

2020

Promoting Economic Liberalization in Taiwan

National Development Council, Republic of China (Taiwan)

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Introduction

I. Taiwan ratings for the extent of economic freedom

In the 2020 Index of Economic Freedom jointly issued by the Heritage Foundation and the Wall Street Journal on March 2020, Taiwan ranked 11th, down 1 place compared with last year.

Taiwan's Index of Economic Freedom Ranking and Score Change in 12 Years

Issued year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Change
Ranking	11	10	13	11	14	14	17	20	18	25	27	35	+25
Scoring	77.1	77.3	76.6	76.5	74.7	75.1	73.9	72.7	71.9	70.8	70.4	69.5	+7.8
1 Property Rights	86.9	85.4	84.3	86.5	70	70	70	70	70	70	70	70	+15.4
2 Judicial Effectiveness	70.1	70.1	69.2	67.7	—	—	—	—	—	—	—	—	+2.4
3 Government Integrity	68.9	69.2	70.9	70.5	61	61	59.7	61	58	56	57	57	+12.2
4 Tax Burden	75	75	76.1	75.3	76.1	80.4	80.3	80.5	80.4	78.3	75.9	76.2	-1.2
5 Government Spending	90.5	90.6	90.4	89.5	88.7	87.1	84.7	84.9	92.3	89.7	90.5	89.4	+1.2
6 Fiscal Health	91	91.6	90.8	83.7	—	—	—	—	—	—	—	—	+7.9
7 Business Freedom	93.9	93.2	93.2	93.4	93.2	92.4	93.9	94.3	88.5	84.7	83	69.5	+23.7
8 Labor Freedom	60.3	60.9	54.9	55	53.8	55.2	53.1	53.3	46.6	46.1	47.7	45.7	+15.2
9 Monetary Freedom	82.7	84.4	83.3	85.2	83.2	83.3	81.7	82.9	83.1	82	79.3	82.1	+2.3
10 Trade Freedom	86	87	86.2	86.2	86.4	86.4	85.8	85	85	86.2	85.8	85.2	+1.8
11 Investment Freedom	60	60	60	65	75	75	70	65	65	65	65	70	-10
12 Financial Freedom	60	60	60	60	60	60	60	50	50	50	50	50	+10

II. Achievements for 2019

Between July 2019 and the end of June 2020, Taiwan carried out amendments to laws and regulations in pursuit of economic liberalization and the protection of human rights, and signed various trade agreements and memoranda of cooperation. The highlights are as follows:

◆ Property Rights

1. **Protecting Intellectual Property Rights** : The amendment to articles of the Trade Secrets Act on January 15, 2020, and introduced the “investigation confidentiality protective order” system. The amendment also added an article stipulate that an unrecognized foreign juridical person may file a complaint, initiate a private prosecution, or institute a civil suit in respect of matters governed by this Act, strengthening trade secret protection for foreign juridical persons based on the principle of reciprocity.
2. **Building** robust land expropriation procedures and citizen participation mechanisms : The announced an amendment to articles of the Enforcement Rules of the Land Expropriation Act on December 16, 2019. Key points of the amendment include : relaxed qualifications to apply for redemption, a request for cancellation, or a revocation of expropriation; increased the liability of land need agencies for not using land according to the land expropriation plan; and protected the right of owners to apply for expropriation of ownership instead of superficies or requisition.

◆ Judicial effectiveness

1. Promoting Wider Use of Electronic Judicial Processes : The trial operations of the “Civil Compulsory Enforcement Online Applications System” started on May 31, 2019, allowing financial institutions to act as creditors and send electronic documents to trial courts for compulsory enforcements. The “Regulations on the Use of the Electronic Litigation Document Service Platform for Delivering Compulsory Enforcement Documents” was established on August 28 the same year, and the system was launched on the 30th of the same month and year.
2. Continuing Research and Planning for the Establishment of a Commercial Court : The draft “Commercial Case Adjudication Act” and “Intellectual Property and Commercial Court Organization Act” were approved by the Legislative Yuan after a third reading on Dec 17, 2019, and promulgated by the President on Jan 15th, 2020. A group was formed on February 18, 2020 to draft the Enforcement Rules of the Commercial Case Adjudication Act. Planning to establish a commercial case electronic litigation system to expand the applicable scope of the electronic litigation system, and improve the efficiency and competitiveness of domestic courts in resolving commercial disputes.
3. Promotion of an Alternative Dispute Resolution Mechanism²⁰²⁰ : The “mediation basic law drafting group” was established on March 7, 2020 to research and draft articles of the mediation basic law.

◆ Government integrity

1. The Enforcement Rules of the Act on Recusal of Public Servants Due to Conflicts of Interest enacted on August 1, 2019. The draft

Whistleblower Protection Act passed to the Executive Yuan for review on February 20, 2020.

2. Taiwan voluntarily complies with the United Nations Convention Against Corruption, and released its first national report in 2018, during which it organized an international review meeting. In line with the 47 concluding observations provided, central government agencies and county/city governments have actively adopted concrete implementation measures and regularly track and evaluate handling progress; a mid-term report on the implementation of concluding observations is expected to be announced in 2020, and a second international review meeting is expected to be held in 2022.

◆ Tax burden

1. Amended the Statue for Industrial Innovation to optimize the industrial innovation environment : On July 3, 2019, the addition of Article 10-1 of the Statue, giving investment tax credits and tax preference to companies and limited partnerships for purchasing smart machinery and 5G systems. On July 24, 2019, partial amendment of the Statue for Industrial Innovation was passed; as well as enhancing and extending the existing preferential tax measures by 10 years to December 31, 2029. And added the “when a profit-seeking enterprise uses retained earnings for substantive investment, the invested amount can be deducted as undistributed earnings for that year” provision.
2. Guiding the inward remittance of offshore funds to help Taiwanese enterprises adjust their global investment portfolio : The

Management, Utilization, and Taxation of Repatriated Offshore Funds Act was enacted on July 24, 2019. Starting on August 15 the same year, individuals and profit-seeking enterprises that repatriate offshore funds within the prescribed time limit and deposit the funds into a dedicated account for use according to the regulations may be eligible a preferential tax rate of 8% or 10%, and will be exempted from regular income tax. If the funds are substantial invested within the prescribed time limit according to the regulations, the individual or profit-seeking enterprise may apply for a 50% tax refund.

◆ **Business Freedom**

Announced the amendment to Article 8 of the Regulations Governing Review of Applications for Reservation of Business Names and Scopes on October 24, 2019. Restrictions on business names were relaxed to allow up to two types of business categories to be indicated in the name, increasing the flexibility of naming to benefit composite operations and marketing by micro businesses.

◆ **Labor freedom**

1. The amendment to the Qualifications and Criteria Standards for foreigners undertaking the jobs specified under Article 46.1.1 to 46.1.6 of the Employment Service Act was announced on May 18, 2020, adding opticians as a qualification for foreign nationals engaging in healthcare, employer qualifications of government agencies (institutions) for employing specialists or technicians who are foreigners, and employer qualifications of the arts and

literature service industry for employing foreigners to perform art and performance work.

2. Amendments to related regulations of the Labor Standards Act : Amended the “Applicable scope for the proviso clause of Paragraph 2, Article 34 of Labor Standards Act” on October 7, 2019, December 2, 2019, and January 17, 2020. With consideration to the different operating models and work hour arrangements of different industries, a separate agreement may be made for the rest time in between shifts to be no less than 8 consecutive hours due to “work characteristics” or “special reasons,” which must be evaluated and announced by the government and approved through the collective bargaining mechanism by labor unions and labor-management meetings. The “Designated Industry to Paragraph 4 of Article 36 of Labor Standards Act” was announced on December 2, 2019 and Friday, March 6, 2020, the regular leave may be flexibly adjusted within the week.

◆ Trade freedom

1. Liberalizing the non-tariff trade barriers : After import tariffs are paid for goods shipped from a free trade zone to a taxable zone, if the goods are found to be damaged or the specifications or qualities do not meet the requirements of the original contract, it is unreasonable to impose tariffs on the goods that are provided as compensation or replacement. The interpretation letter issued on July 1, 2019 resolves this issue. Announced an amendment to the “Operation Directions Governing the FTZ Enterprises Selling Fuel

(Oil) or Special Materials (Including Daily Necessities of Vessel / Crew) to the International-Route Vessels” on November 27, 2019, specifying that special materials and non-tobacco and non-alcohol daily necessities of vessels/crew may be provided to international-route vessels anchored at harbors without a customs house. The amendment also stipulates that supplies must be loaded onto a dedicated fleet, sealed with electronic paper seals the entire way, and escorted by dedicated personnel.

2. Signing of Economic and Trade Agreement and Cooperation MOU: The AEO mutual recognition agreements with Japan and Australia starting to practical operation on May 22 and June 1, 2019, respectively. Signed an economic cooperation agreement with the Marshall Islands on October 25, 2019. Signed an MOU on cooperation in trade promotion with Indonesia on May 6, 2020.

◆ Investment freedom

1. Amending and loosening the regulations relating to investment restrictions : Amended the “Regulations for Verification of Investment by Overseas Chinese and Foreign Nationals” on July 29, 2019, and gave investors who funding its invested business in installments shall be allowed to apply for investment verification in installments or file the application in one installment after they are fully implemented.
2. Achievements of International Investment agreement and cooperation : Taiwan and Vietnam signed a new “Agreement between the Taipei Economic and Cultural Office in Viet Nam and the Viet Nam Economic and Cultural Office in Taipei on the

promotion and protection of investments” on December 18, 2019, and the agreement took effect on May 24, 2020.

◆ Financial freedom

1. Loosening regulations related to restrictions on operation of the financial industry : The Directions for Banks to Apply for New Business Trial was enacted on June 19, 2019, and encourages banks to continue the development of innovative financial products and services via new business trials within the scope of business that was approved, while giving consideration to risk management. Announced an amendment to “Regulations Governing the Dedicated Deposit Account of Electronic Payment Institutions” on February 24, 2020 increases the flexibility of e-payment institutions and banking operations of dedicated deposit accounts. The ”Interpretative Order on Article 53-1 of the Regulations Governing Futures Commission Merchants” issued on September 24, 2019 relaxed the restriction that futures trades made by a futures dealer at any foreign futures exchange may not exceed 10% of the futures dealer's net worth. Promulgation of the Standards Governing the Establishment of Securities Firms on January 15, 2020, amending Article 3 and 11, to specify that the securities dealer operates only the business of proprietary trading of security tokens (virtual currencies that have the nature of securities), the minimum paid-in capital shall be NT\$100 million. Announced the “Directions for Insurance Agents and Brokers Engaging in Cross-Industry Cooperation in the Promotion of Affiliated Insurance Products” on July 31, 2019, and allowed insurance enterprises to engage in cross-industry cooperation in the promotion of affiliated insurance products, while exerting

appropriate control. The “Order on interpretation of Subparagraph 6 of Article 2 of the Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises” was issued on November 18, 2019 to allow insurance enterprises to participate in syndicated loans.

2. Strengthening international financial cooperation agreement: The FSC and ACPR signed a FinTech cooperation agreement on July 9, 2019 to facilitate bilateral cooperation in FinTech. The agreement covers the supervisory authority’s referral mechanism and information sharing. The FSC and FINMA signed documents on cooperation in financial supervision on July 22, 2019 to strengthen bilateral cooperation in financial supervision. The document stipulates that both parties may not disclose supervisory information obtained from the other party, and may only use the information for lawful supervisory purposes. The FSC signed financial supervisory cooperation documents with BaFIN on February 20, 2020 to lay the foundation for exchange and cooperation in financial supervision mechanisms and personnel, and promote collaboration between Taiwan and Germany.

Property Rights

I. Building robust land expropriation procedures and citizen participation mechanisms

Where the government needs to acquire privately owned land via expropriation to provide public goods (such as infrastructure, public utility buildings or public facility buildings as part of urban planning programs), the premise is that it must be for public interests and the land for use is fail to obtain after use all other methods or can't reach a purchase agreement with the land owner. Only then should the land use applicant make an application for land expropriation to be reviewed by the competent authority. Concrete measures and results of the Ministry of the Interior (MOI) between July 2019 and June 2020 are as follows :

(I) Promotion of transparent deliberation and public participation mechanism

Pursuant to the Land Expropriation Act, land use applicants must convene at least 2 public hearings before applying for land expropriation. The public hearings must explain the public interests and necessity of the construction plan to all owners, and thereby reach a consensus or find a solution. In order to reach a purchase agreement before applying for land expropriation, the MOI encourages land need agencies to commission a real estate appraiser to survey and appraise the market price as an impartial third party. The reference market price and market information provided by the real estate appraiser are used for negotiation with land owners, so that the negotiated price and related information will

be more objective and transparent. In 2019, only 6.72% of the private land required by the government for public construction was acquired via expropriation, and over 90% was obtained through agreement or other methods.

The MOI established a national land use deliberation information platform to strengthen the disclosure mechanism for deliberation information, providing citizens, land owners, or stakeholders more convenient access to the meeting schedule, agenda, minutes, and related information for land expropriation deliberation cases. Between July 2019 and June 2020, 117 citizens involved in 253 land expropriation cases attended meetings of the land expropriation deliberation group and expressed their opinions.

(II) Continuing to review land expropriation regulations and refine the land expropriation system

The MOI announced an amendment to articles of the Enforcement Rules of the Land Expropriation Act in Order Tai-Nei-Di-Zi No. 1080266652 on December 16, 2019. Key points of amendment:

1. Relaxed qualifications to apply for redemption, a request for cancellation, or a revocation of expropriation: If the original owner of land being expropriated becomes deceased, all heirs were originally required to jointly submit the application. The amendment now allows one heir to submit the application for the interests of all heirs.
2. Increased the liability of land need agencies for not using land according to the land expropriation plan: Some land need agencies were ordered by the court to compensate land owners for failing to use expropriated land according to the land expropriation plan. The

amendment specified that the agency that caused the damages shall be liable for compensation, increasing the liability of land need agencies.

3. Protected the right of owners to apply for expropriation of ownership instead of superficies or requisition: When owners apply for expropriation of ownership instead of superficies or requisition, the applicant's qualifications and application procedures are clearly specified, making the expropriation system clearer and more complete.

(III) Ensuring correct land expropriation concepts in government agencies, implement procedural justice

The MOI held three seminars on land expropriation related laws in February 2020, in order to improve the land need agencies' understand of the land expropriation system. In attendance were employees from land need agencies at each level to promote the land expropriation-related policies, regulations and matters for attention in practical operations.

(IV) Implementation of a land expropriation case verification mechanism and information disclosure

Establishment of the land expropriation management system, allows users to access the expropriation plan, land use planning, letter of approval for expropriation, announcement of expropriation, and construction status of general expropriation cases, so that they can understand the progress and related information on construction plans. As of June 1, 2020, the system has been visited over 34,000 times. Furthermore, on-site audits are conducted to periodically

track subsequent implementation after expropriation is approved. Spot check and on-site audits for expropriation cases in the previous year were completed in August 2019. The Directions for Control of Expropriated Land Use was announced on May 20, 2020. Besides setting forth a control method to urge the implementation of expropriation plans, it also strengthens information disclosures of expropriation cases.

II. Protecting Intellectual Property Rights

(I) Amendment of regulations relating to the protection of Intellectual Property Rights

The Intellectual Property Office (IPO), Ministry of Economic Affairs (MOEA) announced an amendment to articles of the Trade Secrets Act on January 15, 2020, and introduced the “investigation confidentiality protective order” system. The system gives prosecutors the authority to issue “investigation confidentiality protective orders” to agents ad litem, defense attorneys, etc. who have access to investigation data. Persons who receive investigation confidentiality protective orders are obligated to maintain confidentiality. Persons who violate the orders bear criminal liability. This is to prevent trade secrets from being leaked in the investigation process. The amendment also added an article stipulate that an unrecognized foreign juridical person may file a complaint, initiate a private prosecution, or institute a civil suit in respect of matters governed by this Act, strengthening trade secret protection for foreign juridical persons based on the principle of reciprocity.

(II) Achievements of International cooperation agreements of Intellectual property rights protection

The MOEA IPO established the Patent Prosecution Highway (PPH) with the US, Japan, South Korea, Spain, Poland and Canada; implemented the invention patent Priority Document Exchange (PDX) with Japan and South Korea; signed MOUs with Japan and the UK on sending and storing biological materials for patent procedures; signed an MOU with Japan on patent information exchange; and signed an MOU with the European Intellectual Property Office on bilateral cooperation. It signed an MOU on design patent PDX with Japan on October 30, 2019, expanding the scope of PDX.

III. Indigenous land rights restoration policy and achievements

To achieve the policy of President Tsai Ing-wen by providing transitional justice for indigenous peoples to meet their expectations for land restitution over the past several decades, the Council of Indigenous Peoples announced an amendment to the “Regulations on Development and Management of the Lands Reserved for Indigenous People” in Order Yuan-Min-Tu-Zi No. 10800384812 on July 3, 2019.

By May 31, 2020, there were 444,705 parcels of indigenous reserved land, covering an area of 264,973 hectares, with 22,277 hectares of land over which rights had been created other than ownership and 122,734 hectares of indigenous reserved land already privately owned, accounting for 54.73% of reserved land.

From July 1, 2019 to May 31, 2020, the transfer of ownership had been registered for 4,293 hectares.

Judicial Effectiveness

I. Promoting Wider Use of Electronic Judicial Processes

In recent years, the Judicial Yuan has actively promoted the use of electronic judicial processes and established E-courts, using information technology to assist with court trials, enhance trial effectiveness, transparency and public trust in the judicial system.

(I) Electronic Service Certification System

In response to the expansion of electronic litigation to all citizens, a certificate mechanism was established to authenticate the identity of users. Starting on August 8, 2016, citizens can use their Citizen Digital Certificate to log in the Electronic Litigation System after authenticate by the Electronic Service Certification System. Since August 1, 2018, the juridical persons, administrative agencies, and banks can use XCA, GCA, or MOEACA ID card to apply for an account. In 2019, starting a procurement to integrate the numerous services onto a single portal, and the development is expected to be completed at the end of June 2020.

(II) Civil Litigation Electronic Litigation System

1. Electronic Litigation System for Intellectual Property Court and First and Second Instance of Civil Litigation in Ordinary Courts

Online civil litigation was formally launched on August 8, 2016. For asymmetrical civil litigations (including cases in which only one party uses the Civil Litigation Electronic Litigation System), and the electronic delivery service for court session notices were developed

and tested in February 2020, and will be launched once related laws and regulations are amended.

2. Launched the Civil Compulsory Enforcement Online Applications System

Compulsory enforcement cases are the most common types of new cases dealt with each year by the courts under the Judicial Yuan (accounting for 42.31% in 2019), and in recent years they have exceeded 1.3 million cases (with about 1 million originating from financial institutions). Yet, such cases are still delivered manually and through the postal system between applicants and district courts. The Judicial Yuan therefore established the “Civil Compulsory Enforcement Online Applications System” in 2018 after analyzing the civil compulsory enforcement procedures of financial institutions, so as to meet users’ needs.

Trial operations of this system started on May 31, 2019, allowing financial institutions to act as creditors and send electronic documents to trial courts for compulsory enforcements. The “Regulations on the Use of the Electronic Litigation Document Service Platform for Delivering Compulsory Enforcement Documents” was established on August 28 the same year, and the system was launched on the 30th of the same month and year for use by all applicants and local courts. After parties (including statutory representatives), legal persons, and financial institutions use their Identity Certificate to apply for an account, they may use the platform to submit civil compulsory enforcement related documents online.

(III) Administrative Litigation Electronic Litigation System

1. Electronic Litigation System for Intellectual Property Court and High Administrative Court

Online indictment for intellectual property administrative litigation and tax related administrative litigation formally launched in 2015, and became available to legal persons, administrative agencies, banks, and citizens in 2018, adding asymmetrical services (including only one party uses the electronic litigation system) for tax related administrative cases and intellectual property related civil cases. Development and testing of the electronic delivery service for court session notices for intellectual property administrative litigation and tax related administrative cases was completed in April 2020.

2. Online Review System for Administrative Litigation Detention

In 2018, the Judicial Yuan Improved the “Online Review System for Administrative Litigation Continued Detention and Extended Detention Application Cases” used by the National Immigration Agency and the court trial system combining them into the “Online Review System for Administrative Litigation Detention,” .The System contains the following functions: “online hearings, timely electronic mail delivery, paperless judgments, electronic official seals, digital signatures, and e-documents.” These replace the delivery of paper litigation documents as notifications of court hearings and detention rulings, or the faxing of records of remote interrogations, and move the entire process online, utilizing electronic signature technology to guarantee the integrity and security of electronic documents. Taiwan Yilan District Court and the National Immigration Agency, MOI (Yilan

Immigration Detention Center, Northern Administration Corps) were the first to implement the system on a trial basis. Taiwan Nantou District Court, Taiwan New Taipei District Court, and Taiwan Miaoli District Court subsequently completed and began use of the system in February and May 2020.

3. Development of Electronic Delivery for Notices of Court Sessions for Pension Reform Related Administrative Litigation Cases

The Judicial Yuan completed the electronic litigation platform's electronic delivery function for court session notices in November 2019, in order to aid administrative courts in handling the large number of administrative litigation cases related to pension reform. The administrative court trial system is currently being modified and tested, and testing is expected to be completed before the end of December 2020. This will reduce the labor cost for confirming the delivery effectiveness.

(IV) Chinese Speech Recognition System Establishment and Trial in Courts

The Judicial Yuan plans to develop a Chinese speech recognition system and test it on a trial basis in courts between December 2019 and the end of April 2021. The system will be tested in Taiwan High Court Tainan Branch Court and Taiwan Taipei District Court, in order to collect large amounts of voice recordings and written statements from courtrooms, in order to gradually improve the recognition accuracy to meet the actual court proceedings standards in the future.

(V) Added credit cards as an online payment method

Starting on January 8, 2020, citizens can use their credit card to pay various court fees online (except for fines, civil compulsory enforcement payments, fines payable, and default surcharge payable).

(VI) Added the “helper for understanding judgments easily” function

The “helper for understanding judgments easily” function was added to the judgment inquiry system on May 18, 2020. When the cursor is moved over a legal term, a textbox will pop up to explain the term, helping citizens more easily read and understand the contents of judgments.

(VII) Key points of future plans

1. Establishment of an online transfer system for discipline cases

The online transfer system for discipline cases was developed to expand the applicable scope of the electronic litigation system, and lessen the burden on government agencies, such as the Control Yuan, manually delivering paper documents to personnel of the Public Functionary Disciplinary Sanction Commission. The system aims to accelerate the exchange of litigation documents and enhance the court’s processing performance, and is expected to be completed in July 2020.

2. Development of the registration system for parties to a case

When the parties arrive at court, they must first register with the court attendant, and recorded on a paper document. The Judicial Yuan plans to set up a registration area to lessen the burden on the court’s manpower and provide greater convenience for parties.

Parties can scan the 2D barcodes on the court session notice or summons to complete registration procedures, and registration information will be sent back to the automatic registration system to keep judges and court attendants updated on the registration situation. The system is expected to be completed before the end of 2020.

3. Establishment of the online petition for constitutional interpretation system

The Judicial Yuan is currently planning to establish an online system for petitions for constitutional interpretation, so as to expand the applicable scope of the electronic litigation system. Allowing the constitutional interpretation petitions document to be submitted online will increase the efficiency. Planning is expected to be completed by the end of 2020, and system establishment will be completed by the end of June 2021.

4. Development of the commercial case electronic litigation system

The Judicial Yuan is currently planning to establish a commercial case electronic litigation system to expand the applicable scope of the electronic litigation system, and improve the efficiency and competitiveness of domestic courts in resolving commercial disputes. When an intellectual property and commercial court receives e-documents and evidences from parties through the electronic litigation system, accompanied with the software and hardware equipment (computer monitor, projector, image presenter, trial system inquiry, and download e-document and evidence functions) in courts, the digital evidence can be zoom in and out or search for

full text, thus solving the issues with presentation on paper documents.

II. Continuing Research and Planning for the Establishment of a Commercial Court

- (I) In order to ensure commercial disputes are tried in a professional, fast, consistent and predictable manner, the Judicial Yuan completed the “Draft of the Commercial Case Adjudication Act” in 2019. The draft legislation was approved by the Legislative Yuan after a third reading on Dec 17, 2019, and promulgated by the President on Jan 15th, 2020.
- (II) The Judicial Yuan held a meeting on commercial court judge and commercial investigator selection and workshop on January 20, 2020, and discussed commercial court judge and commercial investigator selection, reassignment, appointment, secondment, and workshops. The Judges Academy convened a meeting for planning courses on the Commercial Case Adjudication Act on the 30th of the same month and year.
- (III) A group was formed on February 18, 2020 to draft the Enforcement Rules of the Commercial Case Adjudication Act (including legislative purpose), and formulate supporting measures for the Commercial Case Adjudication Act.
- (IV) Referencing the Draft Commercial Case Adjudication Act to revise the name of the Intellectual Property Court Organization Act, and add rules on the judicial business and case jurisdiction of commercial courts, organization regulations governing civil procedure on commercial matters in a court of first instance, the

grading, secondment conditions, authority and appointment conditions of commercial investigators and senior commercial investigators. The amended “Intellectual Property and Commercial Court Organization Act” was announced on January 15, 2020, and preparations are currently being made for the establishment of intellectual property and commercial courts.

III. Promotion of an Alternative Dispute Resolution Mechanism

- (I) Scott M. Hadley, former Utah Second Judicial District judge for the Ogden District Court, was invited to Taiwan between August 1 and October 25, 2019, and promoted the “case management and alternative dispute resolution (ADR) mechanism” via forums, observations, and speeches at the Judges Academy, Taiwan High Court and its Taichung Branch Court, Taiwan Taipei District Court, Taiwan New Taipei District Court, and other district courts. The Judicial Yuan plans to establish a connection between judicial, administrative, and private ADR mechanisms in the basic law for mediation. Taiwan Taichung District Court convened a concluding forum on case management ADR mechanisms on October 21, 2019, and invited Scott M. Hadley gave a report on discussion results during visits to courts, schools, and agencies that started on August 1 the same year.
- (II) Taiwan Taipei District Court and the Financial Ombudsman Institution implemented the trial measure of “referral to the Financial Ombudsman Institution during trial” on January 6, 2020, in order to expand the referral of financial consumer disputes that are currently on trial, and strengthen the dispute resolution function of private ADR institutions.

- (III) The “mediation basic law drafting group” was established on March 7, 2020 to research and draft articles of the mediation basic law (including legislative purpose). The group convened its first meeting on April 7 the same year.
- (IV) On March 24, 2020, the Judicial Yuan and the Department of Employment Relations, Ministry of Labor looked into the system for commissioning private organizations to appoint a mediator, as well as practical operations relating to mediator qualifications, training, and certification in the Act for Settlement of Labor-Management Disputes.

Government Integrity

I. Revisions of Laws on Government Integrity Reform

(I) Amendment of the Enforcement Rules of the Act on Recusal of Public Servants Due to Conflicts of Interest implemented

The amendment to the Act on Recusal of Public Servants Due to Conflicts of Interest took effect on December 13, 2018. The key points of the amendment were reducing the opportunity for public servants to use public resources for private gain or to engage in benefit conveyance when executing their duties and to allow the means of preventing conflict of interest to meet the principle of proportionality. The Executive Yuan, Examination Yuan, and Control Yuan jointly announced the Enforcement Rules of the Act on Recusal of Public Servants Due to Conflicts of Interest on August 1, 2019.

(II) The draft Whistleblower Protection Act passed to the Executive Yuan for review

The draft Whistleblower Protection Act passed to the Executive Yuan for review on February 20, 2020. The Ministry of Justice will continue to actively handle the legal process of the Public Interest Whistleblower Protection Act in alignment with the rate of progress of review.

II. Anti-Corruption Measures

(I) Carrying out integrity assessment of public institutions

To implement conclusions of the international review for the United Nations Convention Against Corruption, the Ministry of Justice

requested that administrative agencies nationwide (central and local government agencies with a government employee ethics unit) fill out related data online according to the “assessment standard.” A total of 884 agencies have completed reporting. Besides, the Ministry of Justice also encourages agencies to carry out self-examination through anti-corruption evaluation tools, and thereby improve their system and operational performance. Furthermore, the Agency Against Corruption, Ministry of Justice began a pilot project of a transparency award, and invited external experts to list the strengths of agencies, encouraging the heads of agencies nationwide to promote anti-corruption concepts.

(II) Conducting an Anti-corruption Questionnaire Survey to Stay Up-to-date on Developments in Public Opinion

The Ministry of Justice conducts a public opinion poll on anti-corruption each year to study citizens’ perspective of government integrity. In the 2019 anti-corruption public opinion poll, subjects’ perspective of the “central government’s overall performance” and the “government's overall performance in anti-corruption work” significantly improved compared to 2018. Their “tolerance for corruption” was 0.98 (on a scale of 0-10, in which 0 is completely intolerable), lower than the 1.34 in 2018 and 1.31 in 2017, showing that citizens are becoming increasingly intolerant towards corruption.

(III) Establish and Improve the Government Procurement Incorruption Platform

To improve the quality of major infrastructure projects and prevent interference from external forces, the Ministry of Justice announced

the “Government Procurement Incorruption Platform Implementation Project” in 2016. In coordination with the needs of the agency heads, government employee ethics units coordinate the prosecution, investigation, anti-corruption, auditing agencies, the Public Construction Commission of Executive Yuan, related suppliers, and stakeholders in jointly establishing the Incorruption platform. The operating model of the Incorruption platform will continue to be improved in the future, and model cases of the Incorruption platform will be promoted. Full information transparency and disclosure will be encouraged (e.g., case background, planning process, progress, case interpretation, and related meeting document and records) after the Incorruption platform is established. Besides strengthening government supervision mechanisms, it will also create a work environment where civil servants will take the initiative, protect suppliers’ reasonable rights, and improve citizens’ understanding and trust in the government.

(IV) Integrity, Honesty and Moral Education

The Agency Against Corruption, Ministry of Justice continues to organize a variety of integrity education events, which instill students with values of integrity and honesty. The Ministry of Education was requested to include core values of integrity and self-discipline into the “Moral Education Promotion Program, Ministry of Education” and “Manual on Incorporating Issues into the Curriculum Guidelines of 12-Year Basic Education in Elementary, Junior High School, and General High School,” allowing integrity and honesty education to systematically strike root on campuses, thereby building government integrity.

The Ministry of Justice Investigation Bureau (MJIB) is actively promoting anti-corruption concept at government agencies, schools, and private organizations. Apart from actively investigating vote buying cases, MJIB also promoting the anti-bribery concept. In response to the election of the 15th president and vice president and the 10th legislators, the MJIB launched a campaign, request for self-produced short clips against vote buying, and selected 39 videos for upload to its Facebook, YouTube, and official website, which accumulated 45,000 views in total. The videos were also uploaded into the cloud database of the anti-vote buying app for use by district prosecutor offices in promotions. An anti-vote buying short clip vote and lucky draw was also held in mid-November 2019, which attracted over 40,000 people to follow Facebook posts.

(V) Promote the Project Review and Implementation Plan

The program has continued in 2019 to help agencies take stock operations that easily give rise to malpractice and, based on past corruption cases, selecting high-risk operations for special inspection. Through data collection, education and training, and special inspection, corruption problems are unearthed and effective corruption prevention measures continue to be handled and to effectively lower the integrity risk of operations that easily give rise to malpractice and put clean government work into practice.

(VI) Promote the Implementation Plan of Government Employee Ethics Units Enhance Agencies' Security and Maintain Official Confidentiality

The Government Employee Ethics Unit Enhance Agencies' Security and Maintain Official Confidentiality Implementation Plan was issued

on December 31, 2019. Government Employee ethics units are asked to incorporate the implementation plan into their anti-corruption work plan, implement key measures and concrete methods, and assist agencies in maintaining the confidentiality and security.

III. Anti-corruption international agreements

Taiwan voluntarily complies with the United Nations Convention Against Corruption, and released its first national report in 2018, during which it organized an international review meeting. In line with the 47 concluding observations provided, central government agencies and county/city governments have actively adopted concrete implementation measures and regularly track and evaluate handling progress; a mid-term report on the implementation of concluding observations is expected to be announced in 2020, and a second international review meeting is expected to be held in 2022.

IV. Public Policy Online Participation Platform

- (I) On the Public Policy Online Participation Platform, there are five public participation services, allowing the public to comment on policies that are being formulated (“Consultation on Policy and Draft Laws & Regulations”), monitor the progress of under-implementation projects (“Monitor Projects”), suggest new ideas (“Proposals”), voice their opinions by the mailbox of all department leaders (“Department Director’s Mailbox”), and participate in budgeting (“Participatory Budgeting”). These services are also the foundation for a public opinion mechanism in accordance with Taiwan’s culture and governmental system. Promoting public participation and

collaboration to expand governance energy. More than 3.36 million people visited the platform from July 1, 2019 to May 31, 2020.

- (II) As of May 31, 2020, previews of 143 policy issues and 4,859 draft laws and regulations were uploaded for the public to comment in “Consultation on Policy and Draft Laws & Regulations” section. 8,691 ideas were proposed by the public in the “Proposals” section, (of which 191 became official cases). Since the “Monitor Projects” service was rolled out on March 29, 2017, 2,340 implementing projects and 1,327 finished ones had been uploaded for the public to monitor by the end of May 2020.
- (III) Collaboration with the Department of Household Registration began in 2019 to make it more convenient for citizens to participate in public affairs online. The “participatory budget” online authentication function was provided for individuals to more conveniently take part in votes on local construction development budgets. A total of 9 counties/cities have applied the function in 15 projects as of May 31, 2020.
- (IV) To build an open government, encourage the public to participate in formulating public policy, and enhance the cross-sector collaboration by using information technology, as of May 2020, the National Audit Office had introduced the service of the “participatory platform”; 18 cities and counties, including New Taipei City, Taipei City, Taoyuan City, Taichung City, Tainan City, Kaohsiung City, Keelung City, Yilan County, Hsinchu City, Hsinchu County, Nantou County, Yunlin County, Hualien County, Penghu County, Chiayi City, Changhua County, Miaoli County and Kinmen County had also applied to introduce the platform.

(V) A user satisfaction survey was conducted in October 2019, targeting users who had logged on the platform from January to June, 2019. 85.9% of respondents were satisfied with the platform, 78.3% were willing to recommend the platform to others, 27.9% said their confidence toward the government increased after using this platform, 85.8% agreed that they could express freely on the platform, and 84.8% agreed that they had a better understanding on public policy after using the platform.

Tax Burden

I. Revision of income tax related laws and important measures in the reform of the income tax system

(I) Income Tax Incentives Proposed in Response to the COVID-19 Pandemic

1. Doubled the Deductible for Employee Salaries Paid During Quarantine Leave

According to Article 4 of the Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens (“the Relief Act”), which was enacted and promulgated on February 25, 2020, authorities (agencies), enterprises, schools, legal entities, and organizations that pay employees salary during their leave period in accordance with Paragraph 3 of the Article 3 of the same Act may deduct 200% of their salary payment from the taxable income tax in the current year, in order to increase the incentive to employers to pay salaries to their employees.

2. Waived Income Tax on Government Subsidies Related to COVID-19

Announced the addition of Article 9-1 to the Relief Act on April 21, 2020, and waived income tax on government subsidies, allowances, incentives, and compensation for agencies (institutions), business entities, schools, legal persons, organizations, and individuals affected by COVID-19, helping businesses affected by the pandemic to continue operations.

(II) Preferential tax measures for Statute for Industrial Innovation added/revised

1. Addition of investment tax credits for smart machinery and 5th generation mobile networks

On July 3, 2019, the addition of Article 10-1 of the Statue for Industrial Innovation was passed, giving investment tax credits and tax preference to companies and limited partnerships for purchasing smart machinery and 5G systems. The period of application of preferential tax measures for smart machinery is January 2019 to December 31, 2021, while the period for 5G is extended by one year to December 31, 2022.

2. Review of Statue for Industrial Innovation preferential tax measures

On July 24, 2019, partial amendment of the Statue for Industrial Innovation was passed; as well as enhancing and extending the existing preferential tax measures by 10 years to December 31, 2029. The “when a profit-seeking enterprise uses retained earnings for substantive investment, the invested amount can be deducted as undistributed earnings for that year” provision was also added to continue to optimize the industrial innovation environment, assist the industry to upgrade and transform.

(III) Amendment of salary income calculation regulations to make salary income tax burden more reasonable

Announced the amendments to Articles 14 and 126 of the Income Tax Act on July 24, 2019. Starting on January 1 of the same year, when calculate the salaries / wages income, may choose to use the special deduction of income from salaries/wages or list specific fees (including vocational clothing expenses, upgrading training expenses, and vocational tool expenses, each limited to 3% of

income), whichever is better regardless of occupation.

(IV) Addition of the long-term care special deduction to reduce the burden of middle to low income families caring for an incapacitated family member at home

Announced an amendment to Article 17 of the Income Tax Act on July 24, 2019, and added a long-term care special deduction starting on January 1 of the same year. A special deduction in the amount of NT\$120,000 will be provided each year for each individual who meets the Ministry of Health and Welfare's definition of "physical or mental incapacity and need long-term care services." The amendment also added a wealth exclusion clause, and lifts the tax burden on middle to low income families caring for a physical or mental incapacity family member.

(V) Guiding the inward remittance of offshore funds to promote overall economic development

The Management, Utilization, and Taxation of Repatriated Offshore Funds Act was enacted on July 24, 2019. Starting on August 15 the same year, individuals and profit-seeking enterprises that repatriate offshore funds within the prescribed time limit and deposit the funds into a dedicated account for use according to the regulations may be eligible a preferential tax rate of 8% or 10%, and will be exempted from regular income tax. If the funds are substantial invested within the prescribed time limit according to the regulations, the individual or profit-seeking enterprise may apply for a 50% tax refund. This will help Taiwanese enterprises adjust their global investment portfolio and encourage them to make investments in Taiwan.

Business Freedom

I. Announced the Amendment to Article 8 of the Regulations Governing Review of Applications for Reservation of Business Names and Scopes on October 24, 2019

Pursuant to Article 28, Paragraph 1 of the Business Registration Act, no business may use a business name that is identical to that of another registered business in the same municipality directly under the jurisdiction of the Executive Yuan or the county (city). Due to the need for naming composite businesses in practice, restrictions on business names were relaxed to allow up to two types of business categories to be indicated in the name, increasing the flexibility of naming to benefit composite operations and marketing by micro businesses.

II. Relaxed the Provisions to be Included in the Standard Contract for Product (Service) Gift Certificates of the Retail Industry (Amendment Announced on July 29, 2019)

The first part of Article 6 in the “Provisions to be Included in the Standard Contract for Product (Service) Gift Certificates of the Retail Industry” announced by the Ministry of Economic Affairs stipulates: “Where the issuer designates a third party as the product (service) provider, the paid-in capital (may not be lower than NT\$30 million) and the name, address, and contact number of the actual product (service) provider must be specified.” In practice, if there are too many product (service) providers and it is hard to list all of the providers, the information may be disclosed electronically. Where the product (service) of gift certificate issued in the retail industry is

provided by a third party, the issuer may present the “name, address, and contact number of the actual product (service) provider” in the form of a QR code or other electronic forms on the gift certificate.

III. Announced the Amendment to Articles 2, 4, and 5 of the Labeling Criteria for Electrical Appliances and Electronic Goods on February 25, 2020

The amendment addresses product categories and items via announcements for timely updates in the future. Electrical appliances and electronic goods that either have a built-in monitor (e.g., mobile phones) or do not have a built-in monitor but must be used by connecting to a monitor (e.g., TV set-top box) could show the items required in this criteria on the monitor. To provide greater flexibility in labeling, products that are too small or are objectively hard to label may use 2D barcodes, QR codes or other electronic forms to present items required on labels.

Labor Freedom

I. Relaxing Employment Restrictions on Foreign Manpower

- (I) Considering that the limit on fees charged by non-profit employment service institutions is 80% that of profit-seeking employment service institutions, an amendment to Articles 11, 20, and 21 of the Regulations for Permission and Supervision of Private Employment Services Institution was announced on February 14, 2020 to lessen the burden of brokers' fees on migrant workers, and also encourage non-profit organizations to participate in the broker market by lowering the threshold for engaging in cross-border broker services, thereby increasing healthy competition.

Note: For details of the Regulations for Permission and Supervision of Private Employment Services Institution, please refer to:

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0090002>

- (II) The amendment to Articles 4, 5-1, 11, 24, 25-1, 27, 33, 36, 37, 38, 39, 45, and 47 of the Qualifications and Criteria Standards for foreigners undertaking the jobs specified under Article 46.1.1 to 46.1.6 of the Employment Service Act was announced on May 18, 2020, adding opticians as a qualification for foreign nationals engaging in healthcare, employer qualifications of government agencies (institutions) for employing specialists or technicians who are foreigners, and employer qualifications of the arts and literature service industry for employing foreigners to perform art and performance work.

Note: For details of the Qualifications and Criteria Standards for foreigners undertaking the jobs specified under Article 46.1.1 to 46.1.6 of the Employment Service Act, please refer to:

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0090031>

- (III) An amendment to Articles 10, 14-10, 20, 21, 22, and 23 of "The

Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Subparagraph 8 to 11, Paragraph 1 to Article 46 of the Employment Service Act” was announced on August 26, 2019 in coordination with the “Act for Implementation of J.Y. Interpretation No. 748” taking effect on May 24, 2019, the revision to the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” approved by the Executive Yuan on May 30, 2019, and to satisfy manpower requirements of institutional accommodation service category long-term care institutions. Restrictions were relaxed for same-sex couples to become qualified employers of caretakers and domestic helpers; employers may pay an additional employment security fee to increase the hiring ratio of foreign workers; and add a new provision allow the long-term care institutions that providing residential services established under the Long-Term Care Services Act hire foreigners to perform the institutional caring tasks, and the maximum number of foreign workers they may hire.

Note: For details of the Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Subparagraph 8 to 11 , Paragraph 1 to Article 46 of the Employment Service Act, please refer to:

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0090029>

(IV) Families raising multiple young children have greater need for assistance in caring for infants, but they may not qualify for a foreign domestic helper due to the decrease in number of points awarded as their children age. To lift the burden on families raising multiple children, an amendment to Article 10 of the “The Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Subparagraph 8 to 11, Paragraph 1, Article 46 of the Employment Service Act” was announced on January 20,

2020, which specifies the conditions for families with multiple young children to apply for a foreign domestic helper.

Note: For details of the Reviewing Standards and Employment Qualifications for Foreigners Engaging in the Jobs Specified in Subparagraph 8 to 11 , Paragraph 1 to Article 46 of the Employment Service Act, please refer to:

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0090029>

II. Labor Standards Act

- (I) When the workers who are on rotation changed their shift, they must have at least 11 consecutive hours of rest in principle, in order to maintain their physical and mental health. With consideration to the different operating models and work hour arrangements of different industries, a separate agreement may be made for the rest time in between shifts to be no less than 8 consecutive hours due to “work characteristics” or “special reasons,” which must be evaluated and announced by the government and approved through the collective bargaining mechanism by labor unions and labor-management meetings. Under the premise of maintaining laborers’ physical and mental health, special forms of work in industries were carefully evaluated based on the actual needs on site, and the following amendments to the “Applicable scope for the proviso clause of Paragraph 2, Article 34 of Labor Standards Act” were announced on October 7, 2019, December 2, 2019, and January 17, 2020 :

Applicable scope	Applicable period
Train personnel of Taiwan Railways Administration (train engineer assistants, drivers, train engineer	Labor and management negotiate shift adjustments

masters, train preparers, technical assistants, engineering assistants, junior engineers, technicians, skilled workers, assistant engineers, associate engineers, train masters, conductors, and station or operation staff working in train package transportation)	
Rotational workers of Taiwan Power Company	Labor and management negotiate shift adjustments
Equipment and pipeline repair and raw material and product production, transportation, delivery, and sales personnel of CPC Corporation and Taiwan Water Corporation	Period for handling natural disasters, incidents, or contingencies
Rotational workers of China Steel Corporation	Period for handling natural disasters, incidents, or contingencies
	Labor and management negotiate shift adjustments
Rotational workers of CPC Corporation	Labor and management negotiate shift adjustments

(II) Pursuant to the regular working time set forth in the Labor Standards Act, labor and management agree that there shall be at least one rest day and one regular leave each week. In principle, regular leave shall be scheduled so that laborers do not work for more than 6 consecutive days. With consideration to the different operating

models and working time arrangements of each industry, the regular leave every 7 days may be flexibly adjusted within the week due to special situations, such as “specific time,” “specific locations,” “specific characteristics,” and “specific situations,” which must be evaluated and announced by the government and approved through the collective bargaining mechanism by labor unions and labor-management meetings. Under the premise of maintaining laborers’ physical and mental health, special forms of work in industries were carefully evaluated based on the actual needs on site, and the following amendments to the “Designated Industry to Paragraph 4 of Article 36 of Labor Standards Act” were announced on December 2, 2019 and Friday, March 6, 2020 :

Special situation	Criteria for making adjustments	Industry
I. Specific time	In coordination with Chinese New Year, memorial days, Labor Day, and other holidays designated by the central competent authority to provide convenience for the public	1. Manufacture of Food Products and Beverages 2. Wholesale of Fuel and Retail Sale of Other Fuel in Specialized Stores 3. Petroleum Refineries
	In coordination with the Ministry of Transportation and Communications’ traffic mitigation plan during Chinese New Year, memorial days, Labor Day, and other holidays designated by the central competent authority to provide convenience for the public, and complies with the following requirements:	Bus Transportation

Special situation	Criteria for making adjustments	Industry
	(I) Laborers may not work for more than 9 consecutive days. (II) Laborers may not work more than 11 hours a day for more than 3 consecutive days. (III) Drivers may not drive a total of more than 10 hours a day. (IV) There must be at least 10 consecutive hours of rest time between two consecutive work days.	
II. Specific locations	Work is performed in a specific location that takes a long time to reach (e.g., at sea, high mountains, tunnels, or remote areas)	1. Electricity, Gas and Water 2. Petroleum Refineries
III. Specific characteristics	(I) Laborers perform their duties in other countries, on ships, on aircrafts, examination halls, or annual repair	1. Manufacturing 2. Electricity, Gas and Water 3. Retail Sale of Pharmaceuticals and Cosmetics 4. Travel Industry 5. Ocean Freight Transportation Forwarding Services 6. Ocean Transportation
	(II) Laborers conducting interviews overseas	1. Publishing of Newspapers 2. Magazine and Periodical Publication 3. Radio and Television Broadcasting
	(III) In response to the weather, construction procedures, or	1. Petroleum Refineries 2. Concrete Mixing

Special situation	Criteria for making adjustments	Industry
	duration of operations	Manufacturing 3. Iron and Steel Basic Industries
	(IV) In response to weather, sea state, or freight operations	1. Electricity, Gas and Water 2. Petroleum Refineries 3. Manufacture of Frozen Food Products 4. Manufacture of Ice 5. Ocean Transportation 6. Shipping Agency Services 7. Container collecting and distributing station run by land transportation facilities 8. Service Activities Incidental to Water Transportation (excluding tally)
	(V) In response to ocean or air freight operations	Refrigerated Warehousing and Storage
IV. Specific situations	(I) For irregular events or meetings	1. Manufacturing 2. Design Industry
	(II) In response to animal quarantine measures and livestock production and sales adjustment	Slaughtering
	(III) Adjustments due to unforeseeable or emergency events may not exceed 6 times a year	Manufacture of Steel Wires and Cables
	(IV) Adjustments due to unforeseeable or emergency	Metalworking Machinery Manufacturing and Repairing

Special situation	Criteria for making adjustments	Industry
	events may not exceed 10 times a year	
	(V) Adjustments due to unforeseeable or emergency events may not exceed 12 times a year	<ol style="list-style-type: none"> 1. Manufacture of Textiles 2. Apparel, Clothing Accessories and Other Textile Product Manufacturing 3. Manufacture of Man-made Fibers 4. Food and Beverage Manufacturing (limited to "Manufacture of Edible Oils and Fats," "Canned, Frozen, Dehydrated, Pickled Food Manufacturing," "Sugar Confectionery and Bakery Product Manufacturing," and "Noodles, Flour Food Manufacturing") 5. Manufacture of Electronic Parts and Components 6. Manufacture of Electric Wires and Cables 7. Manufacture of Plastics Products 8. Printing and Related Support Activities 9. Fabricated Metal Products Manufacturing (limited to "Screw, Nut and Rivet Manufacturing," "Metal Surface Treating," "Metal Die

Special situation	Criteria for making adjustments	Industry
		Manufacturing and Repairing,” and “Aluminum and Copper Products Manufacturing”) 10. Non-metallic Mineral Products Manufacturing (except for Refractory Materials Manufacturing and Stone Products Manufacturing)

(V) Considering that it is indeed necessary for special working time to apply to some workers, the Ministry of Labor on August 6 and 27, 2019, respectively, announced that “resident doctors hired by medical and health service industry (not including the employees from the public medical institutions who are hired by the civil service system)” and “crane operators, ground staffs, cargo plan operators, lashing gang workers and vehicle maintenance workers of the cargo loading and unloading contracting business of the commercial port terminal and supervisors of the administrating shipping agency” to be the types of workers specified in Article 84-1 of Labor Standards Act; considerable flexibility is provided for labor and management to separately agree on work hours, regular leave, leave, and female employees working at night without constraints of regular working time set forth in the Labor Standards Act.

III. Achievements of Labor Related International Agreements

(I) To facilitate cooperation and exchanges between Taiwan and

Australia in bilateral vocational training, and establish international organizations on both sides for exchanges, the Ministry of Labor in 2018 signed an MOU on international cooperation with APEC Human Resource Development Working Group (HRDWG) Capacity Building Network (CBN), TAFE Directors Australia (TDA), Asian Federation of Exhibition and Convention Associations (AFECA), Taiwan Exhibition & Convention Association (TECA), Taiwan Convention & Exhibition Association (TCEA), and Taoyuan-Hsinchu-Miaoli Regional Branch of the Workforce Development Agency. The certificate for completing the international convention and exhibition skills training program will be recognized by the APEC, TDA, iCAP, Workforce Development Agency, and convention and exhibition associations. The “Vocational Course on Application of Technology in the Implementation of Conventions and Exhibitions” was added in 2019, and evaluation standards and professional competency lessons of the APEC, ASEAN, and Australia were integrated in the “2019 Digital Convention and Exhibition International Program,” in order to enhance the professional teaching competencies of vocational trainers, and establish mutual recognition of vocational training by private institutions.

- (II) Under the framework of the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation (ANZTEC), the Ministry of Labor and New Zealand's Ministry of Business, Innovation and Employment engaged in exchanges and discussions on developments in the labor situation, future work, and New Zealand's

labor issues, including fair pay agreements and Pay Equity and the Equal Pay Amendment Bill, during the 6th trade and labor commission meeting in Wellington in November 2019. National Central University was commissioned to jointly complete the research “Analysis of the Current Status of Equal Pay and the Effect of Digital Economic Development on Forms of Employment in Taiwan and New Zealand and Response” together with New Zealand.

Trade Freedom

I. Liberalizing the non-tariff trade barriers

(I) Relaxation of Customs Restrictions

1. Allowing Triangular Trade One-stop Customs Clearance to Simplify Operating Procedures

Starting on January 6, 2020, for triangular trade cargo that meet the conditions of full container load stored in the same container freight station during import and export, the applicant may enjoy one-stop customs clearance services using the Import & Export Declaration Form.

2. Active promotion of a real name authentication system for express cargo and improving the order of customs clearance for express cargo

Active promotion of a real name authentication system for express cargo, significantly reducing the cost of obtaining power of attorney for suppliers, improving the order of customs clearance for express cargo, protecting the rights and interests of citizens and maintaining a fair operating environment for business operators.

3. Released a mobile payment app to provide greater convenience for paying small amount customs tariffs for incoming EMS & parcels

The “tax payment using mobile payment tool” service was jointly offered with Chunghwa Post Co., Ltd. starting on January 3, 2020, making it convenient for citizens to pay small amount customs tariffs for incoming EMS & parcels.

4. Lowered costs to operators via regulatory overhauls

- (1) The interpretation letter issued on September 20, 2019 states that photomasks may be categorized as equipment based on its characteristics, and is applicable retroactively. Photomasks currently categorized as materials may be recategorized as equipment, and may be deducted from accounts by companies in industrial parks if photomasks are used more than 5 years, reducing costs for companies and the burden on customs manpower.
- (2) An amendment to Article 49 of the Regulations Governing Customs Bonded Factories was announced on October 17, 2019, specifying that if the manufacturing establishment performing processing contract uses a computer to control the deposit, withdraw and stock quantity of bonded goods for online inspection and audit by Customs, it may be exempt from setting up record cards, thereby reducing their cost and enhancing their competitiveness.
- (3) Announced an amendment to contents of the “Pre-entry Declaration Manual – Exports” on CFS operations for goods export on May 4, 2020. Starting on May 20, 2020, which relaxed the qualifications of bonded factories as an Authorized Economic Operator (AEO). The number of CFS export declaration forms was increased from 2 to 5 (Category B and G combined), and relaxed regulations on application to correct CFS declaration form number, reducing the operational costs of bonded factories.

5. The expedited liberalization of laws and regulations with increased justification to better suit practical demands
- (1) After import tariffs are paid for goods shipped from a free trade zone to a taxable zone, if the goods are found to be damaged or the specifications or qualities do not meet the requirements of the original contract, it is unreasonable to impose tariffs on the goods that are provided as compensation or replacement. The interpretation letter issued on July 1, 2019 resolves this issue, reduces compliance cost, and enhances the competitiveness of companies.
 - (2) Announced an amendment to the “Operation Directions Governing the FTZ Enterprises Selling Fuel (Oil) or Special Materials (Including Daily Necessities of Vessel / Crew) to the International-Route Vessels” on November 27, 2019, specifying that special materials and non-tobacco and non-alcohol daily necessities of vessels/crew may be provided to international-route vessels anchored at harbors without a customs house. The amendment also stipulates that supplies must be loaded onto a dedicated fleet, sealed with electronic paper seals the entire way, and escorted by dedicated personnel, thereby providing companies with diverse business opportunities and channels, while ensuring the effective control of untaxed goods.
 - (3) The “Directions for the Implementation of One-time Transfer Pricing in an Accounting Year for Approval of Duty Paid Value by Customs” took effect on January 1, 2020. Multinational profit-seeking enterprises may fill in a specific code and add a

remark on the import declaration form, attach a proforma invoice, customs value declaration form, and release under deposit application form, and apply to Customs for prior release after making a security deposit. Within one month after the end of the accounting year, the enterprise must submit an application form and commercial invoice to apply for approval of duty paid value, and handle tariff deductions, additional payments, or refunds.

6. Revisions to customs import tariffs to increase benefits from economic cooperation agreements

Added an additional note to the Customs Import Tariff in coordination with the signing of the Agreement on Economic Cooperation Between the Republic of China (Taiwan) and the Republic of Paraguay, the tariff quotas for raw sugar and refined sugar will be announced by the Ministry of Finance each year based on the quantity decided in the agreement, and import tariffs on 30 goods from the Republic of Paraguay including “mate tea” were lowered, effective starting from September 5, 2019.

(II) Relaxing Regulations on Quarantine of Imported Plants

Based on the risk assessment data provided by the exporting country and on-site inspection results, and in order to make trade and quarantine management measures smoother, Taiwan enacted the following regulations to relax regulations on quarantine of imported plants:

1. Announced the “Quarantine Requirements for the Importation of *Garcinia Mangostana* from Thailand” on July 12, 2019. *Garcinia*

Mangostana from Thailand can be imported into Taiwan based on the requirements.

2. Announced the “Quarantine Requirements for the Importation of Fresh Apples from Italy” on July 29, 2019. Fresh apples from Italy can be imported into Taiwan based on the requirements.
3. Announced a revision to the “Quarantine Requirements for the Importation of Fresh Apples from the United States” on October 29, 2019. Apples that complete export inspection in the United States originally had to be exported within 14 days, otherwise the apples needed to be reinspected and the export plant inspection certificate needed to be reissued; this period was extended to 30 days.
4. Announced the “Quarantine Requirements for the Importation of Fresh Kiwifruit from South Korea” on December 3, 2019. Fresh kiwifruit from South Korea can be imported into Taiwan based on the requirements.
5. Announced the “Quarantine Requirements for the Importation of Fresh Cherries from Turkey” on December 6, 2019. Fresh cherries from Turkey can be imported into Taiwan based on the requirements.
6. Announced the “Quarantine Requirements for the Importation of Fresh Blueberries from Peru” on February 25, 2020. Fresh blueberries from Peru can be imported into Taiwan based on the requirements.

(III) Amended requirements of package labeling

On November 7, 2019, the Guidelines for Nutrition-Labeling of Packaged Vitamin and Mineral Tablets and Capsules were amended to allow labeling regulations to be more compatible with international standards. The amendment focuses on:

1. Adjustments to the nutrition labeling format and revisions to the nutrition labeling table.
2. Adding the popularly understood unit symbols of g, mg, µg.
3. Revising the data presentation to apply a rounding-off rules.

(IV) Amended the Directions Governing the Inspection of Toy Commodities

At present, toy commodities are mainly inspected via monitoring inspection or registration of product certification. Monitoring inspection is the primary method used. The number of batches submitted for monitoring inspection has increased each year with the non-conforming rate lower than 1% in the past 5 years. With consideration to the increasing number of batches and stable product quality, the inspection method for 9 major categories of toy commodities assessed to have low risk was changed to issuing a declaration of conformity and completing inspection procedures before entering the market. The threshold for sampling inspection was lowered based on risk assessments, and the original requirement for 50 consecutive batches to pass the inspection was changed to random inspection of 20% of each batch with 10 consecutive batches passing the inspection. In addition, the restriction that a company must “compliance with the inspection requirements for 3 batches of commodities within 1 year” to apply to

the Bureau of Standards, Metrology, and Inspection (BSMI) for self-printed labels has been abolished. Companies are now allowed to print their own commodity inspection mark.

1. Amended the Inspection Requirements of Toys Subject to Mandatory Inspection

Starting on September 1, 2020, 17 CCC codes will be adjusted to remove the CO2 control on import, so that companies no longer need to apply to the BSMI for inspection batch by batch during import. Companies only need to prepare technical documents and sign a compliance statement to complete inspection procedures after import to ensure the safety of toy commodities. The amendment will reduce the time needed for customs clearance (saves 5 days for the inspection of each batch) and customs declaration fees (saves an average of NT\$1,500 for the inspection of each batch).

2. Amended the Directions Governing the Inspection of Toy Commodities

Starting on March 1, 2020, the threshold of compliance with the inspection requirements for 50 consecutive batches of commodities was decreased to 10. It will lower the probability of batches being inspected, accelerate customs clearance (5-day inspections to 1-day documentary review), and reduce expenses (including on-site fees by NT\$1,000 per batch). After canceling the requirement for applications to self-print commodity inspection marks, companies do not need to purchase commodity inspection marks and can apply to the BSMI to print the marks. This lowers the cost of

manpower and related expenses (the sticker for each toy commodity inspection mark is NT\$0.2) for affixing the mark.

(V) Amendment of the Government Procurement Act

The Government Procurement Act was formulated with reference to the World Trade Organization (WTO) Agreement on Government Procurement (GPA) and the procurement act of advanced countries. Key points of recent amendment are summarized in the table below:

Regulation	Article	Key points of the amendment
Essential Requirements for Procurement Contracts (amended and promulgated on August 6, 2019)	Points 21, 59, 70	<ol style="list-style-type: none"> <li data-bbox="783 898 1476 1518">1. Added a provision for suppliers to request changes to their contract, including violation of Article 26 of the Government Procurement Act due to technical specifications in contracts limiting competition. If suppliers use a subject matter with better performance than in the contract or determined to be more beneficial to the agency after evaluating its overall benefits, the restriction that contract price may not be increased will not apply in order to encourage industrial innovation. (Point 21) <li data-bbox="783 1547 1476 2007">2. Amending that when one party in the event that erroneous execution, falsity, and poor management has caused damages to the other party, he or she should be responsible for compensation, and the compensation will not be limited to the planning, design, supervision, or management contract, so as to comply with the fairness doctrine. (Point 59)

		3. Added dispute resolution methods, including both parties to a contract agreeing to establish a dispute resolution group for coordination. (Point 70)
Regulations Governing the Complaint Review for Government Procurement (amended and promulgated on October 29, 2019)	Article 2	In coordination with the amendment to Article 76 of the Government Procurement Act, allowed disputes over bid bonds not refunded in procurements of a value not reaching the threshold for publication to also be submitted to the Complaint Review Board for Government Procurement.
Enforcement Rules of the Government Procurement Act (amended and promulgated on November 8, 2019)	Articles 64-2, 66, 111	<ol style="list-style-type: none"> 1. Deleted the requirement that the premise of using the most advantageous tender or lowest tender with a score above a certain threshold should be subject to heterogeneous procurement, thus avoiding the difficulty of evaluating “heterogeneous” in practice. This benefits agencies in more flexibly using procurement strategies. (Articles 64-2 and 66) 2. Deleted the calculation method for determining severe delay in contract performance in Article 111 of the Enforcement Rules of the Government Procurement Act. Factors to be considered when determining severity were added in Article 101 of the Government Procurement Act, and provisions on calculating the percentage of delay were deleted to prevent rigidity. By this way, the agencies can determine severity based on the situation of each case, and no longer be constrained by Article 111 of the Enforcement Rules. (Article

		111)
Regulations for Bid Bond, Guarantee Bond and Other Guarantees (amended and promulgated on November 8, 2019)	Article 2	In coordination with the amendment to Article 30 of the Government Procurement Act, definitions of related terms were revised, in which “bearer bonds” was changed to “government bonds,” increasing the flexibility of paying bid bonds and security deposits.
Regulation for Inviting or Entrusting Cultural or Art Professionals, Institutions, or Organizations to Provide Art or Cultural Services (amended and promulgated on November 21, 2019)	Article 4	Added a provision allowing the entity stationed abroad to not follow announcement procedures when organizing cultural exchange events and related collaboration projects, so that they may flexibly utilize procurement strategies.

II. Achievements of International Trade agreement and cooperation

(I) Actively promoting international cooperation with excellent companies and providing greater convenience and safety in trade

1. On June 12, 2018, the 1st meeting of the Joint Commission on the Agreement on Economic Cooperation Between the Republic of China (Taiwan) and the Republic of Paraguay, Taiwan lowered tariffs or provided tariff quotas for 31 agricultural and animal husbandry products of the Republic of Paraguay. The Republic of Paraguay lowered tariffs on 14 of Taiwan’s niche industrial products.

(Resolutions No. 3-6 effective on September 5, 2019)

2. On July 9, 2019, the 2nd meeting of the Taiwan-Guatemala FTA Executive Committee lowered tariffs on edible fruits, nut trees, Korean velvet grass, ornamental grass, Christmas trees, and roasted chicory which export from Guatemala to zero (resolution effective on April 1, 2020).
 3. The AEO mutual recognition agreements with Japan and Australia starting to practical operation on May 22 and June 1, 2019, respectively. The customs of both parties provide preferential treatment to AEOs of the other party, reducing interference, accelerating customs clearance, and enhancing the competitiveness of imports and exports. Taiwan has signed mutual recognition agreements with 7 countries (including the United States, Israel, Singapore, South Korea, Australia, Japan, and India), and is implementing a pilot project with China.
 4. Signed an economic cooperation agreement with the Marshall Islands on October 25, 2019 to strengthen economic integration with Oceania.
 5. Signed an MOU on cooperation in trade promotion with Indonesia on May 6, 2020, strengthening trade relations with Indonesia.
- (II) To facilitate the international trade of organic products, active efforts were made to sign the following bilateral organic equivalence agreements:**
1. The president of the Taiwan-Japan Relations Association and president of the Japan-Taiwan Exchange Association signed a Memorandum of promoting cooperation on the import-export

organic foods on October 30, 2019, and Taiwan and Japan began the trade of organic agricultural products on February 1, 2020.

2. The representative of the Taipei Economic and Cultural Office in Australia and representative of the Australian Office Taipei signed an arrangement governing the mutual recognition of organic equivalence between Taiwan and Australia on January 23, 2020, effective immediately.
3. The representative of the Taipei Economic and Cultural Office in New Zealand and representative of the New Zealand Commerce and Industry Office signed agreement on mutual recognition of the regulatory systems governing organic product between Taiwan and New Zealand on February 26, 2020, and the agreement became effective on April 30, 2020.
4. The Agriculture and Food Agency, Council of Agriculture and the Canadian Food Inspection Agency verifying mutual recognition of organic equivalence between Taiwan and Canada by sending letters on May 27, 2020, effective on May 30, 2020.

Investment Freedom

I. Amending and loosening the regulations relating to investment restrictions

(I) The MOEA amended the “Regulations for Verification of Investment by Overseas Chinese and Foreign Nationals” on July 29, 2019, and gave investors who funding its invested business in installments shall be allowed to apply for investment verification in installments or file the application in one installment after they are fully implemented. The regulations were also relaxed to allow investors to retain foreign currency transferred from overseas into a domestic bank account without conversion to NTD while they applying for investment verification, avoiding any excess or shortfall due to changes in exchange rates. Once the domestic business they invested requires the funds, the foreign currency may be used to purchase NTD according to foreign currency management regulations, increasing the flexibility of fund utilization by domestic companies.

(II) Restrictions on land ownership

The MOI announced an amendment to Article 34-5 of Taiwan Province's Enforcement Rules of Urban Planning Act in Order Tai-Nei-Ying-Zi No. 1090805719 dated March 31, 2020. The main points of the amendment are as follows:

1. In coordination with the revision to the “Industrial ZoneRenewal and Three-Dimensional Development Plan” approved by the Executive Yuan on December 17, 2019, a provision was added for the bulk of

industrial space donated as an intermediate plant or for a designated industry or for social welfare or public welfare facilities will not be counted, giving a maximum of double the space as a reward.

2. The “energy management” determination standard for bulk rewards was revised in coordination with the renewable energy policy, the reward for installing an energy management system was increased to 2%, and installation of solar power equipment to 3%, so as to improve the investment environment.

II. Achievements of International Investment agreement and cooperation

- (I) Taiwan and Vietnam signed a new “Agreement between the Taipei Economic and Cultural Office in Viet Nam and the Viet Nam Economic and Cultural Office in Taipei on the promotion and protection of investments” on December 18, 2019, and the agreement took effect on May 24, 2020.
- (II) As of the end of May 2020, Taiwan had signed investment protection agreements or FTA/ECA with an investment chapter with 32 countries. (see attached table)

Attached table: Countries with which Taiwan has signed an investment protection agreement or free trade agreement with investment chapter

Continent	Investment Protection Agreement	FTA/ECA including an investment chapter
The Americas	USA, Paraguay, Argentina, Dominican Republic, Belize, Costa Rica, St. Vincent and the	Panama, Nicaragua, Honduras, El Salvador, Guatemala

	Grenadines	
Asia	Indonesia, the Philippines, Malaysia, Vietnam, Thailand, Saudi Arabia, India, Mainland China, Japan	Singapore
Africa	Nigeria, Malawi, Senegal, Eswatini, Burkina Faso, Liberia, The Gambia	
Europe	Macedonia	
Oceania	Marshall Islands	New Zealand

Financial Freedom

I. Loosening regulations related to restrictions on operation of the financial industry

(I) Banking industry

1. The Directions for Banks to Apply for New Business Trial was enacted on June 19, 2019, and encourages banks to continue the development of innovative financial products and services via new business trials within the scope of business that was approved, while giving consideration to risk management. Key points of the Directions are shown in the table below:

Key points of the Directions

1. The business items the banks may apply for trial shall be an expansion of the bank's approved business items, or the business items under the regulations which stipulate others approved by the competent authority, or the technical provisions which are not clearly stipulated, such as the Operating Standards for the Safe Control of Electronic Banking Operations of Financial Institutions.
 2. In principle, banks may apply for a new business trial for the same business item as an innovative experiment approved in accordance with the Financial Technology Development and Innovative Experimentation Act, i.e., the banks may still apply for new business trial with the FSC for the same business item where it has been approved for experimentation and does not involve items prohibited by laws and regulations; if such business items are prohibited under the laws and regulations, the innovative experiment shall be applied for in accordance with the Financial Technology Development and Innovative Experimentation Act.
 3. The bank shall pay attention to information security, compliance with anti-money laundering laws, personal data protection, and clients interest protection during the trial period, and provide information relating to the
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entire circumstance of the trial to the FSC after the trial period expires, so that related laws can be formulated based on business trial results; associations may also be required to review and revise self-regulations for it to become a common business.

2. Announced an amendment to Articles 2, 6, 7, 10, 12, 15, 20, 20-1, 24, 26, and 27 of the Rules Governing the Administration of Electronic Payment Business on July 2, 2019. Added Articles 5-1 and 12-1 to improve the completeness of services provided by e-payment institutions make it more convenient for users to store value in their e-payment accounts, and strengthen the risk management of e-payment institutions for recipient users. Key points of the amendment are shown in the table below:

Key points of amendment

1. To allow e-payment institutions to engage in new businesses: To allow e-payment institutions to provide message conveyance services between users and issue value-stored cards dedicated to electronic payment accounts.
2. To strengthen the risk management and personal data protection of e-payment institutions.
3. To allow e-payment institutions to collect and make payment as an agent for payments, such as government fees, taxes, public utility service fees, mass transportation fees; and other service fees, made at financial institutions, convenience stores, and supermarkets.
4. To allow e-payment institutions to single advance payments for users at mass transportation or parking lots, and establish management regulations.

Note: For details of the Rules Governing the Administration of Electronic Payment Business, please refer to:

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0201.aspx?Isid=FL076771>

3. The “Interpretative Order on Article 3, Paragraph 1, Subparagraph 4

of the Act Governing Electronic Payment Institutions” was issued in Order Jin-Guan-Yin-Piao-Zi No. 1080272001 dated July 2, 2019. Its key points are the relaxation of value-stored cards dedicated to the e-payment accounts, in order to make it more convenient for users to store value in the e-payment account.

4. Amended Articles 1, 3, 4, 5, 7, and 8 of the “Rules Governing the Application of Banks Concurrently Conduct the Underwriting and Trading of Bonds, Beneficiary Securities” on July 10, 2019 in response to the growing demand of domestic investors for investment in foreign bonds. The key points of the amendment are listed in the table below:

Key points of amendment

1. Specified that the regulations also apply to offshore banking branches (amendment to Point 1).
 2. Stipulates that when banks and offshore banking branches concurrently operate this business, they will be excluded from Article 13 of the Regulations Governing Securities Firms, which stipulates that its total debts to other parties shall not be more than 6 times its net worth, and the total amount of its current liabilities shall not exceed the total amount of its current assets. It must handle the business in accordance with Articles 36, 43, and 44 of the Banking Act of The Republic of China (amendment to Point 3).
 3. Stipulates that when banks and offshore banking branches engage in proprietary trading of bonds, bond positions it holds that do not involve equity and are not acquired through underwriting may not exceed 10% of the bank’s calculation base. It also stipulates that positions held for proprietary trading shall be combined with the amount invested by the bank in negotiable securities, regardless of whether the positions are held for less than or more than one year, and shall be subject to the investment limit specified in the “Restrictions on Types and Amounts of the Securities in which a Commercial Bank May Invest” (amendment to Point s 4 and 5).
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4. Stipulates that where a bank serves as the underwriter for bonds issued by an affiliate company or serves as its financial consultant that assists the sales of securities, the bonds sold to professional investors on the day acquisition may be exempted from restrictions in Point 5 of the “Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest.” (Amendment to Point 7))

5. Added that before banks operating this business shall establish a risk management policy and internal control system for product suitability and approved by the board of directors. They shall also ensure that business units fully understand and implement the policy, and specify matters related to the risk management policy. (Amendment to Point 8)

Note: For details of the Rules Governing the Application of Banks Concurrently Conduct the Underwriting and Trading of Bonds, Beneficiary Securities, please refer to:
<https://law.banking.gov.tw/Eng/EngContent.aspx?msgid=730>

5. Announced an amendment to Articles 7, 13, 19-1, 19-2, and 21 of the “Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation” on September 30, 2019, so that financial institutions can properly utilize the benefits of cloud technology, maintain their service quality, and strengthen protection of clients’ interests. The latest cloud technology standards of financial supervisory agencies in Europe, America, and Singapore are also referenced. Key points of the amendment are listed in the table below:

Key points of amendment

1. Deleted provisions on obtaining implied consent from customers, and revised provisions in coordination with the article name (amendment to Articles 7 and 21).
 2. Added a provision that an asset management company with all shares directly or indirectly held by the financial institution may accept the parent company's outsourcing to conduct debt collection operations (amendment to
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Article 13).

3. Added rules that financial institutions must comply with when its outsourced operations involve cloud-based services (addition of Article 19-1).
4. Specified the standards for determining materiality of cloud-based services that are outsourced and documents that must be submitted for application or approval (addition of Article 19-2).

Note: For details of the Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation, please refer to:

<https://law.banking.gov.tw/Eng/FLAW/FLAWDAT01.aspx?Isid=FL040528>

6. The “Order on Interpretation of Article 2 of the Regulations Regarding Authorization Provisions of Article 33-3 of Banking Act” was issued in Order Jin-Guan-Yin-Fa-Zi No. 10801347681 dated October 22, 2019, and introduces guarantee from international credit guarantee institutions or insurance to strengthen banks’ risk management for project financing and diversify risk. Key points are listed in the table below:

Key Point of the Order

1. If banks engage in credit business with guarantee or insurance provided by a foreign central government, credit guarantee institution established by a foreign central government, or official credit guarantee institution announced by the OECD, the amount guaranteed or covered by insurance will not be included in the total amount of unsecured credit extensions, provided that the bank meets risk management requirements. However, the amount shall still be included in the total amount of credit extensions to the same legal person.
 2. For the bank's credit business above, the risk weight of the amount guaranteed by the foreign central government shall be that of its sovereign country. The risk weight for the amount guaranteed or secured by insurance provided by a credit guarantee agency, which complies with the minimum operational requirement for the qualified guarantee, will be one level lower
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than the risk weight of the sovereign country.

7. According to the “Interpretative Order on Point 2 of the Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest” issued in Order Jin-Guan-Yin-Fa-Zi No. 10802189611 dated December 2, 2019, Sukuk is an asset-backed security specified in Point 2, Paragraph 1, Subparagraph 8 of the “Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest,” and the investment limit was specified. This increased the flexibility of fund operations and profitability of commercial banks, activates the international bond market, and increases the types of securities that commercial banks may invest in.
8. The Interpretative Order on Article 4, Paragraph 1, Subparagraph 2 of the Act Governing Electronic Payment Institutions was issued in Order Jin-Guan-Yin-Piao-Zi No. 10802235031 dated December 5, 2019, and allowed e-payment institutions to provide payment collection services as an agent for “Securities investment trust funds raised and issued by securities investment trust enterprises and limited to payment in New Taiwan dollars”. This increases the effectiveness of funds in users’ e-payment accounts at e-payment institutions, develops new customers for securities investment trust funds, and increases the scale of funds.
9. Announced an amendment to Articles 6, 11, 14, 16, 18, 19, 24, 27, 33, and 34 of the “Regulations Governing the Dedicated Deposit Account of Electronic Payment Institutions” on February 24, 2020 in response to the practical operational requirements of e-payment

institutions. The amendment increases the flexibility of e-payment institutions and banking operations of dedicated deposit accounts, while ensuring the safety of funds used for payment. Key points of the amendment are listed in the table below:

Key points of amendment

1. Allowed e-payment institutions or trustee banks to apply to open a cooperative account at a credit cooperative or the Agricultural Bank of Taiwan.
2. Revised the required documents for opening a managed account and cooperative account.
3. Simplified the procedures for e-payment institutions to report managed accounts and cooperative accounts that are opened, added, closed, or changed.
4. Increased the flexibility of e-payment institutions and managing banks with regard to the ratio of funds received/paid as an agent and stored value funds that must be deposited in managed accounts and cooperative accounts.
5. Added management rules for e-payment institutions to give fund transfer instructions to cooperative banks.
6. Required e-payment institutions to provide search functions on their information system, so that managing banks may reconcile accounts at any time, and also specified necessary items for account reconciliation.
7. Allowed e-payment institutions to open a single dedicated deposit account for funds collected from its e-payment business, e-payment business conducted in cooperation with an overseas institution, or assist foreign institutions to engage in activities associated with e-payment business within the territory of the R.O.C.

Note: For details of the Regulations Governing the Dedicated Deposit Account of Electronic Payment Institutions, please refer to:

<https://law.banking.gov.tw/Eng/FLAW/FLAWDAT01.aspx?Isid=FL076767>

(II) Securities and Futures Industry

1. The “Interpretative Order on Article 38, Paragraph 1,

Subparagraph 4 of the Regulations Governing Futures Commission Merchants” issued in Order Jin-Guan-Zheng-Qi-Zi No. 1080321267 dated August 19, 2019 allows domestic futures brokers to directly commission a member of the relevant foreign futures exchange announced by the FSC, or indirectly commission the member through an affiliated company that is a member of the relevant foreign futures exchange. The order explained that an affiliated company refers to a holdings company with over 50% shares of the member, a subsidiary that the member holds over 50% shares, or a subsidiary that the same holdings company holds over 50% shares.

2. The "Interpretative Order on Article 53-1 of the Regulations Governing Futures Commission Merchants" issued in Order Jin-Guan-Zheng-Qi-Zi No. 1080320960 dated September 24, 2019 relaxed the restriction that futures trades made by a futures dealer at any foreign futures exchange may not exceed 10% of the futures dealer's net worth. This helps futures dealers respond to the hedging requirements of market makers, increases the flexibility of futures dealers' funds operations, and improves futures dealers' response ability to any exchange increasing the margin requirement. It also stipulates that the futures trade of securities issued by any company may not exceed 5% of the futures dealer's net worth, so as to prevent risk being over concentrated in any company.
3. The "Directions for Securities and Futures Enterprises to Apply for New Business Trial" (6 points in total) was enacted on October 3, 2019, in order to encourage securities and futures enterprises to

develop innovative financial products or services while giving consideration to risk management. Apart from applying to enter the sandbox in accordance with the Financial Technology Development and Innovative Experimentation Act, the enterprises may still develop new financial products and services through a new business trial, provided that they do not involve items prohibited by laws and regulations.

4. Promulgation of the Standards Governing the Establishment of Securities Firms on January 15, 2020, amending Article 3 and 11, to specify that the securities dealer operates only the business of proprietary trading of security tokens (virtual currencies that have the nature of securities), the minimum paid-in capital shall be NT\$100 million and shall handle their internal control system in accordance with applicable rules adopted by the TPEX

Note: For details of the Standards Governing the Establishment of Securities Firms, please refer to:

<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL007031&ModifyDate=1090115>

5. Announced an amendment to Articles 19, 31-3, and 45-1 of the Regulations Governing Securities Firms on January 15 and February 3, 2020, respectively, and specified that securities dealers engaged in proprietary trading of STOs are not subject to Articles 2, 5, 6, 13, 14, 18, 18-1, and 21 and Chapters 5 and 6 of the Regulations Governing Securities Firms. It also authorized the Taipei Exchange to manage and establish related regulations. The key points of the amendment are listed in the table below:

Key points of amendment

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1. Hedging operations of securities firms for exchange traded notes are not limited by the total cost of equity securities issued by related parties.
 2. Securities dealers may trade foreign bonds with overseas affiliated enterprises and engage in the trade of foreign financial derivatives by resolution of their board of directors. The conditions and limit on trades that the management department is authorized to make are also specified.
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Note: For details of the Regulations Governing Securities Firms, please refer to:
<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL007530&ModifyDate=1090203>

6. Announced an amendment to Article 21-1 of the “Regulations Governing Responsible Persons and Associated Persons of Securities Firms” on January 15, 2020, and required responsible persons and associated persons of securities dealers engaging in proprietary trading of STOs to have the qualifications specified in the Regulations and also be registered. The Regulations are not applicable to manager qualifications and personnel training. The Taipei Exchange is authorized to manage and establish personnel management regulations.

Note: For details of the Regulations Governing Responsible Persons and Associated Persons of Securities Firms, please refer to:
<http://eng.selow.com.tw/LawArticle.aspx?LawID=FL007030&ModifyDate=1090115>

7. The “Article 45, Paragraph 1 of Securities and Exchange Act” issued in Order Jin-Guan-Zheng-Juan-Zi No. 1090361034 dated April 21, 2020 allows securities firms to be entrusted to manage private equity funds and introduce professional institutional investors to invest in private equity funds managed by the securities firm.
8. Announced an amendment to the “Announcement on Article 9, Paragraph 3 of the Regulations Governing Securities Investment

Trust Funds” on May 26, 2020. In response to the needs of securities investment trust enterprises to use fund of funds for securities related product trading, regulations were relaxed to allow securities investment trust enterprises to use fund of funds for trading treasury bond futures and interest rate swaps, in order to improve their investment efficiency.

(III) Insurance industry

1. Announced the “Directions for Insurance Agents and Brokers Engaging in Cross-Industry Cooperation in the Promotion of Affiliated Insurance Products” on July 31, 2019, and allowed insurance enterprises to engage in cross-industry cooperation in the promotion of affiliated insurance products, while exerting appropriate control. This is to meet the need for purchasing related insurance products when citizens purchase products or services through specific channels.
2. The “Directions for Insurance Enterprises to Apply for Business Trials” was announced on August 13, 2019, and allows insurance enterprises to implement FinTech in current operating procedures within the approved scope of business (e.g., identity verification, claims, etc.), streamline company operations, and provide greater convenience for higher policy holder satisfaction.
3. Announced the “Interpretative Order on Article 2 of the Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises” in Order Jin-Guan-Bao-Cai-Zi No. 10801317391 dated August 16, 2019, and relaxed the restriction on insurance enterprises investing in and serving as the implementer

of government-led urban renewal projects for “100% owned by the National Housing and Urban Regeneration Center,” guiding insurance enterprises to invest in government-led domestic urban renewal projects.

4. Announced an amendment to the “Guidelines and Standards on Real-time Utilizing Real Estate Investment for Insurance Enterprises” on August 23, 2019, and relaxed the standard for annualized rates of return from investments by insurance enterprises in real estate needed by the long-term care industry or rented to the elderly to be no lower than the benchmark interest rate. This encourages insurance companies to invest in the construction and operation of real estate needed by the domestic long-term care industry or rented to the elderly.
5. Announced an amendment to Points 4, 8, and 9 of the “Guidelines for Insurance Enterprises Engaging in Electronic Commerce” on October 30, 2019, and added the text of “items/methods approved by the competent authority” to meet the demand of applications from insurance enterprises for business trials in accordance with the “Directions for Insurance Enterprises to Apply for Business Trials.”
6. Amended Article 9, Paragraph 2 of the Regulations Governing Insurance Brokers on November 18, 2019, and relaxed restrictions on applying to operate a reinsurance broker business, or simultaneously applying to operate an insurance broker business and reinsurance broker business.

Note: For details of the Regulations Governing Insurance Brokers, please refer to:
<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT01.aspx?Isid=FL027603>

7. The “Order on interpretation of Subparagraph 6 of Article 2 of the Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises” was issued in Order Jin-Guan-Bao-Cai-Zi No. 10804362571 dated November 18, 2019 to allow insurance enterprises to participate in syndicated loans granted to companies in 5+2 industries and guaranteed or insured by a foreign central government, credit guarantee institution established by the foreign central government, or official credit guarantee institution announced by the OECD.
8. Amended Article 5, Subparagraphs 12 and 13 of the “Regulations Governing Foreign Investments by Insurance Companies” on December 31, 2019, and allowed insurance companies to invest in Islamic fixed income securities issued by a foreign issuer in Taiwan's international bond market (professional investors only) and private placement of corporate bonds issued by a foreign listed company for trading in markets outside foreign centralized trading markets or OTC markets. This expands the channels for insurance companies to utilize their funds, and increases the efficiency and flexibility of fund operations.

Note: For details of the Regulations Governing Foreign Investments by Insurance Companies, please refer to:

<https://db.lawbank.com.tw/ENG/FLAW/FLAWDAT0202.aspx?lsid=FL006772>

9. Amended Article 10, Paragraph 1, Subparagraph 2 of the “Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises” on December 31, 2019, and relaxed the requirement for exempting investments by insurance enterprises in projects not implemented in accordance

with the Act for Promotion of Private Participation in Infrastructure Projects from going through application procedures. The requirement was relaxed from “less than NT\$50 million and less than 2% of the owner’s equity of the insurer” to “less than NT\$500 million and less than 5% of the owner’s equity of the insurer.”

Note: For details of the Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises, please refer to:

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?Isid=FL006840>

10. Amended the “Supervisory Measures for the Implementation of the Third Phase of Non-Life Insurance Rates Deregulation” on March 24, 2020, and allowed any automobile insurance product approved by the FSC for sale by property insurance companies to increase indirect Solicitation fee rate without being subject to the 35% limit on surcharges. This encourages the property insurance companies to develop and design insurance products that meet consumers’ needs.
11. Temporary measures related to the “Guidelines and Standards on Real-time Utilizing Real Estate Investment for Insurance Enterprises” were announced on April 10, 2020. If insurance enterprises have investments in real estate that do not meet requirements of the “Guidelines and Standards on Real-time Utilizing Real Estate Investment for Insurance Enterprises” due to measures to lift the burden of rent on real estate tenants affected by COVID-19, they may report it to the FSC according to the guidelines. The time that reports are submitted may be based on the actual situation of reducing rent, and submitted after the fact has occurred in order to respond to the impact of COVID-19.

12. The “Interpretative Order on the proviso of Article 34, Paragraph 1 of the Regulations Governing Insurance Brokers and the proviso of Article 34, Paragraph 1 of the Regulations Governing Insurance Agents” was issued in Order Jin-Guan-Bao-Zong-Zi No. 10904134451 dated April 22, 2020, and added travel insurance and inconvenience insurance to the scope of business that insurance brokers and agents do not need to obtain signatures for. This will accelerate the insurance enrollment process while protecting consumers’ rights.

II. Achievements of International Financial agreement cooperation

(I) FSC

1. Signed documents on cooperation in FinTech Supervision with the Autorité de Contrôle Prudentiel et de Résolution (ACPR) (2019.7)

The FSC and ACPR signed a FinTech cooperation agreement on July 9, 2019 to facilitate bilateral cooperation in FinTech. The agreement covers the supervisory authority’s referral mechanism and information sharing. After the agreement was signed, both sides could refer innovative FinTech enterprises to the other via their FinTech department. The agreement can also conduce to a mutual understanding of the supervisory system, and share information related to the two markets and financial service innovations. This will facilitate collaborations between the two sides in FinTech supervision, create more opportunities for FinTech companies in Taiwan and France, and expand the international market for financial innovations by both sides.

2. Signed a non-disclosure agreement with the Swiss Financial Market Supervisory Authority (FINMA) in July 2019

The FSC and FINMA signed documents on cooperation in financial supervision on July 22, 2019 to strengthen bilateral cooperation in financial supervision. The document stipulates that both parties may not disclose supervisory information obtained from the other party, and may only use the information for lawful supervisory purposes, laying a good foundation for cooperation between Taiwan and Switzerland in financial supervision.

3. Signed documents on cooperation in banking and insurance supervision with the Federal Financial Supervisory Authority (BaFIN) of Germany (2020.2)

In order to strengthen bilateral cooperation in financial supervision, the FSC signed financial supervisory cooperation documents with BaFIN on February 20, 2020 through the Taipei Representative Office in the Federal Republic of Germany and German Institute Taipei, to lay the foundation for exchange and cooperation in financial supervision mechanisms and personnel, and promote collaboration between Taiwan and Germany.

(II) The Central Deposit Insurance Corporation : Signed or renewed MOUs for cooperation on deposit insurance with Deposit Insurance Corporations of Nigeria, Kenya, and South Korea (2019.8, 2019.12 & 2020.4)

1. The Central Deposit Insurance Corporation signed MOUs with Nigeria Deposit Insurance Corporation (NDIC) and Kenya Deposit Insurance Corporation (KDIC) in August and December, 2019,

respectively, and formally began cooperation. In the future, both sides will continue to engage in information and personnel exchanges, and share professional skills and experiences, in hopes of further improving the deposit insurance systems of both sides, and providing better protection for the rights of depositors. Furthermore, the Central Deposit Insurance Corporation renewed the MOU with the Korean Deposit Insurance Corporation (KDIC) in April 2020 for another three years to continue bilateral cooperation.

2. The NDIC, KDIC (Kenya), KDIC (Korea), and the Central Deposit Insurance Corporation are all members of International Association of Deposit Insurers (IADI). The MOUs comply with the international standards on cross-border information sharing specified in the IADI Core Principles for Effective Deposit Insurance Systems issued in November 2014. The Central Deposit Insurance Corporation will continue to strengthen mutual exchanges of information and professional experience according to the MOUs it has signed, in order to enhance domestic deposit insurance mechanisms and to improve its international professional image.

(III) FSC peripheral units : Taiwan Futures Exchange signed a MOU with Bursa Malaysia Derivatives Berhad (2020.5)

Taiwan Futures Exchange signed a MOU with Bursa Malaysia Derivatives Berhad on May 18, 2020, so that each side can learn from the other's successful experience in their respective market, and deepen information exchange and resource sharing and exchange. Both sides will develop market opportunities and strengthen their partnership based on the principle of reciprocity,

and jointly drive the development of derivatives markets in Taiwan and Malaysia.