381	21.20%	74	1.14%	1,329	20.41%	89	1.37%
Q2	7,165	3,589	50.09%	673	9.39%	105	1.47%	1,520	21.21%	118	1.65%
Q3	5,302	2,986	56.32%	531	10.02%	60	1.13%	1,297	24.46%	70	1.32%
Q4	2,966	1,342	45.25%	561	18.91%	53	1.79%	596	20.09%	37	1.25%
Total	21,946	11,026		3,146		292		4,742		314	

Data source: <http://pip.moi.gov.tw/V2/E/SCRE0401.aspx>

- (iv) Taking the property value set by the World Bank example of NT\$37,638,586, if deed tax is 6%, the amount of deed tax collected would be NT\$2,258,315.16 (NT\$37,638,586 × 6%); calculated according to the number of bought/sold residence cases in Taipei City in 2017, deed tax revenue would be NT\$24,900,181,190 (NT\$2,258,315 × 11,026), a difference of NT\$23,389,676,190 (NT\$24,900,181,190 - 1,510,505,000) compared to the aforementioned actual dead tax revenue. The above data is also only calculated using bought/sold cases, and in accordance with Article 2 of the Deed Tax Act, actual deed tax revenue includes inheritance, exchange, gifting, segmentation or occupation cases. If these cases were also included, the difference would be even larger.
- ii. The deed tax payable by the buyer would represent only 0.42% of the property value.
- (i) 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 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.
- (ii) 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>)

(iii) Applying the above to the World Bank's survey example, the deed tax payable by the buyer would represent only 0.42% 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 - depreciable years \times 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 m^2 with a property value of NT\$37,638,586.
 - 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 = $(159,904 \div 37,638,586) \times 100\% = 0.42\%$.

OTHER 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.

Advance review of land registration application, saving people who live far away the trouble of making a long journey (Jul. 2014)

A "highlight program" under which people who live far away can apply for advance review of a land registration application has been implemented from 2014, the aim to enhance service and to save people who live far away having to make a long journey to carry out land registration. At present, all special municipality and city/county and land registration agencies across Taiwan offer such a service for citizens who live far away. All applicants who live far away and registration case types that meet the requirements of special municipality and city/county regulations can request advance review by the land registration agency where their land is located. If there is a need for advance review, people can refer to the specific municipality and city/county government website or contact the relevant land administration agency.

Agency collection of land registration type cases by cross-city/county land registration agencies (Jan. 2015)

To save people time and money and increase government service effectiveness, on Jan. 8, 2015 agency collection of land registration and construction survey cases by cross-city/county land registration agencies was introduced. To expand the scope of convenient service, the number of types of land administration cases that can be agency collected was increased to 12 on Nov. 3 the same year, including copying application forms for land registration, land re-survey and their attachments, personal filing of real property transaction price or transcript filing for online registration of property transaction price, and other types of cases.

These measures save applicants the time and travel expenses required to go to and from land administration agencies and have shown good results.

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.

Appendix

Operational Directions for the One-Stop Window Processing of Land and Building Sales by the Taipei City Land Administration and Revenue Authorities

(Promulgated on September 18, 2013 and effective on October 1, 2013.

Amended on January 18, 2016 and effective on February 1, 2016)

Point 1

These Directions are prescribed to simplify the operational process for registering transfer of ownership from the sale of land and buildings (hereinafter referred to as “sale”) in Taipei City (hereinafter referred to as “Taipei”) and enhance service to the public, by applying the service concept of “a one-stop window for whole-process service” to integrate service across agencies through the establishment of revenue service counters in all of Taipei’s land offices, so as to integrate land administration and revenue agencies and provide cross-agency, cross-district one-stop window integrated service.

Point 2

These Directions apply to sales that satisfy the following conditions:

- (1) The buyer and seller apply to register a simple sale, or a sale that also involves the creation of a mortgage, under a Contract for the Sale and Transfer of Ownership of Land and Constructional Improvement. However, these Directions shall not apply to cases where the buyer or seller is a foreign national, cases deemed as gifts under the provisions of Article 5 of the Estate and Gift Tax Act, or cases of disposal that come within the provisions of Article 34-1 of the Land Act.
- (2) Declarations for land value increment tax and deed tax for the case are filed online.
- (3) The case involves the transfer of no more than three items of land and buildings in total.
- (4) The case applicants consist of no more than one obligee and one obligor.

Point 3

Where a sale satisfies the provisions of the preceding Point, an application for cross-office registration may be made in accordance with the Implementation Rules for Cross-Office Registry among Land Offices under the Department of Land, Taipei City Government.

Point 4

Process Window

- (1) Revenue service desks set up in every district land office in Taipei shall accept and process land and building tax payment matters for the whole area of Taipei.
- (2) The full-function counters of Taipei's district land offices shall accept and process all applications for the registration of the sale of, and the creation of mortgages for, land and buildings within Taipei.

Point 5

Process

- (1) Tax Payment Check:

The applicant or the applicant's representative files a tax declaration via the Local Tax Online Declaration System, prints out the forms for payment of land value increment tax, deed tax, and stamp duty, and after paying the taxes, takes the tax payment receipts and the Land Value Increment Declaration Form stamped with the seals of the obligor and obligee, the Deed Tax Declaration Form stamped with the seal of the obligee, and the original of the Contract for the Sale and Transfer of Ownership of Land and Constructional Improvement to the revenue service desk of any district land office in Taipei to complete the tax process.

- (2) Receipt of Application:

The applicant delivers the documents to the full-function counter.

- (3) Calculation and Collection of the Prescribed Fee: For land, one thousandth of the declared value; for buildings, one thousandth of the value as approved by the revenue service for the payment of deed tax.

- (4) Examination:

Applications are examined by the land office, which will notify the applicant of any deficiency that may be corrected, and the applicant may make correction or supplementation one time.

- (5) Registration:

Registration will be carried out by the land office upon completing the examination and finding no deficiency.

(6) Issuance of Certificate:

The land office will issue a certificate upon completion of registration.

Point 6

Time Limit for Processing:

- (1) The whole process for registering a simple sale shall be completed in two working days.
- (2) The whole process for registering a sale and creation of a mortgage shall be completed in three working days.

Point 7

Other sales not covered by the provisions of these Directions shall be processed in accordance with ordinary application procedures.

Getting Credit — Legal Rights

❖ Summary of main points

- ◎ When a debtor fails to fulfil the contract but is not declared bankrupt or goes into liquidation, secured creditors have priority over claims of the debtor's other unsecured creditors.
- ◎ Also, when a debtor fails to fulfil the contract and is declared bankrupt or goes into liquidation, secured creditors have priority over claims of the debtor's other creditors.
- ◎ The law allows businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral.
- ◎ In 2015, the Ministry of Economic Affairs (MoEA) set up a “Property Secured Transaction Online Registration and Public Inquiry” website (<https://ppstrq.nat.gov.tw/pps/identity/Identity/init.do>).

When a debtor fails to fulfil the contract but has not declared bankruptcy and is not subject to settlement, secured creditors have priority over other creditors.

- According to Article 884 of the Civil Code, A pledge of personal property is a preferential right of a creditor to receive satisfaction of a claim from the proceeds from sale of personal property the possession of which has been transferred by a debtor or a third party as security for the claim.
- And according to Article 15 of the Personal Property Secured Transactions Act, “Mortgage of personal property” means a transaction in which mortgage rights over the personal property that secures a claim are created in favor of the mortgagee without transfer of possession of the property by the debtor or a third party, such that if the debtor fails to

perform the contract, the mortgagee may take possession of the mortgaged property and may sell the property, and satisfaction of the mortgagee's claims from the sale proceeds shall have precedence over other claims.

When a debtor fails to fulfil the contract and has not declared bankruptcy or is subject to settlement, secured creditors still priority over other creditors.

- According to Article 28 of the Labor Standards Act, When an employer has suspended or liquidated its business or has declared bankruptcy, the worker's rights of "Less than six months of wages to be paid to the workers according to the labor contract", "Retirement pensions that the employer has failed to disburse in accordance with the Act" and "Severance pay that the employer has failed to disburse in accordance with the Act or the Labor Pension Act" shall be regarded equal to the creditor rights of those with mortgage rights, pledges or liens of the top priority. In hence, if the debtor has declared bankruptcy or liquidation, the secured creditors still have preferential right.

The law allows businesses to grant a nonpossessory security right in a single category of movable assets, without requiring a specific description of collateral.

- In 2014, we added Paragraph 2, Article 6 of the Enforcement Rules of the Personal Property Secured Transactions Act as follows: "The subject property under registration referred to in the subparagraph 2 of the preceding 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."
- In 2015, we deleted the Article 2 of the Enforcement Rules of the Personal Property Secured Transactions Act, therefore, 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 limitation of types.

In 2015, the Ministry of Economic Affairs (MoEA) set up a "Property Secured Transaction Online Registration and Public Inquiry" website (<https://ppstrq.nat.gov.tw/pps/identity/Identity/init.do>); it allows online application for personal property secured transaction registration, change, cancellation or enquiry; third parties can also check related information. This is a state-of-the-art registration system.

Reform plans expected to be completed 2018.6-2019.5

- To boost the accessibility of financing and optimize its legal framework for secured transactions, Taiwan's Financial Supervisory Commission is currently formulating amendments to the Personal Property Secured Transactions Act (the Act) to promote reform of the personal property security regime; amendments include revoking Article 4 to avoid any misunderstanding about restrictions on the subject properties, and introducing a floating lien system. The draft amendment is expected to be completed in 2018, and further legislative procedure will be carried out as quickly as possible.
- Planned amendments

In order to raise Taiwan's ranking for the Getting Credit—Legal Rights Index, with reference to international floating lien systems, debtors are allowed, at the same time as operating on a daily basis, to also effectively use the economic value of machinery, materials, stock, semi-finished products and other property required for operation as collateral to gain financing, by doing so maximizing the economic benefit of their property. It is planned to add the floating lien system to the Act; the focuses of planning are:

- i. Amendment of Article 2: Adding “floating lien” to personal property secured transaction types;
- ii. Revocation of the scope of subject property in Article 4 to avoid any misunderstanding about restrictions on subject properties.
- iii. Adding “floating lien” to chapter 2-1, stipulating the mandatory provisions of floating lien contracts, extensions of floating lien's validity to payment or accounts receivable of the subject property disposed of, the right of the floating lien creditor to verify the subject property and read documents on the fund flow of designated accounts, and reasons for “crystallization” of floating lien subject property and registration of crystallization.

Protecting Minority Investors

❖ Summary of main points

◎ Any of evidence of unfairness, a conflict of interest or damages is sufficient to hold Mr. James liable for the damage that the transaction causes to the company

- According to Paragraph 1 of Article 8, Paragraph 1 of Article 23, Article 369-3 and Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, Buyer and Seller are controlling and subsidiary companies. Because Mr. James owns 90% of Seller, and cause Seller sells its trucks to Buyer above market value. Seller will be held liable for the damages to the Buyer because the transaction is "contrary to normal business practice or not profitable." Also Mr. James, as the responsible person of Seller, shall be liable, jointly and severally, with the Seller to the Buyer because he causes the Buyer to enter into the transaction. The state of mind of Mr. James is irrelevant when it comes to the liability under Article 369-4 of the Company Act.

◎ Buyer must have a separate audit committee

- According to 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; Paragraph 4 of Article 2-2, Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, Buyer must have a separate audit committee.

◎ A subsidiary is prohibited from acquiring shares issued by its parent company

- According to Paragraph 3, 4, 5 of Article 167, Paragraph 2 of Article 179, Article 369-2, 369-3 and 369-4 of the Company Act, a subsidiary is prohibited from acquiring shares issued by its parent company to prevent the disadvantage of cross ownership.

MAIN POINTS

(I) Any of evidence of unfairness, a conflict of interest or damages is sufficient to hold Mr. James liable for the damage that the transaction causes to the company

◆ Case assumption of the conflict of interests:

- 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).
- Shareholders subsequently discover 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.

Question	This year answer
7. Is evidence of unfairness, a conflict of interest or damages sufficient to hold Mr. James liable for the damage that the transaction causes to the company?	Yes

Applicable Law: Paragraph 1 of Article 8, Paragraph 1 of Article 23, Article 369-3 and Paragraph 1 and Paragraph 2 of 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. Pursuant to Paragraph 1 and Paragraph 2 of 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. Besides, if the responsible person of the controlling company has caused the subsidiary company to conduct the business described in the preceding Paragraph, he/she shall be liable, jointly and severally, with the controlling company for such damages.
 3. In accordance with Article 8, Paragraph 1 of the Company Act, the term “responsible persons” of a company as used in this Act denotes shareholders conducting the business or representing the company in case of an unlimited company or unlimited company with limited liability shareholders; directors of the company in case of a limited company or a company limited by shares.
 4. According to Article 23, Paragraph 1 of the Company Act, the responsible person of a company shall have the loyalty and shall exercise the due care of a good administrator in conducting the business operation of the company; and if he/she has acted contrary to this provision, shall be liable for the damages to be sustained by the company there-from. Besides, pursuant to Article 23, Paragraph 2 of the Company Act, if the responsible person of a company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person; he/she shall be liable, jointly and severally, for the damage to such other person.
 5. In this case, Mr. James owns 60% of Buyer and 90% of Seller; therefore, the controlling and subordinate relation exists between Buyer and Seller. In other words, Buyer and Seller are controlling and subsidiary companies because the majority of the outstanding shares of these two companies are held by the same person, Mr. James. Seller sells its trucks to Buyer above market value and thus the transaction is contrary to normal business practice or not profitable, according to Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, Seller will be

held liable for the damages to the Buyer and Mr. James, as the responsible person of Seller, shall be liable, jointly and severally, with the Seller to the Buyer because he owns 90% of Seller, and causes the Buyer to enter into the transaction. The state of mind of Mr. James is irrelevant when it comes to the liability under Article 369-4 of the Company Act.

(II) Buyer must have a separate audit committee

◆ Case assumption of listed companies:

- Buyer is a publicly traded listed corporation or its functional equivalent in your country. 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 go beyond the minimum requirements of corporate law or securities regulations. It does not follow any code of corporate governance, model charter, or code of good practice, unless they are 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.
- If most companies follow a 1-tier board structure, please assume that "Buyer's board" refers to its board of directors.
- If most companies follow a 2-tier board structure, please assume that "Buyer's board" refers to its supervisory board.

Question	This year answer
10. Must Buyer have a separate audit committee? (a subcommittee of Buyer's board, composed exclusively of board members)	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; Paragraph 4 of Article 2-2, Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings

Comments:

1. According to Article 14-4 of Securities and Exchange Act:

(Paragraph 1) A company that has issued stock in accordance with this Act shall establish either an audit committee or a supervisor. The Competent Authority may, however, in view of the company's scale, type of operations, or other essential considerations, order it to establish an audit committee in lieu of a supervisor; the relevant regulations shall be prescribed by the Competent Authority.

(Paragraph 2) The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

(Paragraph 3) For a company that has established an audit committee, the provisions regarding supervisors in this Act, the Company Act, and other laws and regulations shall apply mutatis mutandis to the audit committee.

(Paragraph 4) The following provisions of the Company Act shall apply mutatis mutandis with regard to independent directors who are members of the audit committee: Article 200; Articles 213 - 215; Article 216, paragraphs 1, 3, and 4; Article 218, paragraphs 1 and 2; Article 218-1; Article 218-2, paragraph 2; Article 220; Articles 223 - 226; the proviso of Article 227; and Article 245, paragraph 2.

(Paragraph 5) Regulations governing exercise by the audit committee and its independent director members of the powers set out in the preceding two paragraphs, and matters related thereto, shall be prescribed by the Competent Authority.

(Paragraph 6) A resolution of the audit committee shall have the concurrence of one-half or more of all members.
2. In accordance with the ruling of Financial Supervisory Commission, from 2014 the listed company with paid-up capital over NTD 10,000,000,000 shall establish audit committee which, based on the Paragraph 2 of Article 14-4 and Article 4 of Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, should be composed of the entire number of independent directors. From 2017, the listed company with paid-in capital over NTD 2,000,000,000 shall establish audit committee.
3. Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings Article 2-2, paragraph 4, subparagraph 3 (Subparagraph 3 is added on Aug. 11,

2017, Effective on Jan. 1, 2018), Issuers applying for listing Republic of China shares and foreign issuers applying for primary listing of shares shall incorporate the following in the articles of incorporation before the TWSE will entertain their applications:(1)Electronic means as one of the avenues for the exercise of voting rights by shareholders.(2)Election of directors of the company through the nomination system.(3)An audit committee to be established by the company. Therefore, from 2018, new IPO companies shall establish audit committee pursuant to Subparagraph 3, Paragraph 4 of Article 2-2 of Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings.

4. Furthermore, according to the new CG roadmap, FSC will require all listed companies to establish audit committee in Q3/Q4 2018 and must be complete in 2022.
5. In conclusion, in accordance with the Securities and Exchange Act as well as TWSE Corporation Rule Governing Review of Securities Listing, effective on Jan. 1, 2018, all newly listed companies in Taiwan must have an audit committee composed exclusively of independent directors.

(III) A subsidiary is prohibited from acquiring shares issued by its parent company

- ◆ **Case assumption: In the following questions, the Case assumption please refer to Part (II).**

Question	This year answer
13. Is a subsidiary prohibited from acquiring shares issued by its parent company? If not, must the subsidiary dispose of the shares within a year and cannot exercise any voting rights?	Yes

Applicable Law: Paragraph 3, 4, 5 of Article 167, Paragraph 2 of Article 179, Article 369-2, 369-3 and 369-4 of the Company Act

Comments:

1. Pursuant to Article 167, Paragraph 3,4 and 5 of the Company Act: (Paragraph 3) 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.

(Paragraph 4) 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.

(Paragraph 5) Where the responsible person of a company has acted contrary to any provisions set out in the preceding four Paragraphs by redeeming or buy back its outstanding shares, or accepting such shares as the security in pledge, or raising the share price for offsetting its outstanding debt, or reducing the selling price of such shares, he/she shall be liable for the damage to the company.

2. In accordance with Paragraph 2 of Article 179 of the Company Act: The shares shall have no voting power under any of the following circumstances:

(Subparagraph 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

(Subparagraph 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.

3. According to Article 369-2 of Company Act:

(Paragraph 1) 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.

(Paragraph 2) In addition to the relation set forth in the preceding Paragraph, if a company has a direct or indirect control over the management of the personnel, financial or business operation of another company, it is also considered the controlling company, and the said another company is considered the subordinate company.

4. Pursuant 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.

5. According to Article 369-4, Paragraph 1 and 2 of the Company Act:

(Paragraph 1) 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.

(Paragraph 2) If the responsible person of the controlling company has caused the subsidiary company to conduct the business described in the preceding Paragraph, he/she shall be liable, jointly and severally, with the controlling company for such damages.

6. In conclusion, according to Article 167, Paragraph 3 of the Company Act, the shares of the holding company cannot be purchased by its subsidiary, the majority of whose shares are owned by the parent company. Furthermore, the definition of “the controlling and subordinate relation” is very broad in Taiwan’s Company Act (Article 369-1, 369-2, and 369-3). This approach is intended to cast a wider net to better regulate affiliated companies and protect minority shareholders in these companies.

7. In comparison, the definition of holding company and subsidiary company is rather strict in the leading jurisdictions, such as Hong Kong and Singapore, in this Protecting Minority Investors index.

Below are some excerpts from Singapore laws:

- Section 5 of the Companies Act (Definition of subsidiary and holding company):
 - (1) For the purposes of this Act, a corporation shall, subject to subsection (3), be

deemed to be a subsidiary of another corporation, if —

(a) that other corporation —

- (i) controls the composition of the board of directors of the first-mentioned corporation; or
- (ii) controls more than half of the voting power of the first-mentioned corporation; or
- (iii) [Deleted]

(b) the first-mentioned corporation is a subsidiary of any corporation which is that other corporation's subsidiary.

▪ Subsection 1, Section 21 of the Companies Act (Membership of holding company):

- (1) A corporation cannot be a member of a company which is its holding company, and any allotment or transfer of shares in a company to its subsidiary shall be void.

8. In the light of comparative law, Taiwan's rules on subsidiary's acquiring shares of parent company are no less strict than the rules of Singapore. As a result, Taiwan should score 1 on this question.

OTHERS

The followings explain that Taiwan should get scores on these questions:

(I) Conflict of interest case study:

◆ **Case assumption: In the following questions, the Case assumption please refer to Part (I) of Main Points.**

Question	This year answer
1. Who provides the final authorization before Buyer can acquire Seller's trucks?	The board of directors excluding Mr. James

Applicable Law: Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; Subparagraph 3, Article 14-3 and Subparagraph 4, Paragraph 1, 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 Subparagraph 3, Article 14-3 and Subparagraph 4, Paragraph 1, 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.

Question	This year answer
8. Is evidence of unfairness, a conflict of interest or damages sufficient to hold the other board members for the damage that the transaction causes to the company?	Yes

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.

Comments:

1. According to the comment of Part (I) of Main Points, the controlling and subordinate relation exists between Seller and Buyer. Seller is the controlling company and should be liable for the damages Buyer 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, Seller should pay Buyer an appropriate compensation upon the end of the fiscal year involved. If Seller fails to do so and thus cause Buyer to suffer damages, Seller shall be liable for such damages. Mr. James owns 90% of Seller, and caused Buyer to do business contrary to normal business practice and caused damages to Buyer, shall be liable, jointly and severally, with the Seller for such damages. Furthermore, in the event Seller fails to make the indemnification as required in the preceding Paragraph, Buyer'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 Buyer may exercise, in its (or his/their) own name, the rights of Buyer as set forth in the preceding Paragraphs to claim for the payment of the indemnity from the Seller to Buyer.
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>.

Question

9. If shareholders are successful in their action against Mr. James, what remedies are available?

	This year answer
He pays damages	Yes
He repays personal profits made from the transaction	Yes
He is disqualified from serving in the management of any company for 1 year or more	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.

Comments:

1. Pursuant to Paragraph 1 and Paragraph 2 of Article 369-4 of the Company Act, in case a controlling company (Seller) has caused its subsidiary company (Buyer) 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 (Buyer) to suffer damages, the controlling company (Seller) shall be liable for such damages. And if the responsible person (Mr. James) of the controlling company (Seller) has caused the subsidiary company (Buyer) to conduct the business described in the preceding Paragraph, he shall be liable, jointly and severally, with the controlling company (Seller) 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 there-from. 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 (Securities and Futures Investors Protection Center¹) 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

¹ For protection of the public interest, within the scope of this Act and its articles of incorporation, the protection institution 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. (please see <http://www.spifc.org.tw>)

of Article 200 of the Company Act or of Article 227 of the Company Act applied mutatis mutandis through Article 200.

Question	This year answer
10. Is evidence of unfairness, a conflict of interest or damages sufficient to void/rescind the transaction?	Yes

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

Comments:

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, (a) 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 avoidance of the act. (b) 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 avoidance of the act. (c) When an application is made to a court for avoidance 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 avoidance at the time of the transfer. (d) 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. (e) 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.

Question	This year answer
12. 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?	Yes, both directly and through an inspector.

Applicable Law: Article 245 of the Company Act; Article 38-1 of Securities and Exchange Act; Article 9 of the Freedom of Government Information Law; Paragraph 1, Article 368 of the Code of Civil Procedure

Comments:

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. Shareholders may request government agencies to provide government information in accordance with Article 9 of the Freedom of Government Information Law. "Government Information" means information which a government agency produces or acquires within its respective authority and is saved in the forms of documents, pictures, etc.

4. Pursuant to Article 368, Paragraph 1 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.
5. Therefore, according to Article 245 of the Company Act; Article 38-1 of Securities and Exchange Act; Article 9 of the Freedom of Government Information Law; Paragraph 1, Article 368 of the Code of Civil Procedure, before filing a suit, shareholders representing 10% can through an inspector to obtain internal company documents such as minutes of board meetings, contracts and purchase agreements in connection with Buyer's acquisition of the trucks.

Question	This year answer
14. What information must plaintiff include in its request to the judge to compel evidence from a defendant or witness in a civil trial?	The request need only identify categories of documents sought, without specifics.

Applicable Law: Article 342, 346 of the Taiwan Code of Civil Procedure.

Comments: Article 342 of the Code of Civil Procedure provides that:

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. (3)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.

Question	
15. How is the process of questioning defendants and witnesses conducted in civil trials?	
	This year answer
From the defendant	The plaintiff or plaintiff's lawyer performs his own questioning with prior approval by the court of the questions posed.
From an uncooperative witness	The plaintiff or plaintiff's lawyer performs his own questioning with prior approval by the court of the questions posed.

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

Comments:

- 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.
- 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.
- Hence, during trial, a plaintiff must obtain prior approval from the court to question a defendant or witness.

Question	This year answer
16. Must the company or defendant reimburse legal expenses incurred by shareholders in their action against company directors? (e.g., court fees, attorney fees and related expenses)	Yes, if the court found in favor of the shareholders. The amount can be at 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

Comments:

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.

(II) Listed Companies:

- ◆ **Case assumption: In the following questions, the Case assumption please refer to Part (II) of Main Points.**

Question	This year answer
3. Must shareholders approve the issuance of new shares and how long is this authorization valid for? (Alternatively, must Buyer obtain shareholder approval to issue unissued share up to its authorized share capital?)	Yes

Applicable Law: Article 240, 266 and Article 267 paragraph 8 and 9 of the Company Act; Paragraph 3 of Article 28-1 and Article 43-6 of the Securities and Exchange Act

Comments:

1. According to Article 277, paragraph 1 and paragraph 2 of the Company Act, the issuance of new shares of the listed company, when involving modification

or alteration of its Articles of Incorporation, 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. The listed company issues unissued shares up to its authorized share capital 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 pursuant to Article 266, Paragraph 2 of the Company Act.

2. In order to protect shareholders' rights, issuance of the following new shares requires a resolution adopted by shareholders pursuant to relevant laws and regulations:
 - (1) According to Paragraph 3 of Article 28-1 of Securities and Exchange Act, a public company is required to publicly offer 10% of its total shares newly issued. The above 10% requirement shall be precluded in case a higher percentage has been so determined by a resolution of the shareholders meeting.
 - (2) Pursuant to Article 43-6 of Securities and Exchange Act, a public company 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 meeting of shareholders who represent a majority of the total number of issued shares.
 - (3) In accordance with Article 240 of the Company Act, a company may, by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company, have the whole or a 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.
 - (4) Pursuant to Paragraph 8 and Paragraph 9 of Article 267 of the Company Act, if a company offering its shares to the public and issuing restricted stock 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. 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 two-third 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.

Question	This year answer
5. Must shareholders approve the election and dismissal of the external auditor?	No

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

Comment:

1. According to Article 20 and 29 of Company Act, the appointment, discharge and remuneration of the certified public accountant of a company limited by shares 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.
2. 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	This year answer
7. Is the CEO (e.g. chief executive, managing director) forbidden from also being chair (or president) of Buyer's board?	Yes

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

Comments:

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. In order to strengthen corporate governance, listed companies are encouraged to appoint different individuals to act as general manager and CEO in accordance with Paragraph 2, Article 23 of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies encourage. In addition, 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. Furthermore, Taiwan Stock Exchange and Taipei Exchange have implemented Corporate Governance Evaluation and evaluated corporate governance performance of listed companies by whether the chairman of the board and general manager (chief executive officer) was not held by the same person or his/her spouse.
3. Therefore, it is inappropriate for the chairperson to also act as the general manager.

(III) Private limited companies:

◆ Case assumption:

Buyer Co. ("Buyer") is a manufacturing company. It is incorporated as a private limited company or its functional equivalent in your country. Its shares cannot be listed on a stock exchange.

Examples include the Private Limited Company (Ltd), Limited Liability Company (LLC), Sociedad de Responsabilidad Limitada (SRL), Gesellschaft mit beschränkter Haftung (GmbH) and Société à responsabilité limitée (SARL).

Question	This year answer
4. Must all members of Buyer consent to add a new member?	Yes

Applicable Law: Article 356-1, 356-5, and 356-12 of the Company Act

Comments:

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. According to Article 356-5 of the Company Act, the restrictions on transfer of shares shall be explicitly described in the Articles of Incorporation of a close company. Besides, 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. As a result, 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.

MAIN REFORMS FROM 2017.6~2018.5

- (I) Enhance the functions of the board (entry into force on July 28, 2017)

Partial Amendments to the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, to Encourage Independent Directors to Exercise Their Professional Supervisory Functions, Enhance the Functions of the Board, and Meet Needs in Actual Practice.

The FSC amended and issued on 28 July 2017 some provisions of the above three regulations. Key points of the amendments include:

1. Strengthening the duties and functions of the audit committee, and increasing the transparency of its meetings: the audit committee may resolve to invite relevant persons to attend meetings as non-voting participants; if an audit committee member has any possible conflict of interest in a matter to be discussed at a meeting, the member shall specify the key content of its interest, and shall recuse if there is any likelihood of adverse impact the company’s interests, and the circumstance shall be recorded in the meeting minutes; meetings shall be recorded in their entirety in audio or video and shall be well preserved.

2. Enhancing independent directors' participation in the operations of the board: at least one independent director shall attend board meetings in person, in order to enhance the independent director's understanding of the company's operations. And for the resolutions shall be adopted by the board of directors, all independent directors should attend board meetings. If any independent director cannot attend in person, he/she should be represented by another director.
3. Enhancing disclosure of nomination of independent directors that have served for three terms or more: taking into reference similar regulations abroad, the amendment provides that a public company shall, when nominating for the company's independent directors any person that has already served as an independent director for three consecutive terms, announce the reasons why the company continues to nominate the same person to serve as an independent directors at the same time as it announces the results of the review of the nominees, and shall present the aforementioned reasons to the shareholders at the time of the independent director election at the shareholders meeting.
4. Members of the special committees on public tender offer reviews or on mergers and acquisitions are also allowed to serve as independent directors: Considering the members of the abovementioned committees are performing their duties according to the Securities Exchange Act or Business Mergers and Acquisitions Act, and their professional qualifications and independence are in accordance with the provisions of independent directors. The members of the abovementioned committees duly providing business, legal, financial and accounting services or consultations to the company with respect to public tender offers and mergers and acquisitions, may be exempted, as members of the remuneration committee currently are, from the application of the provisions not allowing such persons to act as an independent director in Article 3, paragraph 1, subparagraph 7 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
5. Website link:
https://www.fsc.gov.tw/ch/home.jsp?id=96&parentpath=0,2&mcustomize=news_view.jsp&dataserno=201707110002&aplistdn=ou=news,ou=multisite,ou=chinese,ou=ap_root,o=fsc,c=tw&dtable=News; <http://www.selaw.com.tw/LawContent.aspx?LawID=G0101971>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0101972>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0101973>;

(II) Amendments of "Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings", "Sample Template for XXX Co., Ltd. Rules Governing the Scope

of Powers of Independent Directors”, and “Sample Template for XXX Co., Ltd. Audit Committee Charter” (entry into force on September 27, 2017)

1. On September 27, 2017, the Financial Supervisory Commission (FSC) issued a Public Announcement: Taiwan Stock Exchange Corporation amended “Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings”, “Sample Template for XXX Co., Ltd. Rules Governing the Scope of Powers of Independent Directors”, and “Sample Template for XXX Co., Ltd. Audit Committee Charter” in accordance with the above amendments to FSC regulations.
2. Website link:
<http://www.selaw.com.tw/LawContent.aspx?LawID=G0101971>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0101972>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0101973>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0100298>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0100299>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0100300>

(III) Amendments of “Rules Governing Review of Securities Listings” and relevant rules and listing application documentations (entry into force on January 1, 2018)

1. On August 11 and September 19, 2017, the FSC issued a Public Announcement separately: Taiwan Stock Exchange Corporation announced amendments to “Rules Governing Review of Securities Listings” and relevant rules and listing application documentations, requiring issuers applying for listing Republic of China shares and foreign issuers applying for primary listing of shares shall incorporate the establishment of audit committee in the articles of incorporation before the TWSE will entertain their applications. In order to strengthen the functions of the board, the company should insure for its directors who conducting the business, and submit the relevant documents when file and application for its listing.
2. Website link:
<http://cgc.twse.com.tw/pressReleases/promoteNewsArticleCh/1893>; <http://www.selaw.com.tw/LawArticle.aspx?LawID=G0100561&ModifyDate=1060811>

Paying Taxes

PROFIT-SEEKING ENTERPRISE INCOME TAX

MAIN REFORMS (FROM 2017.6-2018.5)

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.

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. This reduces the time required to collect income tax certificate related information by businesses and allows the correctness of the reported income amount to be checked, reducing the reporting error rate.

REFORMS PLANNED FOR COMPLETION 2018.6-2019.5

Simplification of Profit-seeking Enterprise tax return forms in line with tax system reform

On February 7, 2018 amendment of the Income Tax Act was announced, revoking the Integrated Income Tax System Imputation System; from January 1, 2018, Profit-seeking Enterprises do not need to establish and record imputation credit accounts and a sole proprietorship or a partnership recognized as a small-scale profit-seeking enterprise shall not file an annual income tax return. In line with these changes, Profit-seeking Enterprise Income Tax return forms will be simplified to reduce the time for filling out by Profit-seeking Enterprises and build an easy environment for reporting and paying tax.

ITEMS THAT NEED CORRECTING

According to Doing Business 2018, 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.

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 2018 is 161 hours, which does not correspond to the actual circumstances. An analysis of the discrepancies is presented in the following table:

Table 8.1 An Analysis of Differences in Profit-Seeking Enterprise Income Tax Filing Times

Unit: hours

Item		2018 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
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

Unit: hours

Item	2018 WB Survey	Actual time in Taiwan	Difference
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

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. However, in Taiwan, business income tax reporting is based on financial statements and necessary adjustment of any contents thereof not conforming to the statutory requirements, therefore, the hours required by a CPA to audit and certify Profit-seeking Enterprise Income Tax in line with the aforementioned regulations is mainly the time required for audit and certification of financial statement (such as external confirmation time, liability time) and is not all for income tax audit. Therefore, if, in the World Bank survey, the financial statement certification time is not included for other countries, the time to carry out preparation and audit of a financial statement in Taiwan should also be

excluded, taking only the time for preparation, adjustment and analysis of business tax filing into account (as the times in the above table 1 (4), (5), 2 and 3) to unify the survey basis.

With regard tax collection agency handling of profit-seeking enterprise correction cases, the questionnaire result does not match the actual tax collection situation in Taiwan

In Doing Business 2018, the Index of Post-filing Procedures includes “Time to comply with a corporate income tax audit” and “Time to complete a corporate income tax audit”. The results of the survey, however, do not match the statistics of the Taxation Administration of the Ministry of Finance (MOF) and regional tax bureaus. Analysis of the differences is shown in the table below:

Table 8.2 An Analysis of Differences in Post-filing Procedures

Items	content	2018 WB survey	Actual time in Taiwan
Time to comply with a corporate income tax audit (hours)	1. Time required to prepare all corrected documents (hours)	31.5 hours	2 hours
	2. Time from start of audit by tax collection agency to no longer requesting make up of related documents		
	3. If submission of corrected documents and payment of underpaid tax are at different times, the time (hours) required by the example company to pay the underpaid tax.		
Time to complete a corporate income tax audit (weeks)	1. Time (weeks) from receipt of the corrected declaration by the tax collection agency to start of audit	21 weeks	2-21 weeks
	2. Time (weeks) from start of audit by tax collection agency to no longer requesting make up of related documents		
	3. Time (weeks) from the tax collection agency no longer requesting make up of related documents to receipt of the notice of assessment from the tax collection agency.		

Items	content	2018 WB survey	Actual time in Taiwan
Percentage of cases exposed to a corporate income tax audit (%)	Percentage of cases exposed to a corporate income tax audit (%)	25% - 49%	12% - 19%

Involving transactions that are not major or complex, the type of tax errors as the case study scenario described in the World Bank questionnaire are exposed to audit and handled with documentary examination in Taiwan. Also, the correction cases 2013-2015 of the various regional tax bureaus of the MOF mainly adopted documentary examination, with cases requiring submission of accounting books and records just 12%-19% of the total, far below the questionnaire result of 25-49%. The time required for documentary examination (from the receipt of the corrected application form by the tax collection agency to day of approval) is two to 21 weeks. In summary, tax collection agencies carry out documentary examination in principle. Also, to increase the time effectiveness of handling of correction cases by tax collection agencies, supervision of improvement of the correction case examination process by all regional tax bureaus will continue to raise the level of administrative efficiency.

BUSINESS TAX

MAIN REFORMS (FROM 2017.6-2018.5)

When an offshore e-commerce business operator sells electronic services to an individual buyer onshore, the offshore e-commerce business operator must declare and pay business tax

The VAT Act was amended on December 28, 2016, stipulating that foreign companies selling cross-border electronic services to domestic individual consumers shall register and pay VAT in our country. The system entered into force on May 1, 2017.

Simplification of the zero tax rate declaration of Subparagraph 4 of Article 7 of the Business Tax Act for business entities that issue e-invoices

To simplify zero tax rate declaration by business entities, a business entity that uses e-invoices and sells operation-use goods or services to a business entity in a bonded area can print out the "List of e-invoices for purchases" under Subparagraph 4 of Article 7 of the Value-added

and Non-value-added Business Tax Act.” The buyer will then confirm the statement “The goods or services in this list are goods and services that meet the requirements of Subparagraph 4 of Article 7 of the Value-added and Non-value-added Business Tax Act and Paragraph 4 of Article 7 of the enforcement rules of the same Act purchased by this business entity (factory, warehouse) for its operations”. This measure simplifies the documents required for declaring zero tax rate as the buyer is not required to sign each e-invoice.

CLARIFICATION

Business tax declaration and payment time should be 13.1 hours. Analysis of the difference follows:

Table 8.3 An analysis of differences in business tax filing times

Unit: hours				
Item		2018 WB Survey	Actual time in Taiwan	Difference
A. Preparation				
1	Gathering tax return information from internal sources (e.g. accounting records)	6	5.6	0.4
2	Additional analysis of accounting information for tax-sensitive items	12	0	12
3	Actual calculation of tax liability (including data entry into software or hardware)	6	0	6
4	Preparation and maintenance of records and account books created specifically for tax purposes	6	5.5	0.5
Subtotal		30	11.1	18.9
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	13.1	19.9

Adjustment explanation

Advance preparation

- In recent years, Taiwan has promoted the e-invoice policy. At present, 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). Cloud invoice media files can be directly downloaded from the MOF's E-invoice Platform website. Electronic invoice files can be directly downloaded from the Ministry of Finance's E-Invoice Platform website (with input invoices accounting for about half.) This measure enables a company to save 0.3 hours ($1/10 \times 6/2$) time gathering and preparing tax information (e.g. accounting records). Companies in bonded areas can also download a list from the MOF's E-Invoice website and confirm the content of the list instead of signing every invoice; the list will then be used by the supplier as attachment when filing a tax return. This measure will save a company 0.1 hour annually on internal collection tax filing information (such as accounting records), for a total saving of 0.4 hour a year.
- Cloud invoice media files can be directly downloaded from the MOF's E-Invoice Platform website. This measure enables a company to save time gathering and preparing tax information (e.g. accounting records) and keeping books and records specially for tax purposes.
- In Taiwan, business tax is filed on the basis of Input Documentary Evidence and Output Documentary Evidence and there is no need for tax sensitive item accounting information analysis; and when tax filing information is obtained it has already entered into the account or been input into related software/hardware so all that is required when filing tax is to calculate the difference in output tax amount and input tax amount or import the whole batch of information into tax declaration software, instead of having to input it item by item. The time required for both has thus been reduced to 0 hours.
- With regard to preparing and maintaining records and account books specifically established for tax purposes, before public utilities changed to issuing cloud invoices the certificates issued by public utilities had to be entered into the accounts one by one by the business entity; using cloud invoices, business entities can import the certificates together, reducing the time required for account entry by business entities by 0.5 hour.

Filing Tax Return Form

- In 2017, 96.7% of tax returns were submitted online. Transmitting an electronic file in place of sending the document by mail or delivering by hand reduces the time required by half (one hour)

Explanation of time to obtain tax refund

- Article 39 of the “Value-added and Non-value-added Business Tax Act” provides that the business tax overpaid on fixed assets obtained claimed by a business entity shall be refunded after verification by the competent tax authority. The tax payer does not need to make a separate application for such a refund. If the case is a CPA-audited and attested tax refund case, the refund will be deposited in the business entity’s bank account on the fifth day of the month after the closing date for filing (20 days). Ordinary cases which are also direct deposit tax refund cases will be deposited by the 15th day of the month after the closing date for filing (30 days). In cases that are direct deposit and have been audited and attested by a CPA, around two days are required from the day of approval of the refund to its receipt; in cases that have not been audited and attested by a CPA, 12 days are required.
- At present, Taiwan has around 270,000 tax refund cases annually with most involving the filing of a monthly tax return (around 268,000 cases,) 99% of total cases; the average time required for a refund is 30 days. To speed up the refund process, cases that are audited and attested by a CPA (29 cases) are reviewed on a priority basis, accounting for 0.01% of total cases and requiring an average of 20 days for a refund to be received. Risk cases (around 2000 cases) require further examination and take, on average, 62 days; after weighting, the average number of days required to receive a tax refund is 30 days (4.2 weeks).

Trading Across Borders

❖ Summary of main points

- ◎ On January 1, 2018, paperless goods declaration for C2 (subject to document scrutiny) cargo clearance was implemented across the board. Paperless customs clearance is now the principle, with clearance by printed document examination the exception.
- ◎ The Certificate of Origin is not a necessary document of export/import in Taiwan. According to the World Bank's case study assumptions, Taiwan customs will not ask the importers who import HS 8708 goods (auto parts) into Taiwan from Germany to provide the Certificate of Origin. And for the exporters who export HS 85 goods from Taiwan to China, Taiwan customs never ask the exporters to provide the Certificate of Origin, whether in law or in practice.
- ◎ 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) (29.91% of the total) was shortened to 22 hours, 6 minutes.

PAPERLESS C2 CUSTOMS EXPORT / IMPORT DECLARATION OPERATIONS IMPLEMENTED ACROSS THE BOARD ON JANUARY, 2018

The Customs Administration (CA) of the Ministry of Finance launched paperless C2 customs export declarations in September 2015, and then extended paperless operation to customs import declarations, implementing this across the board on January 1, 2018. (https://web.customs.gov.tw/News_Content.aspx?n=F55943A3BAA86A6A&sms=1095B63D0846032B&s=53B02D8E7BC0071D) Paperless customs clearance is the normal practice and document review is the exception. Unless the documents attached to a C2 Customs export/import declaration are required by regulations to be the printed original copy, or written approval by

Customs is required, in principle, such documents can be submitted electronically, thus saving businesses time and lowering costs and speeding up cargo clearance.

THE CERTIFICATE OF ORIGIN IS NOT A NECESSARY DOCUMENT OF EXPORT/ IMPORT IN TAIWAN

According to the World Bank's methodology, the documents needed for import/export refer to all the documents required to be prepared and submitted to government agencies, Customs, harbor agencies, inspection and quarantine agencies and banks in the process of executing the contract after a contract is signed between buyer and seller.

Taiwan's regulations governing goods import

According to Taiwan's regulations of importation, the documentary evidence of origin is not required in principal. The documentary evidence of origin only required in 5 situations below:

(Reference: Article 28 of the Customs Act、 Regulations Governing the Determination of Country of Origin of an Import Good、 the import rules No.462 and 463 of Bureau of Foreign Trade of the Ministry of Economic Affairs¹):

- i. Imported Scotch whisky: In response to a UK request during Taiwan-UK Trade Talks, to avoid similar spirits made in other countries posing as Scotch Whisky, imported Scotch whisky should present a "certificate of age and origin for Scotch whisky:(C&E 94J)" issued by the Customs of the United Kingdom of Great Britain and Northern Ireland).
- ii. Considering our people's health, for importation of tobacco products to repackage, the usage should be specified during customs clearance, and the certificate of origin issued by the government or chambers of commerce authorized by the government of the country of production is required.
- iii. The goods that applicable to preferential duty under the framework of free trade agreement.
- iv. The originating goods imported from a least-developed country which apply for the preferential duty.
- v. When Customs has doubts regarding the country of origin of imported goods, the taxpayer can be requested to provide documentary evidence of origin.

¹ <https://fbfh.trade.gov.tw/rich/text/fhj/asp/FHJP050Q.asp>

Supplementary explanation for the assumption of World Bank's case study

According to the World Bank's "Trading Across Borders" case study assumptions, the import of HS 8708 goods (auto parts) into Taiwan from Germany and the export of HS 85 goods (electrical machinery and equipment and parts) from Taiwan to China. For HS8708 products (auto parts) imported into Taiwan from Germany, there are not involved any preferential duty or anti-dumping tax. Therefore, Taiwan customs will not ask the importers to provide the Certificate of Origin in this case. And for the exportation of HS 85 products, Taiwan customs never ask the exporters to provide the Certificate of Origin, whether in law or in practice.

THE AVERAGE CLEARANCE TIME FOR IMPORT OF HS 8707 AUTO PARTS HAS BEEN SIGNIFICANTLY SHORTENED

- According to the statistics of Taiwan customs, in 2017, 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) (62.72% of the total) was 4 hours, 53 minutes. 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) (29.91% of the total) was 22 hours, 6 minutes. (See Table 9.1)
- According to the assumptions of the World Bank case study, when we estimate the procedures, time and costs of customs and other associated government agencies, we should only consider those which occurred in more than 20% of cases. Also, relevant procedures may occur at the same time. In 2017, the HS 8708 products import by Taiwan, 29.91% were subject to document scrutiny, and meeting the World Bank's more than 20% of cases requirement. Therefore, the average time from transmission of customs export declaration to customs clearance for the import into Taiwan of HS 8708 products should take into account the 22 hours, 6 minutes required for clearance subject to document scrutiny. (C2)
- According to the case study assumption and the data provided by the Customs in recent years, Taiwan imports of HS 8708 products shall consider the time of C2 (subject to document scrutiny). In 2017, the average time from transmission of customs export declaration to customs clearance was 22 hours and 6 minutes. Compare to 2016, the average time had shortened 33 minutes (0.5 hour). If we check by the declaration type, C1 (free of paper and cargo examination) grew from 54% to 62.72% in 2017. And C2 (subject to document scrutiny) dropped from 37% to 29.91% in 2017. Therefore, customs clearance time for Taiwan imports of HS 8708 products has been drastically reduced from

16 hours and 29 minutes to 13 hours and 2 minutes in the year 2016 to 2017, and the total reduction of time is 3 hours 27 minutes.

Table 9.1 Average Customs Clearance Time from Submission of Declaration to Clearance for 2016 & 2017 Taiwan imports of HS 8708 products

Year	Total number of Forms (each)	Exempt for Document and Cargo Examination (C1)	Subject to Document Examination (C2)	Subject to Cargo Examination (C3)
2016	47,739	26,016	17,681	4,042
Share (%)	100	54.5	<u>37.0</u>	8.5
Average Clearance Time from Receipt of Declaration to Clearance	16 hours, 29 minutes	4 hours, 14 minutes	22 hours, 39 minutes	68 hours, 25 minutes
2017	30,330	19,023	9,073	2,234
Share (%)	100	62.72	<u>29.91</u>	7.37
Average Clearance Time from Receipt of Declaration to Clearance	13 hours, 2 minutes	4 hours, 53 minutes	22 hours, 6 minutes	45 hours, 34 minutes

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

OTHER MAIN REFORMS

From June 2017 to May 2018

i. Building smart mobile inspection, increasing the efficiency of cargo inspection by customs and making clearance faster

- (i) In order to raise the level of effectiveness of cargo inspection and promote paperless operations, from November 2015, Taiwan's Customs have implemented a smart cargo inspection system at every Customs station. Using 4G communications, the cargo inspector carries out mobile inspection making use of a tablet PC and mobile inspection APP, connecting to related systems to check information and carry out instant enquiry and communication online. A cargo inspector can also use the tablet PC onsite to input the results of inspection and then, after receiving approval from the section chief online, can pass the cargo to the classification and valuation unit,

allowing operations to continue, thus increasing inspection efficiency and speeding up customs clearance.

- (ii) To facilitate participation in mobile inspection by business operators, on May 17, 2017 Taiwan's Customs announced "Requirements for applicability of uploading of inspection attachments by business operators". Customs may carry out mobile inspection on a priority basis if an operator uploads the packing list file on the "Attachment uploading system,- MIO1 mobile inspection attachment upload" screen of the Customs-Port-Trade Single Window, CPT Single Window (with reference to the Tai Guan Ye Zi Di No. 1061010376 announcement by the Customs Administration, Ministry of Finance on May 15, 2017). Figures show that using mobile inspection for sea cargo customs import declarations results in a saving of two hours and 50 minutes on average clearance time and using air cargo customs import declaration results in a saving of one hour and 48 minutes.

ii. Taiwan signed an Authorized Economic Operator (AEO) Mutual Recognition Action Plan with India

- (i) Taiwan's AEO system has been in effect since December 2009, and as of the end of 2017, the number of valid authorized enterprises under the system has reached 696. Including 360 "Security and Safety Authorized Economic Operator" (AEOS) and 336 "General Authorized Economic Operator" (AEOG). These companies' import and export trade value, approximately 45% of the total value of Taiwan' import/export trade. Additionally, Taiwan's AEO system is also in line with Article 7.7 of the Trade Facilitation Agreement, WTO.
- (ii) Since 2012, Taiwan has signed AEO mutual recognition agreements with the United States, Singapore, Israel, and South Korea. On October 11, 2017, Taiwan signed an Authorized Economic Operator (AEO) Mutual Recognition Action Plan with India. On the basis of this Plan, Taiwan and Indian customs will promote Taiwan-India AEO mutual recognition step by step. Also, in line with the government's New Southbound policy, Taiwan continues to discuss the signing of AEO mutual recognition agreements with Australia, India and Vietnam etc. and is studying the promotion of AEO mutual recognition cooperation with Malaysia, the Philippines, Thailand and Indonesia etc. to increase the international trade competitiveness of Taiwan's companies.

iii. Continuing to expand paperless declaration to reduce the time and cost of preparing import/export documents for enterprises

On July 7, 2017, the implementation of paperless T6 sea-land joint transshipment

operations was announced. T6 transshipment goods that are packed in containers, are not subject to escort or inspection and are destined for Taoyuan International Airport or Kaohsiung Hsiaogang International Airport are exempted from printing out T6 permits. It is estimated that over 95% of such cases are now exempt from printing out transshipment applications and permits. As well as easing the manpower burden of the transport and customs broker industries and reducing paper sheet use, paperless operation also effectively speeds up T6 transshipment case customs clearance.

iv. Promotion of web-based comparison of documents for planeside release cargo clearance to reduce manpower required by operators and to speed up clearance.

- (i) Plane-side release cargo clearance is mainly for fresh produce that rots easily and is demanding in terms of time efficiency. For customs clearance using printed approval documents, the operator originally had to declare and apply for inspection to each licensing agency for approval; the inspection stamp was then affixed to the approval documents which were then used as customs clearance approval documents. The aim is to reduce gaps in the approval contact and avoid malpractice in operations. The Taiwan customs has integrated the Food and Drug Administration of the Ministry of Health and Welfare (hereinafter FDA) and the Bureau of Animal and Plant Health Inspection and Quarantine, Council of Agriculture, Executive Yuan (hereinafter BAPHIQ) in the Customs-Port-Trade Single Window, for carrying out the “comparison of documents” process. [Article 3 of the Implementation Regulations Governing the Operation of Customs-Port-Trade (CPT) Single Window] A dual-track cargo clearance with comparison of documents and printed document operations is applied, with each approving agency and Customs providing guidance to business operators to help them adopt the comparison of documents method. From going online on Jan. 4, 2017 to Dec. 2017, 95% of the Food and Drug Administration’s food import inspections (F01, F02) have been done by comparison of documents.
- (ii) Such operations can reduce malpractice that paper document operations can be subject to and also, through comparison of documents through the Customs-Port-Trade Single Window (CPT Single Window) it can also increase the uniformity of approving agencies’ declaration and inspection information and customs’ information, reducing costs for business operators, customs and licensing agencies and speeding up customs clearance; and also conforms to Article 7.9, Article 8 and Article 10 of the WTO Trade Facilitation Agreement, which regulates about the release of perishable goods within the shortest possible time, border agency cooperation, and use Single Window to simplify the procedures of export and import.

Addition of regulations

- i. The Regulations Governing the Implementation of Advance Ruling on the Country of Origin of Imported Goods were promulgated on July 7, 2017. They allow the duty-payer or the duty-payer's agent apply an advance ruling on the country of origin of imported goods before import, to assist the importer find out the country of origin early on and allow whether goods are import-controlled to be confirmed, reducing customs clearance disputes and making clearance smooth.
- ii. On August 15, 2017, Taiwan's Customs has amended the Regulations Governing the Certification and Management of the Authorized Economic Operators, which could provide more trade facilitation measures for the AEO. The main points of the amendments are as follows:
 - (i) Addition of exemption of custom duty for goods that are allowed entry and re-exported within the regulated time limit. An AEO is entitled to apply for providing an affidavit as the substitute of a security of duties, taxes, and other charges to clear customs.
 - (ii) Revise the rule about the status holder of AEOS shall submit documents to the Customs every three years, so as to apply for the renewal of certification, and the Customs shall conduct on-site validation. Where an AEOS status holder has fulfilled the requirement of self-examination and passed the random check conducted by Customs or completed the required improvements within the deadline set by Customs, the on-site validation may be waived.
 - (iii) Addition of provisions regarding suspension of preferential measures, and revocation, suspension, or restoration of the status of AEOs by Customs.
 - (iv) Delete the rule about an economic operator (in the supply chain) whose AEOS certificate has been revoked is not allowed to re-apply for AEOS certification within 3 years from the date of revocation. And add the rule about the revoke of AEO certificate, which is if the AEO has been found records of serious violation of regulations in the most recent three years and the disposition imposed concerning the serious violation, has been determined.
 - (v) In order to encourage the AEO to invest in Taiwan, the subsidiaries or branches of the AEO certified by the countries or areas that have signed the AEO Mutual Recognition Arrangement with Taiwan may exempt the requirement of having been running business for three years.
- iii. To meet the needs of cross-border e-commerce development and goods distribution, on December 28, 2017 the "Directions on Exporting Goods by Mail from Free Trade Areas"

were announced. In free trade zones, goods can now be received by Chunghwa Post Co. and then exported by mail; this aims to facilitate the setting up of warehouses in free trade zones by cross-border e-commerce operators and develop the goods transshipment and collection function and diverse export operating model of free trade zones.

REFORMS EXPECTED BETWEEN 2018.6 AND 2019.5

Promotion of an e-commerce goods customs clearance system

In response to changes in international trade in recent years, Taiwan Customs planned the Cross-Border e-commerce Goods Customs Clearance System in 2017; in 2018, the holding of draft bill explanatory meetings, public posting of regulation notice and other regulatory operations will be speeded up, completing various system service functions of the Cross-Border e-commerce Goods Customs Clearance Service Platform, adjusting the customs clearance system operating program; the service will successively go live along with the announcement of amended regulations.

Continuing to promote AEO mutual recognition cooperation with Asia-Pacific countries to increase the competitiveness of Chinese Taipei's companies

- i. Japan: On Nov. 22, 2017 the customs authorities of Taiwan and Japan signed the CMAA, then, in early Dec. 2107, Taiwan's customs authority's representatives went to Japan for AEO on-site verification and the two economies discussed the mutual recognition text, completing preparations for the signing of an AEO mutual recognition agreement. The Taiwan-Japan AEO recognition agreement is expected to be signed in the near future.
- ii. Australia: The customs authorities of Taiwan and Australia signed an AEO mutual recognition action plan in the first half of 2018; it is expected that a mutual recognition agreement will be signed in 2019.

Promoting reasonableness of regulations in line with the progress of trade and technology

In response to the trend of paperless operations, amendment of the Regulations Governing the Customs Management of Import and Export Warehouse and other regulations is being studied to allow goods owners and warehouse operators to agree to adopt a different method (for example, replacing the paper delivery order with an e-document to facilitate convenient goods pick up.)

Enforcing Contracts

❖ Summary of main points

◎ Taiwan has set up a court, division or bench of a court dedicated solely to hearing commercial cases.

- 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.

◎ The clarification of time required for completion

- The Trial and Judgment phase took an average 168.64 calendar days and the enforcement phase took an average 23.23 calendar days rather than 360 and 120 calendar days of the World Bank's assessment.

◎ The time limits key litigation events are subject to by law

- 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 under the Code of Civil Procedure, and the Implementation Directions for Case Handling Time Limits for All Court Levels.

TAIWAN HAS SET UP A COURT, DIVISION OR BENCH OF A COURT DEDICATED SOLELY TO HEARING COMMERCIAL CASES.

- 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.
- 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. Article 11 of the same Rules, stipulates that, in addition to the details of table three, courts, high courts and their branch courts should also establish special courts or specialist sections to deal with specialized civil and criminal cases, with a conference of judges selecting which judges will preside over specialized civil and criminal cases.

THE CLARIFICATION OF TIME REQUIRED FOR COMPLETION

- Trial and Judgment phase: In the World Bank's assessment of Taiwan's Trial and Judgment phase, it takes 360 calendar days. However, statistics provided by the Judicial Yuan's Department of Statistics on "Civil Cases Terminated in Local Courts Over Time" (see table) show that, in 2017, courts at all levels dealing with civil litigation trials in the first instance took an average 168.64 calendar days to terminate a case.
- Enforcement phase: In the World Bank's assessment of Taiwan's Enforcement phase, it requires 120 calendar days. However, statistics provided by the Judicial Yuan's Department of Statistics on "Civil Cases Terminated in Local Courts over Time" (see table) show that, in 2017, it took an average 23.23 calendar days for local courts to forcibly terminate civil cases they heard.
- In light of above, the total of the Trial and Judgment phase and Enforcement phase is 191.87 calendar days. The World Bank's estimate for the time required for completion should thus be corrected.

THE TIME LIMITS KEY LITIGATION EVENTS ARE SUBJECT TO BY LAW

- 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 under the Code of Civil Procedure, and the Implementation Directions for Case Handling Time Limits for All Court Levels.
- 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. According to Article 229 of the Code of Civil Procedure, authenticated copies of the judgment shall be served upon parties and the service shall be effectuated no later than ten days from the day when the court clerk received the original copy of the judgment. According to Paragraph 3, Article 376-1 of the Code of Civil Procedure, before an action is initiated, when both parties appear on the date designated for the perpetuation of evidence and reach an agreement with regard to the claim, the facts, the evidence or other matters, then the court shall make a note of such agreement in the transcript, and the authenticated copy of the transcript shall be served upon parties within ten days. According to Paragraph 2, Article 379 of the Code of Civil Procedure, within ten days from the day when settlement is reached, an authenticated copy of the settlement transcript shall be served upon the parties and any third party who participates in the settlement. Paragraph 3, Article 421 of the Code of Civil Procedure, also stipulates that, 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.

- 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 of 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. Paragraph 2, Article 429 of the Code of Civil Procedure also stipulates that the preparation period for the first oral argument session shall be at least five days, except in urgent cases.
- 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 plea 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 plea, if any, to dispute or respond to the matters indicated in the pleas 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 pleas as provided in the

two preceding paragraphs, and no later than three days prior to the oral-argument session if one has been designated.

- **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 that, 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 drawn 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.

REFORM FOCUSES AND PROGRESS OF REGULATORY AMENDMENT 2017.6-2018.5

- A court of third instance “Lawyers’ online system for petitions to read documents and copy electronic documents” was launched Following the June 14, 2016 launch of the “Lawyers’ Single Login Window” as part of the Judicial Yuan’s Lawyers’ Electronic Service System, which enabled courts of the first and second instance to provide an online petitions service, a court of third instance “Lawyers’ online system for petitions to read documents and copy electronic documents” was launched on October 30, 2017. This allows lawyers to file electronic petitions and to download payment receipts which can then be paid at a counter or convenience stores. After the court confirms payment, a DVD containing the required electronic files will be sent to the designated address.
- **Amendment of the Rules Governing Use of Fax or Other Technological Devices for Submission of Civil Litigation Documents**

On September 30, 2017, the Rules Governing Use of Fax or Other Technological Devices for Submission of Civil Litigation Documents were revised, clearly stipulating the categorization of faxes and other technological devices in the rules. It also re-designated

the “Judicial Yuan Online Indictment Documents Transmission Platform” the “Judicial Yuan Online Civil Litigation Documents (including online indictments) Service Platform.” Additionally, with the permission of the receiving court, this allows a party or agent thereof to submit civil litigation documents using a fax or email device. In addition, documents sent to the court using a fax or email device by a party or agent without the permission of the court, are considered invalid.

REFORMS EXPECTED BETWEEN 2018.6 AND 2019.5

- **Continuing research and planning the establishment of a Commercial Court**

On January 10, 2018 the 7th meeting of the Commercial Court Establishment Promotion Group decided, (1) The Commercial Court will accept civil and civil commercial non-litigation cases but not criminal cases (including ancillary civil suits with criminal proceedings) nor administration litigation cases. (2) Jurisdiction incident scope delineation may be deliberated on the basis of the amount or value of the object of litigation, incident type, regulation type, case nature and other judgment standards, concurrently or separately and generalized provisions shall be added with reference to Subparagraph 4 of Article 3 of the Intellectual Property Court Organization Act. (3) Complementary measures that should be adopted include: expert consultation, compulsory mediation, expert witness, mandatory legal representation (together with lawyer qualification recognition system), qualifications for judicial appointment and method of selecting judges.

In February 2018 a “Commercial Case Trial Method Draft Consulting Task Force” was established to draw up the draft Commercial Case Trial Act for the establishment of a Commercial Court for major commercial civil cases. The preliminary draft is expected to be completed in May 2018, and further discussion on the modifications will be followed.

- **Expansion of the electronic litigation system users**

The law is to be relaxed to allow juristic persons, administrative agencies and banks to use XCA, GCA and the MOEACA IC card to provide electronic litigation account application services. In addition, the system will open to people who serve as a litigation agent.

SUPPLEMENTARY EXPLANATION

- **Promotion of an Alternative Dispute Resolution mechanism**

With regard to the handling method for private rights disputes, as well as filing a lawsuit with a court or applying for mediation, an Alternative Dispute Resolution organization can be requested to solve the dispute by mediation, conciliation or arbitration. This kind of non-litigation dispute resolution method is called Alternative Dispute Resolution (ADR). To allow people to check related information in a timely way, the Judicial Yuan spent almost one year collecting information on administrative type and private type ADR organizations in Taiwan and then launched the ADR Organization Enquiry Platform on December 15, 2017. People can now search for an ADR organization that meets the needs of their respective dispute according to “dispute type”, “location of organization” or by keying in an organization key word. By scanning the QR Code (as shown below) or inputting the website (<http://www.judicial.gov.tw/adr/adr.html>), the exclusive ADR page can easily be found and entered, accessing ADR organization information, thus meeting their needs for diverse approaches for dispute resolution.



- **Electronic litigation system allows online payment**

The court electronic litigation system currently offers three payment methods, namely IC ATM Card, ID+ACCOUNT demand deposit account and Virtual Account payment; the first two of these methods involve direct payment online. In 2018, it is also planned to optimize the system by adding an online credit card payment function.

Resolving Insolvency

❖ Summary of main points

◎ **The insolvency framework assign priority to post-commencement credit**

- Article 95 to 97 of the Bankruptcy Act and Article 312 of the Company Act assign priority to post-commencement credit.

◎ **Creditors of the same class receive the same treatment under the reorganization plan**

- A court can, in line with the principle of fairness and reasonableness, instruct that the reorganization policy be changed or approve the reorganization plan after using a fair and reasonable way to ensure the rights of the creditors, so that the creditors in each group receive the same treatment.

◎ **Creditors may appoint the insolvency representative or decide to apply to a court to remove the insolvency representative**

- In liquidation, the creditors' meeting can appoint a different bankruptcy trustee from the ranks of creditors and can also decide to apply to a court to remove the bankruptcy trustee or appoint the bankruptcy supervisor. In reorganization, in the meeting of interested parties, if the result of the voting conducted in groups shows that two or more groups prefer a change of reorganizers, a list of candidates may be submitted to the court along with an application for such change.

THE INSOLVENCY FRAMEWORK ASSIGN PRIORITY TO POST-COMMENCEMENT CREDIT

- According to Subparagraph 1 Paragraph 1 of Article 95 of the Bankruptcy Act, costs incurred due to administration, conversion or allocation of the bankruptcy estate's assets by the bankruptcy trustee is the bankruptcy estate's costs. Subparagraph 1 and 2 of Article 96 of the Act stipulate: "debt resulting from the actions of the bankruptcy trustee with regard the bankruptcy estate," "debt generated by the bankruptcy trustee's request to exercise debt arising from bilateral contracts on behalf of the bankruptcy estate," and "debt arising from bilateral contracts that should be executed after the declaration of bankruptcy" are estate debts. Article 97: estate costs and estate debts should be repaid as required from the bankruptcy estate with priority over repayment of creditors' rights. Article 108: In advance of the declaration of bankruptcy, the debtor's property that is subject to pledge, mortgage and right of retention will enjoy the "right of exclusion." Creditors with the right of exclusion may be exempt from bankruptcy procedure when exercising their rights.
- According to Article 312 of the Company Act, the debts incurred for continued operation of the business of the company shall have preference for repayment over the rights of creditors in reorganization.

CREDITORS OF THE SAME CLASS RECEIVE THE SAME TREATMENT UNDER THE REORGANIZATION PLAN

- According to Paragraph 1 and 2, Article 306 of the Company Act, in case the plan of reorganization is not adopted by the groups with voting right at the meeting of persons concerned, the reorganization supervisor shall forthwith report to the court and the court may direct modification or alteration on fair and reasonable principle and order the meeting of persons concerned to reconsider the plan within one month. In case the aforesaid plan of reorganization remains not adopted upon reconsideration at the meeting of persons concerned, the court shall render a ruling to terminate the reorganization; however, if the company is really worthy of reorganization the court may, as against the dissenting group, amend the plan of reorganization in any one of the following ways and render a ruling to approve it: (1) That the property held as security by secured creditors in reorganization together with the right of claim is to be transferred to the company after reorganization, and such right is to remain in existence without any change; (2) That the

property held as security by secured creditors in reorganization, the property that can be appropriated to meet repayments to unsecured creditors in reorganization and the residual property that can be distributed to shareholders may, on the basis of its price if fair deals and in proportion to the sharing parts to which such creditors and shareholders are entitled, be disposed of for repayment, distributed to those entitled to receive it, or deposited with a court; or (3) Other fair and reasonable ways beneficial to maintaining the business of the company and protecting the right creditors.

- Therefore, a court can, in line with the principle of fairness and reasonableness, instruct that the reorganization policy be changed or approve the reorganization plan after using a fair and reasonable way to ensure the rights of the creditors, so that the creditors in each group receive the same treatment.

CREDITORS MAY APPOINT THE INSOLVENCY REPRESENTATIVE OR DECIDE TO APPLY TO A COURT TO REMOVE THE INSOLVENCY REPRESENTATIVE

- In liquidation, according to Paragraph 1 of Article 64 and Paragraph 1 of Article 83 of the Bankruptcy Act, the bankruptcy trustee shall be selected and appointed by the court from an independent certified public accountant or other persons who are suitable for managing the bankruptcy estate. Furthermore, Paragraph 2 of Article 83 and Article 85 of the Bankruptcy Act stipulate that the creditors' meeting can appoint a different bankruptcy trustee from the ranks of creditors and can also decide to apply to a court to remove the bankruptcy trustee. According to Article 120 of the Act, the creditors' meeting can also appoint the bankruptcy supervisor.
- In reorganization, according to Paragraph 3, Article 290 of the Company Act, in the meeting of interested parties, if the result of the voting conducted in groups under Article 302 shows that two or more groups prefer a change of reorganizers, a list of candidates may be submitted to the court along with an application for such change.
- Therefore, creditors may appoint the insolvency representative or decide to apply to a court to remove the insolvency representative.

REFORM PLANS EXPECTED TO BE COMPLETED 2018.6-2019.5

- The draft amendment to the Bankruptcy Act by the Judicial Yuan (name changed to the Insolvency Act) has 337 articles, amending mediation and bankruptcy procedure, and adding juristic person reorganization procedure, public juristic person debt clearance procedure and foreign debt clearance procedure recognition. The draft bill was passed to the Legislative Yuan by the Judicial Yuan together with the Executive Yuan for deliberation on April 29, 2016.

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.

- Overtime work: Overtime work refers to 8 additional hours during the workweek performed up to 8pm(i.e. not night work) and is subject to 48 hours of total work per week, including overtime.
- Work on weekly rest day: refers to work performed during the employee's weekly day of rest, such as work during weekend.
- Night work: refers to work performed between 6pm and midnight. The question assumes that the employer is requesting the employee to work shift of his/her regular hours between 6pm and midnight.
- 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 2017-May 2018:

No.	Law	Reform
1	Labor Standards Act	(1) Amended and promulgated Article 24, 32, 34, 36 to 38, and 86, added Article 32-1 of the Act by the Presidential Order No. 107000009871 on January 31, 2018.,and shall effect from March 1, 2018 (2) Legal link: https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001

No.	Law	Reform
2	Enforcement Rules of the Labor Standards Act	<p>(1) Amended and promulgated Article 2,7,11,20,20-1,21, and 24, added Article 14-1、 23-1、 24-1 to 24-3, deleted Article 14,23,48, and 49 of the Rules by the Order of Ministry of Labor No. 1060131269 on June 16, 2017.</p> <p>(2) Amended and promulgated Article 20, 22, 24-1, and 37, added Article 22-1 to 22-3 of the Rules by the Order of Ministry of Labor No.1070130354 on February 27, 2018.</p> <p>(3) Legal link: https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030002</p>
3	Enforcement Rules of the Labor Insurance Act	<p>(1) Article 15 of the Enforcement Rules of the Labor Insurance Act amended and promulgated by the Ministry of Labor on May 2, 2017.</p> <p>(2) Article 67 of the Enforcement Rules of the Labor Insurance Act amended and promulgated by the Ministry of Labor on March 28, 2018.</p> <p>(3) Legal link: https://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=N0050002</p>
4	Enforcement Rules of the Employment Insurance Act	<p>(1) Article 14 of the Enforcement Rules of the Employment Insurance Act amended and promulgated by the Ministry of Labor on May 26, 2017.</p> <p>(2) Article 13 and 15 of the Enforcement Rules of the Employment Insurance Act amended and promulgated by the Ministry of Labor on March 21, 2018.</p> <p>(3) Legal link: https://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0050022</p>
5	Basic wage	<p>(1) The basic wage was adjusted to 22,000 NT dollars per month, 140 NT dollars per hour by the Ministry of Labor on September 6, 2017. The adjustment entered into force from January 1, 2018.</p> <p>(2) The related website link: https://english.mol.gov.tw/6386/6394/6402/23308/</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 January 31, 2018.
2	Enforcement Rules of the Labor Standards Act	Promulgated on February 27, 1985; latest amended on February 27, 2018.
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.

No.	Law	Dates of latest amendments and promulgation
14	Enforcement Rules of the Labor Insurance Act	Promulgated on March 1, 1960; latest amended on March 28, 2018.
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, 2015.
17	Enforcement Rules of the Employment Insurance Act	Promulgated on January 1, 2003; latest amended on March 21, 2018.
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?	It depends on whether the firms have joined the employer organization. (Paragraph 1 of Article 17 of 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?	<p>Yes</p> <p>Legal basis:</p> <p>Article 9 of the Labor Standards Act</p> <p>Article 6 of the Enforcement Rules of the Labor Standards Act</p> <p>Legal link:</p> <p>http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p>
2	What is the maximum duration of a single fixed-term contract (in months), not including any renewals?	<p>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.</p> <p>Legal basis:</p> <p>Article 6 of the Enforcement Rules of the Labor Standards</p> <p>Legal link:</p> <p>http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030002</p>
3	What is the maximum cumulative duration of a fixed-term contract (in months), including all renewals?	<p>No limit. 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.</p> <p>Legal basis:</p> <p>Article 9 of the Labor Standards Act</p> <p>Article 6 of the Enforcement Rules of the Labor Standards Act</p>

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.

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?	Adjusting the minimum wage to 22,000 TWD per month, or 140 TWD per hour on January 1, 2018 Legal basis: Paragraph 2 of Article 21 of the Labor Standards Act and the legal interpretation letter No. Lao-Dong-Tiao-2-Tzu 1060131805 announced by the Ministry of Labor September 6, 2017

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)?	<p>Normally 8 hours/day.</p> <p>With the consent of a labor union, or the approval of a labor-management conference, the regular working hours allowed in a day is 10. However, the total number of working hours shall not exceed 48 hours every week.</p> <p>Legal basis:</p> <p>Paragraph 1 of Art. 30</p> <p>Paragraph 2 of Art. 30 of Labor Standards Act</p>
2	What is the maximum number of hours (including overtime) allowed in a workweek in the food retail industry?	<p>72 hours. Since Article 32 of the Labor Standards Act says that overtime working hours combined with regular working hours shall not exceed 12 hours a day and Article 36.1 says that a worker shall have two regular days off every seven days. One day is a regular leave and the other one is a rest day.</p> <p>The maximum number of hours (including overtime) allowed in a workweek is 72 (12 hours per day times 6 days).</p> <p>Legal basis:</p> <p>Paragraph 1 of Art. 30</p> <p>Paragraph 2 of Art. 32 of Labor Standards Act</p>

No.	Question	This year's answer
3	What is the maximum number of working days allowed in a workweek in the food retail industry?	6 days- Art. 36, Labor Standards Act Legal basis: Paragraph 1 of Art. 30 Paragraph 2 of Art. 32 and Paragraph 1 of Art. 36 of Labor Standards Act
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. Legal basis: Paragraph 1 of Art. 30 Paragraph 2 of Art. 32 and Paragraph 1 of Art. 36 of Labor Standards Act
5	Is there a legally designated weekly day of rest (i.e. a customary weekly holiday)?	No The two days mentioned above are not restriction to Saturday or Sunday. Legal basis: Paragraph 1 of Art 36 of Labor Standards Act

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 with one hour lunch break, 5 days a week.

4.2.2. A. Assuming that, as an exception, the employer is requesting the employee to work overtime during a regular workweek, specifically 2 hours of overtime per day (from 6 PM to 8 PM) on 4 working days (8 additional hours in total). These overtime hours do not exceed 48 hours per week in total and are to be completed before 8 pm.

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.)	<p>The total number of overtime shall not exceed 4 hours per day, 46 hours a month. The employer, however, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, may extend the overtime shall not exceed 54 hours per month, and 138 hours per three months. (Art. 30 and 32 of the Labor Standards Act)</p> <p>Legal basis: Paragraph 1 of Art 30, Paragraph 2 of Art 32</p>
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>1. Art. 24 of the Labor Standards Act: Where 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.</p> <p>2. Art. 32-1 of the Labor Standards Act:</p> <p>(1)When an employer extends the work or requests the worker to perform work on rest days, the employer shall calculate the hours of compensatory leave based on the hours of work performed, as the worker chooses to take compensatory leave with the consent of the employer.</p> <p>(2)The period of the compensatory leave referred to in the preceding paragraph shall be agreed on by the employer and the worker;</p> <p>(3)Should compensatory leaves not be used by workers upon the expiration of the compensatory leaves or the termination of the contracts, wages shall be paid based on the day when working hours are extended or the rest day when the worker performs work.</p> <p>Legal link: http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p>

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 work during day of weekly rest in the food retail industry? (i.e. limitation in the number of hours worked on day of weekly rest, restrictions applying to certain categories of workers, such as non-pregnant and non-nursing women).	<p>1. Weekly rest day(regular leave) is not restrictions to Sunday</p> <p>2. If don't work on weekly rest day(regular leave),there is no restrictions.</p> <p>3. If work on weekly rest day (regular leave), there have must due to the occurrence of an act of God, an accident, or an unexpected event.</p> <p>Legal basis:</p> <p>1. Art. 36 of the Labor Standards Act</p> <p>2. Art. 40 of the Labor Standards Act</p>
2	What is the wage premium for work on day of weekly rest 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: 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. Regular leave: as stipulated in Article 40 of the Labor Standards Act, if an 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>

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)	<p>Children, female, pregnant or breastfeeding employees are subject to night work limits.</p> <p>For those non pregnant or non-nursing female workers, the employer shall not make them work between 10 o'clock in the evening and 6 o'clock in the morning. However, the employers who have the consent of labor union, or the approval of labor-management conference (if there is no labor union), and provide the necessary safety and health facilities, arrange the transportation facilities or female dormitories when there is no public transportation facilities available, the restriction of night work shall not be applied. The female workers can work the same night hours as men.</p> <p>Legal basis: Arts. 48 and 49 of the Labor Standards Act</p>
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. 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
<p>Yes</p> <p>For those non pregnant or non-nursing female workers, the employer can let them work the same hours as men with the consent of labor union, or the approval of labor-management conference (if there is no labor union), and provide the necessary safety and health facilities, arrange the transportation facilities or female dormitories when there is no public transportation facilities available.</p>	Labor Standards Act, Art. 49

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?	<ol style="list-style-type: none"> 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?	<p>Article 38 of the Labor Standards Act</p> <p>Legal link: http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p>

4.2.4. Maternity leave

4.2.4. A. Does the law mandate paid or unpaid maternity leave?

In this question, 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. When maternity leave is not explicitly mentioned in the law, please refer to parental leave.

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. What percentage of wages does a woman receive while on 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> <p>1. Labor Standards Act: http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001</p> <p>2. Act of Gender Equality in Employment: http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030014</p>

4.2.5. Sick leave

Question	This year's answer
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)?	<p>2.5 days with 50% of salary.</p> <p>Legal basis:</p> <p>Article 4 of Regulations of Leaving-Taking of Workers</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?	<p>Yes</p> <p>Legal basis:</p> <p>Article 11 of the Labor Standards Act ,and Article 33 of the Employment Services Act</p>

No.	Question	This year's answer
2	Must the employer notify or consult a third party before dismissing one redundant employee?	Yes, only notify. Legal basis: Article 11 of the Labor Standards Act ,and 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 11 of the Labor Standards Act ,and 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 Legal basis: Article 11 of the Labor Standards Act ,and Article 33 of the Employment Services Act
5	Must the employer obtain the approval of a third party in order to dismiss a group of 9 redundant employees?	No Legal basis: Article 11 of the Labor Standards Act ,and Article 33 of the Employment Services Act
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 Legal basis: Article 11 of the Labor Standards Act

No.	Question	This year's answer
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

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.

Legal basis:

Article 16 of Labor Standards Act

Legal link:

<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001>

4.3.3. Amount of severance pay

4.3.3.1.

Question	This year's answer
What is the minimum period of seniority (in months) with particular employer before an employee is entitled to severance pay?	No minimum period of seniority As stipulated in Article 12, Paragraphs 1 of the Labor Pension Act, workers shall have their severance pay paid by the employer based on their seniority: 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.

4.3.3.2.

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	1/2 average monthly wage (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.)
2	After 5 years	2.5 average monthly wage (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.)
3	After 10 years	1. 10-month average wage 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>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>

Legal basis:

Article 17 of the Labor Standards Act, Articles 11 and 12 of the Labor Pension Act

Legal link:

1. Labor Standards Act: <http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030001>

2. Labor Pension Act: <http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0030020>

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.

Legal basis:

Article 11 of the Employment Insurance Act

Legal link: <http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=N0050021>

RESEARCH QUESTIONS

This year, Doing Business is collecting data on skills development and training, trainings on labor laws and regulations, and regulations of self-employment and temporary work. Please note that the case study assumptions applicable to the questions above do not apply to the research questions below.

5.1. Skills development and training

No.	Question	Answer
5.1.1	Is there a national skills or training fund? (A national skills or training fund is a stock or flow of financing outside normal government budgetary channels dedicated to developing productive work skills.)	No, there is no fund as such. The vocational trainings, which exercise the Employment Stability Fund and Employment Insurance Fund, implemented by the Work Force Development Agency are based on the essence of Vocational Training Act to promote labors' skills and facilitate and secure employments of nationals.
5.1.2	Does the legal framework mandate that companies invest in employee training and development?	No, the legal framework does not mandate that companies invest in employee training and development.
5.1.3	Are there fiscal incentives (e.g. tax deductions, cost reimbursements etc.) for firms to provide training to full-time employees?	Yes, in order to assist public institutions, the Workforce Development Agency (WDA) offers On-the-job Training Measures for Employed Workers. WDA encourages public institutions to continue to enhance their workforce quality and competitiveness by subsidizing partial training fees and providing counsel services. Public institutions plan and hold training courses for their employees according to operating strategies and developing direction. In order to work with government policies, WDA focuses on assisting outstanding enterprises awards winners selected by the Ministry of Economic Affairs.

No.	Question	Answer
5.1.4	Are there fiscal incentives (e.g. tax deductions, cost reimbursements etc.) for firms to provide training to part-time or temporary employees?	Yes, in order to assist public institutions, the Workforce Development Agency (WDA) offers On-the-job Training Measures for Employed Workers. WDA encourages public institutions to continue to enhance their workforce quality and competitiveness by subsidizing partial training fees and providing counsel services. Public institutions plan and hold training courses for their employees according to operating strategies and developing direction. In order to work with government policies, WDA focuses on assisting outstanding enterprises awards winners selected by the Ministry of Economic Affairs.
5.1.5	Are there fiscal incentives (e.g. tax deductions, cost reimbursements etc.) for firms to provide apprenticeships, traineeships or internships to disadvantaged groups? (Disadvantaged groups include, but are not limited to, people with disabilities, ethnic minorities, recently unemployed workers and people with criminal records)	Yes, in order to assist public institutions, the Workforce Development Agency (WDA) offers On-the-job Training Measures for Employed Workers. WDA encourages public institutions to continue to enhance their workforce quality and competitiveness by subsidizing partial training fees and providing counsel services. Public institutions plan and hold training courses for their employees according to operating strategies and developing direction. In order to work with government policies, WDA focuses on assisting outstanding enterprises awards winners selected by the Ministry of Economic Affairs. Additionally, the “Promotion of Vocational Training to People with Disability” is a program using Employment Stability Fund, and is set up to subsidize local governments to conduct skills training on its own, or to support financially, commission institutions to implement skills training programs.

No.	Question	Answer
5.1.6	Does the law mandate nondiscrimination in training based on gender? (Including trainings, such as apprenticeships, traineeships, and internships)	Yes, the Workforce Development Agency (WDA) conducted all affairs under the regulation of " Enforcement Act of Convention on the Elimination of All Forms of Discrimination against Women." No gender restriction or discrimination has occurred.

5.2 Trainings on labor laws and regulations

5.2.1. When changes to the labor market regulation are introduced (e.g. amendments to the relevant labor laws, changes to the statutory minimum wage, etc.) how are they conveyed to:

	Employers	Employees	General public
Dissemination campaigns (e.g. social media, billboards etc.)	✓	✓	✓
Training/workshops	✓	✓	✓
Through public broadcast (e.g. TV, radio, etc.)	✓	✓	✓
None of the above			
Other (please specify in comments)	✓	✓	✓

Comment: being (digitally) publicized through Executive Yuan Gazette

5.2.2. Does the government provide any type of training to educate the following stakeholders about labor laws and regulations?

	Employers	Employees	General public
Yes	✓	✓	✓
No			

5.2.3. If the answer to 5.2.2 is Yes, how frequent are such trainings (if trainings are not provided please state N/A):

	Employers	Employees	General public
Number of trainings offered per year	151	45,882	75

Legal basis: Budget Act, Subsidy Directions for Civil Associations Conducting Labor. The branches of the WDA hold pre-employment training courses every month.

5.2.4. If the answer to 5.2.2 is Yes, who funds such trainings:

	Employers	Employees	General public
Government/Employment agencies	✓	✓	✓
Trainees			
Lawyers' association			
N/A			
Other (please specify in comments)			

Legal basis: Budget Act, Subsidy Directions for Civil Associations Conducting Labor. The branches of the WDA hold pre-employment training courses by utilizing employment stability fund and employment insurance fund. The branches of the Workforce Development Agency (WDA) can provide labor law courses under the pre-employment training programs as needed according to related training regulations.

5.3. Regulation of self-employment and temporary contracts (A self-employed individual works for himself/ herself instead of working for an employer who pays a salary or a wage. A temporary contract is offered to an employee to fulfill a specific job or to cover sick or maternity leave. Usually, there is an end date included, but it is subject to change.)

No.	Question	Answer
5.3.1	Does the law define self-employment?	Yes According to Paragraph 2 of Article 11 of the Enforcement Rules of the Labor Insurance Act, Self-employed persons are those who perform their job or technique independently and obtain remuneration accordingly, and do not hire to help them to do the work with payments.

No.	Question	Answer
5.3.2	Are there incentives (fiscal or non-fiscal) available for self-employed?	No
5.3.3	Does the law define temporary contracts?	Yes Legal basis: Article 6 of Enforcement Rules of the Labor Standards
5.3.4	Does the law mandate any time limits on the type of work performed by an employee on a temporary contract?	Yes Legal basis: Article 6 of Enforcement Rules of the Labor Standards
5.3.5	Does the law mandate a specific length of employment with the company after which an employee on a temporary contract is entitled to the same benefits as a permanent employee?	No
5.3.6	Does the law mandate additional compensation for overtime hours worked by an employee on a temporary contract?	Yes Legal basis: Article 24 of Labor Standards Act and Article 30 of Labor Standards Act

Contracting with Government

CASE STUDY ASSUMPTIONS

To ensure comparability across economies, the indicator developed a case study that measures the procurement process for resurfacing a road. As such, in answering the questionnaire, please take into consideration the following assumptions:

<p>BidCo</p>	<ul style="list-style-type: none"> • Is one of the companies participating in the call for tender and meets all solvency, technical and administrative requirements to compete ; • Is a privately and domestically-owned medium-sized Limited Liability Company (or its most common legal equivalent) ; • Operates in Taipei ; • Is up to date with all regulations and is in good standing with all relevant authorities, including those related to taxes ; • Has all licenses and permits needed to operate in this technical area ; • Has already responded to a public call for tender and is already registered with the procuring entity defined below ; • Submits all required documents free of errors and without delay.
<p>Contract</p>	<ul style="list-style-type: none"> • Entails resurfacing 20 km of a flat two-lane road (<u>not a highway and not under concession</u>), connecting Taipei to another city within Taiwan (and within the same state, region or province as Taipei, if applicable), with an asphalt overlay of 40 to 59 mm (or its most common equivalent in Taiwan) ; • Value: USD 2.5 Million (equivalent to TWD 80,825,000) ; • Does not include any other work (such as site clearance, subsoil drainage, bridgework or further routine maintenance).
<p>Procuring Entity</p>	<ul style="list-style-type: none"> • Is the agency in charge of procuring construction works for the authority that owns the road described above ; • Is the sole funder of the works, has budget for the works and is solvent.

Procurement Process	<ul style="list-style-type: none"> • Is an open, unrestricted, and competitive public call for tender for resurfacing a road like the one described above ; • Is completed without complaints/challenges/protests from interested parties ; • Ends with the awarding of the contract to BidCo, whose bid satisfied all technical and administrative criteria and offered the best value for money.
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Note – In the context of this questionnaire, the term “legal framework” refers to the comprehensive body of instruments (laws, acts, regulations, detailed procedures, tender documents, etc.) that regulate the entire procurement process (from needs-assessment to post-tendering).

Applicable Legal Framework and Reforms Update

items	questions	answers
1	Which is the entity that conducts procurement for the authority that owns the majority of roads comparable to the one described above?	Public Works Department, Taipei City Government

For the remainder of the questionnaire, whenever reference is made to the “procuring entity” please refers to the entity you indicated here.

2	Are you aware of any change (in practice or in laws/regulations/procedures) related to public procurement between June 1, 2017 and May 1, 2018? For example: amendments to applicable public procurement laws, enactment and/or implementation of new regulations, implementation or improvement of e-procurement platforms, changes to the bid security and performance guarantee framework, etc.	Yes.
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items	questions	answers
2.a	a. If “Yes”, please describe the reform(s). Please include information on the date(s) of adoption, publication and enforcement of the new law(s) or regulation(s).	<ol style="list-style-type: none"> 1. Amendment to the Enforcement Rules of the Government Procurement Act, to be adopted in March 2018; 2. Amendment to the Tendering Regulations of Central Government Entities for Procurement of a Value Not Reaching the Threshold for Publication, to be adopted in March 2018; 3. Amendment to the Regulations for Selection and Fee Calculation of Professional Services Providers Entrusted by Entities, effective August 28, 2017; 4. Amendment to the Regulations for Selection and Fee Calculation of Information Services Providers Entrusted by Entities, effective Sept. 11, 2017; 5. Amendment to the Model Contract of Construction Procurement, to be published in March 2018; 6. Amendment to the Model Instructions for Bidding, published on December 4, 2017; 7. Amendment to the Model Contract for Service Procurement, published on Nov. 9, 2017; 8. Amendment to the Model Contract for Information Services Procurement, published on July 13, 2017. 9. Amendment to the Model Contract for the Procurement of Services of Temporary Workers, published on January 30, 2018. 10. Amendment to the Model Statement of Bidders, published on June 28, 2017; 11. Amendment to the Model Instructions for Bidding with respect to Selection of Best Offer below 1 Million New Taiwan Dollars, published on Sept. 14, 2017.

items	questions	answers
3	<p>Please provide a list of the laws, regulations and other binding materials (including mandatory standard procurement documents and contracts) that regulate public procurement in Taiwan. Please include legislation or other binding materials promulgated at the national/federal level as well as any additional legislation that is applicable to the procuring entity described in Section 1.</p>	<ol style="list-style-type: none"> 1. Government Procurement Act 2. Enforcement Rules of the Government Procurement Act 3. Thresholds for Government Procurement 4. Regulations Governing the Participation of Foreign Suppliers in the Procurement Not Subject to Any Treaties or Agreements 5. Regulations for Inviting or Entrusting Cultural or Art Professionals, Institutions, or Organizations to Perform or Join in Cultural or Art Activities 6. Tendering Regulations of Central Government Entities for Procurement of a Value Not Reaching the Threshold for Publication 7. Regulations for the Implementation of Procurement on a Turn-key Basis 8. Regulations for Joint Tendering 9. Standards for Time-limits for Tendering 10. Standards for Qualifications of Tenderers and Determination of Special or Large Procurement 11. Regulations for the Implementation of Price Preference by Local Suppliers 12. Regulations for Evaluation of the Most Advantageous Tender 13. Essential Requirements for Procurement Contracts 14. Regulations for the Implementation of Inter-entity Supply Contracts 15. Regulations Governing the Organization of Procurement Evaluation Committee 16. Regulations for Review by Procurement Evaluation Committee

items	questions	answers
		<p>17. Regulations for Priority Procurement of Eco-Products</p> <p>18. Regulations Governing Assistance for Small and Medium Enterprises Participating in Government Procurement</p> <p>19. Regulations for Coverage and Handling of Special Military Procurement</p> <p>20. Regulations for Invitation to Tender and Award of Contract in Special Procurement</p> <p>21. Ethics Regulations for Procurement Personnel</p> <p>22. Regulations for the Implementation of Alternative Offers</p> <p>23. Regulations for Electronic Procurement</p> <p>24. Regulations for Publication of Government Procurement Notices and Government Procurement Gazette (e-Gazette)</p> <p>25. Regulations Governing Fees for 6 the Complaint Review for Government Procurement</p> <p>26. Regulations Governing the Complaint Review for Government Procurement</p> <p>27. Regulations Governing the Mediation for Dispute Regarding the Performance of Contract for Government Procurement</p> <p>28. Regulations Governing Fees for the Mediation for Dispute Regarding the Performance of the Contract for Government Procurement</p> <p>29. Organizational Regulations of Complaint Review Board for Government Procurement</p> <p>30. Regulations for Procurement of Real Property in Designated Areas by Entities</p>

items	questions	answers
		<p>31. Regulations for Bid Bond, Guarantee Bond and Other Guarantees</p> <p>32. Regulations Governing the Organization of Procurement Supervision Units</p> <p>33. Regulations Governing the Operation of Procurement Supervision Units</p> <p>34. Regulations for Selection and Fee Calculation of Professional Services Providers Entrusted by Entities</p> <p>35. Regulations for Selection and Fee Calculation of Information Services Providers Entrusted by Entities</p> <p>36. Regulations for Selection and Fee Calculation of Technical Services Providers Entrusted by Entities</p> <p>37. Regulation for Selection and Fee Calculation in Relation to Design Contest Held by Entities</p> <p>38. Regulations for Entrusting Suppliers to Conduct Research and Development.</p> <p>39. Regulations for the Qualification, Examination, Training, Certification, and Management of Professional Procurement Personnel.</p> <p>40. Regulations for the Operation of Price Database of Construction Works.</p> <p>41. Regulations for Monitoring of Procurement by comptroller (accounting) and other relevant units.</p> <p>42. Regulations Governing the Organization of Construction Work Surveillance Units.</p> <p>43. Regulations Governing the Operation of Construction Work Surveillance Units.</p>

E-procurement Platforms

items	questions	answers
4	If one or several electronic procurement portal(s) (i.e., an official website(s) specifically and exclusively dedicated to public procurement) are in operation in Taiwan, please identify which level such portals are available.	National level—Link: http://web.pcc.gov.tw ; https://www.einvoice.nat.gov.tw
5	If multiple electronic procurement platforms are available, which one would most likely be used for a tender like the one described in Section 1?	—
6	If a procurement portal is used by the procuring entity, how many works contracts are procured through the portal?	More than 75%
7	If electronic procurement portals are available, please indicate which actions can be performed through each portal?	<ul style="list-style-type: none"> • Accessing notices on procurement opportunities: anyone • Accessing tender documentation: anyone • Submitting tenders: bidder • Opening bids: Procuring Personnel • Notifying decisions (clarifications, award, etc.): Procuring Personnel • Accessing award decisions: anyone • Signing the contract: Government Officials • Receiving payments from the procuring entity: Contractors

PHASES OF THE PROCUREMENT PROCESS

This questionnaire follows the chronological evolution of a procurement cycle, starting with the process the procuring entity undertakes to assess its needs and secure the budget. The questionnaire then explores the steps that a local company would have to undertake in order to: (i) secure a government contract; (ii) deliver the agreed-upon works; and (iii) obtain payment. The following section focuses on planning and budget.

Phase 1: Budgeting and Needs Assessment

items	questions	answers
8	When the procuring entity prepares to advertise a new procurement opportunity, does it estimate the contract value?	Yes. Paragraph 3 of Article 27 of the Government Procurement Act prescribes that procuring entities shall estimate the value of each procurement. The budget and the estimated value of procurement may be disclosed in the tender notice.
8.a	If “Yes”, how is the contract value estimated for a case like the one described in Section 1? Please mention if technical designs are developed, which other factors contribute to this estimate and what empirical data is used, if any.	Basing upon the detailed design of the construction works, an itemized list of quantities, unit price, subtotal price, and total price of materials, equipment, and work force will be developed in accordance with the drawings, specifications, and contract requirements by taking into account the costs, market prices, and past award records of government entities. Moreover, Article 11 of the Government Procurement Act prescribes that in order to provide reference information to the entity for drafting the budget and government estimate, a procurement information center shall be established by the responsible entity of the Act to set up price database for construction works. In this regard, the Regulations for the Operation of Price Database of Construction Works has been prescribed.

items	questions	answers
8.b	Who prepares these estimates?	The personnel involved in the detailed design of the construction works.
8.c	Is the estimated contract value published in the tender notice / tender documents?	Yes. Paragraph 3 of Article 27 of the Government Procurement Act prescribes that procuring entities shall estimate the value of each procurement. The budget and the estimated value of procurement may be disclosed in the tender notice. Moreover, Article 11 of the Regulations for Publication of Government Procurement Notices and Government Procurement Gazette (e- Gazette) prescribes that the budget amount shall be disclosed in the tender notice for procurement reaching the threshold for publication (i.e. New Taiwan Dollar 1 Million), except in a certain circumstances.
9	Is the procuring entity required to have already allocated budget to a specific project before tendering?	<p>Yes. Paragraph 3 of Article 27 of the Government Procurement Act prescribes that the budget of procurement may be disclosed in the tender notice. Moreover, Article 11 of the Regulations for Publication of Government Procurement Notices and Government Procurement Gazette (e- Gazette) prescribes that the budget amount shall be disclosed in the tender notice for procurement reaching the threshold for publication (i.e. New Taiwan Dollar 1 Million), except in a certain circumstances.</p> <p>Where a budget has not been allocated to a specific project before tendering, an estimated budget will be disclosed in replace, but the award of contract will be subject to the allocation of budget.</p>

Phase 2: from Advertisement to Bid Submission

The following questions relate to the initial phase of the procurement process, focusing on how

the procurement method is chosen, how the tender is published, and how bids are collected from the private sector. For the definition of “procuring entity”, please refer to Section 1.

- **Procurement method**

items	questions	answers
10	According to the legal framework, would open tendering (i.e., the process in which any business can submit a bid) be the default method of procurement in Taiwan for a contract like the one described in Section 1?	Yes. Article 19 of the Government Procurement Act prescribes that an entity shall apply open tendering procedures to all procurement of a value reaching the threshold for publication (i.e. New Taiwan Dollar 1 Million), except otherwise provided for in Articles 20 (Selective Tendering Procedures) and 22 (Limited Tendering Procedures) hereof.
11	In practice, what is the most common method of procurement for a contract like the one described in Section 1?	Open tendering is not the default, but remains the most common for a case comparable to the case study.
12	Does the legal framework define the situations in which open tendering must be used (including thresholds)? If the legal framework regulates exceptions to open tendering, please list them.	Yes. Article 19 of the Government Procurement Act prescribes that an entity shall apply open tendering procedures to all procurement of a value reaching the threshold for publication (i.e. New Taiwan Dollar 1 Million), except otherwise provided for in Articles 20 (Selective Tendering Procedures) and 22 (Limited Tendering Procedures) hereof.
13	Does the legal framework prohibit dividing contracts to circumvent thresholds for open tendering?	Yes. Article 14 of the Government Procurement Act prescribes that an entity shall not circumvent this Act by artificially dividing any procurement requirement of a value reaching the threshold for publication (i.e. New Taiwan Dollar 1 Million). Where there is a need to divide a procurement requirement, and such division is approved by the superior entity, the total value of each divided procurement shall apply to each divided one as if undivided, and the regulations for procurement reaching the threshold for publication, or the regulations for procurement reaching the threshold for supervision shall apply as the case may be.

items	questions	answers
13.a	In practice, how often does this happen?	Very rarely (< 10% of cases)
14	What are the commonly used strategies to circumvent the rules and thresholds on open procurement ?	Strategies such as declaring circumstances of extreme urgency, or an additional work to the existing contractor.

15. Publicly available in practice

Which of the following materials need to be made publicly available by the procuring entity?
Please mark all that apply.

	By law	Publicly available in practice?	Legal Basis and link
Procurement plans		✓	
Model procurement documents and materials / standard contract conditions	✓		Article 63 of the Government Procurement Act prescribes that the model contracts prescribed by the responsible entity of the Act shall, in principle, be adopted by the entity. The essential requirements and contents for such contracts shall be prescribed by the responsible entity by taking the international and domestic practices into consideration.
Tender notices	✓		Article 27 of the Government Procurement Act prescribes that for the open tendering procedures or selective tendering procedures, an entity shall publish a notice of invitation to tender or of qualification evaluation on the Government Procurement Gazette, and also make it available on the information network. The same shall also apply if the notice is amended.

	By law	Publicly available in practice?	Legal Basis and link
Tender documents and technical specifications	✓		Article 29 of the Government Procurement Act prescribes that tender documentation for open tendering procedures and the documents for qualification evaluation for selective tendering procedures shall be made publicly available for free or for sale on site or via mail, from the date of publication through the deadline for submission of tender or the deadline for receipt of documents, and that the documentation shall include all the information required for the submission of tenders by tenderers.
Notices of award / bidding results	✓		Article 61 of the Government Procurement Act prescribes that except for extraordinary circumstances, an entity shall publish the outcome of an award on the Government Procurement Gazette within a specific period of time after award of contract provided that the procurement is of a value reaching the threshold for publication. The foregoing shall also apply if the contract cannot be awarded. Moreover, the award information is also available on the information network (http://web.pcc.gov.tw), because each procuring entity is required to transmit the information to the network in order to be published on the Gazette.

16. Where are the above materials published?

- Internet – Link: <http://web.pcc.gov.tw> and <https://www.pcc.gov.tw>
- Official gazette
- Other, please explain: The official website of the procuring entity.

Links: <https://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=A0030057>

• **Tender Notices & Tender Documents**

items	questions	Legal basis
17	According to the legal framework, is there a minimum time limit between the advertisement of the tender notice and the submission deadline for an open tendering procedure like the one described in Section 1?	Article 28 of the Government Procurement Act prescribes that for tendering procedures, an entity shall prescribe a reasonable time-limits for tendering from the date of publishing a notice of invitation to tender or the date of inviting suppliers to tender until the deadline for submission of tender or the deadline for receipt of documents. Standards for the time-limits shall be prescribed by the responsible entity. The “Standards for Time-limits for Tendering” has been prescribed in this regard. Links: https://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=A0030093
17.a	In practice, how many days would pass between the advertisement of the tender notice and the submission deadline for a case like the one described in Section 1?	21 days.
18	Does the legal framework establish the minimum content of the tender notice and tender documents? If “Yes”, please list the requirements.	Yes. Regulations for Publication of Government Procurement Notices and Government Procurement Gazette (e- Gazette) for tender notices, and Essential Requirements for Procurement Contracts for tender documents.

items	questions	Legal basis
18.a	<p>In practice, which of the following are NOT usually included in the tender notice and/or tender documents?</p> <ul style="list-style-type: none"> • Selection criteria (i.e., technical, professional and financial qualifications that bidders must meet) • Grounds for exclusion of bidders • Amount of bid security, if any • Form(s) of bid security, if any • Evaluation grids and detailed award criteria • Main terms and conditions of the contract • Estimated contract value • Payment schedule under the procurement contract • Other, please list any elements that you think should be included in the tender notice or tender documents, but are not usually available: 	N/A

• Subcontracting

items	questions	Legal basis
19	Does the legal framework regulate subcontracting?	Yes. Article 67 of the Government Procurement Act prescribes that a contractor may subcontract the contract to other suppliers. The term “subcontracting” means an arrangement not constituting an assignment but pursuant to which another supplier performs a part of the contract for the contractor.

20	According to the legal framework, is the procuring entity allowed to establish that a share of the contract must be performed by the original contractor and cannot be subcontracted? For example, 25% of the contract must be performed by the company that is awarded the bid.	<p>Yes. Article 89 of the Enforcement Rules of the Government Procurement Act prescribes that an entity may provide in the tender documentation that the winning tenderer shall report to the entity for filing concerning the subcontracting of a professional part or a part reaching a certain quantity or value.</p> <p>Subparagraph 10, Article 2 of the Essential Requirements for Procurement Contracts prescribes that according to the special characteristics and actual needs of the procurement, entities may prescribe the major part of the contract to be performed by the contractor and sub-contracting matters in the contract.</p>
21	According to the legal framework, are bidders required to disclose their intent to subcontract portions of the contract when submitting their bid?	No.
22	If the intent to subcontract was not disclosed in the bid, what is the contractor who decides to subcontract after the contract is signed required to do?	Article 89 of the Enforcement Rules of the Government Procurement Act prescribes that an entity may provide in the tender documentation that the winning tenderer shall report to the entity for filing concerning the subcontracting of a professional part or a part reaching a certain quantity or value.
23	Can the subcontractor be held liable by the procuring entity for low work quality? If the subcontractor can only be held liable in certain circumstances, please list them.	Yes. Article 67 of the Government Procurement Act prescribes that in the event that a subcontracted part has been pledged by the contractor to the subcontractor, and that the subcontractor has a certain rights in terms of the claim of the contractor for the contract value or compensation against the procuring entity, then the subcontractor for the part subcontracted to it shares the liabilities of warranty with the contractor jointly and severally to the procuring entity.

- **Clarifications**

items	questions	answers
24	When a potential bidder seeks clarifications on the tender documents from the procuring entity, what is the most common way of addressing them?	The procuring entity will answer, but it is not always required to communicate the answer to all other bidders – please explain: Article 41 of the Government Procurement Act prescribes that where a supplier has questions about the content of the tender documentation, such questions shall be submitted in writing to the entity before the deadline set forth for such purpose in the tender documentation. The entity shall give a written reply to the inquiring supplier before the deadline set forth for such purpose in the tender documentation, and may publish such reply if necessary. In case that any amendment or supplement to the content of the tender documentation must be made as a result of such questions, the entity shall publish a notice concerning such amendment or supplement, or notify each supplier in writing for cases of soliciting technical proposals and price proposals under selective tendering procedures and for cases of limited tendering procedures, and may extend the time-limit for tendering if required. (Note: A clarification request may simply be a misunderstanding of the tender documentation.)
25	In practice, are clarifications used as an opportunity to negotiate with the procuring entity?	Yes. A potential bidder may raise questions in writing to the procuring entity pursuant to Article 41 of the Government Procurement Act requesting extension of the time-limit for tendering, extension of the construction schedule specified in the tender documentation, or amendment to the technical specifications or qualification requirements.

26	Does the legal framework prohibit informal meetings between the procuring entity and a bidder during the tendering process?	No. There is no prohibiting regulation in this regard.
26.a	In practice, how often do these meetings happen?	Very rarely (< 10% of cases)

• Bid Security

items	questions	answers
27	Does the legal framework require BidCo to provide a form of bid guarantee?	Yes. Article 30 of the Government Procurement Act prescribes that an entity shall provide in the tender documentation that a tenderer shall deposit a bid bond, except in a certain circumstances. Regulations for Bid Bond, Guarantee Bond and Other Guarantees have been prescribed. Links: https://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=A0030079
28	In practice, which instrument would BidCo most commonly use as a bid guarantee?	Bid security deposit—Please specify the amount: 5% or less than 5% of the total amount of the bid price, to be specified in the tender documentation by the procuring entity.
29	If BidCo is required, what is the most common instrument of bid security deposit?	Cash

Phase 3: from Bid Opening to Contract Signing

The following questions relate to bid opening, bid evaluation, exclusions and contract signing. When answering these questions, please continue to refer to the case study assumptions outlined in Section 1. For the definition of “procuring entity”, please refer to Section 1.

- **Time (calendar days)**

items	questions	answers
30	Does the legal framework establish a timeframe for the procuring entity to proceed to bid opening once the deadline for bid submission has been reached?	Yes. Article 45 of the Government Procurement Act prescribes that unless otherwise provided for in laws or regulations, an entity shall open tenders in public at the time and place specified in the tender documentation for an open tendering procedure or selective tendering procedure. In addition, article 49-1 of the Enforcement Rules of the Government Procurement Act prescribes that the date of tender opening specified in the tender documentation for open tendering, selective tendering and price competition under limited tendering procedures shall be the expiry date of the time-limits or the business day following that date.
30.a	In practice, does the procuring entity proceed to bid opening immediately (i.e., at the precise day and time of the deadline for bid submission)?	No. Please refer to the above. The business day following the deadline for bid submission is acceptable when it has been specified in the tender documentation.
30.b	If not immediately, how many calendar days after the deadline on average?	Time: The business day following the deadline for bid submission.

items	questions	answers
31	In practice, in a case comparable to the case study scenario, how many days would pass between bid opening and public notice of award (i.e., the moment in which all tenderers, participants and relevant parties are notified of the award decision), considering that no complaints / challenges / protests have been filed? In this estimate, please include the time to evaluate the bids, notify all bidders of the decision and notify the winner of the award. If there is no public notice, please indicate the time until notification of BidCo.	5days.
32	Is there a standstill (or pause) period between public notice of award and contract signing to allow unsuccessful bidders to challenge the award decision?	No.
33	In practice, in a case comparable to the case study scenario, how many days would pass on average between public notice of award and contract signing? Please include the time for the winner to submit relevant documents and the time to sign the contract.	Time: 10days. Main reasons for delay: Complaints/ challenges/protests have been filed.
34	In practice, how many days would pass on average between contract signing and receipt of a notice to proceed with the works?	Time:10 days Main reasons for delay: Complaints/ challenges/protests have been filed.
35	If works permits or other administrative authorizations are required to begin the works, how long does it take on average to obtain them once the contract has been signed? Please indicate "0 days" if the permits and authorizations are automatically granted to the contractor or not required.	Time: 15 days. Main reasons for delay: Schedule of official meeting to evaluate the application of administrative authorization on traffic control & management program.

• **Evaluation & Award**

items	questions	answers
36	Does the legal framework regulate how members of the selection committee are chosen?	Yes. Article 94 of the Government Procurement Act prescribes that an entity conducting an evaluation shall establish an evaluation committee in which there shall be five to seventeen members and at least one third of the members shall be experts and scholars. A recommended roster of experts and scholars shall be prepared jointly by the responsible entity, the Ministry of Education, the Ministry of Examination, and other relevant entities. The regulations governing the organization of and the regulations for review by the evaluation committee shall be prescribed by the responsible entity of the Act.
37	Are employees of the procuring entity required to follow a mandatory code of conduct or ethics that includes topics like screening procedures, conflict of interest, training requirements, etc.?	Yes. Article 112 of the Government Procurement Act prescribes that the responsible entity shall prescribe ethics regulations for the procurement personnel. Ethics Regulations for Procurement Personnel have been prescribed. With respect to training, Article 95 of the Government Procurement Act prescribes that the regulations covering qualification, examination, training, certification, and management of professional procurement personnel shall be prescribed. Regulations for the Qualification, Examination, Training, Certification, and Management of Professional Procurement Personnel have been prescribed.
37.a	In practice, how often do employees of the procuring entity follow this code?	Very often (> 90%)

items	questions	answers
38	According to the legal framework, what would be the award criterion considering a case like the one described in Section 1 ?	Article 52 of the Government Procurement Act prescribes that the award of contract shall be specified in the tender documentation, i.e. either the lowest tender or the most advantageous tender, to be decided by the procuring entity. The procuring entity may decide a case like the one described in Section 1 be awarded by the lowest tender or the most advantageous tender.
39	Does the legal framework require all non-price evaluation criteria to be objective and quantifiable?	No. The legal framework does not require all non-price evaluation criteria to be quantifiable.
40	In practice, in which order would the selection (technical, financial, procedural, etc.) criteria and award criteria be evaluated in a tender like the one described in Section 1?	The company's compliance with the selection criteria is checked first (perhaps even during a pre-qualification procedure) and, only if satisfactory, the tender is evaluated based on the award criteria.
41	In practice, how often is the award decision based solely on price and not on best value for money?	Very often (> 90%)
42	In practice, how often do the tender documents contain an evaluation criteria granting preference to companies that have already worked with the procuring entity?	Very rarely (< 10% of cases)
43	In practice, how often is a bid disqualified solely because of an error/formality (for example, a missing document, formatting of the bidding documents, etc.)?	Very rarely (< 10% of cases)

items	questions	answers
44	In practice, in these cases would the bidder be given the opportunity to rectify such error before disqualification?	<p>No. Article 50 of the Government Procurement Act prescribes that in case that any of the following circumstances occurs to a tenderer, an entity shall not open the tender of such tenderer when such circumstance is found before tender opening, nor shall award the contract to such tenderer when such circumstance is found after tender opening:</p> <ol style="list-style-type: none"> 1. The tendering does not comply with the requirements of the tender documentation; 2. The content of the tender is inconsistent with the requirements of the tender documentation;
45	According to the legal framework, can the procuring entity unilaterally change some of the tendering requirements after the bid is opened, but before the contract is signed? If "Yes", please specify under which conditions the procuring entity can do so.	No.
45.a	In practice, how often do such changes occur?	Very rarely (< 10% of cases)
46	According to the legal framework, are negotiations between bidders and the procuring entity allowed after the bid is opened, but before the contract is signed? If "Yes", please specify under which conditions such negotiations can take place.	<p>Yes. Article 56 of the Government Procurement Act prescribes that where an award is conducted by the most advantageous tender by comprehensively evaluating the technology, quality, function, commercial terms, or price of the tenders with ranking or score. The most advantageous tender shall be determined by the head of the procuring entity or the concurrence of the majority of the evaluation committee. If the most advantageous tender is unable to be determined, negotiations may be conducted, and then make another comprehensive evaluation to determine the most advantageous tender.</p>

items	questions	answers
46.a	In practice, how often do such negotiations occur?	Very rarely (< 10% of cases)

- **Exclusion**

items	questions	answers
47	When a bidder is unsuccessful (either because of exclusion or loss), is it provided with an explanation of the reasons for the exclusion/loss in writing?	Yes, by law the bidder must always be provided with an explanation in writing – Legal basis and timeframe: Article 51 of the Government Procurement Act prescribes that an entity shall review the tenders submitted in accordance with the requirements set forth in the tender documentation. The entity shall notify each tenderer of the outcome of the review and provide reasons for disqualified tenderers. Article 61 of the Enforcement Rules of the Government Procurement Act prescribes that where an entity notifies each tenderer of the outcome of tender review, the notification shall be made as soon as the tender review is completed, but no later than 10 days from the date of award or nullification of tendering procedure.
47.a	If “Yes”, is the bidder usually told early enough so that it can challenge the exclusion/loss in a timely manner?	Yes. Article 61 of the Enforcement Rules of the Government Procurement Act prescribes that where an entity notifies each tenderer of the outcome of tender review, the notification shall be made as soon as the tender review is completed, but no later than 10 days from the date of award or nullification of tendering procedure.

Phase 4: Contract Management

The following questions relate to performance guarantee, contract renegotiation, underperformance and termination. When answering these questions, please continue to refer to the case study assumptions outlined in Section 1. For the definition of “procuring entity”, please refer to Section 1.

• Performance Guarantee

items	questions	answers
48	According to the legal framework, is BidCo required to provide a performance guarantee deposit that ensures a source of compensation in case of failure to perform its contractual obligations?	Yes. Amount: 10% or less than 10% of the award price, as specified in the tender documentation by the procuring entity. Article 30 of the Government Procurement Act prescribes that an entity shall provide in the tender documentation that the winning tenderer shall deposit a guarantee bond, except in a certain circumstances. Regulations for Bid Bond, Guarantee Bond and Other Guarantees have been prescribed.
49	If BidCo is required, what is the most common instrument of performance guarantee?	Certificate of deposit
50	In practice, how long does it usually take for the procuring entity to return the performance guarantee in full once the certificate of completion of works is issued?	20 days.

• Contract Renegotiations / Amendments

items	questions	answers
51	Does the legal framework regulate contract renegotiation? If “Yes”, please indicate the relevant provisions.	Yes. Article 63 of the Government Procurement Act prescribes that the model contracts prescribed by the responsible entity shall, in principle, be adopted by the entity. The essential requirements and contents for such contracts shall be prescribed by the responsible entity by taking the international and domestic practices into consideration. Provisions of contract amendment are included in the Essential Requirements of Contract and model contracts (e.g., according to point 24 of the Essential Requirements of Contract, any amendment to the contract will be invalid without a written agreement signed or stamped by both the entity and the supplier).
51.a	If “Yes”, what are the limits to renegotiate each of the aspects below without the need to re-tender?	Price (for example because of initial underestimation of cost or poor project design): No limit. Scope (length, size, etc.) : no limit. Technical specifications (materials, etc.) : no limit. Delivery timeline: No limit. Contractor/subcontractor: No limit.
52	How often would a contract like the one described in Section 1 be renegotiated?	Very rarely (< 10% of cases)
53	If the contract described in Section 1 were more complex (i.e., lengthier and/or more costly execution, more complex scope or object, etc.), how often would it be renegotiated?	Rarely (between 10-25%)

items	questions	answers
54	How often do bidders submit unrealistically low bids to win the contract confident of having a possibility to renegotiate at a later stage?	Very rarely (< 10% of cases)
55	How often are “emergencies” used as an excuse to renegotiate?	Very rarely (< 10% of cases)
56	According to the legal framework, is there a percentage of price increase below which the procuring entity <u>is not required to provide a reason for the renegotiation?</u> If “Yes”, please provide the percentage and the relevant legal basis.	No.
57	According to the legal framework, is there a percentage of price increase above which the procuring entity is not allowed to renegotiate <u>and is always required to re-tender?</u> If “Yes”, please provide the percentage and the relevant legal basis.	No.
58	If limits on price renegotiation exist, do they apply to each renegotiation or to all renegotiations combined (for example, if the legal framework imposes that any increase in price shall not exceed 50%, will this limit apply to each modification if several successive modifications occur)?	Not applicable

items	questions	answers
59	Are the results of contract renegotiations made publicly available?	Yes. Article 61 of the GP Act is also applicable to the publication of the outcome of contract amendment, if the contract amount is increased.
60	In practice, what are the commonly used strategies to circumvent the renegotiation rules in the context of re-tendering?	N/A

• Termination

items	questions	answers
61	Does the legal framework regulate unilateral termination of the contract by the procuring entity (i.e., the termination at will by the procuring entity, including for no reason)? If "Yes", please indicate the relevant provisions.	Yes. Article 64 of the Government Procurement Act prescribes that it may be provided in a procurement contract that when continuous performance by the supplier pursuant to the contract is against the public interest due to policy change, an entity may, with the approval of a superior entity, terminate or rescind such procurement contract, in part or in whole, and compensate the supplier for any loss resulting therefrom.
61.a	In practice, how often would the procuring entity unilaterally terminate the contract despite the contractor properly performing its contractual duties?	Very rarely (< 10% of cases)
62	How often would the contractor bring a case (in court or through alternative dispute resolution) against the procuring entity for damages resulting from unilateral termination not due to the contractor's default?	Rarely (between 10-25%)

Phase 5: Payment, Delays and Quality Assessment

The following questions relate to payment and inspections. When answering these questions, please continue to refer to the case study assumptions outlined in Section 1. For the definition of “procuring entity”, please refer to Section 1.

• Payment

items	questions	answers
63	According to the legal framework, is there a limit to how much the procuring entity can pay upfront for the contractor to hire workers, buy materials, and start operations, in a contract like the one described in Section 1?	Yes. There is a limit for reference in the model contract.
63.a	In practice, how much would usually be paid upfront for a contract like the one described in Section 1?	10% of the contract amount.
64	During the execution of the contract, does the legal framework establish a timeframe within which the procuring entity must process the payment once an invoice is received?	<p>Yes. Article 73-1 of the Government Procurement Act prescribes that unless otherwise specified in a contract, the procedures of payment and review by an entity for construction procurement shall abide by the following provisions.</p> <ol style="list-style-type: none"> 1. where a payment is made by periodic assessment or by stages, the entity shall complete review process within fifteen days after evidential document for assessment or of completion of a stage was received from the supplier, and shall make payment within fifteen days after receiving the supplier’s application document for payment; 2. where a payment is made by inspection and acceptance, the entity shall prepare a certificate of settlement and acceptance after the inspection and acceptance is passed, and shall make payment within fifteen days after receiving the supplier’s application document for payment;

items	questions	answers
		<p>3. where a payment shall be applied to a superior entity for appropriation, the time-limits prescribed in the preceding two subparagraphs shall be thirty days.</p> <p>The term “days” in the subparagraphs of the preceding paragraph means working days, which excludes weekly holidays, special holidays and the days of returning documents to the supplier for rectification.</p> <p>Where the entity finds any error, insufficiency or ambiguity in the documents submitted by the supplier during the process of payment and review, and demand modification, supplement or clarification, the entity shall notify the supplier in one notice, instead of two or more notices. The three preceding paragraphs shall apply mutatis mutandis to the payment and review processes of goods and services procurement.</p>
64.a	In practice, how many calendar days will be necessary on average for BidCo to receive payment once the invoice has been delivered to the relevant authority?	15 calendar days
64.b	In practice, how many people would need to authorize payment within the procuring entity before payment is made?	10 people
64.c	Does the procuring entity set minimum standards about the completed works that the company must meet to receive payment? If so, please specify what these standards are.	<p>Yes.</p> <p>Standards: The completed works shall be in conformity with the technical specifications specified in the contract, quality requirements included.</p>

items	questions	answers
64.d	In practice, how often will BidCo receive payment within the timeframe established by the legal framework?	Very often (> 90%)
64.e	If rarely, what are the main reasons for delay?	—
64.f	Are payments usually spread out equally throughout the course of the work?	Yes. Terms of payment specified in the model contract.
64.g	According to the legal framework, is the company entitled to claim interest on late payments if the procuring entity does not pay within the legally-established timeframe?	Yes. Terms of payment specified in the model contract prescribes that when the payment is delayed by the Entity due to causes not attributable to the Contractor, the Contractor may request for interest as late payment interest.
64.h	If so, in practice how often would such interest be paid to the company?	Very rarely (< 10% of cases)
65	Assuming that BidCo delivers works complying with the quality standards agreed-upon in the contract, within budget and on time, what strategies, if any, does the procuring entity use to delay or avoid payment?	The procuring entity will not delay or avoid payment.
65.a	In practice, how often does the procuring entity not pay?	Very rarely (< 10% of cases)
65.b	If non-payment is common, how often would BidCo resort to informal payments to obtain payment?	Very rarely (< 10% of cases)
65.c	If non-payment is common, how often would BidCo seek remedy in court?	Very often (> 90%)

• Inspections & Warranties

items	questions	answers
66	Does the procuring entity have guidelines or protocols regulating inspections on the quality of the works?	Yes. Articles 70, 71, 72 of the Government Procurement Act, and Articles 91 - 100 of the Enforcement Rules of the Government Procurement Act.
67	In a case comparable to the one described in Section 1, how often would the procuring entity conduct quality checks / inspections to ensure that BidCo's works comply with the applicable technical requirements, standards and regulations?	An inspector or representative of the procuring entity is always on site.
68	Upon completion of the works, does the legal framework require BidCo to guarantee the works for a certain period of time ?	Yes. Terms of guarantee specified in the model contract.
69	If BidCo is required, what is the most common instrument of post-completion guarantee?	Retention of part of the performance guarantee – Please specify the amount (%): 30%
70	In practice, how long after completion of the works is BidCo required to maintain the instrument that guarantees them?	3 years.

• Delays & Overruns

items	questions	answers
71	In practice, how often are the works delivered within the original deadline?	Very often (> 90%)
72	In practice, if delays are common, what are the main reasons for them? Select all that apply.	<ul style="list-style-type: none"> • Weather shocks (natural disasters, flooding, etc.) • Capacity of the contractor (technical/ financial/managerial/human capital constraints)

items	questions	answers
73	In practice, how often are the works delivered within the original budget?	Very often (> 90%)
74	In practice, if cost overruns are common, what are the main reasons for them? Select all that apply.	<ul style="list-style-type: none"> • Market conditions (changes in input prices, fluctuations in exchange rate, etc.) • Weather shocks (natural disasters, flooding, etc.)

• Research – Criticalities of the Procurement Process

75. How often are the following strategies used by the procuring entity to circumvent public procurement rules?

items	questions	answers
1	Not advertise procurement opportunities long enough to minimize competition.	<10% of cases
2	Prioritize projects without sufficient motivation just to benefit a particular bidder.	<10% of cases
3	Prioritize non-competitive tenders to restrict market entry.	<10% of cases
4	Define technical specifications to benefit a specific bidder.	<10% of cases
5	Irregularities during the bidding process.	<10% of cases
6	Biased interpretation of the selection criteria.	<10% of cases
7	Add specific obligations in the contract that were not previously incorporated in the tender documents, and by doing so impose unnecessary burdens on the contractor.	<10% of cases
8	Delay payments to the contractor to request other works not included in the tender documents.	<10% of cases
9	Delay the certification of completion of the contract to obtain other works/goods/services not previously included in the tender documents.	<10% of cases
10	Unilaterally and arbitrarily terminate the contract.	<10% of cases

76. How often are the following strategies used by private sector companies to circumvent public procurement rules?

items	questions	answers
1	Collusion between bidders (cover bidding, bid suppression, bid rotation, market allocation).	<10% of cases
2	Collusion with the procuring entity, to negate market entry to other competitors.	<10% of cases
3	Submission of recklessly low bids to win the tender.	<10% of cases
4	Falsification of documents or failure to disclose essential information in the bidder's offer.	<10% of cases
5	Informally paying public officials.	<10% of cases
6	Abuse the renegotiation process to increase the price or the scope of the project without another competitive process.	<10% of cases
7	Delay the execution of the contract to coerce the procuring entity to award other contracts to the same company.	<10% of cases
8	Execute the contract with less quality or with different technical specifications than were submitted during the tender process.	<10% of cases
9	Employ subcontractors that were neither properly selected nor disclosed during the tender process.	<10% of cases

Appendix:

List of Contributing Agencies

Indicator	Contributing agencies
Starting a Business	Department of Commerce, MOEA
Dealing with Construction Permits	Department of Urban Development, Taipei City Government Construction and Planning Agency, MOI
Getting Electricity	Taiwan Power Company
Registering Property	Department of Land Administration, MOI
Getting Credit	Banking Bureau, FSC
Protecting Minority Investors	Securities and Futures Bureau, FSC
Paying Taxes	Taxation Agency, MOF
Trading across Borders	Customs Administration, MOF
Enforcing Contracts	Judicial Yuan
Resolving Insolvency	Judicial Yuan
Labor Market Regulation	Ministry of Labor
Contracting with Government	Public Construction Commission, Executive Yuan

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