



2013

Report on Taiwan's Ease of Doing Business Reforms

Council for Economic Planning and Development, Executive Yuan, R.O.C.



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*The launch of Taiwan's second 4-year
business environment reform program*

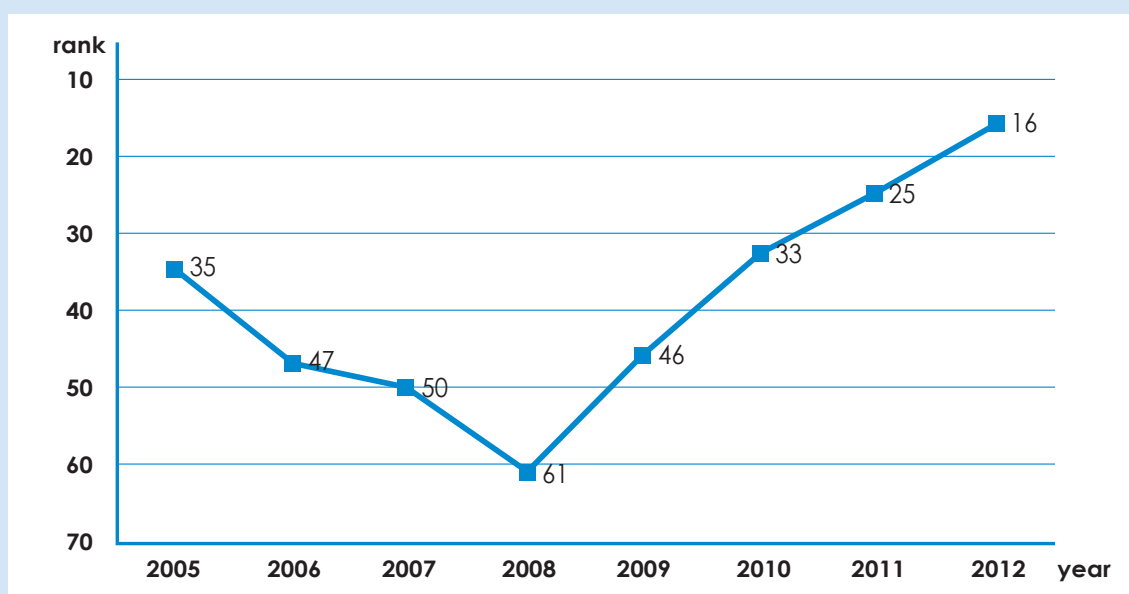


The launch of Taiwan's second 4-year business environment reform program

1. Looking back at four years of reform

Taiwan launched business environment reform based on the World Bank's Doing Business report in October 2008, and completed the first 4-Year Reform Program in May 2012. During this time, Taiwan's world ranking for Ease of Doing Business (EoDB) rose from 61st in 2008 to 46th in 2009, 33rd in 2010, 25th in 2011, and 16th in 2012, a rise of 45 places in four years (see Chart 1).

Chart 1: Taiwan's change of ranking in the World Bank's Doing Business report



Looking back at the last four years of business environment reform carried out in Taiwan, it is evident that the improvement of administrative efficiency and enhancement of regulatory transparency have widely gained high approval from the general public and businesses.

In April 2010, the Executive Yuan promulgated the Procedural Directions on the Conduct and Assessment of Business Environment Reform by Agencies of the Executive Yuan. Under these directions, the Deputy Premier acts as the highest supervisor of reforms to enhance the ease of doing business, Cabinet agencies form an inter-agency task force, and the Council for Economic Planning and Development (CEPD) presents annual reform plans, while also coordinating and evaluating agencies' progress in carrying out reforms. The main concrete results of the first four-year reform program were as follows:

❖ **Year 1 business environment reforms (2008/09)**

Abolishing the minimum capital requirement for starting a business; terminating the uniform certification system for profit-seeking enterprises; amending the Enforcement Rules of the Labor Insurance Act to discard the labor insurance card delivery system; simplifying the labor and health insurance application procedures; amending the Directions for Reviewing of Work Rules to stipulate the timeframe for review and approval; and instituting electronic filing and payment of business income tax.

❖ **Year 2 business environment reforms (2009/10)**

Reducing the administrative procedures and time needed for company registration; amending the Enforcement Rules of the National Health Insurance Act; amending the directions for review and approval of work rules, to prescribe model work rules and specify a timeframe for their review and approval; amending the Deed Tax Act to unify the basis for the payment of deed tax on real property transactions; and amending the Income Tax Act to reduce the profit-seeking enterprise income tax rate.

❖ **Year 3 business environment reforms (2010/11)**

Completing the establishment of a one-stop website for online business startup applications; setting up the One-Stop Center for Warehouse Building Permits; streamlining the application procedures and shortening the time needed for getting an

electricity supply; and instituting measures to make payment of profit-seeking enterprise income tax more convenient.

❖ **Year 4 business environment reforms (2011/12)**

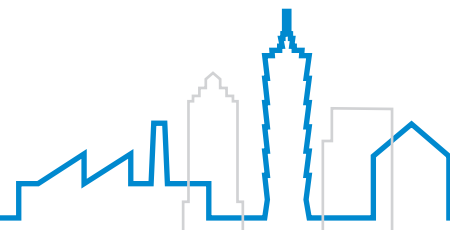
Expanding the functions of the One-Stop Center for Warehouse Building Permits, to include processing of building permit applications for factories, warehouses and office buildings of up to five stories; amending investor protection provisions in the Company Act and the Securities and Exchange Act; and setting up a system for online tax payment from company bank accounts.

2. The launch of the second 4-year reform program

In June 2012, Taiwan launched the second 4-Year Reform Program. The core goal of this program's reform strategy is "to strengthen the level of transparency in business environment regulation, and align with international reform trends." It sets the target of achieving a world top-ten Ease of Doing Business ranking for Taiwan within the next four years. The general agenda of Taiwan's business environment reform for the next four years is shown in Table 1 below.

Table 1: The agenda of Taiwan's second 4-Year Reform Program

Indicator	Agenda
1 Starting a Business	Implementing completely paperless online company startup, and raising the prevalence of public use of this system.
2 Dealing with Construction Permits	Enhancing the functions of the one-stop center for building permits, and providing the public with more comprehensive integrated services.
3 Getting Electricity	Implementing a management mechanism for electrical engineering, to enhance the safety of electricity connection.



4 Registering Property	Integrating land office property registration and tax payment in a single window, to make it more convenient for members of the public to conduct registration of real property transfers.
5 Getting Credit	Building a modern legal framework for secured transactions, to make it easier for SMEs to obtain financing.
6 Protecting Investors	Making it less difficult for minority shareholders to seek relief, and strengthening oversight and control of related party transactions.
7 Paying Taxes	Continuing to simplify profit-seeking enterprise income tax filing and payment, and making it more convenient for business enterprises to pay taxes.
8 Trading Across Borders	Enhancing the functions of single windows for customs, port and trade procedures, to facilitate import-export trade.
9 Enforcing Contracts	Implementing reform of judicial administration, to improve the speed and efficiency of courts in handling business contract disputes.
10 Resolving Insolvency	Integrating corporate reorganization and bankruptcy in a single legal code, to enhance the efficiency of courts in dealing with debt settlement.

3. Business environment reforms in 2012/13

During June 2012 to May 2013, Taiwan completed the first year of business environment reforms under the second 4-Year Reform Program. The main points of reform and main revisions of law and regulation were as follows:

❖ *Starting a Business*

- (1) On June 1, 2012, a facility for the e-transmission of CPA capital audit certification was added to the One-Stop Website for Online Applications to Start a Business (<http://onestop.nat.gov.tw>), making it easy for the CPA to transmit the audit report to the registering authority immediately after completing the audit.

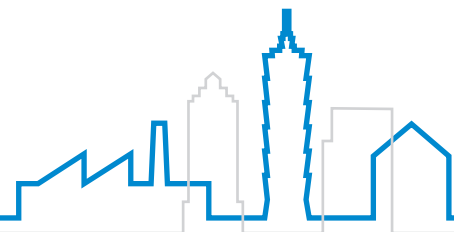
- (2) On December 14, 2012, the Ministry of Finance amended Article 5 Paragraph 2 of the Regulations Governing Business Registration, to prescribe that companies, sole proprietorships or partnerships that have completed business registration do not need to resubmit such documents as ID cards of responsible officers, articles of incorporation, partnership agreements, etc.
- (3) With effect from January 16, 2013, to encourage members of the public to use the one-stop website for online company startup applications, the business registration fee was reduced by NT\$300 for natural persons using a Citizen Digital Certificate and business entities using a Company Identification Card to apply for business registration via the Internet.

❖ **Dealing with Construction Permits**

With effect from May 1, 2013, Taipei City Government's One-Stop Center for Building Permits formally included "Obtaining Basic Information" in its service, as a single procedure replacing what were previously three separate information-gathering procedures. It also undertook coordination with the National Communications Commission and private telecom service providers to incorporate application for a telephone line into the postconstruction procedure. With these reforms, the time for the one-stop center's complete processing of applications was reduced to 61 working days.

❖ **Getting Electricity**

On April 16, 2013, Taiwan Power Company revised its Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size, to streamline the application process from four procedures to three, and posted the revised directions on its external website (http://www.taipower.com.tw/content/q_service/q_service01.aspx) for public reference.



❖ **Registering Property**

On August 1, 2012, Taiwan formally launched a system for recording the actual price and other details of real property transactions. Under this system, the requisite details must be reported to the registry within 30 days of registering transfer of ownership, and members of the public can go online to look up how much has been paid for the sale or lease of a property.

❖ **Protecting Investors**

- (1) On January 30, 2013, Article 154 of the Company Act was revised to introduce the doctrine of “piercing the corporate veil” from Anglo-American case law. The revised provision stipulates that, where a shareholder abuses the corporation's status as a legal entity in a manner that causes the corporation to incur an obligation that is clearly difficult to discharge, and the circumstances are serious in nature, the shareholder shall be liable for fully discharging the obligation.
- (2) On August 22, 2012, Article 16 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies was amended to add the provision that, if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. This amendment strengthens the requirements for disclosure of matters involving a personal interest of a director.

❖ **Paying Taxes**

- (1) On January 4, 2012, Articles 47, 50, 51 and 55 of the Regulations on the Tax Audit of Profit-Seeking Enterprise Income were revised and Article 51-2 inserted, to bridge differences between financial accounting and tax law requirements.
- (2) On February 10, 2012, revisions were made to the formats of the 2011 Profit-Seeking Enterprise Annual Income Tax Return and the 2010 undistributed earnings and liquidation tax filing forms, to simplify the filing for computation of profit-seeking enterprise income tax.
- (3) Starting in April 2012, businesses could use the “Tax Online” website (<https://paytax.nat.gov.tw>) to pay vehicle license tax by Internet transfer from a current or deposit

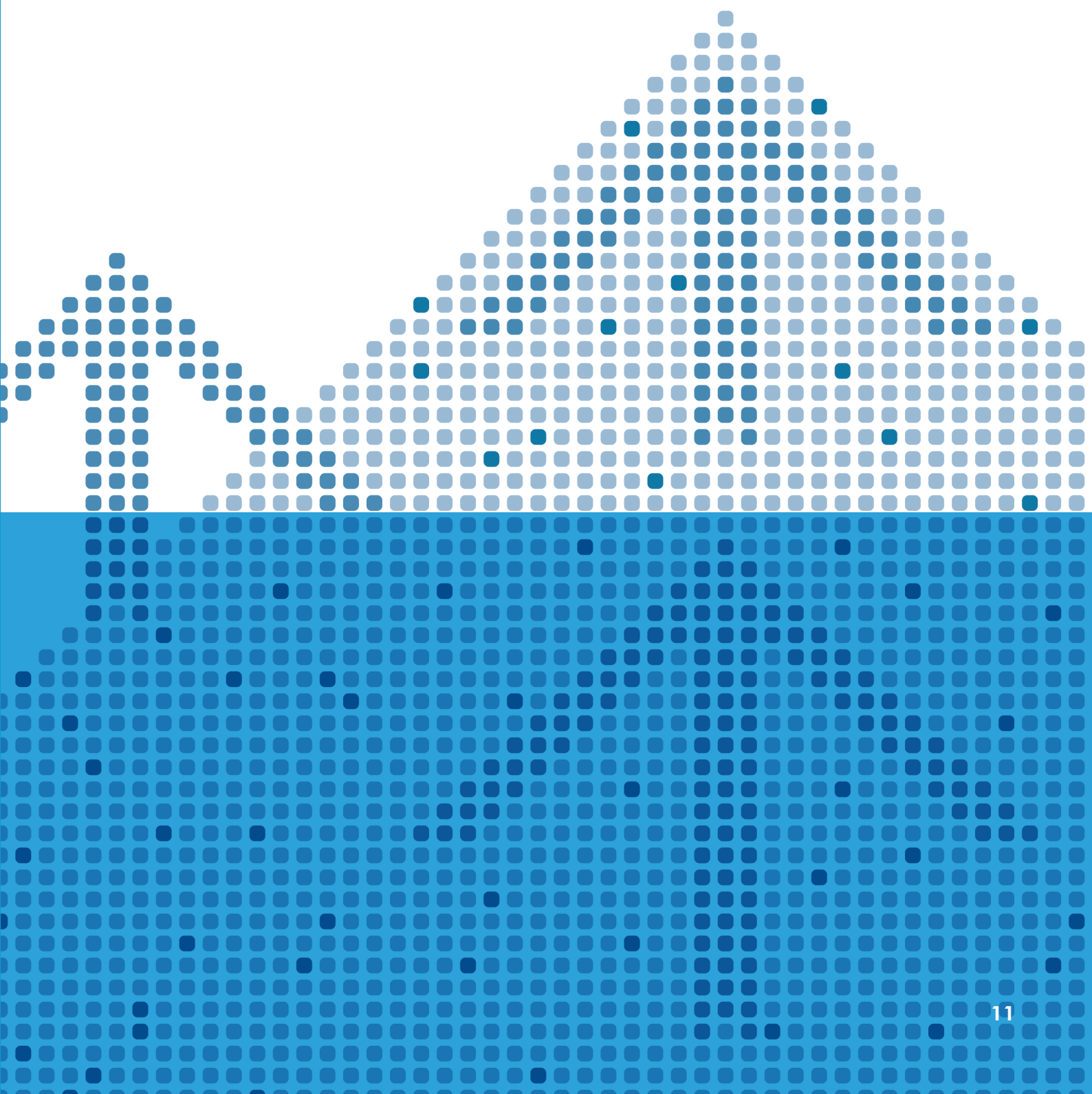
account. Under the World Bank's method of computation, the provision of this online payment mechanism means that the number of times for payment of vehicle license tax can be reduced from two to one.

- (4) On November 26, 2012, the Ministry of Finance amended its procedural directions to all tax offices for the documentary review of profit-seeking enterprise disaster loss filings and goods or fixed asset write-off cases, to simplify the relevant filing and reporting procedures.

❖ *Trading across Borders*

- (1) On November 26, 2012, Taiwan and the United States signed an Authorized Economic Operator (AEO) and Customs-Trade Partnership Against Terrorism (C-TPAT) mutual recognition agreement (MRA), under which the customs authorities on each side would recognize the results of AEO verification granted by the other side. Also, from February 2013, the United States began to grant Taiwan's AEOs enjoyment of facilitated customs clearance and other preferential measures.
- (2) On May 29, 2013, the Customs Act was amended by adding Article 10-1 to provide the legal basis for the Ministry of Finance's Customs Administration to set up Customs-Port-Trade (CPT) Single Windows. The single windows serve to integrate the processing of customs, port and trade licensing, inspection, quarantine and other matters in a one-stop portal, and to transmit related data by computer connection or electronic data interchange (EDI), with the goals of simplifying the customs reporting process, facilitating customs clearance, conforming with international norms, and reducing administrative costs.

Indicator





Starting a Business

1. Main Points of Reform in 2013

From June 2012 to May 2013, the main points of reform and revisions of regulation for Starting a Business are as follows:

- (1) June 1, 2012, a facility for the e-transmission of CPA capital audit certification was added to the One-Stop Website for Online Applications to Start a Business (<http://onestop.nat.gov.tw>), making it easy for the CPA to transmit the audit report to the registering authority immediately after completing the audit.
- (2) November 2012, the Ministry of Economic Affairs (MOEA) opened the image file database for company and business registration documents, to provide cross-agency access. On December 14, 2012, the Ministry of Finance amended Article 5 Paragraph 2 of the Regulations Governing Business Registration, to prescribe that companies, sole proprietorships or partnerships that have completed business registration do not need to resubmit such documents as ID cards of responsible officers, articles of incorporation, partnership agreements, etc. (See Attachment 1.)
- (3) With effect from January 16, 2013, to encourage members of the public to use the one-stop website, the business registration fee is reduced by NT\$300 for natural persons using a Citizen Digital Certificate and business entities using a Company Identification Card to apply for business registration via the Internet.

2. 2014 Reform Agenda

The Opening a Business reform agenda for June 2013 to May 2014 includes the following:

- (1) Amending the Regulations Governing Company Registration and Recognition, to delete the requirement for submission of original corporate registration card, as a step toward making online applications completely paperless.
- (2) Continuing to enhance the functions of the One-Stop Website for Online Applications to Start a Business by adding an automatic checking system for work rules, to shorten administrative review time.

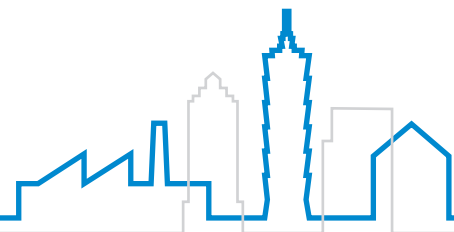
3. Reform Comparison

(1) 2012 Survey

No.	Procedure	2012 survey	
		Time to complete	Associated costs
1	Use the one-stop online application website (http://onestop.nat.gov.tw) to complete company name search and approval, apply for incorporation and tax registration, apply for Labor Insurance and National Health Insurance, and submit pension plan and work rules, all in a single procedure.	7 days	Name search fee: NT\$150. Company registration fee: 0.025% of the company's capital, or a minimum of NT\$1,000 if 0.025% of the capital works out at less.
2	Make a company seal	1 day	NT\$450 (can be in the range of NT\$450-1,000 depending on the quality of the material used).
3	Submit a CPA capital audit report	2 days	CPA fee generally ranges from NT\$5,000 to NT\$20,000.

(2) 2013 Reforms and Corrections

No.	Procedure	After 2013 reforms	
		Time to complete	Associated costs
1	At the one-stop online application website (http://onestop.nat.gov.tw), use the electronic signature to carry out business establishment, submission of electronic application documents, and payment of fees, including: search and approval of company name; incorporation and tax registration; applications for labor and national health insurance; filing of work rules; and submission of CPA capital audit report.	7 days	<p>(1) NT\$150 fee for company name search.</p> <p>(2) Company registration fee: 0.025% of the company's capital, or a minimum of NT\$1,000 if 0.025% of the capital is less. (The fee will be reduced by NT\$300 if the one-stop website is used.)</p> <p>(3) Company seal engraving costs NT\$450 (can range between NT\$450 and NT\$1,000 depending on quality of material).</p> <p>(4) CPA fee generally ranges from NT\$5,000 to NT\$20,000.</p>



4. Explanation of Reforms and Corrections

(1) Procedure: 3 procedures combined into one

- A. Taiwan has not abandoned the company seal system, and company registration application documents still need to be stamped with the company seal. However, for applications via the one-stop website (at <http://onestop.nat.gov.tw>), an electronic signature can be used for all of the requisite documents submitted online. Therefore, since the company seal-making (previously procedure 2) is only a part of the work of preparing company registration documents, to be done after the company name search and approval is completed, it should be included in the one-stop online company startup procedure (procedure 1).
- B. By amendment of Articles 7 and 10 of the Company Act, promulgated on January 4, 2012, the submission of a CPA capital audit report for company startup was changed to a post-startup requirement (see Attachment 2). In addition, e-transmission of the CPA capital audit report was added to the functions of the one-stop application website on June 1, 2012, to make it easy for a CPA to use this online facility to transmit the report to the registering authority immediately after completing the audit. Hence, the procedure for submitting a CPA capital audit report (previously procedure 3) should also be included in the one-stop online company startup procedure (procedure 1).

(2) Time: Shortened from 10 days to 7 days

- A. Making the company seal is just part of the work of preparing company registration documents. Once the company name has been searched and approved, the seal-making can be done simultaneously with the rest of the one-stop online company startup procedure (procedure 1).
- B. Submission of the CPA capital audit report has already been changed to a post-startup requirement. Therefore, this step (originally procedure 3) can be carried out simultaneously with the one-stop online company startup procedure (procedure 1).
- C. Therefore, the company seal-making procedure (procedure 2) and the CPA

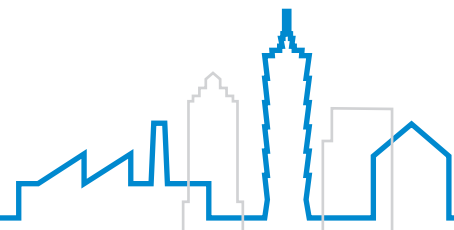
capital audit report submission procedure (procedure 3) can be conducted simultaneously with the one-stop online company startup procedure (procedure 1), and the whole combined procedure will require a maximum of 7 days to complete.

(3) Further reduction of the cost of starting a business

With effect from January 16, 2013, to encourage members of the public to use the one-stop website, natural persons or business entities that use the website to apply for business registration have the registration fee reduced by NT\$300.

(4) Minimum capital requirement: The requirement for a company's starting capital to be higher than its establishment cost has already been cancelled.

On March 29, 2011, the provision in the last sentence of Article 6 Paragraph 1 of the Regulations Governing Certification of Capital upon Registration Applications of Companies, which required the CPA capital audit report to state whether or not the company's capital was sufficient to cover its establishment cost, was deleted.



5. Other Explanations

(1) The situation concerning the operation of the one-stop website for online company startup applications

From the inception of its service in May 2011 up to the end of March 2013, the one-stop website received 460,000 visits and handled 59,499 online company startup applications .

Table 2: Number of cases handled by the one-stop website for online company startup applications

Year	Month	Cases handled		Year	Month	Cases handled	
		Monthly	Cumulative			Monthly	Cumulative
2011	06	59	59	2012	05	2,514	14,638
	07	43	102		06	2,314	16,952
	08	27	129		07	2,457	19,409
	09	74	203		08	2,797	22,206
	10	263	466		09	2,834	25,040
	11	1,353	1,819		10	3,074	28,114
	12	1,672	3,491		11	3,846	31,960
2012	01	1,429	4,920	2013	12	3,904	35,864
	02	2,151	7,071		01	8,466	44,330
	03	2,678	9,749		02	5,522	49,852
	04	2,375	12,124		03	9,647	59,499

(2) The one-stop online company startup website can be used to inquire about the progress of a company's registration application

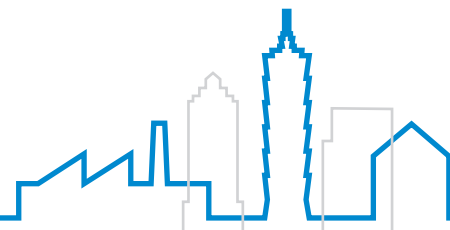
The company registry will keep an applicant informed about the progress of a company startup application by means of either mobile phone text message or e-mail. In addition, the applicant can use the one-stop company startup website to inquire about the progress of the application.

Attachment 1

Revision of Article 5 of the Regulations Governing Business Registration (proclaimed on December 14, 2012)

(<http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0340087>)

Revised Article	Article before Revision
<p>Article 5</p> <p>A business entity that applies for business registration shall be subject to the provisions of Article 6, and shall submit the following documents:</p> <ol style="list-style-type: none"> 1. A photocopy of the national ID card, a photocopy of household registry, or any other valid evidentiary documentation for the responsible person. 2. When the entity is a company, the company's articles of incorporation. 3. When the entity is a partnership, a copy of the partnership agreement; if any of the partners is a minor, a document evidencing the approval of the minor's legal agent shall also be submitted, provided that such approval is not required for a married minor. 4. In the case of other incorporations, a photocopy of the license for the incorporation's establishment issued by the competent authority and the incorporation's governing bylaws. 5. When the responsible person at a branch unit is different from that of the head office, the letter of authorization shall also be submitted. 	<p>Article 5</p> <p>A business entity that applies for business registration shall be subject to the provisions of Article 6, and shall submit the following documents:</p> <ol style="list-style-type: none"> 1. A photocopy of the national ID card, household registration certificate, or any other valid evidentiary documentation for the responsible person. 2. When the entity is a company, the company's articles of incorporation. 3. When the entity is a partnership, a copy of the partnership agreement; if any of the partners is a minor, a document evidencing the approval of the minor's statutory agent shall also be submitted, provided that such approval is not required for a married minor. 4. In the case of other organizations, a photocopy of the license for the organization's establishment issued by the competent authority and the organization's governing bylaws. 5. When the responsible person at a branch unit is different from that of the head office, the letter of authorization shall also be submitted.



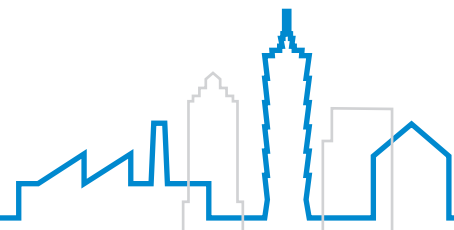
Revised Article	Article before Revision
<p>For a business registration made pursuant to Article 2, Paragraph 2, the documents listed in the preceding Paragraph, Subparagraphs 1 to 3 are not required to be submitted again. Provided that, if necessary, the competent tax authority may ask the business entity to submit the original document listed in the preceding Paragraph, Subparagraph 1.</p>	<p>For a business registration made pursuant to Article 2, Paragraph 2, if the company or the authority in charge of company or commercial registration has already provided the competent tax authority with image data or the required information of the registration documents to be submitted under Paragraph 1 of this article, the business entity carrying out the registration is not required to submit the same documents; otherwise the competent tax authority, after processing the business registration, will give the business entity written notification to submit the documents.</p> <p>Where a business entity organized as a company or partnership applies for business registration via the One-Stop Website for Online Company Startup, it is not required to again submit the documents as specified in Paragraph 1, Subparagraphs 2 and 3.</p>

Attachment 2

Revision of Articles 7 and 10 of the Company Act (as proclaimed on January 4, 2012)

(<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?pcode=J0080001>)

Revised Article	Article before Revision
<p>Article 7</p> <p>The capital amount of a company applying for registration of incorporation shall be audited by an independent certified public accountant; such company shall attach an auditing certificate from an independent certified public accountant when applying for registration of incorporation or within 30 days after the registration of incorporation.</p> <p>The capital amount of a company applying for alteration of registered capital shall first be audited by an independent certified public accountant.</p> <p>Regulations governing the process set forth in the two preceding paragraphs shall be prescribed by the central competent authority.</p>	<p>Article 7</p> <p>Before applying for company incorporation or for alteration of the registered amount of capital of the company, the company shall first obtain an auditing certificate from an independent certified public accountant. Regulations governing the foregoing process shall be prescribed by the central competent authority.</p>



Revised Article	Article before Revision
<p>Article 10</p> <p>Under any one of the following circumstances, the competent authority may, ex officio or upon an application filed by an interested party, order the dissolution of a company:</p> <ol style="list-style-type: none"> 1. Where the company fails to commence its business operation after elapse of six months from the date of its company incorporation registration, unless it has made an extension registration; or 2. Where, after commencing its business operation, the company has discontinued, at its own discretion, its business operation for a period over six months, unless it has made the business discontinuation registration. 3. Where a final judgment has adjudicated to prohibit the company from using its company name, the company fails to make a name change registration after elapse of six months from the final judgment, and fails to make a name change registration after the competent authority has ordered the company to do so within a given time limit. 4. Where the company fails to attach the auditing certificate from an independent certified public accountant within the time period prescribed in Paragraph 1 of Article 7, provided, however, that this shall not apply, if the company has attached such auditing certificate before the competent authority orders a dissolution of the company. 	<p>Article 10</p> <p>Under any one of the following circumstances, the competent authority may, ex officio or upon an application filed by an interested party, order the dissolution of a company:</p> <ol style="list-style-type: none"> 1. Where the company fails to commence its business operation after elapse of six months from the date of its company incorporation registration, unless it has made an extension registration; or 2. Where, after commencing its business operation, the company has discontinued, at its own discretion, its business operation for a period over six months, unless it has made the business discontinuation registration. 3. Where a final judgment has adjudicated to prohibit the company from using its company name, the company fails to make a name change registration after elapse of six months from the final judgment, and fails to make a name change registration after the competent authority has ordered the company to do so within a given time limit.

Dealing with Construction Permits

1. Preface

On March 1, 2011, Taipei City Government set up the One-Stop Counter for Building Permits to issue building permits for warehouses, and on March 1, 2012, it extended its permit issuance to include factories, warehouses and office buildings of up to five stories. The whole application process consists of 2 procedures and takes 56 working days for the completion of all checks and registration, and for issuance of a building permit and certificate of ownership.

2. Main Points of Reform in 2013

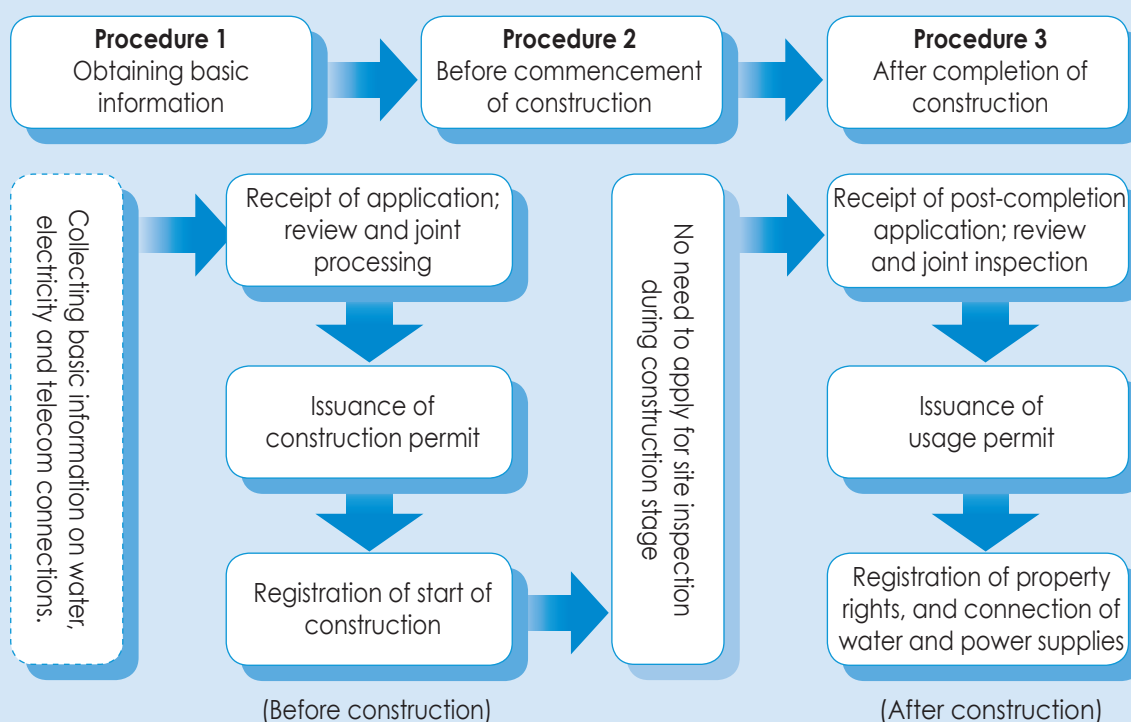
Since the World Bank has treated information gathering for connection to utilities as a necessary procedure for this indicator, Taipei City Government announced that, with effect from May 1, 2013, all such information gathering would be incorporated into the “Obtaining Basic Information” procedure, combining the three previous procedures for this purpose into a single procedure (see Chart 2). It also coordinated with the National Communications Commission and private telecom service providers to incorporate the application for telecom service into the postconstruction procedure. As a result of these changes, applications conducted via the One-Stop Counter can be completed within 61 working days.

(1) Publicly announced reform measures for the processing of cases by the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of up to 5 Stories).

- A. As amended, cases accepted for processing by the One-Stop Counter require 3 procedures taking a total of 61 working days (calculated from the date of presentation of application documents). Cases adjudged ineligible for processing by the One-Stop Counter, or to which special considerations apply, will still have to be processed in accordance with ordinary application procedures.
- B. Procedure 1 for “Obtaining Basic Information”: Obtaining basic information for water, electricity and telecom equipment takes a total of 7 days (newly added).

- C. Procedure 2 "Preconstruction": Obtaining a construction permit and commencing construction takes a total of 21 days (procedure amended).
- D. Procedure 3 "Postconstruction": Obtaining a usage permit, water connection and telephone line and registering ownership takes a total of 33 days (number of days amended).
- E. The relevant procedural rules of Taipei Water Department have been amended for accommodating simplification.
- F. Measures re installation of telecom equipment have been newly added.
- G. New addition of collaborating entities: National Communications Commission, Chunghwa Telecom, TWM Broadband, Far EasTone, Asia Pacific Telecom, and Taiwan Telecommunication Industry Development Association.
- H. Website at http://www.dbaweb.tcg.gov.tw/one_stop/one_stop_e.htm and for phone inquiry hotline dial 1999 (or 02-27208889 for calls from other counties and cities) extension 8366.

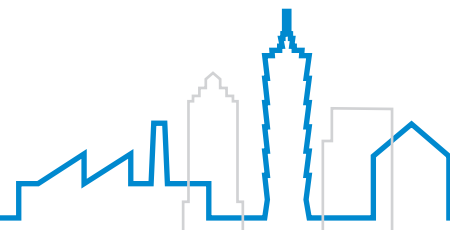
Chart 2: Process of permit issuance by the one-stop counter



* Obtaining basic information is not a necessary procedure, but if it is required in an individual case, it can be obtained via application to the One-Stop Counter.

(2) Simplification of documentary requirements

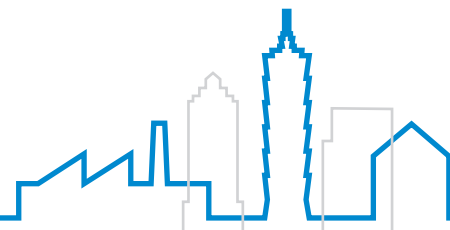
- A. On January 29, February 11 and February 24, 2010, the Ministry of the Interior wrote to all local government authorities to inform them that certificates of review and approval of water, power and telecom equipment design were no longer required for the issuance of construction permits or registering start of construction. Taipei City Government issued a public announcement to this effect on March 23, 2010.
- B. With effect from February 1, 2010, Taipei City Government no longer requires members of the public to apply for a land registration transcript as one of the land ownership certification documents required to apply for a building construction permit. If necessary, a construction management official can view this document electronically through the Ministry of the Interior's online inquiry system.
- C. The Ministry of the Interior on December 28, 2009 announced the revision of Attachment 1 to Point 3 of the Procedural Directions on the Checking of Items Requiring Review and Attestation under Building Permit and Miscellaneous Permit Regulations, to provide the legal basis for Taipei City Government to relax documentary submission requirements. The revised provision stipulates that a photocopy of the land ownership certificate may be used in place of the previously required land registration and cadastre map transcripts as proof of land ownership when applying for a construction permit.
- D. As announced by Taipei City Government with effect from January 2011, construction of buildings within certain replanning districts (including the Nangang 2nd stage urban replanning district and the Nangang Business Park zone expropriation district) do not require the indication of a building line.



3. Explanation of Reforms

Item	Procedure	2012 survey results Days/cost	2013 reform results Days/cost	Explanation of reforms
1	Obtain basic information from the water company	14 days/ no charge	7 days/ no charge	These 3 procedures should be combined into the single procedure of "Obtaining basic information."
*2	Obtain basic information from the electricity provider	14 days/ no charge		
*3	Obtain basic information from the telecom company	14days/ no charge		
Explanation	<p>1. Since the World Bank has treated information gathering for connection to utilities as a necessary procedure for this indicator, Taipei City Government announced that, with effect from May 1, 2013, all such information gathering would be incorporated into the "Obtaining Basic Information" procedure, combining the three previous procedures for this purpose into a single procedure.</p> <p>2. The applicant can use the "Obtaining Basic Information" procedure to collect basic information on applying for water, power and telecom equipment in the construction site.</p> <p>3. The aforesaid basic information can be used for design reference (the layout of water and electricity pipelines and telecom equipment in Taipei City is already complete), but are not required documents or a necessary procedure for construction permit applications, and the applicant can decide for himself whether or not he needs to refer to it.</p>			
4	Obtain building permit	21 days/ TWD 27,019	21 days/ TWD 22,220	Procedures 4, 5 and 7 have been combined. The cost should be corrected to TWD 22,200.
*5	Report the start date, present construction plan, and pay the air pollution protection fee.	1 day/ TWD 15,217		
*7	Apply for water supply	1 day/ no charge		

Item	Procedure	2012 survey results Days/cost	2013 reform results Days/cost	Explanation of reforms
Explanation	<ol style="list-style-type: none"> Article 29 Paragraph 1 of the Building Act stipulates that, when issuing a construction permit, the competent local authority shall charge a fee of 1/1,000th of the building construction cost, payable by the builder or owner. According to the Table of Construction Costs for Building Engineering, Miscellaneous Work Materials and Land Improvement used by the Taipei City Government, effective from March 1, 2012, the cost of constructing the building in this example should be calculated as: NT\$7,810 x 1,300.6 square meters = NT\$10,157,686. Hence, the applicable charge in this case should be NT\$10,157,686 x 0.1% = NT\$10,157. The building used as an example in the World Bank survey is a 2-story warehouse, with a total floor area of approximately 1,300.6 square meters (therefore each floor is $1300.6 / 2 = 650.3$ square meters), and situated on a plot of land of 929 square meters. Such a building would need 30 weeks (around 7 months) for construction. Under the provisions of Article 4 of the Regulations Governing Construction Project Air Pollution Prevention Facilities, this example would be classified as a Grade 2 construction. Further, according to the Collection Rates of Air Pollution Prevention Fees for Construction Projects publicly announced by the Environmental Protection Administration, the air pollution prevention fee for Grade 2 construction projects is calculated as "fee rate x fee base" at a fee rate of NT\$2.65 per square meter per month, with the fee base as "construction area x period under construction (months)", and each month calculated as 30 days. Hence, the air pollution prevention fee for this example should be calculated as NT\$2.65 x 650.3 square meters x 7 months = NT\$12,063. The construction fee plus the air pollution prevention fee = 10,157 + 12,063 = NT\$22,220. For permit issuance cases handled by the One-Stop Counter, the provision of a water supply, which has previously been counted as a separate procedure ("Apply for water supply") in the World Bank report, will be conducted as a parallel process, and should be included in the day count for the "Obtain building permit" procedure. 			



Item	Procedure	2012 survey results Days/cost	2013 reform results Days/cost	Explanation of reforms
6	Postconstruction inspection	35 days/ TWD 28,614	33 days/ TWD 20,316	Procedures 6, 8 and 9 have already been combined. The time required for all parts of this procedure has been reduced to 33 days, and the cost should be corrected to NTD 20,316.
*8	Receive inspection from water company	1 day/ no charge		
*9	Obtain water supply	19 days/ TWD 25,000		
Explanation	1. The One-Stop Counter will handle permit applications submitted before the commencement of construction and after the completion of construction. In accordance with the provisions of Article 19 of the Taipei Municipal Self-Government Ordinance for Construction Management, the builders and their full-time engineers or technicians need only carry out construction according to the approved drawings and explanations, retaining the relevant inspection data after checking and approval by the building supervisor, and can submit a single application for inspection after construction is completed, without needing to apply for site inspection stage by stage during construction.			
	2. The information concerning fire-safety postcompletion inspection, building number plate attachment, waste-water equipment postcompletion inspection, and provision of water supply will be passed on to the pertinent agencies by the One-Stop Counter for appropriate action.			
	3. Since the applicant in the survey example is the owner of the construction site, he does not need to apply for a land ownership certificate.			
	4. In respect of the first registration of the building, Point 3 of the Supplementary Regulations on Computing and Collecting Land Registration Fees and Penalties stipulates that the registration fee is computed according to the total cost of construction as recorded in the usage permit. Article 84 of the Land Registration Regulations stipulates that the general land registration procedure applies mutatis mutandis to the first registration of a building, hence under the provisions of Article 65 of the Land Act the applicable registration fee is set at 0.2% of the aforesaid total cost of construction.			
	5. Since the total construction cost in this case would be NT\$10,157,686, the building registration fee is NT\$10,157,686 x 0.2% = NT\$20,316.			

Item	Procedure	2012 survey results Days/cost	2013 reform results Days/cost	Explanation of reforms
	6. For permit issuance cases handled by the One-Stop Counter, the water company inspection and provision of water supply, which have previously been counted as separate procedures ("Receive inspection from water company" and "Obtain water supply") in the World Bank report, will be conducted as a parallel process, and should be included in the day count for the "Postconstruction" procedure. Also, since the pipeline installation is a construction expense, it should not be counted as a cost of the postconstruction procedure.			
*10	Request telephone line	1 day/ no charge	3 days/ TWD 3,500	Procedures 10 and 11 have been combined.
*11	Obtain telephone line	3 days/ TWD 3,500		
Explanation	1. Requesting and obtaining a telephone line are not necessary procedures of dealing with construction permits. However, to enhance the service provided by the One-Stop Window for Construction Permits, the applicant may request the Window to provide information on applying for a telephone line from the telecom service provider of the applicant's own choice, and handle the application for him at the postconstruction inspection stage of the procedure. Hence, the time for dealing with this should be included in the computation for the postconstruction inspection procedure.			
	2. The cost of applying for a telephone line will depend on the charges of each telecom service provider. Government agencies will not charge any fee for the conduct of this procedure.			

* Takes place simultaneously with another procedure.

Getting Electricity

1. 2013 Reforms

To simplify the application process for getting a new electricity connection for buildings under a certain size (warehouses with a total floor area of 2,000 square meters or less, five stories or less, five or fewer occupants, and total contracted capacity of less than 150 kilowatts), Taiwan Power Company (TPC) on January 31, 2011 announced a set of operational directions for the handling of such applications.

On April 16, 2013, these directions were revised to streamline the application process from four procedures to three (see Attachment), with the revised directions posted on TPC's external website (http://www.taipower.com.tw/e_content/content/service/service01.aspx) for public perusal.

2. Reform Comparison

(1) 2012 Survey

No.	Procedure	2012 Survey	
		Time to complete	Associated costs
1	Submit an application for electricity connection and await completion of the design	4 days	NT\$307,860
*2	Await external inspection by TPC required for preparing estimate	1 day	No charge
3	Await completion of the external connection works by TPC's subcontractor	19 days	No charge
4	Await meter installation and internal wiring inspection by TPC, and electricity starts flowing	1 day	No charge
Total		24 days	NT\$307,860

* Takes place simultaneously with another procedure.



(2) 2013 Reforms and Corrections

No.	Procedure	2013 Reforms and Corrections	
		Time to complete	Associated costs
1	Submit an application for electricity connection and await completion of the design	4 days	NT\$ 307,860
2	Await completion of the external connection works by TPC's subcontractor	17 days	No charge
3	Await meter installation and internal wiring inspection by TPC, and electricity starts flowing	1 day	No charge
Total		22 days	NT\$ 307,860

3. Explanation of Reforms and Corrections

(1) Procedures: Reduced from 4 procedures to 3

- A. After receiving an application for electricity supply, TPC will promptly examine the submitted drawings and data, and also check information on the location in the online land information website (<http://easymap.land.moi.gov.tw/>) set up by the Ministry of the Interior for convenience of reference by the public. TPC will then dispatch personnel to the site to conduct inspection and design of the outdoor wiring, which will not require participation by the user.
- B. The need to await external inspection by TPC required for preparing estimate (previously procedure 2) should be deleted, reducing the number of procedures from 4 to 3.

(2) Time: Shortened from 24 days to 22 days

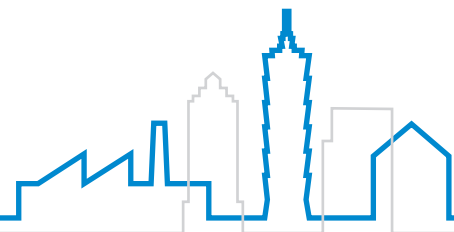
- A. The removal of the need to await external inspection by TPC required for preparing estimate (previously procedure 2) shortens the time by 1 day.
- B. Regarding the external wiring work needed by the user, TPC will carry this out in accordance with the Governing Rules for Outdoor Power Line Placement and related regulations promulgated by the Ministry of Economic Affairs. If a 150-meter outdoor power line needs to be installed, the actual work time will be approximately 17 days. Therefore, procedure 2 (awaiting completion of the external connection works by TPC's subcontractor) should be shortened to 17 days.
- C. With the deletion of previously procedure 2 (awaiting external inspection by TPC required for the preparation of the estimate) and the correction of the actual time required for previously procedure 3 (awaiting completion of the external connection works by TPC's subcontractor) to 17 days, the total time required for getting electricity is 22 days.

(3) Cost: No change

4. Other Explanations

(1) As stipulated in the provisions of the Electricity Act, electricity connection work must be carried out by qualified professionals.

- A. Taiwan has already established a specialized management system for electric power, with quality subject to regulation by law and oversight by regulatory authority. TPC's subcontracting of work for the placement of outdoor power lines and the installation of equipment for user power-supply applications must always be carried out in accordance with the Electricity Act, the Governing Rules for User Premise Power Line Placement, the Governing Rules for Outdoor Power Line Placement, and related laws and regulations. Such work may only be undertaken by qualified contract electric appliance installers, and the work must pass inspection before electricity starts flowing.



- B. Article 75 Paragraph 2 of the Electricity Act stipulates that the installation, construction and modification of a user's electricity devices shall be undertaken by contract electric appliance installers, and no electricity supply shall be connected before reporting the completion of the said tasks to the electricity enterprise and submitting a member certification of completion issued by the respective electric appliance installer association (<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=J0030011>).
- C. Also, Article 75 Paragraph 6 of the Electricity Act stipulates that rules governing the registration, cancellation, or revocation of registration and the administration of electric appliance installers shall be set out in the Governing Rules for Electrical Contractors.

(2) Introduction to the Public Service Land Information Website

- A. The Public Service Land Information Website (<http://easymap.land.moi.gov.tw/>) is a database of basic land information for the whole of Taiwan. Incorporating the digital atlas and other data of the Ministry of Transportation and Communications' Institute of transportation, it enables users to make inquiries about land location using building addresses and neighborhood names, and enhances the Graphical User Interface (GUI) of user-end cadastral map reading.
- B. This system can take one step ahead to add digital surveying and the digitized cadastral map coordinate system simultaneously into analytical processing, in order to get the computed transformation parameter data of the coordinate systems of different sections, and be used in conjunction with Google Map and Google Earth, to further enhance the quality of service to the public.

Attachment

Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size (as amended and promulgated on April 26, 2013) .

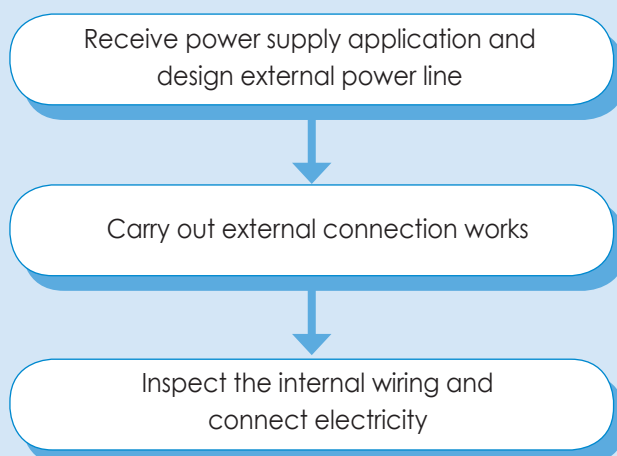
1. Purposes

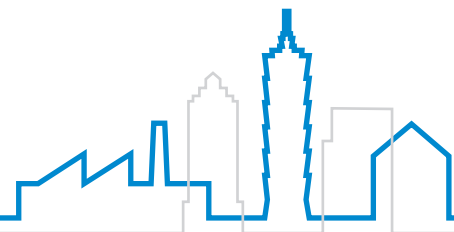
These Directions have been specially drawn up with the purpose to simplify the process of applying for an electricity connection, improve service efficiency, and ensure the quality of power supply and use, so as to meet customer needs for electricity use.

2. Service Scope

Buildings of or under a certain size as stipulated by the Ministry of the Interior (warehouses with a total floor area of 2,000 square meters or less, five stories or less, five or fewer occupants, and total contracted capacity of less than 150 kilowatts).

3. The Application Procedure





4. Explanation of Procedure

(1) Receipt of power supply application and design of external line

- A. The customer fills out and signs an application form for the installation of a new electricity supply, according to the category of use applied for. The customer then submits the completed form together with a diagram of internal wiring. The customer can pay the fee at the counter when submitting the application, or can pay by electronic transfer.
- B. After receiving the application, TPC's design section will promptly examine the submitted drawing and data and, after checking the customer's location on the Easymap system at the Ministry of the Interior's Public Service Land Information Website (<http://easymap.land.moi.gov.tw/>), will design the external power line. The user will not need to confer with TPC or participate in the design process.
- C. This procedure takes about 4 working days.

(2) Carrying out the external connection works

- A. According to the provisions of the Electricity Act, electricity equipment must be standardized whenever possible, and the methods, specifications and installation rules thereof shall be stipulated by the central competent authority. Therefore, TPC will carry out the necessary external connection works for the customer in compliance with the Governing Rules for Outdoor Power Line Placement and related regulations, as promulgated by the Ministry of Economic Affairs.
- B. If an external power line of 150 meters needs to be constructed, the actual work time required will be approximately 17 days (excluding time waiting for the customer to pay the connection fee, any customer-caused prevention of the design or installation work, and weekends and national holidays). Otherwise, the time required will be longer or shorter depending on the extent of construction required.

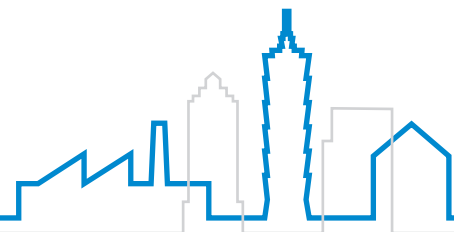
(3) Inspection of the internal wiring and connection of the power supply

- A. To ensure the safety of power supply, the Electricity Act specifies that the installation, construction and modification of a user's electricity devices must be carried out by a contract electric appliance installer who is registered with and approved by the local government, and must be carried out in compliance with the Governing Rules for User Premise Power Line Placement issued by the Ministry of Economic Affairs. Such work must be inspected and approved before the power supply can be turned on.
- B. This procedure takes about 1 working day.

5. Application Documents

(http://www.taipower.com.tw/content/q_service/q_service01.aspx)

- (1) Application form for "Meter rate lighting service": For installed capacity less than 100 kW.
- (2) Application form for "Low-tension power service":
 - A. For a single-phase, 2-wire, 220-volt or 3-phase, 3-wire, 220- or 380-volt power supply, and contracted capacity less than 100 kW.
 - B. For a 3-phase, 4-wire, 220/380-volt power supply, and contracted capacity less than 500 kW.
- (3) Application form for "High-tension power service": For a 3-phase, 3-wire, 3,300-, 11,400- or 22,800-volt special power supply, and contracted capacity of 100 kW and above.
- (4) Submission of documents required for review of the space reserved for TPC's installation of electricity supply equipment and the internal electrical wiring.
- (5) Letter of commitment to reserve space for TPC's installation of electricity supply equipment.



(6) Post-completion statement: To be filled out by the electrical installation contractor after the installation of electrical equipment is completed, and submitted together with a certificate issued by the relevant electrical contractors association that the completion of work has been registered by one of its members.

※ If a customer needs a temporary electricity supply for use during construction, he can fill out a special application form for this purpose.

6. Application Processing Status Inquiry

Customers can use the TPC E-Counter for online inquiry (<http://wapp.taipower.com.tw/naweb/apfiles/nawp090.htm>), entering the customer name and registration number to check the processing status of their application.



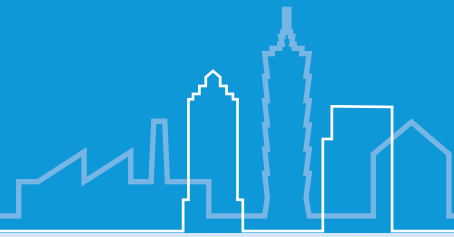
Registering Property

1. Main Points of Reform in 2013

(1) Implementing a system for recording the actual price of real property transactions

On August 1, 2012, Taiwan formally launched a system for recording the actual price and other details of real property transactions. Under this system, the requisite details must be reported to the registry within 30 days of registering transfer of ownership, and members of the public can go online to look up how much has been paid for the sale or lease of a property. The process of enacting and implementing the legal provisions for this system was as follows:

- A. On December 30, 2011, amendments of the following provisions of three laws were promulgated: Articles 24-1, 24-2 and 29 of the Real Estate Broking Management Act; Articles 26-1, 51-1 and 59 of the Land Administration Agent Act; and Articles 47, 81-2 and 87 of the Equalization of Land Rights Act. These amendments stipulated the requirements for registering the actual price of real property transactions, but with the date of putting this system into effect to be separately determined by the Executive Yuan.
- B. The amendment of these three laws is regarded as effectuating the transparency of housing prices in the domestic real property transaction process, and establishing the main legal groundwork for housing justice. Under these revised provisions, a housing owner or land administration agent or real estate broker must file a report of a land or building transaction with the competent authority within 30 days of completing registration of the transfer of title. The report consists of three parts covering identification of the property transferred, price information, and information about the property. The filing of incorrect information is subject to a fine of between NT\$30,000 and NT\$150,000, applicable until the information is corrected.
- C. On June 27, 2012, the Executive Yuan announced that the property price registration system would go into effect as of August 1, 2012.
- D. In October 2012, the Ministry of the Interior completed the establishment of the



Real Property Transaction Price Inquiry Service Website (<http://lvr.land.moi.gov.tw/N11/homePage.action>), and opened it for public access.

(2) Launching a service for downloading and printing e-copies of land office documents in convenience stores

Starting on August 1, 2012, the Ministry of the Interior launched a service for members of the public to use Citizen Digital Certificates for downloading and printing e-copies of land office documents in convenience stores.

This facility was set up to take advantage of the 24-hour service provided by convenience stores in Taiwan and the online security assured by Citizen Digital Certificates, to provide convenient service for people without a printer at home. A member of the public need only log into the National Land Administration Electronic Document System (http://land.hinet.net/price_02.asp) and complete the online application form, and he can then use his Citizen Digital Certificate to download and print electronic land documents from the convenience store's e-service work station, at a cost of just NT\$2 per copy.

2. 2014 Reform Agenda

The Ministry of the Interior is planning to set up one-stop windows for combined tax payment and land administration services in all of Taipei City's land offices. Also, Taipei City Government expects to complete the issuance of operational guidelines and establishment of a one-stop window Chinese-English website before the end of 2013.

This one-stop window is designed to provide full-process service at a single window, delivering integration of service across all government agencies concerned, to make it quick and convenient for members of the public to carry out property registration. The main focus of this task is: to integrate Taipei City's land and tax administration, with the installation of tax service counters in all of the city's land offices, so as to provide inter-agency and inter-district one-stop window service for the registration of property sales and transfers that match certain criteria.

3. Reform Comparison

(1) 2012 Survey

Item no.	Procedure	2012 survey results	
		Time to complete	Associated costs
1	Buyer researches the property rights and encumbrances registered against the property at the registry of titles	1 day	NT\$ 20 per page
2	Buyer pays the deed tax and stamp tax at the local government office	1 day	6% of the property's "standard price" (deed tax) + 0.1% of property value (stamp duty) = 6.1% of property value
3	Registration of transfer of title at the local government land office	3 days	0.1% of property value (registration fee) + NT\$80 for new ownership certificate
Total		5 days	6.2% of property value

(2) 2013 Corrections

Item no.	Procedure	2013 corrections	
		Time to complete	Associated costs
1	Buyer pays the deed tax and stamp tax at the local government office	1 day	6% of the property's "standard price" (deed tax) + 0.1% of property value (stamp duty) = 0.59% of property value
2	Registration of transfer of title at the local government land office	3 days	0.1% of property value (registration fee) + NT\$ 80 for new ownership certificate
Total		4 days	0.69% of property value

4. Explanation of the Corrections

(1) Procedure: 3 procedures reduced to 2

- A. In regard to the procedure whereby "Buyer researches the property rights and encumbrances registered against the property at the registry of titles," the municipal governments of Taipei City, New Taipei City and Taoyuan County in December 2007 finished setting up an online land information inquiry system that integrates information on all land within their jurisdictional boundaries (<http://tlt.land.hinet.net>). Using this website, it takes less than three minutes to look up land information and apply for a certified electronic transcript of that information. The prescribed charges for this service are set at NT\$10 per inquiry and NT\$20 per sheet of e-transcript.
- B. The World Bank example assumes that both parties to the sale have recognized that the property is wholly owned by the seller, free from encumbrances, and legally registered. Therefore, research by the buyer on the property rights and encumbrances attaching to the property should be an act of information gathering conducted by both parties prior to the sale, and is not a necessary procedure of property registration. Hence, procedure 1 should be deleted, and the 3 procedures reduced to 2.

(2) Time: Shortened from 5 days to 4 days

If procedure 1 (Buyer researches the property rights and encumbrances registered against the property) is deleted as unnecessary, the time required for completing property registration in Taiwan should be reduced from 5 days to 4 days.

(3) Cost: Corrected to 0.69% of the property value

- A. The buyer must pay deed tax and stamp tax, which add up to 0.59% of the property value
- a. Under the provisions of Articles 2, 3, 4 and 13 of the Deed Tax Act, the deed tax that must be paid by the buyer is calculated at 6% of the "standard price" of the property as determined by the local real property assessment committee. The standard price is calculated according to a certain formula

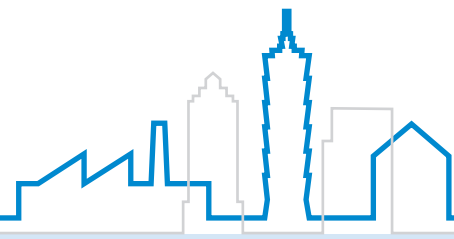
applied to a data table in respect of the property's structure, serviceable life, rate of depreciation, and street/road grade, as publicly announced by the committee.

- b. Applying the above to the World Bank's survey example, the deed tax payable by the buyer would represent only 0.49% of the property value. Its calculation is as follows:

Deed tax = The standard price of the building × 6%

Standard price = the determined unit value × (1 - depreciable years × depreciation rate) × street grade adjustment rate × property area

- (a) Determined unit value: This example is a 2-story warehouse, which belongs to the 4th category of "warehouse" under Taipei City's "Purpose Distribution Table" (Attachment 2). According to the "Table of Standard Unit Values for Building Constructions under 35 Stories in Taipei City" (Attachment 3), the determined value for a Category 4 2-story reinforced (steel or precast) concrete warehouse is NT\$2,125 [(1,690+2,560)/2] per square meter.
- (b) (1 - depreciable years × depreciation rate): In this example, the property is a 10-year-old warehouse. According to the "Taipei City Table of Service Life and Depreciation Rates of Various Categories of Buildings" (Attachment 4), the annual depreciation rate of a reinforced (steel or precast) concrete warehouse is 1%, so $1 - 10 \times 1\% = 90\%$.
- (c) Street/road grade adjustment rate: This example is a warehouse located in a periurban area of Taipei. Assuming this warehouse is located in Minquan East Road Section 6 (even numbers) in Neihu District, then according to the "Table of Street and Road Grade Adjustment Rates for Buildings in Taipei" (Attachment 5), we can assume an adjustment rate of 140% (the adjustment rates for Neihu District are between 100% and 150%).
- (d) The warehouse in this survey example has a total floor area of 929 m² with a property value of NT\$30,517,945.



- (e) The standard price of the building $= [(1,690 + 2,560) / 2 \times 90\% \times 140\% \times 929] = \text{NT\$}2,487,398$.
- (f) The deed tax on the building = the standard price of the building $\times 6\% = 2,487,398 \times 6\% = \text{NT\$}149,244$.
- (g) The ratio of the deed tax to the value of the property $= (149,244 \div 30,517,945) \times 100\% = 0.49\%$
- c. Article 7 Subparagraph 3 of the Stamp Tax Act stipulates that tax stamps for 0.1% of the contract price must be affixed to each contract for the sale of real property, by the person executing the contract or drawing up the receipt. In most cases as per the customary practice in Taiwan, the stamp tax on real property transactions is paid by the buyer.
- Stamp tax = contract price (property value) $\times 0.1\% = 29,403,514 \times 0.1\% = \text{NT\$}29,404$.
- d. The buyer must pay deed tax of NT\$149,244 and stamp tax of NT\$29,404, adding up to NT\$178,648, which represents 0.59% of the property value.
- e. Hence, In the World Bank's survey example, the cost of the deed tax (0.49%) and stamp tax (0.1%) payable by the buyer would represent only 0.59% of the property value.
- B. The buyer pays a 0.1% registration fee for registering the transfer of ownership at the land registry.
- a. Article 46 of the Regulations on Land Registration stipulates that a fee for land registration must be paid pursuant to the provisions of the Land Act. Article 2 of the same regulations stipulates that "land registration" for this purpose refers to the registration of the ownership of, and other rights over, land and constructional improvements (buildings) thereon.
- b. Article 76 of the Land Act stipulates that, in applying for the registration of any change in a land right, the obligee shall pay a registration fee at the rate of 0.1 percent of the declared value of the land or 0.1 percent of the value of any right over it other than ownership, as the case may be. Hence, the fee payable by the buyer for registering transfer of ownership at the land registry

will not be more than 0.1% of the actual sale price (the property value).

- c. After completing the registration of a change in a land right, the land registry will issue a certificate of ownership to the right holder (the buyer). As stipulated by the provisions of Articles 67 and 79-2 of the Land Act, a fee to cover the expense of producing or for viewing such certificate shall be charged at the rate of NT\$80 for each certificate.

C. For the World Bank's example, the cost of property registration for a buyer in Taiwan would amount to only 0.69% of the property value, not 6.2%.

5. Other Explanations

(1) Taxes payable by the buyer and seller of real property

For real property transactions in Taiwan, the buyer must pay deed tax, stamp duty, a registration fee and a charge for issuance of a new ownership certificate, while the seller must pay land value increment tax.

Tax or fee	Payment by buyer	Payment by seller
1. Deed tax	6% of the standard price valuation	None
2. Stamp duty	0.1% of the transaction price	
3. Registration fee	0.1% of declared land value or rights value	
4. Ownership certificate charge	Land ownership certificate and building ownership certificate, NT\$80 each	
5. Land value increment tax	None	Assessed at 20%, 30% or 40% of the land value increment depending on the ratio of the increment to the reported value of the previous transfer.

(2) Ascertaining the standard property valuation by inquiry to the tax authority

Taiwan's local real property assessment committees are not standing bodies, but meet once every three years to determine standard unit prices for building structures, street and road grade adjustment rates for buildings, and the service life and depreciation rates of various categories of buildings. The local tax authority determines the standard price for a particular property according to the formula of the determined unit value $\times (1 - \text{depreciable years} \times \text{depreciation rate}) \times \text{street grade adjustment rate} \times \text{property area}$. It then computes the deed tax payable by the buyer as 6% of the standard price.

Before transacting a property sale, the buyer and seller can request the local tax office to inform them of the property's "standard price" or compute how much deed tax will be payable on it; they do not address such inquiry to the local real property assessment committee. The tax office will need roughly 3 working days to provide the answer to this inquiry.

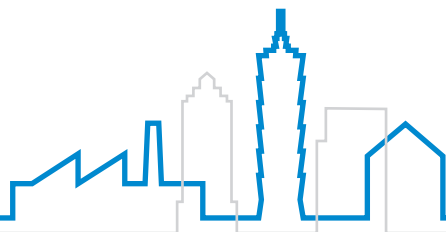
(3) Online filing for payment of local taxes (including deed tax) has already exceeded 60 percent

Taiwan completed the establishment of a nationally accessible Local Tax Online Filing Portal (<http://www.etax.nat.gov.tw/local/indexLocal/indexLocal.htm>) in October 2009. Since then, there has been a continuous increase in the use of this channel for local tax payment by members of the public, with the ratio of e-filing for local taxes having risen from 25.6% of all filings in 2010 to 51.3% in 2011, 63.6% in 2012, and 70.4% in the first quarter of 2013 (see Table 3). This demonstrates that the finance ministry's setting up of this system has been speedily accepted by the general public in Taiwan, and has enhanced the convenience of local tax payment for the general public.

Table 3: Percentage of local tax filings conducted online

Filing period	Number of online filings (A)	Number of counter filings (B)	Total filings (C=A+B)	Ratio of online filings (A/C)
2010	677,174	1,967,172	2,644,346	25.6%
2011	1,344,191	1,277,312	2,621,503	51.3%
2012	1,825,147	1,043,361	2,868,508	63.6%
Q1 2013	523,298	219,699	742,997	70.4%

(4) For the text of laws cited herein, please refer to the national database of laws and regulations at <http://law.moj.gov.tw/Eng/>.





Getting Credit

1. Main Points of Reform in 2013

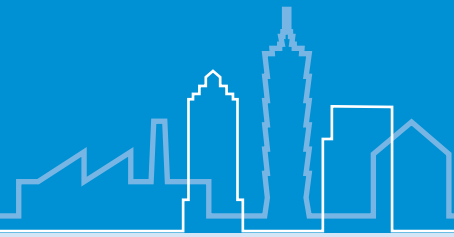
Between June 2012 and May 2013, the focal tasks of reform for getting credit were as follows:

(1) Devising enhancement of the Joint Credit Information Center database

- A. The Joint Credit Information Center (JCIC) is the only credit reporting agency that collects credit data from financial institutions in Taiwan, and also the first in Asia that collects both positive and negative credit data on individuals and corporations.
- B. The Ministry of Economic Affairs (MOEA) first set up the SME Financing Service Platform in 2006, to help SMEs smoothly obtain bank financing. The purpose of setting up this platform was to build a more transparent and complete database on the running of businesses, including businesses' registration information and data on their tax payment, electricity consumption, non-payment of electricity charges, etc., for reference by banks in credit assessment and to make banks more willing to lend to SMEs.
- C. In 2012, the MOEA collaborated with the Ministry of Finance and Taiwan Power Corporation (a public enterprise) in devising enhancement of JCIC's credit information by connecting the SME Financing Service Platform database with the JCIC, so that banks could use the JCIC to directly check information on corporate borrowers' tax payment, electricity consumption and non-payment of electricity charges when conducting lending risk assessment.

(2) Devising reform of the movable property secured transaction system

- A. Taiwan has various legal provisions for establishing a security interest that can achieve the same purpose of providing security for credit. Under the current system, a borrower can use the provision for trust possession in the Movable Property Secured Transactions Act to create a security interest in the raw materials and inventory of business operation. This achieves the same purpose



and effect as the floating lien in Anglo-American legal systems, enabling a business to obtain financing as needed.

- B. To build a legal apparatus that conforms with new concepts of using movable property as security and that is workable in practice, the Financial Supervisory Commission (FSC) commissioned an outside study on "The feasibility of building a system that achieves the same security effect as the floating lien, based upon the foundations of the current trust possession system under the Movable Property Secured Transactions Act." After receiving the study report, the FSC is now deliberating on ancillary measures, such as contract notarization, financial statement disclosure, and order of priority.

(3) Devising the establishment of a national unified public-access website for the registration and search of movable property secured transactions

- A. Currently, for convenience of public use, the registration of movable property secured transactions in Taiwan is divided up in accordance with the location of the goods pledged as security, and is conducted by 16 central and local government bodies.
- B. Taking reference from the UNCITRAL Legislative Guide on Secured Transactions, the Ministry of Economic Affairs has completed planning for the establishment of a national unified public-access website for the registration and search of movable property secured transactions. This website will enable members of the public to search an electronic database that is unified geographically and by asset type, and indexed in a debtor's name.

2. 2014 Reform Agenda

From June 2013 to May 2014, the reform agenda for getting credit is as follows:

(1) Enabling lenders to search corporate power consumption and tax payment information via the JCIC, from September 2013

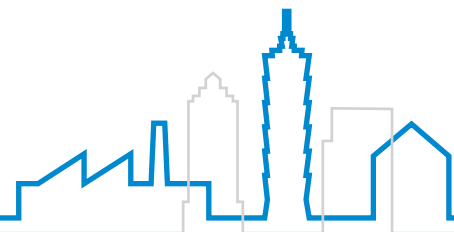
From September 2013 onward, banks will be able to search a corporate borrower's power consumption and tax payment information via the JCIC once they have received a credit check authorization letter from the borrower, and in accordance with the term of the authorization. The banks can use this information as part of their lending risk assessment.

(2) Completing the draft of the Enforcement Rules of the Movable Property Secured Transactions Act by December 2013

Under the principle of respecting freedom of contract, we will loosen the rules for registration of movable property secured transactions, allowing the parties to identify the property in question by means of an appropriate general description. This will serve to reduce the parties' registration costs and make it easier for businesses to get credit. The drafting of this regulatory revision is scheduled to be completed by the FSC by year-end 2013.

(3) Putting the national unified movable property secured transaction search website online in April 2014

The purpose of this initiative is to integrate and unify the public notice modes, search methods, announcement times, and registration forms used by the nation's 16 movable property secured transaction registries, and enable potential lenders to use a national unified online database to more quickly and conveniently research the status of property proffered as security, thus encouraging businesses (particularly SMEs) to use their movable property for obtaining needed financing. The Ministry of Economic Affairs expects to have this public-access search system online by the end of April 2014.



3. Suggestions on the Rating for Getting Credit

- (1) There are multiple modes of financing guarantee available in Taiwan, which has also set up the Small and Medium Enterprise Credit Guarantee Fund of Taiwan ("Taiwan SMEG") that can help SMEs with inadequate collateral to smoothly obtain loans. In the last decade, the total outstanding loans of all Taiwan's financial institutions have averaged above 140% of GDP.
- (2) Taiwan SMEG is an institution that provides credit guarantees to banks under the provisions of Article 12 of the Banking Act. In practice, Taiwan's SMEs can very easily use Taiwan SMEG's guarantee system to obtain financing, and the performance of this system has been very good.
- (3) The World Bank's rating for Getting Credit does not seem to fully reflect the actuality of the situation, and the effectiveness of the legal regime for provision of security, in assessing the ease of getting credit in each country. We suggest that, besides placing weight on each country's creation of a modern legal regime for secured transactions, the World Bank should also include assessment of the SME credit guarantee system and its performance, to strengthen the content of this rating.

4. Introduction to Taiwan SMEG

- (1) Taiwan SMEG is a government credit guarantee institution, set up with the purpose of helping SMEs get credit from banks. (Website: http://www.smeg.org.tw/index_english.htm).
- (2) To encourage banks to finance SMEs, and create a favorable SME financing environment, Taiwan has implemented the Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises since July 2005. At year-end 2012, domestic banks' outstanding loans to SMEs amounted to NT\$4.4475 trillion. This accounted for 50.2% of all loans to business enterprises, and 53.9% of all loans to private enterprises. It represented an increase of NT\$2.08 trillion, or 87.9%, from before the launch of the program.



Protecting Investors

1. Main Points of Reform in 2013

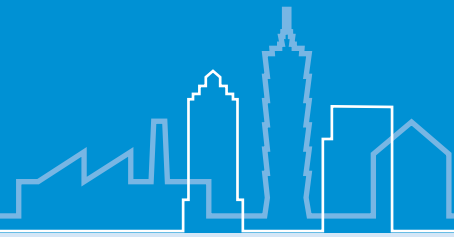
Legal reforms pertaining to protecting investors, from June 2012 to May 2013:

- (1) On January 30, 2013, Article 154 of the Company Act was amended to introduce the principle of "Piercing the Corporate Veil" from case law in Anglo-American and other legal systems. The amended provision stipulates that, where a shareholder abuses the corporation's status as a legal entity in a manner that causes the corporation to incur a specific obligation that is clearly difficult to discharge, and the circumstances are serious in nature, the shareholder shall, if necessary, be liable for discharging the obligation. (See Attachment 1.)
- (2) On August 22, 2012, Article 16 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies was amended to add the provision that, if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. This amendment strengthens the requirements for disclosure of matters involving a personal interest of a director. (See Attachment 2.)

2. 2014 Reform Agenda

The reform agenda for protecting investors from June 2013 to May 2014 is as follows:

- (1) Formulating amendment of Article 245 of the Company Act, to ease restrictions on the length of time that a minority shareholder needs to have held shares in a company before he can apply to the court to send inspectors to the company, and broadening the scope of such applications (to include documents and records).
- (2) Formulating amendment of Article 38-1 of the Securities and Exchange Act, to ease restrictions on the length of time that a minority shareholder needs to have held shares in a company before he can apply to the competent authority for securities to send inspectors to the company.



- (3) Formulating amendments of the Company Act or the Securities and Exchange Act to give minority shareholders the right to apply to the court for unfair prejudice remedy in respect of abuse of authority by a controlling shareholder.

3. Survey of Taiwan's Investor Protection Law

(1) Survey case example

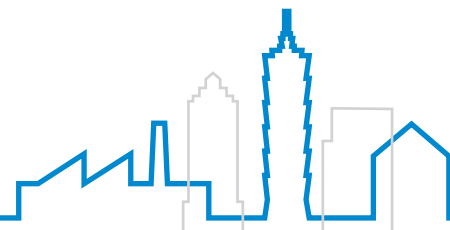
- A. Buyer is a food manufacturing company. It manufactures and distributes all of its products itself.
- B. Mr. James is Buyer's controlling shareholder and a member of Buyer's board of directors. He owns 60% of Buyer and elected 2 directors to Buyer's 5-member board of directors. (If your country requires a supervisory board that is appointed at least in part by shareholders, assume that Mr. James has elected 60% of the shareholder-elected members of the supervisory board. Assume also that the 5-member board of directors then consists of 3 directors, including Mr. James himself, who were designated or proposed by Mr. James' members on the supervisory board.)
- C. Mr. James also owns 90% of Seller, which operates a chain of retail stores. Seller is facing financial problems and recently shut a large number of its stores. As a result, many of its trucks are not being used.
- D. Mr. James proposes to Buyer that Buyer purchase Seller's unused trucks to expand Buyer's distribution of its products. Buyer agrees and enters into the transaction.
- E. All required approvals are obtained and all mandatory disclosures are made. The final terms of the transaction require Buyer to pay to Seller in cash an amount equal to 10% of Buyer's assets in exchange for the trucks. If Mr. James can lawfully vote on the transaction at Buyer's board of directors and/or shareholder level, please assume he is the deciding vote in favor of the transaction.
- F. The price of the trucks is above market value and the transaction causes damages to Buyer. Minority shareholders of Buyer sue Mr. James and the parties that approved the transaction.

- G. Assume that Buyer is a private company (i.e., not state-owned) that has issued stock that is publicly traded and is listed on your country's most important stock exchange. If there is no stock exchange in your country, or if there are fewer than 10 firms actively traded on your country's stock exchange, please assume that Buyer is a large private company with a large number of shareholders.
- H. Assume that the transaction is part of Buyer's ordinary course of business.
- I. The transaction is not ultra vires (i.e. is not outside the power or authority of Buyer).

(2) Survey Questions and Explanations

A. Approval of the transaction

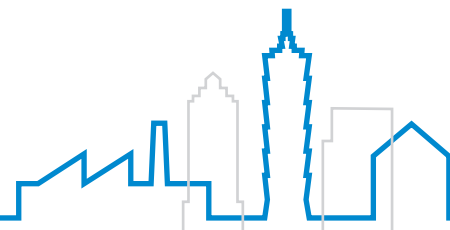
1.0	Which corporate body has the authority to approve Buyer's acquisition of Seller's trucks?	Yes	No
1.1	Buyer's Chief Executive Officer (CEO) alone can grant the necessary approval.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1.2	Buyer's board of directors alone can grant the necessary approval.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.3	Buyer's supervisory board alone can grant the necessary approval.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1.4	Only Buyer's shareholders can grant the necessary approval.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1.5	Both Buyer's board of directors and shareholders must approve the transaction.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Applicable Law	Article 202 of the Company Act; Articles 14-3 and 14-5 of the Securities and Exchange Act.		
Comments	<p>1. Article 202 of the Company Act stipulates that business operations of a company shall be executed pursuant to resolutions adopted by the board of directors, except for the matters the execution of which shall be effected pursuant to resolutions of the shareholders' meeting as required by this Act or the Articles of Incorporation of the company.</p> <p>2. Article 14-3 Subparagraph 3 and Article 14-5 Subparagraph 4 of the Securities and Exchange Act stipulate that when a public company has selected independent directors or established an audit committee, then a matter bearing on the personal interest of a director or supervisor shall be submitted to the board of directors or audit committee for approval by resolution unless approval has been obtained from the Competent Authority.</p>		



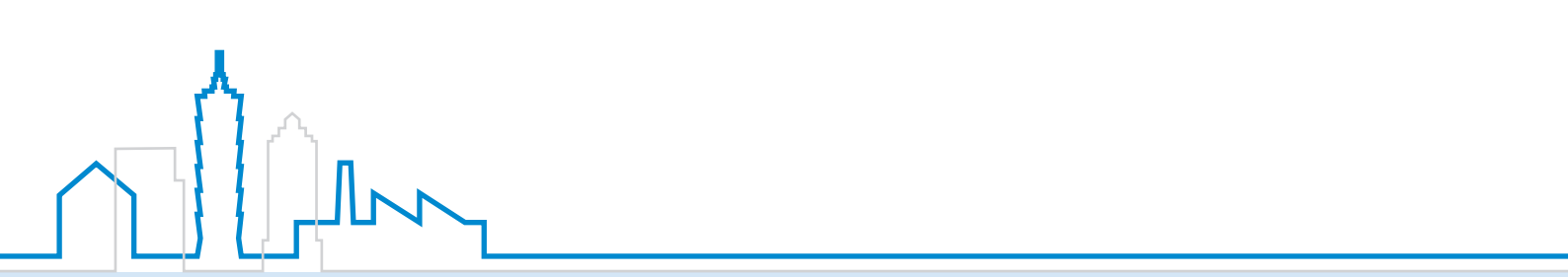
2.0	Additional approval requirements	Yes	No
2.1	If applicable, can Mr. James vote at the board of directors meeting?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.2	If applicable, can Mr. James vote at the general shareholder meeting?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.3	Is an independent body outside the company required to review the transaction prior to its execution (e.g. external auditor, outside financial advisor, stock exchange or regulator)? If yes, please name the independent body: [Professional appraisers, certified public accountants]	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicable Law	Articles 178 and 206 of the Company Act; Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.		
Comments	<p>1. Article 178 of the Company Act stipulates that a shareholder who has a personal interest in a matter under discussion at a meeting, which may impair the interest of the company, shall not vote on that matter nor exercise the voting right on behalf of another shareholder. And Article 206 Paragraph 3 stipulates that the provisions of Article 178 shall apply mutatis mutandis to resolutions of the Board of Directors. Therefore, a director who has a personal interest in a matter under discussion at a meeting shall not vote on that matter nor exercise the voting right on behalf of another director.</p> <p>2. Article 13 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies stipulates that, when a public company intends to engage in any acquisition or disposal of assets from or to a related party (such as a director or manager), if the transaction amount reaches 10 percent or more of the company's assets, the company must first obtain a professional appraiser's report or CPA's opinion on the transaction. This constitutes review by an external independent entity. Article 14 of the Regulations stipulates that the company may not enter into the transaction or make payment in respect thereof unless and until the relevant information in the professional appraiser's report or CPA's opinion has been presented to the board of directors and supervisors, and the transaction has been approved by the board of directors and endorsed by the supervisors.</p>		

B. Disclosure of the transaction

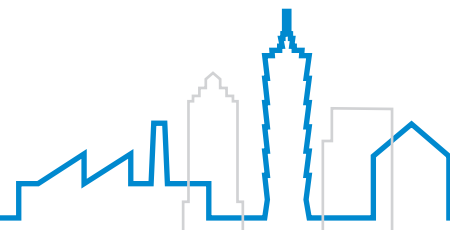
3.0	What information is Mr. James legally required to disclose regarding his interest in the Buyer-Seller transaction to Buyer's board of directors and/or supervisory board?	Yes	No
3.1	None.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.2	A general disclosure of the existence of a conflict of interest, without any specifics.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.3	Full disclosure of all material facts regarding Mr. James' interest in the Buyer-Seller transaction.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicable Law	Article 206 of the Company Act; Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.		
Comments	<p>1. Article 206 Paragraph 2 of the Company Act stipulates that a director who has a personal interest in a matter under discussion at a board meeting is required to explain to the board meeting the essential contents of the personal interest.</p> <p>2. Since this transaction is a related party transaction in an amount that reaches 10 percent or more of the company's assets, the company must obtain a professional appraiser's report or CPA's opinion on the transaction, as stipulated by Article 13 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. And Article 14 of the Regulations stipulates that, where the amount of a related party transaction reaches 10 percent or more of the company's assets (or 20 percent or more of its paid-in capital, or 300 million NT\$), the relevant information in a professional appraiser's report or CPA's opinion on the transaction must be presented to the board of directors, and the company may not enter into the transaction or make payment in respect thereof unless and until the transaction has been approved by the board of directors and endorsed by the supervisors.</p>		



4.0	What information regarding the Buyer-Seller transaction Buyer is legally required to immediately disclose (within 72 hours) to the public, the regulator or the stock exchange?	Yes	No
4.1	A description of the assets purchased by Buyer.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.2	The nature and amount of consideration paid by Buyer to Seller.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.3	Mr. James' ownership interest and/or director position in Buyer.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.4	The fact that Mr. James owns 90% of Seller.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicable Law	Article 30 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; Article 36 Paragraph 3 of the Securities and Exchange Act.		
Comments	<p>1. This transaction is a related party transaction of an amount that reaches 10 percent or more of the company's assets. Article 30 Paragraph 1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies requires that it be reported to the competent authority, and that relevant information including (1) the name of the acquired or disposed asset, (2) the transaction volume and total monetary amount, expected disposal profit (loss), and payment terms, and (3) the reason for choosing the related party as the counterparty to the transaction, and the related party's relationship with the company, be posted on a public website (the Market Observation Post System website at http://mops.twse.com.tw/mops/web/index), within two days of its occurrence.</p> <p>2. Furthermore, Article 36 Paragraph 3 of the Securities and Exchange Act stipulates that, if any matter occurs that has a material impact on shareholders' equity or the securities price of a public company, the company must report it to the competent securities authority and publicly announce relevant information on the Market Observation Post System website within two days (48 hours) of its occurrence.</p>		



5.0	What information regarding the Buyer-Seller transaction is Buyer legally required to disclose in the annual report?	Yes	No
5.1	A description of the assets purchased by Buyer.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5.2	The nature and amount of consideration paid by Buyer to Seller.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5.3	Mr. James' ownership interest and/or director position in Buyer.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5.4	The fact that Mr. James owns 90% of Seller.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicable Law	Article 18 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers; Article 19 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.		
Comments	<p>1. Article 18 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers stipulates that issuers shall fully disclose information on related party transactions in accordance with International Accounting Standard No. 24 (IAS 24), and shall disclose relevant information on the related party relationship in the notes to the financial reports in accordance with IAS 24.</p> <p>2. Article 19 of the Regulations Governing Information to be Published in Annual Reports of Public Companies stipulates that financial statements of the latest fiscal year must be disclosed in annual reports, and that this must include the disclosure of matters related to such transactions.</p>		



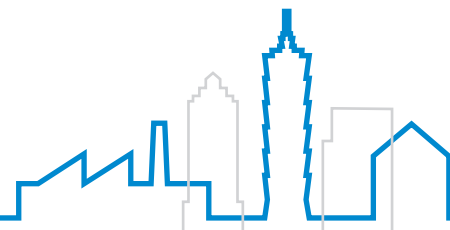
C. Lawsuit against Mr. James

6.0	Can a shareholder, or a group of shareholders, representing 10% or less of Buyer's shares sue Mr. James for harm caused to Buyer by the transaction?	Yes	No
6.1	Derivatively (i.e. on behalf of the company)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.2	Direct suit (i.e. in the shareholder's own name)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Applicable Law	Article 214 of the Company Act; Article 10-1 of the Securities Investor and Futures Trader Protection Act.		
Comments	<p>1. Article 214 Paragraph 1 of the Company Act stipulates that a shareholder or shareholders who has/have been continuously holding 3% or more of the total number of the outstanding shares of the company for over one year may request in writing the supervisors of the company to institute, for the company, an action against a director of the company. And Paragraph 2 of the same Article stipulates that, in case the supervisors fail to institute an action within 30 days after having received the request made under the preceding Paragraph, then the shareholders filing such request under the preceding Paragraph may institute the action for the company.</p> <p>2. Article 10-1 of the Securities Investor and Futures Trader Protection Act stipulates that, where the protection institution (the Securities and Futures Investors Protection Center) in carrying out its functions discovers that a director or supervisor of a listed or OTC company, in the course of performing his/her duties, has committed any act resulting in material damage to the company or in serious violation of applicable laws or regulations or the company's articles of incorporation, the protection institution may institute an action (representative suit) for the company against the director or supervisor of the company as prescribed by law, and petition the court to dismiss the director or supervisor (dismissal suit), without being subject to the share ownership requirement for bringing a representative lawsuit as prescribed in Article 214 of the Company Act or the preliminary procedure of a shareholder lawsuit for dismissal of a director or supervisor as prescribed in Article 200 of the Company Act.</p>		



6.3	What is the name of the court where this action would first be filed?
Applicable Law	Article 1 of the Taiwan Code of Civil Procedure.
Comments	<ol style="list-style-type: none">1. Article 1 of the Taiwan Code of Civil Procedure stipulates that a defendant may be sued in the court for the place of the defendant's domicile.2. Hence, the plaintiff must file suit in the court for the place of the defendant's domicile.

7.0	Causes of action and defenses
Applicable Law	Article 8 Paragraph 2, Article 23 Paragraph 1, and Article 206 Paragraph 2 of the Company Act; Article 171 Paragraph 1 Subparagraph 3 and Paragraph 3 of the Securities and Exchange Act.
7.1	<p>What cause(s) of action can be brought and what has to be proven to hold Mr. James liable and receive compensation</p> <p>(e.g. not liable, fraud, bad faith, negligence, prejudicial actions towards the other shareholders, conflict of interest, terms of transaction are unfair, damage to the company)?</p>
Comments	<ol style="list-style-type: none">1. Mr. James is a related party in this transaction, with a personal interest.2. Although Mr. James has not voted on this transaction, he has instructed another director to support the transaction.3. The terms of the transaction are unfair, and result in loss or damage to the Buyer.4. Mr. James has breached the duty of a responsible person of a company to act faithfully in conducting the business operations of the company.

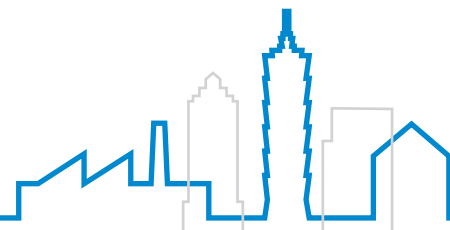


7.2	What are Mr. James' defenses against each cause of action?
Comments	<p>1. Under the applicable provisions of the law, Mr. James cannot be held to have participated in this transaction.</p> <p>2. The other directors exercised their votes independently, and Mr. James did not instruct any other director to support this transaction.</p> <p>3. The terms of this transaction were fair, and did not result in any loss or damage to the Buyer.</p> <p>4. Mr. James has fulfilled the duty of a responsible person of a company to act loyally and exercise the due care of a good administrator in conducting the business operations of the company.</p>

8.0	If Buyer's shareholders are successful in their action(s) against Mr. James specified above, describe what remedies are available.	Yes	No
8.1	Mr. James pays loss/damages caused to Buyer.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.2	Mr. James repays personal profits made from the transaction.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.3	Mr. James pays punitive fines to the government.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.4	Mr. James is put in jail.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.5	Can Buyer's shareholders undo or rescind the transaction?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Applicable Law	Articles 8 and 23 of the Company Act; Article 171 of the Securities and Exchange Act.		
Comments	<p>1. Article 23 Paragraph 1 of the Company Act stipulates that a responsible person of a company (a director, supervisor or manager) shall act faithfully and exercise the due care of a good administrator in conducting the business operations of the company; and if he/she has acted in breach of this duty, shall be liable to indemnify the company for consequential loss or damage. Paragraph 2 of the same Article stipulates that if the responsible person of a company has, in the course of conducting the company's business operations, violated any provision of the applicable laws and/or regulations and in consequence thereof caused loss or damage to any other person, he/she shall be jointly and severally liable with the company to indemnify that person for such loss or damage. Therefore, if the plaintiff shareholders are successful in their suit against Mr. James, Mr. James will have to indemnify Buyer for loss or damage suffered as a consequence of his unlawful act.</p>		



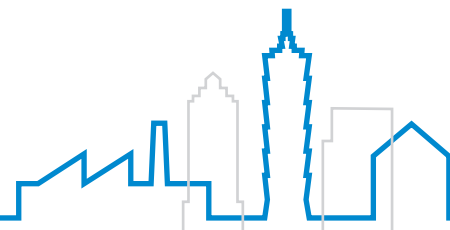
2. Article 23 Paragraph 3 of the Company Act stipulates that, when a responsible person (director, supervisor or manager) of a company has acted in breach of the duty prescribed in Paragraph 1 to act loyally and exercise the due care of a good administrator in conducting the business of the company, and in so doing has acted for himself or another person, a meeting of shareholders may resolve that any earnings of such action be treated as earnings of the company. Therefore, after the plaintiff shareholders have succeeded in their suit against Mr. James, a meeting of shareholders may pass a resolution requiring that Mr. James repay all profit he gained from this transaction.
3. Article 8 Paragraph 3 of the Company Act stipulates in a newly added provision that, when a non-director (shadow director) of a public company de facto conducts the business of a director or de facto controls the management of the company's personnel, financial or business affairs and de facto directs the conduct of a director's business, he shall have the same civil, criminal and administrative liabilities as apply to a director under the provisions of the Act. Although the addition to this Article regulates the actions of shadow directors in public companies, based on the legal doctrine of argumentum a maiore ad minus, it can also be taken to indirectly prescribe the civil, criminal and administrative liabilities of directors under the Company Act.
4. Article 171 Paragraph 1 Subparagraph 3 of the Securities and Exchange Act stipulates that a director, supervisor, or manager of an issuer under the Act who, with intent to procure a benefit for himself/herself or for a third person, acts contrary to his/her duties or misappropriates company assets, thus causing loss or damage of NT\$5 million or more to the company, he shall be punished with imprisonment for between three and ten years, and also may be fined between NT\$10 million and NT\$200 million. In addition, Paragraph 3 stipulates that an act that matches all of the elements set out in Paragraph 1 Subparagraph 3, except that it causes loss or damage of less than NT\$5 million to the company, shall be punishable under Articles 336 (offenses of business embezzlement) and 342 (offenses of breach of trust) of the Criminal Code.



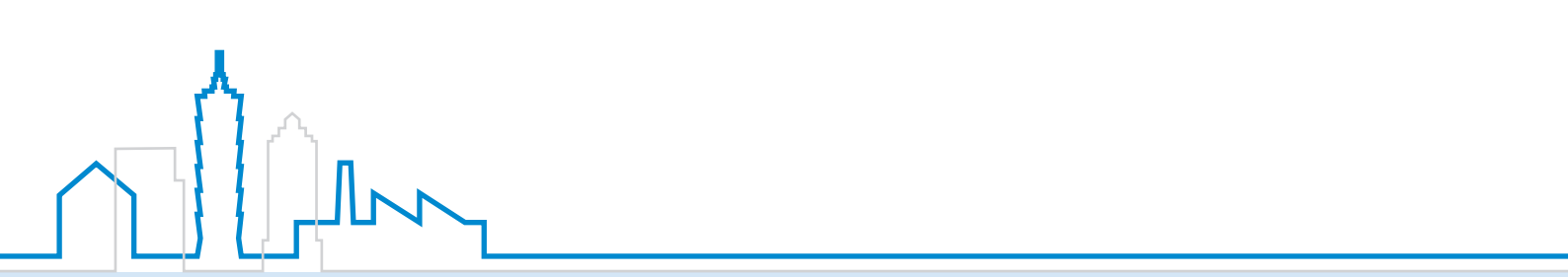
D. Actions against the members of the approving body

9.0	Can a shareholder, or a group of shareholders, representing 10% or less of Buyer's shares sue members of the approving body (directors or CEO) for harm caused to Buyer by the transaction?	Yes	No
9.1	Derivatively(i.e. on behalf of the company)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9.2	Direct suit (i.e. in the shareholder's own name)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Applicable Law	Articles 202 and 214 of the Company Act; Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; Article 10-1 of the Securities Investor and Futures Trader Protection Act.		
Comments	<p>1. Article 202 of the Company Act stipulates that the business operations of a company shall be executed pursuant to resolutions adopted by the board of directors, except for the matters the execution of which shall be effected pursuant to resolutions of the shareholders' meeting as required by this Act or the Articles of Incorporation of the company. Furthermore, since this transaction is a related party transaction for an amount of 10% or more of the company's assets, it comes within the provisions of Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Article 13 stipulates that, when a public company intends to engage in any acquisition or disposal of assets from or to a related party (such as a director or manager), if the transaction amount reaches 10 percent or more of the company's assets, the company must obtain an appraisal report from a professional appraiser or an opinion from a CPA in respect of the transaction. Article 14 stipulates that the company may not enter into the transaction or make payment in respect thereof unless and until the relevant information in the professional appraiser's report or CPA's opinion has been presented to the board of directors and supervisors, and the transaction has been approved by the board of directors and endorsed by the supervisors. Hence, in Taiwan, the approving body for this transaction is the board of directors.</p> <p>2. Article 214 Paragraph 1 of the Company Act stipulates that a shareholder or shareholders who has/have been continuously holding 3% or more of the total number of the outstanding shares of the company for one year or longer may request in writing the supervisors of the company to institute, for the company, an action against a director of the company. And Paragraph 2 of the same Article stipulates that, in case the supervisors fail to institute an action within 30 days after having received the request made under the preceding Paragraph, then the shareholders filing such request may institute the action for the company.</p>		

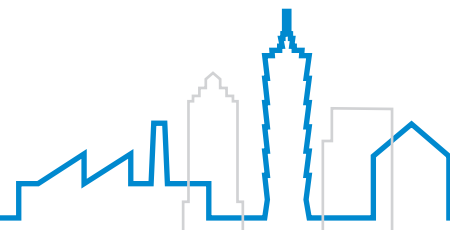
	<p>3. Article 10-1 of the Securities Investor and Futures Trader Protection Act stipulates that, where the protection institution (the Securities and Futures Investors Protection Center) in carrying out its functions discovers that a director or supervisor of a listed or OTC company, in the course of performing his/her duties, has committed any act resulting in material damage to the company or in serious violation of applicable laws or regulations or the company's articles of incorporation, the protection institution may institute an action (representative suit) for the company against the director or supervisor of the company as prescribed by law, and petition the court to dismiss the director or supervisor (dismissal suit), without being subject to the share ownership requirement for bringing a representative lawsuit as prescribed in Article 214 of the Company Act or the preliminary procedure of a shareholder lawsuit for dismissal of a director or supervisor as prescribed in Article 200 of the Company Act.</p>
10.0	Causes of action and defenses
Applicable Law	Articles 8 and 206 of the Company Act; Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; and Article 171 of the Securities and Exchange Act.
10.1	What cause(s) of action can be brought and what has to be proven to hold the members of the approving body liable (e.g. not liable, fraud, negligence, bad faith, prejudicial actions towards shareholders, conflict of interest, terms of transaction are unfair, damage to the company)?
Comments	<p>1. The voting procedure in the board meeting was defective (e.g., Mr. James did not attend the meeting to explain the main contents of his personal interest in the transaction, and no professional appraiser's report or CPA's opinion was presented to the board).</p> <p>2. The directors approving this transaction intended to act for Mr. James' interest, and their action constituted a breach of their duty as directors.</p> <p>3. The terms of this transaction were unfair, and caused significant loss or damage to Buyer.</p>



10.2	What are the approving body's defenses against each cause of action?
Comments	<ol style="list-style-type: none"> 1. The voting procedure in the board meeting was not defective, or any defects in the procedure were corrected. 2. The directors approving this transaction did not intend to act for Mr. James' interest. 3. The terms of this transaction were fair, and did not cause significant loss or damage to Buyer.
11.0	Standard of proof or level of certainty courts must reach in order to hold defendants liable.
11.1	What is the standard of proof for a civil claim (e.g. beyond reasonable doubt, preponderance of the evidence, balance of probabilities)?
Applicable Law	Article 222 of the Taiwan Code of Civil Procedure.
Comments	<ol style="list-style-type: none"> 1. Article 222 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that, except as otherwise provided, in making a judgment the court shall, taking into consideration the entire import of the oral argument and the result of evidence-taking, determine the facts by free evaluation. Paragraph 2 of the same Article stipulates that, where a party has proved injury but is unable to or is under great difficulty to prove the exact amount, the court shall, taking into consideration all circumstances, determine the amount by its conviction. And Paragraph 3 of the same Article stipulates that the court shall not violate the rules of logic and experience in finding the facts by free evaluation. 2. Hence, Taiwan's courts apply the legal principle of the preponderance of evidence as the standard of proof for a civil claim.



11.2	What is the standard of proof for a criminal claim (e.g. beyond reasonable doubt, preponderance of the evidence, balance of probabilities)?
Applicable Law	Articles 154 and 155 of the Code of Criminal Procedure.
Comments	<p>1. Article 154 Paragraph 1 of the Code of Criminal Procedure stipulates that, prior to a final conviction through trial, an accused is presumed to be innocent. Paragraph 2 of the same Article stipulates that the facts of an offense shall be established by evidence, and the facts of an offense shall not be established in the absence of evidence. Article 155 Paragraph 1 of the Code stipulates that the probative value of evidence shall be determined at the discretion and based on the firm confidence of the court, provided that it cannot be contrary to the rules of experience and logic; and Paragraph 2 stipulates that evidence inadmissible, having not been lawfully investigated, shall not form the basis of a decision.</p> <p>2. Hence, Taiwan's courts apply the legal principle of requiring proof beyond reasonable doubt as the standard of evidence for sustaining a criminal conviction.</p>



E. Inspecting internal company documents

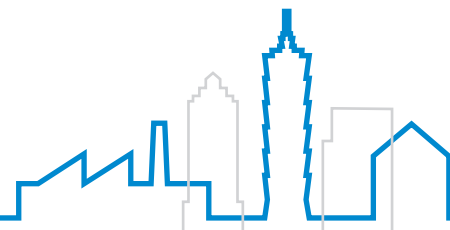
12.0	Do minority shareholders have the right to demand that Buyer allow them to inspect internal Buyer documents without filing a suit?
12.1	Who can demand the right to inspect (e.g. required minimum shareholding, board approval)?
12.2	Are documents relating to the Buyer/Seller transaction (e.g. the purchase agreement) available for inspection?
Applicable Law	None
Comments	None

13.0	Do minority shareholders have the right to seek the appointment of a government inspector or interventor or use a similar procedure to investigate the Buyer-Seller transaction without filing a suit ?
13.1	Who can request an inspector (e.g. required minimum shareholding, board of approval)?
Applicable Law	Article 38-1 of the Securities and Exchange Act
Comments	<p>1. Article 38-1 Paragraph 2 of the Securities and Exchange Act stipulates that when shareholders who have been continuously holding, for a period of 1 year or longer, 3 percent or more of the total number of the outstanding shares of a company whose stock is listed on the stock exchange or traded over the counter deem that a specific matter materially damages the interests of shareholders, they may apply to the competent authority with reasons, related evidence, and explanations of necessity, asking for inspection of the specific matter or related documents and account books of the issuer.</p> <p>2. Therefore, shareholders holding 3 percent or more of the total number of the outstanding shares of a company can request the appointment of a government inspector to investigate the Buyer-Seller transaction.</p>

13.2	What are the grounds or basis for the appointment of an inspector (e.g. mismanagement suspected, breach of laws)?
Applicable Law	Article 38-1 of the Securities and Exchange Act
Comments	<p>1. Article 38-1 Paragraph 2 of the Securities and Exchange Act stipulates that when shareholders who have been continuously holding, for a period of 1 year or longer, 3 percent or more of the total number of the outstanding shares of a company whose stock is listed on the stock exchange or traded over the counter deem that a specific matter materially damages the interests of shareholders, they may apply to the competent authority with reasons, related evidence, and explanations of necessity, asking for inspection of the specific matter or related documents and account books of the issuer.</p> <p>2. Therefore, shareholders who have continuously held for 1 year or longer 3 percent or more of the total number of the outstanding shares of the Buyer can request the appointment of a government inspector to investigate the Buyer-Seller transaction.</p>

F. Gathering information at trial

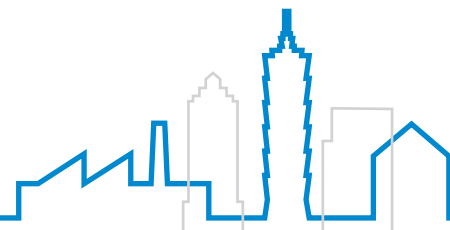
	What is the scope of information that the plaintiff can ask the judge to compel during court proceedings?	Defendant		Witness	
		Yes	No	Yes	
14.1	Only information that the plaintiff has a separate independent right (e.g. under company law or other law) to receive.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14.2	Information that the defendant has indicated that he intends to rely on for his defense.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14.3	Information that directly proves specific facts in the plaintiff's claim.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14.4	Any information that is relevant to the subject matter of the claim.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



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



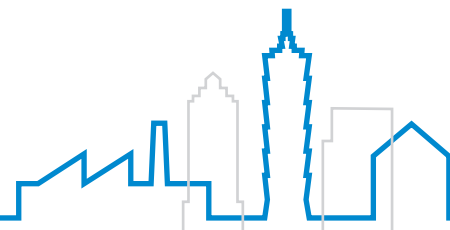
15.0	How specific must the plaintiff's request to the judge be to compel evidence from a defendant or witness during court proceedings?	Yes	No
15.1	The request must specifically identify the documents sought (i.e. list the title, author, date and contents).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15.2	The request need only identify categories of documents sought, without specifics.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicable Law	Articles 342 and 344 of the Taiwan Code of Civil Procedure.		
Comments	<p>1. Article 342 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that, where the document identified to be introduced as documentary evidence is in the opposing party's possession, a party shall move the court to order the opposing party to produce such document.</p> <p>2. Article 344 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that a party has the duty to produce the following documents: (1) Documents to which such party has made reference in the course of the litigation proceeding; (2) documents which the opposing party may require the delivery or an inspection thereof pursuant to the applicable laws; (3) documents which are created in the interests of the opposing party; (4) commercial accounting books; and (5) documents which are created regarding matters relating to the action.</p> <p>3. Hence, under the aforecited provisions, the plaintiff may utilize a wider mode of designation in requesting the defendant to produce a certain category of documents (such as moving the court to order the defendant to produce all documents that are created regarding matters relating to the action, as provided for by Article 344 Paragraph 1 Subparagraph 5 of the Taiwan Code of Civil Procedure), without needing to specify any particular documents.</p>		



16.0	Which statements best describe the process of questioning defendants and witnesses at trial? Please choose the most common practice.	Defendant		Witness	
		Yes	No	Yes	No
16.1	The plaintiff or plaintiff's lawyer performs his own questioning without prior approval by the court of the questions posed.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16.2	The plaintiff or plaintiff's lawyer performs his own questioning with prior approval by the court of the questions posed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.3	The judge performs his own questioning after the plaintiff suggests questions to the judge.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16.4	The judge performs his own questioning without input from the plaintiff.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Applicable Law	Articles 200 and 320 of the Taiwan Code of Civil Procedure.				
Comments	<p>1. Article 200 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that a party may move the presiding judge to conduct necessary interrogation and may, after informing the presiding judge, conduct interrogation himself/herself. Paragraph 2 of the same Article stipulates that, where the presiding judge considers either the party's motion for interrogation or the interrogation conducted by the party to be inappropriate, the presiding judge may decline to conduct such interrogation or prohibit the party from conducting such interrogation.</p> <p>2. Article 320 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that a party may move the presiding judge to conduct a necessary examination of a witness or, after informing the presiding judge, conduct such examination himself/herself.</p> <p>3. Hence, during trial, a plaintiff must obtain prior approval from the court to question a defendant or witness.</p>				

G. Legal expenses

17.0	How are the legal expenses of a shareholder suit allocated?
Applicable Law	Article 78 of the Taiwan Code of Civil Procedure.
Comments	<ol style="list-style-type: none"> 1. Article 78 of the Code of Civil Procedure stipulates that litigation expenses shall be borne by the losing party. 2. Therefore, the legal expenses of a shareholder suit shall be borne by the losing party.
17.1	Are contingency fees allowed (i.e. plaintiff's attorney fees are due only if plaintiff is awarded damages)?
Applicable Law	Article 15 of the Attorney Regulation Act; Article 35 of the Attorney Ethics Rules.
Comments	<ol style="list-style-type: none"> 1. Article 15 Paragraph 2 of the Attorney Regulation Act mandates the National Bar Association to draft Attorney Ethics Rules. Article 35 Paragraph 1 of the Attorney Ethics Rules stipulates that an attorney shall expressly state his fees or calculation method to his client. Paragraph 2 of the same Article stipulates that an attorney shall not charge contingency fees for family, criminal or juvenile cases. 2. Hence, excepting family, criminal, and juvenile cases, Taiwan allows contingency fees (for example, in civil suits).



Attachment 1

Article 154 of the Company Act (as amended and entering into effect on January 1, 2013)

(<http://law.moj.gov.tw/Eng/LawClass/LawContent.aspx?PCODE=J0080001>)

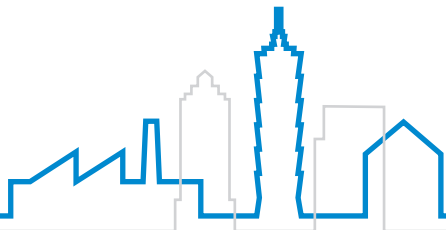
Current wording	Original wording
<p>Article 154</p> <p>The liability of shareholders to the company shall, except as provided in Paragraph 2, be limited to payment in full for the shares to which they have subscribed.</p> <p>If a shareholder abuses the company's status as a legal entity and thus causes the company to bear a specific debt and to have evident difficulty clearing such debt, and if such abuse is serious in nature, the shareholder shall, if necessary, be liable for the debt.</p>	<p>Article 154</p> <p>The liability of shareholders to the company shall be limited to payment in full for the shares to which they have subscribed.</p>

Attachment 2

Article 16 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies (as amended and promulgated on August 22, 2012)

(<http://law.moj.gov.tw/Eng//LawClass/LawContent.aspx?pcode=G0400127>)

Current wording	Original wording
<p>Article 16</p> <p>If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item, and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>The provisions of Article 180 Paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206 Paragraph 3 of that Act, apply to resolutions of board of directors meetings when a board director is prohibited by the preceding paragraph from exercising voting rights.</p>	<p>Article 16</p> <p>If an interested party relationship exists between any director, or a juristic person the director represents, and any agenda item, and such relationship is likely to prejudice the interests of the company, the director may state opinions and answer questions but may not participate in discussion of or voting on that agenda item, and shall enter recusal during discussion of and voting on that item, and may not act as proxy of another director to exercise voting rights on that matter.</p> <p>The provisions of Article 180 Paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206 Paragraph 2 of that Act, apply to resolutions of board of directors meetings when a board director is prohibited by the preceding paragraph from exercising voting rights.</p>





Paying Taxes

1. Main Points of Reform in 2012

In the World Bank's Doing Business 2013 report released in October 2012, Taiwan was ranked 54th in the Paying Taxes indicator, up 10 places from its previous ranking of 64th. However, the 161 hours recorded in the survey result as the time needed for filing and payment of profit-seeking enterprise income tax (hereafter referred to as "business income tax") does not correspond to the actual situation in our country, and needs to be corrected.

In calendar year 2012, the main points of reform for Paying Taxes were as follows:

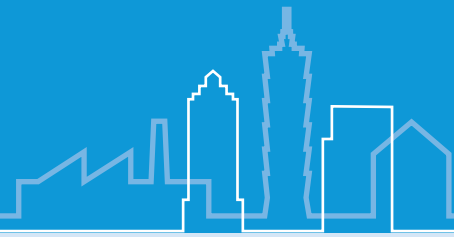
(1) Reforms affecting time needed for paying tax

A. Reducing the difference between financial accounting and tax law requirements

On January 4, 2012, Articles 47, 50, 51 and 55 of the Regulations on the Tax Audit of Profit-Seeking Enterprise Income were revised and Article 51-2 inserted, to make provision for the evaluation of merchandise inventory as the lower of cost or net realizable value, and for treating depreciation loss as a cost of goods sold, with deletion of the provision requiring application of the last-in first-out cost calculation method.

B. Simplification of business income tax forms

On February 10, 2012, amendment was made the 2011 business income tax return form and the 2010 undistributed earnings declaration form, to exempt businesses from the time-consuming filling out of information such as the reasons for the original acquisition of shares or share rights (including the acquisition dates, reasons, unit price, and number of shares). This revision served to streamline the electronic and magnetic media filing format, and bring it into line with current share operations of profit-seeking enterprises. Also, a reduction was made to the number of places where a profit-seeking enterprise was required to stamp its uniform invoice seal on the 2011 business income tax return form, the 2010 undistributed earnings declaration, and the tax reduction and exemption



section of the 2011 business income tax form, cutting out the stamping requirement in 32 places.

- C. Simplification of the filing process for profit-seeking enterprise disaster loss and goods or fixed asset write-off

On November 26, 2012, the Ministry of Finance amended its procedural directions to all tax offices for the documentary review of profit-seeking enterprise disaster loss filings and goods or fixed asset write-off cases, to raise the threshold at which documentary review and approval is required from NT\$3.5 million to NT\$5 million. It is estimated that this will annually reduce the number of cases requiring on-site inspection by about 313, and effectively simplify the related filing procedures.

(2) Reform concerning the number of tax payments

- A. In regard to counting the number of tax payments, the World Bank's survey methodology for the paying taxes indicator is to add up the number of times that a business needs to file for payment of each tax within a year, and if the whole process of filing and payment of a tax can be conducted electronically and the majority of small and medium-size enterprises use this means, then no matter how many times payment is made, it is counted as one payment for the year.
- B. In Taiwan, the vehicle license tax is paid twice per year. However, since April 2012, when Taiwan launched a system for making tax payments from demand or time deposit bank accounts via the Internet, businesses can use this system to pay vehicle license tax at the Tax Online website (<https://paytax.nat.gov.tw>). Therefore, the number of times for payment of this tax should be reduced from 2 to 1.

2. Reforms already made or scheduled to be made in 2013

(1) Reforms already carried out

A. Simplifying business income tax return forms

On January 16, 2013, revisions were made to the 2012 business income tax return form and the 2011 undistributed earnings declaration and liquidation tax form to remove 19 parts of the forms, simplify what needs to be filled in, and reduce the number of places where the company must apply its seal (reduced by about 39 places).

B. Enhancing the convenience of business income tax payment

When profit-seeking enterprises used the Internet this year (2013) to file their 2012 business income tax returns and 2013 provisional income tax returns, they could choose to use their digital certificates to make payment via the Internet from demand or time deposit bank accounts. This enhanced the convenience of business income tax payment, and further reduced the time needed for paying taxes in 2013.

(2) Reforms scheduled to be carried out

A. Revision of the Income Tax Act to conform with International Financial Reporting Standards (IFRS)

In response to the adoption of IFRSs for Taiwan's publicly listed companies with effect from 2013, the Ministry of Finance has drawn up amendments of the income Tax Act to reduce the differences between financial accountancy and tax regulations, and submitted these to the legislature on December 11, 2012. If the legislature passes the draft amendments, they are expected to shorten the procedure and time for dealing with book and tax accounting differences.

B. Continuing to simplify business income tax return forms

Continuing to review the necessity of information entry and seal-stamping requirements in business income tax returns and related forms, with the aim of simplifying the tax payment process for both tax payers and the tax authorities.

3. Explanation of Corrections

- (1) The World Bank's 2013 Doing Business report divides the time for the Paying Taxes indicator into three parts, namely: the time taken by a business to prepare for tax payment, the time taken to file for tax payment, and the time taken to make tax payment. The survey results for the time taken by each of these procedures do not accord with the actual time needed, as detailed in Chart 4 below.

Chart 4: Breakdown of the actual time needed for filing and paying profit-seeking enterprise income tax in Taiwan

Item	Tax payment process	Time according to World Bank survey (hours)	Actual time (hours)
1	Preparation	147	60
2	Filing	11	6
3	Paying Tax	3	2
Total		161	68

- (2) For this indicator, the World Bank assumes a mid-sized corporation that does not enjoy any tax preferences, and measures the time it takes for it to prepare, file and pay business income tax. Due to the numerous streamlining measures adopted in our country in recent years to continuously improve the business income tax filing and payment process, the actual time an already established business spends on paying business income tax should be 68 hours. Therefore, the 161 hours recorded from the survey for the World Bank's 2013 report does not accord with the actuality in Taiwan.

4. Explanation of Reform Effects

(1) Preparation time

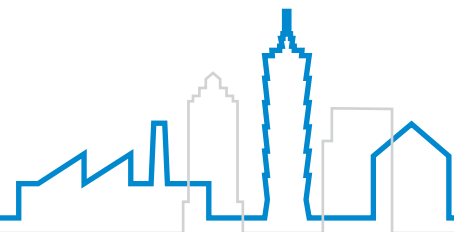
- A. The amendment of the Guidelines for the Examination of Profit-seeking Enterprise Income Tax to match financial accounting standards narrows the difference between financial accounting and tax law requirements, and reduces the time that businesses need to spend gathering tax-related information, analyzing items of tax sensitivity, and adjusting for differences between financial and tax accounting.
- B. The amendment of the Ministry of Finance's procedural directions to all tax offices for the documentary review of profit-seeking enterprise disaster loss filings and goods or fixed asset write-off cases, to raise the threshold at which documentary review and approval is required from NT\$3.5 million to NT\$5 million, should reduce the time needed by profit-seeking businesses to collect and prepare tax filing information.
- C. The simplification of the format of the profit-seeking enterprise income tax return reduces the time that businesses need to spend gathering tax-related information.

(2) Filing time

The simplification of the format of the profit-seeking enterprise income tax return reduces the time that businesses need to spend filling in the return.

(3) Tax payment time

When profit-seeking enterprises use the Internet to conduct business income tax filing, they can choose to use their digital certificates to make payment via the Internet from demand or time deposit bank accounts. This enhances the convenience of paying business income tax, and helps reduce the time needed for making payment.



5. Other Explanations

- (1) In Doing Business 2013, the time reported for paying business tax in Taiwan differs substantially from the actual time needed for a mid-sized enterprise to prepare, file and pay income tax in our country. From discussion with regional contributors, we understand that this difference is mainly due to the World Bank report counting not only the time spent by the enterprise in preparing, filing and paying business income tax, but also adding in the time taken by outside CPAs in conducting tax certification.
- (2) The Ministry of Finance has asked our regional contributors, when they fill in the questionnaire, to clearly describe the particular situation of our country's tax certification requirements, and to assert to the World Bank that the time taken by CPAs to conduct tax certification should not be included in the computation of time for paying taxes. We also ask that the World Bank give consideration to the various reform measures taken by our country, and correct the time needed for paying business income tax to 68 hours in accordance with the actual situation.



Trading across Borders

1. Main Points of Reform and Regulatory Amendments in 2013

(1) Main Points of Reform in 2013

From June 2012 to May 2013, the main points of reform for Trading across Borders are as follows:

A. Issuance of the 2011 Time Release Survey (TRS) report (in September 2012)

Conducted in accordance with the guidelines of the World Customs Organization (WCO), a time release survey for imports measured the average time taken for each procedure and for the whole process between the arrival of goods at the port and their release. To carry out this survey, Taiwan formed an interagency task force that, between July and September 2011, collected nearly 400,000 items of data from import declarations for analysis, and then presented findings and suggestions to serve as Taiwan's self-assessment of actual customs clearance efficiency, and to furnish as reference for the future implementation of reform plans.

B. Signing of AEO Mutual Recognition Arrangement with US Customs (November 2012)

A mutual recognition arrangement (MRA) between the Taiwan Customs Authorized Economic Operator (AEO) program and US Customs and Border Protection's Customs-Trade Partnership Against Terrorism (C-TPAT) was signed in Washington DC on November 26, 2012. Under this arrangement, the two sides agreed to recognize each other's AEO certification, and the US started according preferential customs clearance treatment to Taiwan's AEOs in February 2013. Besides facilitating speedier customs clearance for qualified Taiwan-US trade, this arrangement creates profit niches for products and gives a competitive advantage to benefiting enterprises.

C. E-system for offsetting or refund of duties and taxes goes online (September 2012)

To streamline the process for offsetting or refund of duties and taxes, the Ministry of Finance (MOF) and Ministry of Economic Affairs (MOEA) collaborated on setting up an e-system for offsetting or refund of duties and taxes on raw materials for export products. This system, which formally went online on September 17, 2012, helps reduce the cost and enhance the efficiency of the offsetting and refund process. (Website at <https://asp.customs.gov.tw:94/APDDE/index.html>.)

D. Customs information mobile service app goes online (September 2012)

A mobile service app for customs inquiries and customs messages on smart phones, tablet PCs, etc., using iOS/Android operating systems, was set up to provide merchants and members of the public with a diverse, fast and convenient inquiry service. Since its launch on September 1, 2012, it has received more than half a million inquiries, and has been a great success.

(2) Revision of laws and regulations in 2013

From June 2012 to May 2013, the main revisions of laws and regulations for Trading across Borders are as follows:

A. The adjustment of some tax rates in the Customs Import Tariff on November 28, 2012.

Drawing reference from the Harmonized Commodity Description and Coding System, some of the tax rates in the Customs Import Tariff were adjusted on November 28, 2012, in a step toward rationalization of the customs tariff rate structure.

B. Amendment of the Customs Act on May 29, 2013 (see Attachment for details).

Amendments of the Customs Act, aimed at simplifying the customs reporting procedure, facilitating customs clearance, conforming with international norms, reducing administrative costs, enhancing regulatory clarity and bolstering legal certainty, were passed and promulgated on May 29, 2013. The main points of the amendments are as follows:

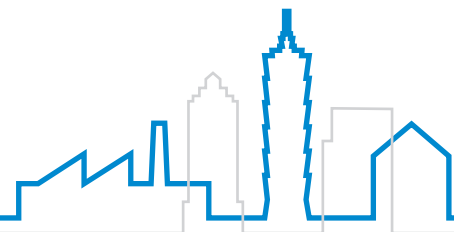
- a. Insertion of Article 10-1, to establish the legal framework for the Customs-Port-Trade Single Window system: To pave the way for the establishment and operation of the CPT Single Window system, Article 10-1 was inserted to prescribe that the submission of data required by regulations governing the matters of customs, commercial ports, trade licensing, commodity inspection and quarantine to the competent authorities or the institutions entrusted, by way of on-line transmission or via electronic data transmission, may be done through the CPT Single Window system established by the Customs. This provision also mandated the Ministry of Finance to prescribe regulations for the operation of the CPT Single Window system.
- b. Amendment of Article 17, to simplify the documentation required for customs reporting: Cancellation of the requirement to submit a bill of lading to the customs for imports, to simplify the customs clearance procedure.
- c. Amendment of Article 96, to achieve regulatory rationalization: Insertion of the prescription that, when the customs authority makes an order for goods that may not be imported to be returned abroad within a specified period, and when the customs authority makes an order for confiscation of the guarantee deposit or payment of the value of such goods, the order must be made within five years from the day following the date of release of the goods.

2. 2014 Reform Agenda

The Trading across Borders reform agenda from June 2013 to May 2014 is as follows:

(1) Actively implementing the CPT Single Window system and the Advance Cargo Information scheme

To streamline the customs clearance process, revamp customs clearance procedures, and create a more facilitative and more secure environment for customs clearance operations, Taiwan is integrating the three main information systems for customs, port and trade administration. The establishment of the CPT Single Window system, and the going online of the Advance Cargo Information system for exports, are scheduled to be completed on August 19, 2013.



(2) Incorporating the issuance of certificates of origin into the CPT Single Window system

To complement the coming online of the CPT Single Window system on August 19, 2013, the system for receiving and replying to applications for certificates of origin (COs), and the Bureau of Foreign Trade's issuance of the certificates, will be incorporated into the CPT Single Window functions, to enable traders to use the one-stop system for promptly and easily obtaining COs with an electronic seal.

By being able to obtain electronic COs through the CPT Single Window system rather than having to go in person to the certifying agency to pay for and collect a paper certificate, it is estimated that traders can save an average of roughly four hours per application, and overseas applicants can save roughly two to four days of mailing time per application.

(3) Incorporating terminal handling receipts into the functions of the CPT Single Window system

To provide electronicized operation of port warehousing, the Ministry of Transportation and Communications (MOTC), acting under the Plan for the Future Development of Port Information Systems (2013-2016), is carrying out a sub-project for establishing unified information systems in all ports (the project for the establishment of Taiwan International Ports Corporation and wharf and transit shed systems). Under this project, calculation of charges and issuance of receipts by port area self-operated warehousing and container yards will be put online, to provide e-payment and e-receipt functionality. Also, these functions will be converted into XML format, for incorporation into the CPT Single Window system, to provide a more complete and convenient one-stop service.

3. Comparison after Changes

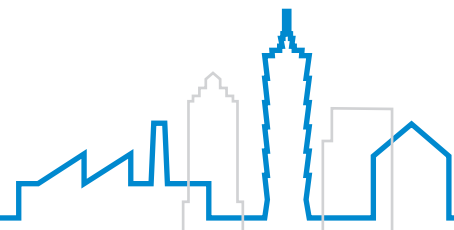
(1) 2012 survey

List no.	Imports		Exports	
	Documents needing to be prepared	Time	Documents needing to be prepared	Time
1	Bill of Lading	5 days	Bill of Lading	5 days
2	Commercial Invoice		Commercial Invoice	
3	Customs Import Declaration		Customs Export Declaration	
4	Packing List		Packing List	
5	Certificate of Origin		Certificate of Origin	
6	Terminal Handling Receipt		Terminal Handling Receipt	

(2) Explanation of 2013 changes

A. Documents needed for imports

List no.	Import documents	Bank	Customs	Port	Container wharf	Health inspection & quarantine
1	Bill of Lading	✓				
2	Commercial Invoice		✓			
3	Customs Import Declaration		✓			
4	Packing List		✓			
5	Certificate of Origin	Not required for customs clearance				
6	Terminal Handling Receipt					



B. Documents needed for exports

List no.	Export documents	Bank	Customs	Port	Container wharf	Health inspection & quarantine
1	Bill of Lading	✓				
2	Commercial Invoice		✓			
3	Customs Import Declaration		✓			
4	Packing List		✓			
5	Certificate of Origin	Not required for customs clearance				
6	Terminal Handling Receipt					

4. Explanation of changes

(1) Certificates of origin (COs) are not required documents for customs clearance of imports and exports

A. As a general rule, COs are not needed for customs clearance of imports in Taiwan, but are only required in some special cases. There are three main situations in which COs are required, as follows:

- a. When applying to take advantage of a preferential tariff: For example, at the time of customs clearance, COs must be presented to the customs for inspection and verification of place of origin when a preferential tariff is applied for in respect of certain goods imported from certain less-developed countries or developing countries or regions, or certain goods imported from countries or regions with which Taiwan has signed a free trade agreement or economic cooperation agreement; and for applications to take advantage of preferential tariffs in Column 2 of the Customs Import Tariff.

- b. When specially required under import and export regulations.
- c. Under the provisions of Article 28 of the Customs Act and Article 4 of the Regulations Governing the Determination of Country of Origin of an Import Good, when the customs authorities have doubt as to the place of origin of an import, they may ask the party liable for payment of duty to present a certificate of origin.
- B. COs for exports are only issued by the Bureau of Foreign Trade or an entity authorized by it when requested by the exporter. The Customs Act and related regulations do not require the presentation of any such document to a bank, port authority, inspection and quarantine authority, or other peripheral authority at the time of export.

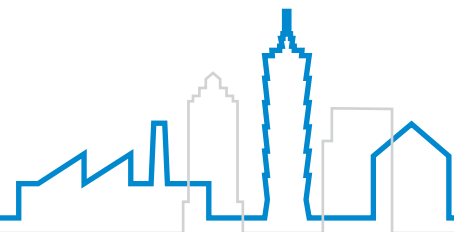
(2) Terminal handling receipts are not required for customs clearance of imports or exports

Terminal handling receipts are a matter of documentation between importers or exporters and wharf or container terminal operators. At present, most of Taiwan's container wharves, container terminals and warehouses are operated by private enterprises. After a ship arrives in port, its containers (or cargo) are unloaded at the wharf and sent to a container terminal or warehouse for the subsequent conduct of customs clearance. Receipts for any fees that need to be paid for such handling and storage are private business transaction documents. When goods undergo import or export customs clearance, there is no requirement for such receipts to be presented to the customs or any other authority or agency. Hence, terminal handling receipts are not a required document and should not be counted.

5. The benefits of the establishment of the CPT Single Window system

(1) Further reduction of broadly defined customs clearance time and trade costs

The Trading across Borders indicator measures the time and cost associated with exporting and importing a standardized cargo of goods by sea transport. It includes



the time and cost necessary to complete every official procedure for exporting and importing the goods, from the time the buyers and sellers enter into a contract for the shipment of the goods to the time of the goods' delivery, and all documents needed for import or export customs clearance.

When Taiwan's CPT Single Window system comes into operation, as scheduled for August 19, 2013, it will provide traders with a fast and convenient single window for the integrated handling of customs, port and trade procedures associated with importing or exporting cargo. This will enable traders to effectively reduce broadly defined customs clearance time and trade costs. It will also establish a fast and convenient cargo information and storage inquiry service for traders to use, and will save traders a great amount of time and cost in the import or export process.

(2) Revamping customs clearance procedures

To keep abreast of international trends in enhancing the speed, convenience and security of trade, Taiwan has made an all-out effort to introduce the World Customs Organization's SAFE Framework. In 2009, Taiwan began to work actively on setting up the CPT Single Window system, building it into the existing trade information environment with integration of the three main economic and trade information systems of the Ministry of Finance's Trade Van, the Ministry of Transportation and Communications' MTNet, and the Ministry of Economic Affairs' FT Net. Taking reference from the WCO Data Model Version 3 for import-export data harmonization, operational procedures for customs, port and trade matters were integrated into a streamlined mode, interfacing with 26 import/export agencies and connecting to more than 30 entities in total, with the scope of service delivery covering warehouse operators, freight forwarders, shippers, import-export traders, customs brokers, inspection and quarantine brokers, and members of the general public.

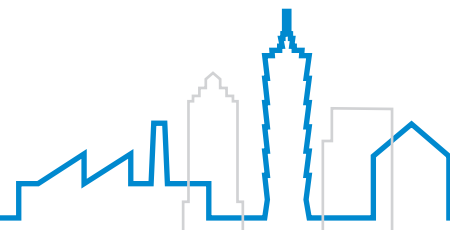
Once the CPT Single Window comes online, it will provide operators with a multi-service cross-platform for B2G message applications, online applications, inquiries, tax and fee payment, cargo tracking, etc., making it easy for businesses to conduct trade-related matters and keep track of cargo status at any time and from any place. This will greatly enhance their operating efficiency, and boost Taiwan's competitiveness in international trade.

Attachment

Articles 10-1, 17 and 96 of the Customs Act (as promulgated on May 29, 2013)

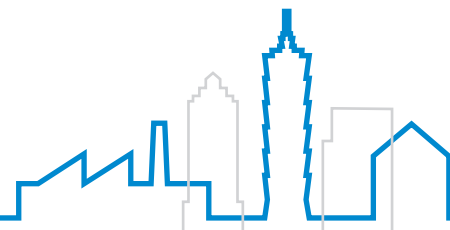
(<http://law.moj.gov.tw/Eng//LawClass/LawContent.aspx?pcode=G0350001>)

After amendment	Before amendment
<p>Article 10-1</p> <p>Submission of the data required by regulations governing the matters of customs, commercial ports, trade licensing, inspection and quarantine, to be sent to the competent authorities or their entrusted institutions by way of on-line transmission or via electronic data transmission, may be done through the Customs-Port-Trade (CPT) Single Window system established by the customs.</p> <p>Customs personnel shall keep strictly confidential all information transmitted through the Single Window referred to in Paragraph 1, unless otherwise stipulated by this Act or other laws.</p> <p>Regulations governing the operation, management, and charges of the CPT Single Window referred to in Paragraph 1, the opening, collection, processing and use of information thereby, and other matters pertaining thereto, shall be prescribed by the Ministry of Finance in consultation with other related competent authorities.</p>	<p>This Article is newly inserted.</p>



After amendment	Before amendment
<p>Article 17</p> <p>Upon declaration of importation, an import declaration form shall be filled out and submitted along with an invoice, a packing list, and other documents required for examination.</p> <p>Upon declaration of exportation, an export declaration form shall be filled out and submitted along with a shipping note or shipping order, a packing list, and any export permits and other relevant documents required for examination.</p> <p>The packing list and import/export permits and other relevant documents required for examination as referred to in the preceding two paragraphs may be supplemented prior to customs release.</p> <p>Where the documents referred to in the preceding paragraph are not supplemented within two months commencing from the day after the issuance of notice by the Customs, an order shall be issued for the goods to be returned overseas or withdrawn within a given time limit, unless there is a violation of law involved, in which case it shall be handled in accordance with the relevant law. Where the duty-payer or exporter makes a written declaration of abandonment of the goods, or fails to return the goods overseas or withdraw them within the prescribed period, the provision of Article 96 shall govern or apply mutatis mutandis.</p> <p>The duty-payer or exporter may submit an application to the Customs, together with supporting documents, for correction of the declarations referred to in Paragraphs 1 and 2.</p>	<p>Article 17</p> <p>Upon declaration of importation, an import declaration form shall be filled out and submitted along with a delivery order, an invoice, a packing list, and other documents required for examination.</p> <p>Upon declaration of exportation, an export declaration form shall be filled out and submitted along with a shipping note or shipping order, a packing list, and any export permits and other relevant documents required for examination.</p> <p>The packing list and import/export permits and other relevant documents required for examination as referred to in the preceding two paragraphs may be supplemented prior to customs release.</p> <p>Where the documents referred to in the preceding paragraph are not supplemented within two months commencing from the day after the issuance of notice by the Customs, an order shall be issued for the goods to be returned overseas or withdrawn within a given time limit, unless there is a violation of law involved, in which case it shall be handled in accordance with the relevant law. Where the duty-payer or exporter makes a written declaration of abandonment of the goods, or fails to return the goods overseas or withdraw them within the period stipulated by the Customs, the provision of Article 96 shall govern or apply mutatis mutandis.</p> <p>The duty-payer or exporter may submit an application to the Customs, together with supporting documents, for correction of the declarations referred to in Paragraphs 1 and 2.</p>

After amendment	Before amendment
<p>Where the duty-payer or exporter applies to correct an error in the declaration before the goods are released, if the error involves a violation of this Act or the Customs Anti-Smuggling Act, and at the time of the application for correction the Customs have not made a decision for the goods to be inspected, have not discovered any irregularity, and have not received a confidential report of smuggling, it shall be exempt from the penalties provided for in this Act or the Customs Anti-Smuggling Act.</p> <p>Where the duty-payer or exporter applies to correct an error in the declaration after the goods are released, if the error involves a violation of this Act or the Customs Anti-Smuggling Act, and at the time of the application for correction the Customs have not discovered any irregularity, have not received a confidential report of smuggling, and have not issued notice of a post-clearance audit, it shall be exempt from the penalties provided for in this Act or the Customs Anti-Smuggling Act.</p> <p>Regulations governing the items for which an application for correction as referred to in the preceding three paragraphs may be made, and the relevant time limit, basis of examination and approval, required evidential documents, and other requisite matters, shall be prescribed by the Ministry of Finance.</p>	<p>Where the duty-payer or exporter applies to correct an error in the declaration before the goods are released, if the error involves a violation of this Act or the Customs Anti-Smuggling Act, and at the time of the application for correction the Customs have not made a decision for the goods to be inspected, have not discovered any irregularity, and have not received a confidential report of smuggling, it shall be exempt from the penalties provided for in this Act or the Customs Anti-Smuggling Act.</p> <p>Where the duty-payer or exporter applies to correct an error in the declaration after the goods are released, if the error involves a violation of this Act or the Customs Anti-Smuggling Act, and at the time of the application for correction the Customs have not discovered any irregularity, have not received a confidential report of smuggling, and have not issued notice of a post-clearance audit, it shall be exempt from the penalties provided for in this Act or the Customs Anti-Smuggling Act.</p> <p>Regulations governing the items for which an application for correction as referred to in the preceding three paragraphs may be made, and the relevant time limit, basis of examination and approval, required evidential documents, and other requisite matters, shall be prescribed by the Ministry of Finance.</p>
<p>Article 96</p> <p>Customs shall order the duty-payer to return prohibited goods abroad within a prescribed period. If the duty-payer makes a written declaration of abandonment of the goods, or fails to return the goods overseas within the prescribed time limit, the goods may be sold</p>	<p>Article 96</p> <p>Customs shall order the duty-payer to return prohibited goods abroad within a prescribed period. If the duty-payer makes a written declaration of abandonment of the goods, or fails to return the goods overseas within the period stipulated by Customs, the goods</p>



After amendment	Before amendment
<p>by Customs. If there is a surplus from the sale proceeds after deducting the customs duty leviable and any necessary expenses, it shall be surrendered to the national treasury.</p> <p>If goods subject to disposal under the provisions of the preceding paragraph, Paragraph 2 of Article 73 and Paragraph 2 of Article 74 cannot be sold and are required to be destroyed, the duty-payer shall be notified of the need to destroy such goods by himself or herself, under Customs supervision, within a stipulated time limit. In the event that the duty-payer fails to follow the terms of such notification, the goods shall be destroyed by Customs, with any expenses associated with such destruction to be borne by the duty-payer and paid to Customs within a stipulated time limit.</p> <p>Where goods have been released upon payment of a guarantee deposit or imposition of duty, and Customs confirm that the goods are such that an order should be made for them to be returned abroad within a stipulated time limit, as referred to in Paragraph 1, and the duty-payer fails to carry this out within the stipulated time limit, Customs may confiscate the deposit or order the duty-payer to pay the value of the goods.</p> <p>An order by Customs to return goods abroad within a prescribed period as referred to in Paragraph 1, and an order for confiscation of the guarantee deposit or payment of the value of the goods as referred to in the preceding paragraph, shall be made within five years from the day following the date of release of the goods.</p>	<p>may be sold by Customs. If there is a surplus from the sale proceeds after deducting the customs duty leviable and any necessary expenses, it shall be surrendered to the national treasury.</p> <p>If goods subject to disposal under the provisions of the preceding paragraph, Paragraph 2 of Article 73 and Paragraph 2 of Article 74 cannot be sold and are required to be destroyed, the duty-payer shall be notified of the need to destroy such goods by himself or herself, under Customs supervision, within a stipulated time limit. In the event that the duty-payer fails to follow the terms of such notification, the goods shall be destroyed by Customs, with any expenses associated with such destruction to be borne by the duty-payer and paid to Customs within a stipulated time limit.</p> <p>Where goods have been released upon payment of a guarantee deposit or imposition of duty, and Customs confirm that the goods are such that an order should be made for them to be returned abroad within a stipulated time limit, as referred to in Paragraph 1, and the duty-payer is unable to return the goods abroad, Customs may confiscate the deposit or order the duty-payer to pay the value of the goods.</p>



Enforcing Contracts

1. Preface

In the World Bank's Doing Business 2013 report released in October 2012, Taiwan was ranked 90th in the Enforcing Contracts Indicator. In regard to this indicator, the Judicial Yuan and Council for Economic Planning and Development (CEPD) have continued to review the relevant procedures, and present the following explanations of reform measures planned or implemented in recent years, and in respect of the World Bank's survey results.

2. Reforms of judicial administration planned or implemented in recent years

(1) Launch of a system for electronic submission of pleadings

- A. Under the provisions of Article 116 Paragraph 3 and Article 153-1 Paragraph 2 of the Code of Civil Procedure, the Judicial Yuan promulgated the Operational Regulations for the Submission of Civil Litigation Documents by Fax and Electronic Transmission, providing for the parties or their representatives to submit pleadings to the court by fax or electronic transmission, as a time-saving measure. This mode of submission may also be used for the filing of lawsuits. This reform should help raise the efficiency of judicial administration.
- B. The Judicial Yuan is currently planning to set up a one-stop service window for attorneys and an online lawsuit filing system. The attorney service window is expected to be ready by the end of July 2013, and will be provided for use by attorneys in August. The online lawsuit filing system is scheduled to be ready in June 2014, and will initially go into pilot operation for administrative suits in the intellectual property court. These initiatives should raise the efficiency of trial proceedings and judicial administration.



(2) Completing the establishment of a system for inquiry on the progress of court sittings and cases

- A. On January 1, 2007, Taiwan launched a service on the Judicial Yuan website for online inquiries about the trial progress of proceedings in courts of first and second instance (<http://www.judicial.gov.tw/ctstate/getctstate.asp>), to put into effect the policy of making judicial proceedings more transparent and more manifestly at the service of the people, enable parties to litigation to ascertain the latest progress of proceedings at any time, and reduce waiting time prior to the commencement of trial.
- B. On July 1, 2011, Taiwan launched a case progress inquiry system on the Judicial Yuan website (<http://cpor.judicial.gov.tw/cqry/Login.do>), covering cases being heard by ordinary courts of first and second instance and by the Supreme Administrative Court. Through this system, parties to a case, their legal representatives, agents ad litem, defenders and other relevant persons can inquire online about the status of civil, criminal and administrative cases, and applicants can be kept proactively informed by email of the latest progress in the conduct of cases.
- C. Hearing notices and summonses contain notification of the two online services provided by the Judicial Yuan for inquiries respectively about the progress of court sittings and the progress of cases. This ensures that parties to lawsuits are informed about these services upon receipt of a notice or summons, and can immediately gain familiarity with these measures for serving the public convenience.

(3) Establishment of specialized courts

Although Taiwan has not yet set up a specialized commercial court or any court division that is a “commercial court” in name, it has set up several specialized courts and court divisions to deal with various intellectual property and business related cases, such as the Intellectual Property Court and special court divisions for cases concerning international trade and marine commerce, intellectual property rights, securities and futures transactions, and fair trade.

(4) Courts can conduct remote examination of witnesses in civil cases

To keep up with present-day technological developments and facilitate the presentation of witness testimony in writing, Article 305 of the Taiwan Code of Civil Procedure allows a witness in civil proceedings to submit written statements by fax or other such technologies, with the same effect as presentation of the original documents. In addition, pursuant to Paragraph 8 of the same Article, the Judicial Yuan has drawn up the Regulations on the Remote Examination of Witnesses in Civil Cases Conducted by Courts at All Levels, to provide the basis and procedural rules for witnesses in civil proceedings to receive court examination at remote locations.

(5) Measures to improve the timeliness of court hearings and the attitude of judicial personnel in conducting cases

To raise the ratio of cases that go to court punctually, enhance judicial efficiency, avoid long waits for the parties before going to court, and improve the attitude of judicial personnel in conducting cases, the Judicial Yuan on January 5, 2011 issued the "Measures to Improve the Timeliness of Court Hearings and the Attitude of Judicial Personnel in Conducting Cases" and on October 21, 2011 issued the "Supplementary Measures to Enhance the Timeliness of Court Hearings and the Attitude of Judicial Personnel in Conducting Cases." All courts were requested to take action in accordance with these measures, and to draw up their own rules for the control and evaluation of delays in holding court sittings.

3. Explanation for corrections

(1) 2011 survey results

The World Bank survey reported that the procedures of Enforcing Contracts, which it divided into three main stages for filing and service, trial and judgment, and enforcement of judgment, required a total of 45 procedures and 510 days. (See Table 5)

Table 5: Results of the World Bank survey on Enforcing Contracts for Doing Business 2013

Main stages	No. of days to complete (510 days in total)	Procedures (45 in total)
Filing and service	30 days	8
Trial and judgment	360 days	22
Enforcement of judgment	120 days	15

Costs (as % of claim) 17.7%

Attorney costs	15.5%
Court costs	1.1%
Enforcement costs	1.1%

* The value of the claim, at 200% of the economy's income per capita, is approximately NT\$1.2 million in Taiwan.

(2) Corrections by the Judicial Yuan for 2013

Main stages	No. of days to complete (166 days in total)	Procedures (27 in total)
Filing and service	44.94 days Calculation formula: $142.31 \text{ days} \times 6/19$ $= 44.94 \text{ days}$	6
Trial and judgment	92.37 days Calculation formula: $142.31 \text{ days} \times 13/19$ $= 97.37 \text{ days}$	13
Enforcement of judgment	23.94 days	8

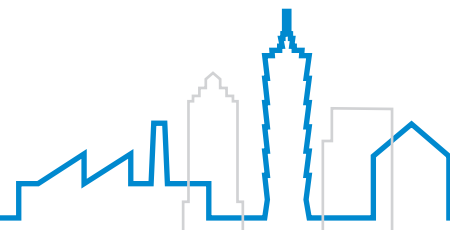
Costs (as % of claim) 7.87%

Attorney costs	6%
Court costs	1.07%
Enforcement costs	0.8%

(3) Explanation of corrections by the Judicial Yuan

A. Correcting the completion time from 510 days to 166 days

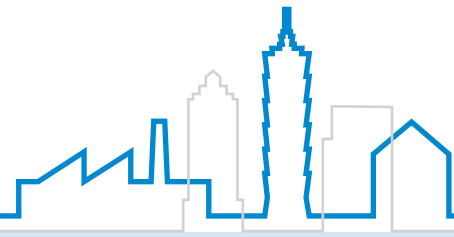
- a. Since the Judicial Yuan does not know how the World Bank calculated the number of days needed for each procedure, it has referred to officially reported figures from its statistics department on the time taken to conclude civil litigation cases in district courts as the basis for calculating the times needed for the procedures in the World Bank's survey example. In 2011, the average time taken by district courts to conclude first-instance civil suits was 142.31 days, and the average time taken to complete compulsory execution of judgments in such cases was 23.94 days.
- b. The aforesaid 142.31 days includes the total number of days needed for both the "filing and service" and "trial and judgment" stages of proceedings. To



separate them, we calculated the number of procedures required for each stage as a ratio of the total number of procedures, and applied this ratio to the total number of days needed for all of the procedures, which indicated an average of 44.94 days needed for the filing and service stage and 97.37 days needed for the trial and judgment stage.

- c. Added together, the three stages of filing and service, trial and judgment, and enforcement of judgment took approximately 166 days to complete.
- B. Correcting the cost from 17.7% to 7.88%
- a. Regarding the attorney fees listed in the cost column, reference to the provisions of Article 4 Paragraph 1 of the Standards of Approved Remuneration for Court-Appointed Attorneys and Third-Instance Attorneys shows that, in civil property rights litigation, attorney fees are less than 3% of the amount or value of the claim. Accordingly, the attorney fees should be calculated as 3% of the claim for the first instance proceedings and 3% for the compulsory execution proceedings, hence 6% of the claim in total.
 - b. The amount of the claim in the example is NT\$1.2 million. Under the provisions of Article 77-13 of the Taiwan Code of Civil Procedure, with application of the "Taiwan High Court's Standards for Increasing Court Charges in Civil Litigation and Compulsory Execution" and the "Kinmen Branch of the Fujian High Court's Standards for Increasing Court Charges in Civil Litigation and Compulsory Execution," the amount of the court costs should be calculated as NTD12,880, which is 1.07% of the value of the claim.
 - c. The amount of the claim in the example is NT\$1.2 million. Assuming that the plaintiff wins his suit in its entirety, then under the provisions of Article 30-1 of the Compulsory Enforcement Act, in accordance with the "Taiwan High Court's Standards for Increasing Court Charges in Civil Litigation and Compulsory Execution" and the "Kinmen Branch of the Fujian High Court's Standards for Increasing Court Charges in Civil Litigation and Compulsory Execution" as applied mutatis mutandis under authority of Article 77-27 of the Taiwan Code of Civil Procedure, the cost of enforcing the judgment would be NT\$9,600, which is approximately 0.8% of the value of the claim.

- d. Added together, the attorney, court and enforcement costs represent 7.87% of the value of the claim.
- C. Correcting 45 procedures to 27 procedures
 - a. World Bank case assumptions
 - (a) The value of the claim equals 200% of the economy's income per capita, hence is approximately NT\$1.2 million.
 - (b) The dispute concerns a lawful property transaction between two businesses (Seller and Buyer), which are both local corporations located in Taipei City.
 - (c) The court of jurisdiction is the court located in Taipei City with jurisdiction over the aforesaid property dispute.
 - (d) Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement. Buyer opposes Seller's claim. The claim is disputed on the merits. The court cannot decide the case on the basis of documentary evidence or legal title alone.
 - (e) Seller (the plaintiff) attaches Buyer's (the defendant's) movable assets (for example, office equipment, vehicles, and goods) before obtaining a judgment because Seller fears that Buyer may become insolvent.
 - (f) An expert opinion is given on the quality of the delivered goods:
 - ① If it is standard practice (like most countries with common law) in the economy for each party to call its own expert witness, the parties each call one expert witness.
 - ② If it is standard practice (like most countries with statute law) for the judge to appoint an independent expert (an appraiser) to present judgment opinions on the quality of delivered goods, the judge does so. In this case the judge does not allow opposing expert testimony (appraiser's opinions).



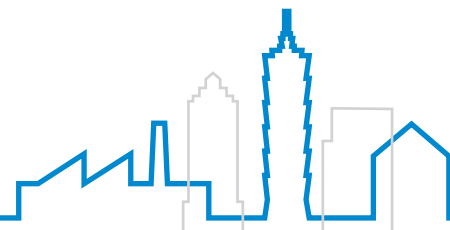
- (g) The judgment is 100% in favor of Seller: the judge decides that the goods are of adequate quality and that Buyer (the defendant) must pay the agreed price.
- (h) Buyer (the defendant) does not appeal the judgment. Seller (the defendant) decides to start enforcing the judgment as soon as the time allocated by law for appeal expires.
- (i) Seller (the plaintiff) takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's (the defendant's) movable assets.

b. Clarification of procedures

Note: * denotes procedures that take place simultaneously with or could be included in other procedures.

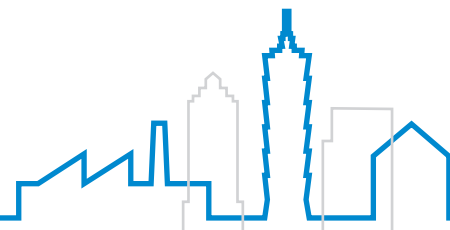
The number of procedures: World Bank = 45 procedures, the Judicial Yuan = 27 procedures.

Pro- cedure	Filing and service	WB	Judicial Yuan	Remarks
1	<p>Plaintiff requests payment.</p> <p>Plaintiff or his lawyer asks Defendant orally or in writing to comply with the contract.</p>	Yes (1)	No	<p>1. Our response: The request is usually made prior to the filing of a lawsuit but is not a prerequisite for filing a lawsuit.</p> <p>2. Our recommendation: The procedure should not have been counted.</p> <p>3. Our legal basis: No applicable laws.</p>
2	<p>A third person formally notifies Defendant.</p> <p>A person other than the Plaintiff or his lawyer, such as a notary public, formally notifies Defendant of Plaintiff's request for payment.</p>	No	No	
3	<p>Mandatory conciliation or mediation.</p> <p>Plaintiff invites Defendant to settle the dispute. Because conciliation or mediation fails, Plaintiff is required to submit a written document to the judge proving that conciliation or mediation-prior to initiating the lawsuit has failed.</p>	No	No	



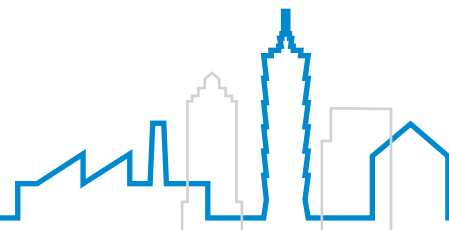
Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
4	<p>Plaintiff's hiring of lawyer.</p> <p>Plaintiff hires a lawyer to represent him in court.</p>	Yes (2)	No	<ol style="list-style-type: none"> 1. Our response: Plaintiff's hiring of a lawyer is not a mandatory procedure because legal representation is not legally required for the first instance trial under Taiwanese law. 2. Our recommendation: This is not a mandatory procedure. As the claim amount in the WB case study is only around NT\$1.2 million, the chances of Plaintiff hiring a lawyer would be slim. The procedure should not have been counted. 3. Our legal basis: The law is silent on whether a litigant should be represented by a lawyer; however, Paragraph 1, Article 466-1 of the Code of Civil Procedure ("CCP") states that: "An appellant shall appoint a lawyer to file an appeal on his/her behalf with the court of the third instance." It can be inferred from the amendment made to Article 69 of the CCP on February 7, 2003 (which states that legal representation is not mandatory for court proceedings in Taiwan; a litigant may appoint a person other than a lawyer to represent him/her if approved by the presiding judge) and Paragraph 1, Article 466-1 of the CCP that legal representation is not mandatory in the first instance trial; a person may pursue or defend a case in court on his/her own or through a person who is not a lawyer with the permission of the presiding judge.

Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
5	Plaintiff's filing of summons and complaint. Plaintiff files his summons and complaint with the court, orally or in writing.	Yes (*)	Yes (1)	1. Our response: Paragraph 1, Article 244 of the CCP reads: "To initiate an action, a complaint indicating the following shall be submitted to the court...." 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Paragraph 1, Article 244 of the CCP. 4. Further Information: Regarding the methods of filing petitions in the courts, under current law, parties can take advantage of the Operational Regulations for the Submission of Civil Litigation Documents by Fax and Electronic Transmission to reduce the time needed for filing.
6	Plaintiff's payment of court fees. Plaintiff pays court duties, stamp duties, or any other type of court fee. Checked as 'yes' even if reimbursed later.	Yes (*)	Yes (*)	1. Our response: We have no different opinion. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Articles 77-13 and 77-14 of the CCP.
7	Registration of court case. The court administration registers the lawsuit or court case. This includes assigning a reference number to the lawsuit or court case.	Yes (3)	Yes (2)	1. Our response: We have no different opinion. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Chapter 4 on Assignment of Cases in the Guidelines for the Numbering, Assignment and Closure of Criminal and Civil Cases.



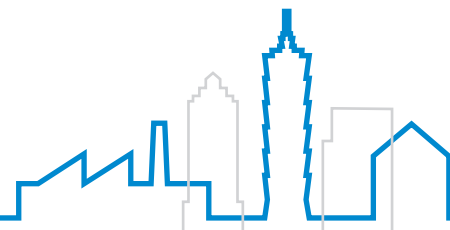
Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
8	<p>Assignment of court case to a judge.</p> <p>The court case is assigned to a specific judge through a random procedure, automated system, ruling of an administrative judge, court officer, etc.</p>	Yes (*)	No	<p>1. Our response: This is an internal procedure that follows the filing of a court case, and does not belong to the procedures prescribed by law for the filing of a lawsuit.</p> <p>2. Our recommendation: The procedure should not have been counted.</p> <p>3. Our legal basis: Chapter 4 on Assignment of Cases in the Guidelines for the Numbering, Assignment and Closure of Criminal and Civil Cases.</p>
9	<p>Court scrutiny of summons and complaint.</p> <p>Judge examines Plaintiff's summons and complaint for formal requirements. Checked as 'yes' if required by law or standard practice.</p>	Yes (4)	Yes (3)	<p>1. Our response: We have no different opinion.</p> <p>2. Our recommendation: The procedure should be counted.</p> <p>3. Our legal basis: Article 249 of the CCP.</p>
10	<p>Judge admits summons and complaint.</p> <p>After verifying the formal requirements, judge decides to admit Plaintiff's summons and complaint.</p>	No	No	
11	<p>Plaintiff's request for service.</p> <p>Plaintiff makes a written request to the court that process be served on Defendant.</p>	No	No	

Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
12	Court order for service. Upon Plaintiff's request, judge orders process be served on Defendant.	No	No	
13	Delivery of summons and complaint to person authorized to perform service of process on Defendant. The judge or a court officer delivers the summons to a summoning office, officer, or authorized person (including Plaintiff), for service of process on Defendant.	Yes (5)	Yes (4)	1. Our response: We have no different opinion. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Article 251 of the CCP.
14	Arrangements for physical delivery of summons and complaint. Plaintiff takes whatever steps are necessary to arrange for physical service of process on Defendant, such as instructing a court officer or a (private) bailiff.	No	No	
15	Mailing of summons and complaint. Court or process server, including (private) bailiff mails summons and complaint to Defendant.	Yes (*)	Yes (*)	1. Our response: We have no different opinion. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Articles 251 and 265 of the CCP.



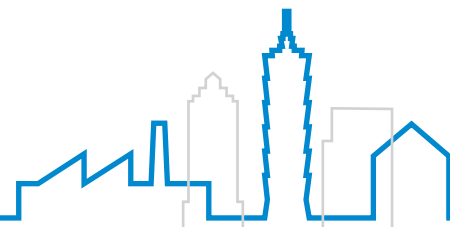
Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
16	<p>First attempt at physical delivery.</p> <p>A first attempt to physically deliver summons and complaint to Defendant is successful in the majority of cases.</p>	No	No	
17	<p>Second attempt at physical delivery.</p> <p>If a first attempt was not successful, a second attempt to physically deliver the summons and complaint to Defendant is required by law or standard practice.</p>	No	No	
18	<p>Application for substituted service.</p> <p>Because physical delivery is not successful in the majority of cases, Plaintiff applies for substituted service. Substituted service can include, but is not limited to, service by publication in newspapers or affixing of a notice in court or on public bulletin boards. Only checked as 'yes' if physical delivery is usually unsuccessful and substituted service is then mandatory.</p>	No	No	

Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
19	Court order regarding substituted service. Judge in a court order defines acceptable means for substituted service.	No	No	
20	Substituted service. Substituted service is accomplished by publication in newspapers, by affixing a notice in court or on public bulletin boards, etc.	No	No	
21	Proof of service. Plaintiff submits proof of service to court. Checked as 'yes' if required by law or standard practice.	No	No	
22	Application for pre-judgment attachment. Plaintiff submits an application in writing for the attachment of Defendant's property prior to judgment. (see assumption (e)).	Yes (*)	Yes (*)	1. Our response: This is not a mandatory procedure. The application is filed only if the creditor (plaintiff) believes the order can secure future enforcement of a final judgment. Nevertheless, since the plaintiff attaches the buyer's movable assets prior to obtaining a judgment in the WB case study, the procedure should be counted. 2. Our recommendation: Based on the facts provided in the WB case study, the procedure should be counted. 3. Our legal basis: Articles 522 and 523 of the CCP.



Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
23	<p>Decision on pre-judgment attachment.</p> <p>Judge decides whether to grant Plaintiff's request for pre-judgment attachment of Defendant's property and notifies Plaintiff and Defendant of the decision. This step may include requesting that Plaintiff submit guarantees or bonds to secure Defendant against damages. (see assumption (e)).</p>	Yes (*)	Yes (*)	<ol style="list-style-type: none"> 1. Our response: This is not a mandatory procedure. It is necessary only if the creditor (plaintiff) believes the order can secure future enforcement of a final judgment. Nevertheless, since the plaintiff attaches the buyer's movable assets prior to obtaining a judgment in the WB case study, the procedure should be counted. 2. Our recommendation: Based on the facts provided in the WB case study, the procedure should be counted. 3. Our legal basis: Articles 522 and 523 of the CCP.
24	<p>Guarantees securing attached property.</p> <p>Plaintiff typically submits guarantees or bonds to secure Defendant against possible damages to attached property. (see assumption (e)).</p>	Yes (6)	Yes (5)	<ol style="list-style-type: none"> 1. Our response: This is not a mandatory procedure. It is necessary only if the creditor (plaintiff) believes the order can secure future enforcement of a final judgment. Nevertheless, since the plaintiff attaches the buyer's movable assets prior to obtaining a judgment in the WB case study, the procedure should be counted. 2. Our recommendation: Based on the facts provided in the WB case study, the procedure should be counted. 3. Our legal basis: Articles 523 and 526 of the CCP.

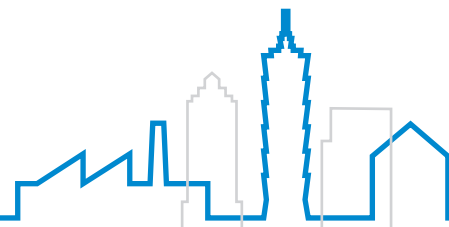
Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
25	<p>Pre-judgment attachment.</p> <p>Defendant's property is attached prior to judgment. Attachment is either physical, or achieved by registering, marking, debiting or separating assets. (see assumption(e)).</p>	Yes (7)	Yes (6)	<p>1. Our response: This is not a mandatory procedure. It is necessary only if the creditor (plaintiff) believes the order can secure future enforcement of a final judgment. Nevertheless, since the plaintiff attaches the buyer's movable assets prior to obtaining a judgment in the WB case study, the procedure should be counted.</p> <p>2. Our recommendation: Based on the facts provided in the WB case study, the procedure should be counted.</p> <p>3. Our legal basis: Article 523 of the CCP and Article 132 of the Compulsory Enforcement Act.</p>
26	<p>Custody of assets attached prior to judgment. Defendant's attached assets are put under enforcement officer's or (private) bailiff's care (see assumption (e)).</p>	Yes (8)	No	<p>1. Custody of attached assets is a de facto status, not an independent procedure, and should not be counted.</p> <p>2. Our recommendation: Since this is not a mandatory procedure, it should not be counted.</p> <p>3. Our legal basis: Article 59 of the Compulsory Enforcement Act.</p>
27	<p>Report on pre-judgment attachment.</p> <p>Court enforcement officer or (private) bailiff issues and delivers a report on the attachment of Defendant's property to the judge. (see assumption (e)).</p>	No	No	



Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
28	<p>Hearing on pre-judgment attachment.</p> <p>A hearing takes place to resolve the question of whether Defendant's assets can be attached prior to judgment. This process may include the submission of separate summons and petitions (see assumption (e)).</p>	No	No	

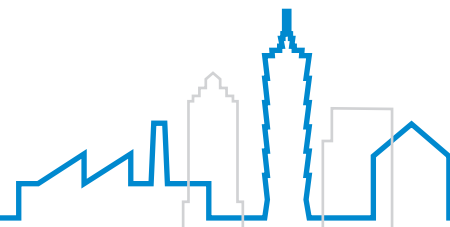
Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
29	<p>Defendant's deposit of a bond or payment guarantee with the court.</p> <p>Defendant deposits a bond or guarantee with the court. Checked as 'yes' if required by law or standard practice.</p>	No	No	
30	<p>Defendant's filing of preliminary exemptions.</p> <p>Defendant presents preliminary exemptions to the court. (Preliminary exemptions differ from answers on the merits. Examples of preliminary exemptions are statute of limitations, jurisdictions, etc.) Checked as 'yes' when preliminary exemptions are commonly raised by Defendant as a delaying tactic, regardless of justification.</p>	No	No	

Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
31	<p>Plaintiff's answer to preliminary exemptions.</p> <p>Plaintiff responds to the preliminary exemptions raised by Defendant. Checked as 'yes' if preliminary exemptions are commonly raised (step 30) and if plaintiff responds to them immediately.</p>	No	No	
32	<p>Judge's resolution on preliminary exemptions.</p> <p>Judge decides on preliminary exemptions separately from the merits of the case. Checked as 'yes' if preliminary exemptions are commonly raised (step 30) and if judge resolves the question before rendering his decision.</p>	No	No	
33	<p>Defendant's filing of defense or answer to Plaintiff's claim.</p> <p>Defendant files a written pleading which includes his defense or answer on the merits of the case. Defendant's written answer may or may not include witness statements, expert statements, the documents Defendant relies on as evidence and the legal authorities Defendant relies on (see assumption (d)).</p>	Yes (9)	Yes (7)	<ol style="list-style-type: none"> 1. Our response: We have no different opinion. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Articles 265 and 266 of the CCP. 4. Further Information: Regarding the methods of filing petitions in the courts, under current law, parties can take advantage of the Operational Regulations for the Submission of Civil Litigation Documents by Fax and Electronic Transmission to reduce the time needed for filing.



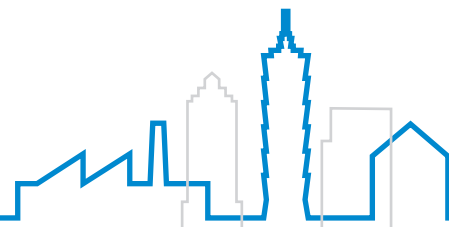
Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
34	<p>Deadline for Plaintiff to answer Defendant's defense or answer.</p> <p>Judge sets the deadline by which Plaintiff will be allowed to answer Defendant's defense or answer.</p>	Yes (10)	No	<ol style="list-style-type: none"> 1. Our response: The procedure is not legally required. 2. Our recommendation: The procedure should not have been counted. 3. Our legal basis: No applicable laws.
35	<p>Plaintiff's written response to Defendant's defense or answer.</p> <p>Plaintiff responds to Defendant's defense or answer with a written pleading. Plaintiff's answer may or may not include witness statements or expert (witness) statements.</p>	Yes (11)	Yes (8)	<ol style="list-style-type: none"> 1. Our response: According to the CCP, a plaintiff may submit his/her written answer to the court and send a copy to the defendant. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Articles 265 and 266 of the CCP. 4. Further Information: Regarding the methods of filing petitions in the courts, under current law, parties can take advantage of the Operational Regulations for the Submission of Civil Litigation Documents by Fax and Electronic Transmission to reduce the time needed for filing.

Pro- cedure	Trial and judgment	WB	Judicial Yuan	Remarks
36	<p>Filing of pleadings.</p> <p>Plaintiff and Defendant file written pleadings and submissions with the court and transmit copies of the written pleadings or submissions to one another. The pleadings may or may not include witness statements or expert (witness) statements.</p>	Yes (12)	No	<ol style="list-style-type: none"> 1. Our response: This procedure is covered by Procedure 33 "Defendant's filing of defense or answer to Plaintiff's claim" and Procedure 35 "Plaintiff's written response to Defendant's defense or answer" and thus should not have been counted as a separate procedure. 2. Our recommendation: The procedure should not have been counted. 3. Our legal basis: Articles 265 and 266 of the CCP.
37	<p>Adjournments.</p> <p>Court procedure is delayed because one or both parties request and obtain an adjournment to submit written pleadings. Checked as 'yes' if this commonly happens.</p>	Yes (13)	No	<ol style="list-style-type: none"> 1. Our response: This is not a mandatory procedure. It is necessary only if so determined by the judge. 2. Our recommendation: This is not a mandatory procedure. Moreover, in practice, adjournment is rarely allowed. Thus, this procedure should not have been counted. 3. Our legal basis: Article 159 of the CCP.
38	<p>Court's mailing of allocation questionnaire to parties.</p> <p>The court mails a questionnaire to the parties asking each to allocate the case among different case-tracks (for example, multi track, fast track) and asking each to frame the issues for trial.</p>	No	No	



Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
39	<p>Parties' answer to court's allocation questionnaire.</p> <p>Parties submit their completed allocation questionnaires to the court (including their answers regarding case-tracks and the issues for trial).</p>	No	No	
40	<p>Framing of issues.</p> <p>Plaintiff and Defendant assist the court in framing the issues on which evidence is to be presented.</p>	Yes (14)	Yes (9)	<ol style="list-style-type: none"> 1. Our response: We have no different opinion. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Articles 268-1 and 270-1 of the CCP.
41	<p>Court appointment of independent expert.</p> <p>Judge appoints, either at the parties' request or at his own initiative, an independent expert to decide whether the quality of the goods Plaintiff delivered is adequate (see assumption (f)②).</p>	Yes (*)	Yes (*)	<ol style="list-style-type: none"> 1. Our response: This is not a mandatory procedure. It is necessary only if the lawsuit involves professional knowledge and the court deems an independent expert's opinion is necessary. Nonetheless, since the court appoints an independent expert in the WB case study, this procedure should be counted. 2. Our recommendation: Based on the facts provided in the WB case study, this procedure should be counted. 3. Our legal basis: Articles 325 and 326 of the CCP.

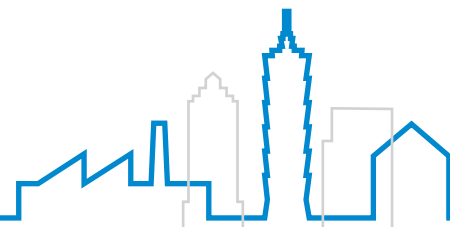
Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
42	<p>Notification of court's appointment of independent expert.</p> <p>The court notifies both parties that the court is appointing an independent expert (see assumption (f)②).</p>	Yes (15)	No	<ol style="list-style-type: none"> 1. Our response: Although Paragraph 2, Article 326 of the CCP provides that the court may seek the opinion of the parties before appointing an expert, it is not a mandatory procedure. In general, the court would inform both parties of the appointment of an independent expert during a hearing rather than through a separate notice. 2. Our recommendation: Since this is not a mandatory procedure, it should not have been counted. 3. Our legal basis: Article 326 of the CCP.
43	<p>Delivery of expert report by court-appointed expert.</p> <p>The independent expert, appointed by the court, delivers his or her expert report to the court (see assumption (f)②).</p>	Yes (*)	Yes (10)	<ol style="list-style-type: none"> 1. Our response: This is not a mandatory procedure. It is necessary only if the court holds that it is necessary to appoint an independent expert. Nonetheless, since the court appoints an independent expert in the WB case study, this procedure should be counted. 2. Our recommendation: Based on the facts provided in the WB case study, the procedure should be counted. 3. Our legal basis: Article 335 of the CCP.



Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
44	<p>Pre-trial conference on procedure.</p> <p>The judge meets with the parties to discuss procedural issues (for example which applications and motions parties intend to file, which documents parties intend to rely on, etc.)</p>	Yes (16)	No	<p>1. Our response: Since this procedure is covered by Procedure 40 "Framing of issues," it should not have been counted as a separate procedure.</p> <p>2. Our recommendation: The procedure should not have been counted.</p> <p>3. Our legal basis: Article 270-1 of the CCP.</p>
45	<p>Setting of date for mediation hearing.</p> <p>The judge sets a date for a mediation hearing, sometimes also called a 'pre-trial conference,' and notifies the parties of the hearing date.</p>	No	No	
46	<p>Mediation hearing.</p> <p>The judge during this informal meeting with the parties encourages them to settle the case. The judge acts as mediator. If the case cannot be settled, the judge may draft a pre-trial conference report, after which the case may be allocated to another judge for trial.</p>	No	No	

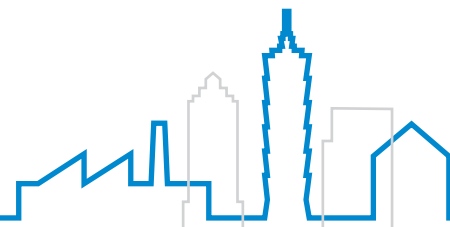


Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
47	Request for interlocutory order. Defendant raises preliminary issues, such as jurisdiction, statute of limitation, etc. Checked as 'yes' if commonly raised, regardless of justification.	No	No	
48	Court's issuance of interlocutory order. Court decides the preliminary issues the Defendant raised by issuing an interlocutory order. Checked as 'yes' if commonly the case in commercial cases.	No	No	
49	Plaintiff's appeal of court's interlocutory order. Plaintiff appeals the court's interlocutory order, which suspends the court proceedings. Checked as 'yes' if the appeal is common in this case.	No	No	
50	Discovery requests. Plaintiff and Defendant make requests for the disclosure of documents, attempting to force the other party to reveal potentially detrimental documents. Checked as 'yes' if discovery requests usually entail disputes.	No	No	



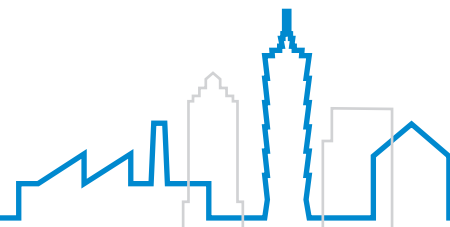
Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
51	<p>Discovery disputes.</p> <p>Following a request for discovery of documentary evidence, the other party disputes the request and calls upon the judge to decide the issue. Checked as 'yes' if discovery disputes are provided by law and commonly happen.</p>	No	No	
52	<p>Request for oral hearing or trial.</p> <p>Plaintiff applies for the date(s) for the oral hearing or trial.</p>	No	No	
53	<p>Setting of date(s) for oral hearing or trial.</p> <p>Judge sets the date(s) for the oral hearing or trial.</p>	Yes (*)	Yes (*)	<p>1. Our response: We have no different opinion.</p> <p>2. Our recommendation: This procedure should be counted.</p> <p>3. Our legal basis: Article 250 of the CCP.</p>
54	<p>Preliminary hearing aimed at preparing for the oral hearing.</p> <p>The judge meets the parties to make practical arrangements for the oral hearing on the merits of the case.</p>	Yes (17)	Yes (11)	<p>1. Our response: We have no different opinion.</p> <p>2. Our recommendation: This procedure should be counted.</p> <p>3. Our legal basis: Articles 270 and 270-1 of the CCP.</p>

Pro- cedure	Trial and judgment	WB	Judicial Yuan	Remarks
55	<p>Pre-trial conference aimed at preparing for trial.</p> <p>The judge meets with parties to make practical arrangements for the trial (for example, the number of witnesses parties intend to call on during trial, how much time each party is given to present oral arguments etc.).</p>	Yes (18)	No	<p>1. Our response: Since this procedure is covered by Procedure 54 "Preliminary hearing aimed at preparing for the oral hearing," it should not have been counted as a separate procedure.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: Articles 270 and 270-1 of the CCP.</p>
56	<p>List of (expert) witnesses.</p> <p>The parties file a list of (expert) witnesses with the court. (see assumption (f)①)</p>	No	No	
57	<p>Summoning of (expert) witnesses.</p> <p>The court summons (expert) witnesses to appear in court for the oral hearing or trial. (see assumption (f)①)</p>	Yes (19)	No	<p>1. Our response: Since this procedure overlaps with Procedures 41-43 in the WB case study, it should not have been counted as a separate procedure.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: No applicable laws.</p>
58	<p>Adjournments.</p> <p>Court proceedings are delayed because one or both parties request and obtain an adjournment to prepare for the oral hearing or trial.</p>	No	No	



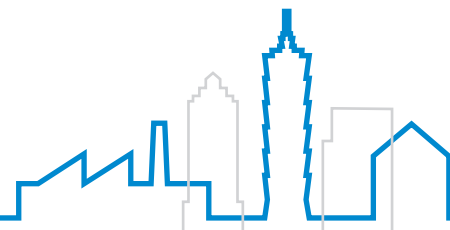
Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
59	<p>Oral hearing (prevalent in civil law).</p> <p>The parties argue the merits of the case at an oral hearing before the judge. Witnesses and a court-appointed independent expert may be heard and questioned at the oral hearing.</p>	No	No	
60	<p>Trial (prevalent in common law).</p> <p>The parties argue the merits of the case at (an) oral session(s) before the court. Witnesses and expert witnesses are questioned and cross-examined during trial.</p>	Yes (20)	Yes (12)	<p>1. Our response: We have no different opinion.</p> <p>2. Our recommendation: This procedure should be counted.</p> <p>3. Our legal basis: Article 221 of the CCP.</p>
61	<p>Adjournments.</p> <p>Court proceedings are delayed because one or both parties request and obtain an adjournment during the oral hearing or trial, resulting in an additional or later trial or hearing date.</p>	Yes (21)	No	<p>1. Our response: This is not a mandatory procedure. It is necessary only if the court finds it necessary to adjourn the proceedings.</p> <p>2. Our recommendation: This is not a mandatory procedure. In practice, it is uncommon for the court to grant adjournment as it will delay the proceedings. Thus, this procedure should not have been counted.</p> <p>3. Our legal basis: Article 159 of the CCP.</p>
62	<p>Request for closing of the evidence period.</p> <p>Plaintiff or Defendant requests the judge to close the evidence period.</p>	No	No	

Pro- cedure	Trial and judgment	WB	Judicial Yuan	Remarks
63	Closing of the evidence period. The court makes the formal decision to close the evidence period.	No	No	
64	Advice by public prosecutor or third party. The office of the public prosecutor or any other third party advises the court on how to decide the case.	No	No	
65	Order for submission of final arguments. The judge sets the deadline for the submission of final factual and legal arguments.	Yes (22)	Yes (13)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Articles 196 Paragraph 1 and 265 of the CCP.
66	Final arguments. The parties present their final factual and legal arguments to the court either by oral presentation or by a written submission.	Yes (*)	Yes (*)	1. Our response: There is no "final argument" procedure under Taiwanese law. It is merely a part of the oral argument procedure. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Articles 192 and 210 of the CCP.



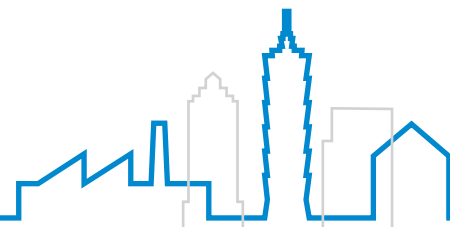
Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
67	Judgment date. The judge sets a date for delivery of the judgment.	Yes (23)	Yes (14)	1. Our response: According to the CCP, the judgment date will be decided by the judge, on which a judgment should be announced orally if oral argument hearings have been held; otherwise, they should be published. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 223 of the CCP.
68	Notification of judgment in court. The parties are notified of the judgment at a court hearing.	Yes (24)	Yes (15)	1. Our response: According to the CCP, judgments should be announced orally if oral argument hearings have been held. Thus, this procedure should be counted. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 223 of the CCP.
69	Writing of judgment. The judge produces a written copy of the judgment.	Yes (25)	Yes (16)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 226 of the CCP.
70	Registration of judgment. The court office registers the judgment after receiving a written copy of the judgment.	Yes (26)	No	1. Our response: Taiwanese law does not have the procedure of registration of judgment. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: No applicable laws.

Pro- cedure	Trial and judgment	WB	Judicial Yuan	Remarks
71	Court notification of availability of the written judgment. The court notifies the parties that the written judgment is available at the courthouse.	No	No	
72	Plaintiff's receipt of a copy of written judgment. Plaintiff receives a copy of the written judgment which is 100% in favor of plaintiff (see assumption (g)).	Yes (27)	Yes (17)	1. Our response: According to the CCP, litigants should be served with original copies of the judgment. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 229 of the CCP.
73	Notification of Defendant of judgment. Plaintiff or court formally notifies the Defendant of the judgment. The appeal period starts to run the day the Defendant is formally notified of the judgment.	Yes (28)	Yes (18)	1. Our response: According to the CCP, litigants should be served with original copies of the judgment. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 229 of the CCP.
74	Appeal period. By law defendant has the opportunity to appeal the judgment during a period specified in the law. Defendant decides not to appeal. Judgment becomes final the day the appeal period ends. (see assumption (h))	Yes (29)	Yes (19)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 440 of the CCP.



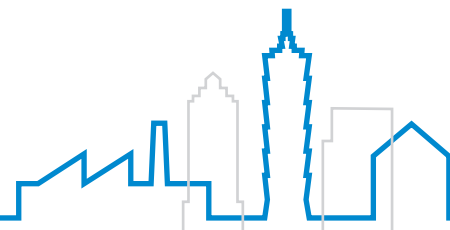
Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
75	<p>Reimbursement by Defendant of Plaintiff's court fees.</p> <p>The judgment obliges Defendant to reimburse Plaintiff for the court fees Plaintiff has advanced, because Defendant has lost the case.</p>	Yes (30)	No	<p>1. Our response: Our civil litigation system requires the losing party to pay the court fees. The plaintiff must advance the court fees when filing the civil complaint. After the conclusion of the lawsuit, the judge will decide how the court fees should be shared. In principle, they will be borne by the losing party. This is not an independent procedure as it has been included in Procedure 69 "Writing of judgment." It should not have been counted as a separate procedure.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: Articles 78 and 79 of the CCP.</p>

Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
76	<p>Plaintiff's hiring of lawyer.</p> <p>Plaintiff hires a lawyer to enforce the judgment or continues to be represented by a lawyer during the enforcement of judgment phase.</p>	Yes (*)	No	<ol style="list-style-type: none"> 1. Our response: Plaintiff's hiring of a lawyer is not a mandatory procedure because legal representation is not legally required in the enforcement proceedings under Taiwanese law. 2. Our recommendation: This is not a mandatory procedure. Since the claim amount in the WB case study is only around NT\$1.2 million, the chances of the plaintiff hiring a lawyer to enforce the judgment would be slim. Thus, the procedure should not have been counted. 3. Our legal basis: The Compulsory Execution Act is silent on whether legal representation is required in the enforcement proceedings. However, Article 30-1 of the Compulsory Execution Act states, "Aside from the provisions stipulated in this Act, the provisions of the CCP may apply mutatis mutandis to enforcement proceedings." The CCP is silent on whether a litigant should be represented by a lawyer; however, Paragraph 1, Article 466-1 of the CCP reads: "An appellant shall appoint an attorney to file an appeal on his/her behalf in the court of third instance." It can be inferred from the amendment made to Article 69 of the CCP on February 7, 2003 (which states that legal representation is not mandatory for court proceedings in Taiwan; a litigant may appoint a person other



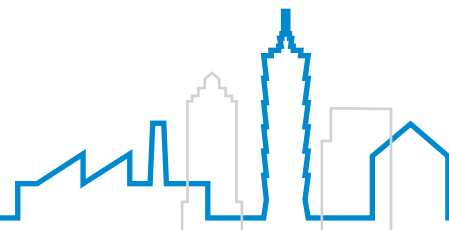
Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
				than a lawyer to represent him/her if approved by the presiding judge) and Paragraph 1, Article 466-1 of the CCP that legal representation is not mandatory in the first and second instance trials or in the enforcement proceedings.
77	Plaintiff approaching of court enforcement officer or (private) bailiff to enforce the judgment. To enforce the judgment, Plaintiff approaches a court enforcement officer such as a court bailiff or sheriff, or a private bailiff.	Yes (31)	Yes (20)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 5 of the Compulsory Execution Act.
78	Publication of judgment. The judgment must be published in an official journal, gazette or local newspaper.	Yes (32)	No	1. Our response: Taiwanese law does not have the procedure of "publication of judgment" in the enforcement proceedings. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: No applicable laws.

Pro-cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
79	Plaintiff's request for enforcement order. Plaintiff applies to the court to obtain the enforcement order ('seal' on judgment).	Yes (*)	No	1. Our response: This procedure is not an independent procedure as it has been included in Procedure 77 "Plaintiff's approaching of court enforcement office or (private) bailiff to enforce the judgment". This procedure should not have been counted as a separate procedure. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: Article 5 of the Compulsory Execution Act.
80	Plaintiff's advancement of enforcement fees. Plaintiff pays the fees related to the enforcement of the judgment.	Yes (33)	Yes (21)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 28-2 of the Compulsory Execution Act.
81	Attachment of enforcement order to judgment. Judge attaches the enforcement order ('seal') to the judgment.	No	No	



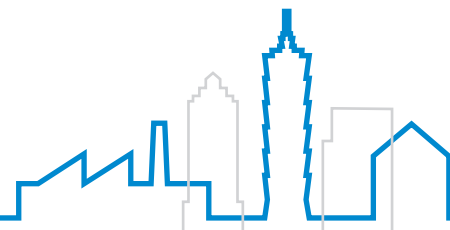
Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
82	<p>Delivery of enforcement order.</p> <p>The court's enforcement order is delivered to a court enforcement officer or a (private) bailiff.</p>	Yes (*)	No	<p>1. Our response: This is not a mandatory procedure. The Compulsory Execution Act requires the "delivery of an enforcement order" only for enforcing against certain movable assets, such as securities. Since the property to be enforced through auction is a movable asset in the WB case study, this procedure is not required in the enforcement proceedings.</p> <p>2. Our recommendation: This is not a mandatory procedure and thus should not have been counted.</p> <p>3. Our legal basis: Chapter 2, Section 2 of the Compulsory Execution Act on "Enforcement of Movable Assets."</p>
83	<p>Plaintiff's request for physical enforcement.</p> <p>As Plaintiff fears that Defendant might physically resist the attachment of its movable goods, Plaintiff addresses a request to the judge or to the police authorities to obtain police assistance during the attachment of Defendant's movable goods.</p>	No	No	
84	<p>Judge's order for physical enforcement.</p> <p>Judge orders the police to assist with the physical enforcement of the attachment of Defendant's movable goods.</p>	No	No	

Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
85	<p>Request to Defendant to comply voluntarily with judgment.</p> <p>Plaintiff, a court enforcement officer or a (private) bailiff requests Defendant to voluntarily comply with the judgment, giving Defendant a last chance to comply voluntarily with the judgment.</p>	Yes (34)	No	<ol style="list-style-type: none"> 1. Our response: The WB case study concerns the enforcement of a monetary claim. This procedure is not required by the Compulsory Execution Act for enforcing a monetary claim. Thus, the procedure should not have been counted. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: No applicable laws.
86	<p>Identification of Defendant's assets for attachment by court official or Defendant.</p> <p>The judge, a court enforcement officer, a (private) bailiff or the Defendant himself identifies Defendant's movable assets for attachment.</p>	Yes (35)	No	<ol style="list-style-type: none"> 1. Our response: This is not a mandatory procedure because Taiwanese enforcement law adopts an adversarial system, where the enforcement court would order a debtor to report his/her property to the court only when it is found that the property of the debtor is insufficient to satisfy the claim of the creditor or when the property of the debtor that is subject to enforcement cannot be located. Moreover, according to the WB case study, the plaintiff attaches the defendant's movable assets in Procedure 25 "Pre-judgment procedure" prior to obtaining a judgment. Thus, this procedure should not have been counted. 2. Our recommendation: Based on the facts provided in the WB case study, this procedure should not have been counted. 3. Our legal basis: Articles 19 and 20 of the Compulsory Execution Act.



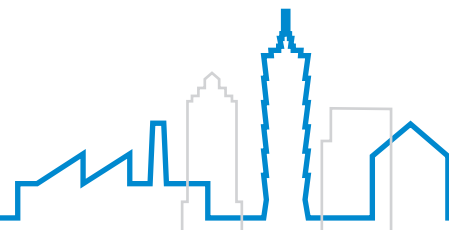
Pro-cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
87	<p>Contestation of selection of assets identified for attachment.</p> <p>The party, Plaintiff or Defendant, which was not involved in the designation of the assets for attachment, contests the selection of assets for attachment.</p>	No	No	
88	<p>Plaintiff's identification of Defendant's assets for attachment.</p> <p>Plaintiff identifies Defendant's assets for attachment.</p>	Yes (36)	Yes (22)	<p>1. Our response: We have no different opinion.</p> <p>2. Our recommendation: This procedure should be counted.</p> <p>3. Our legal basis: Paragraph 2, Article 5 and Paragraph 1, Article 19 of the Compulsory Execution Act.</p>
89	<p>Notification of intent to attach.</p> <p>A court enforcement officer or (private) bailiff notifies other creditors of the intent to attach Defendant's goods.</p>	No	No	

Pro-cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
90	<p>Attachment.</p> <p>Defendant's movable goods are attached (physically or by registering, marking or separating assets).</p>	Yes (37)	No	<p>1. Our response: According to the WB case study, the plaintiff attaches the defendant's movable assets prior to obtaining a judgment. Since the plaintiff has already attached defendant's property in Procedure 25 "Pre-judgment procedure", the court is not required to attach the movable assets again but only has to review the court files before conducting the auction. Thus, this procedure should not have been counted.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: Article 56 of the Compulsory Execution Act.</p>
91	<p>Report on execution of attachment.</p> <p>A court enforcement officer or (private) bailiff delivers a report on the attachment of Defendant's movable goods to the judge.</p>	Yes (38)	No	<p>1. Our response: The report is not legally required.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: No applicable laws.</p>



Pro-cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
92	<p>Valuation or appraisal of attached movable goods.</p> <p>The court or court appointed valuation expert evaluates the attached goods.</p>	Yes (39)	Yes (23)	<ol style="list-style-type: none"> 1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Articles 62 and 80 of the Compulsory Execution Act. 4. Further Information: To make it more convenient for members of the public to check the status of the court auction of movable goods and make people more willing to buy at such auctions, better protecting the rights of creditors and debtors by making auction sale prices closer to market prices, the Judicial Yuan has since April 20, 2010 put fully into operation an online display of photographs of movable property appraised for compulsory execution in civil litigation. This helps promote bidding interest and raise the success rate of auctions.
93	<p>Enforcement disputes before court.</p> <p>The enforcement of the judgment is delayed because Defendant opposes aspects of the enforcement process before the judge.</p>	Yes (40)	No	<ol style="list-style-type: none"> 1. Our response: This is not a mandatory procedure. The procedure is necessary only if the debtor opposes any unlawful enforcement proceeding or files a lawsuit to dispute the plaintiff's claim. Since it is not a mandatory procedure, it should not be counted. 2. Our recommendation: This is not a mandatory procedure and thus should not be counted. 3. Our legal basis: Articles 12, 14 and 14-1 of the Compulsory Execution Act.

Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
94	Call for public auction. Judge calls a public auction by, for example, advertising or publication in the newspapers.	Yes (41)	Yes (24)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Articles 57, 64, 65, 81 and 84 of the Compulsory Execution Act.
95	Sale through public auction. The Defendant's movable property is sold at public auction.	Yes (42)	Yes (25)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Articles 70 and 90 of the Compulsory Execution Act.
96	Direct sale. Defendant's property is not sold but not through a public auction. Checked as 'yes' if the direct sale is common as an alternative to a public auction. (assumption (i) is disregarded here).	No	No	
97	Judge's decision on bids. Judge determines the adequacy of the bids presented at public auction.	No	No	
98	Distribution of proceeds. The proceeds of the public auction are distributed to various creditors (including Plaintiff), according to the rules of priority.	Yes (43)	Yes (26)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Articles 31 and 38 of the Compulsory Execution Act.



Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
99	<p>Reimbursement of Plaintiff's enforcement fees.</p> <p>Defendant reimburses Plaintiff's enforcement fees which plaintiff had advanced previously.</p>	Yes (44)	No	<p>1. Our response: According to the law, enforcement fees are advanced by the plaintiff and then reimbursed by the debtor (defendant). In other words, these fees are included in the enforcement of claim and are borne by the debtor through the distribution proceedings. Thus, this procedure has been covered by Procedure 98 "Distribution of proceeds." It should not have been counted as a separate procedure.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: Article 28 of the Compulsory Execution Act.</p>
100	<p>Payment.</p> <p>Judge orders that the proceeds of the public auction or the direct sale be delivered to Plaintiff.</p>	Yes (45)	Yes (27)	<p>1. Our response: We have no different opinion.</p> <p>2. Our recommendation: This procedure should be counted.</p> <p>3. Our legal basis: Articles 68 and 97 of the Compulsory Execution Act.</p>

Appendix

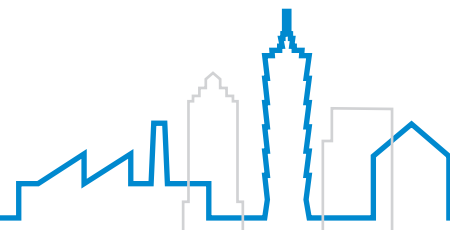
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