

2012

Report on Taiwan's Ease of Doing Business Reforms





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Taiwan Strengthens Transparency of Business Environment Regulation

1. Looking back at three years of reform

Taiwan launched business environment reform based on the World Bank's Doing Business report in October 2008. After three years of implementation, it completed the first Three-Year Reform Plan in May 2011. During this time, Taiwan's Ease of Doing Business (EoDB) world ranking rose from 61st in 2008 to 46th in 2009, 33rd in 2010, and 25th in 2011, a rise of 36 places in three years.

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

Doing Business report	DB 2009	DB 2010	DB 2011	DB 2012
Year of release	2008	2009	2010	2011
Overall ranking	61	46	33	25
Change in ranking	- 11	- 15	- 13	- 8

Note: Overall ranking is shown according to the year of announcement by the World Bank.

Looking back at the last three 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 content of reforms in the past three years is as follows:

❖The first round of reforms, in 2008/09

Abolishing the minimum capital requirement for starting a business, terminating the uniform certification system for profit-seeking enterprises, discarding the system for

delivery of labor insurance cards, simplifying the labor and health insurance application procedures, and instituting electronic filing and payment of business income tax.

❖ *The second round of reforms, in 2009/10*

Reducing the administrative procedures and time needed for company registration, amending the Enforcement Rules of the National Health Insurance Act, amending the Deed Tax Act to unify the basis for the payment of deed tax, and amending the Income Tax Act to reduce the profit-seeking enterprise income tax rate.

❖ *The third round of reforms, in 2010/11*

Completing the establishment of a one-stop website for online business startup applications, setting up a single window to handle construction permit applications for small buildings, streamlining the application procedures and time needed for getting an electricity supply, and pushing through amendments of investor protection provisions in the Company Act and the Securities and Exchange Act.

2. Business environment reforms in 2011/12

In June 2011, Taiwan launched the second 3-Year Reform Plan. The core goal of the reform strategy in this plan is “to strengthen the level of transparency in business environment regulation, and align with international trends of reform.” Tasks completed in Taiwan's 4th round of business environment reforms, carried out between June 2011 and May 2012, include the following:

❖ *Starting a Business*

The Ministry of Economic Affairs upgraded the server software of the one-stop website for online company startup applications, and amended related regulations, to enhance the website's functions and make it easier for members of the public to use its services for starting a business.

(1) Simplification of forms and certificates

Amendment of Article 16 of the Regulations Governing Company Registration and Recognition, Article 5 of the Regulations Governing Business Registration, Article



28 of the Enforcement Rules of the National Health Insurance Act, and Article 13 of the Enforcement Rules of the Labor Insurance Act, to allow the submission of photographic copies in place of original documents, or exempt applicants from submitting forms and certificates, to make it easier for applications to be submitted via the Internet.

(2) Submission of CPA capital audit report changed to post-startup requirement

To complement the abolition of the minimum capital requirement in April 2009 and make it easier for members of the public to start a business, Articles 7 and 10 of the Company Act were amended to change the CPA capital audit report to a requirement for submission within 30 days after the start of the company, so as to raise the efficiency of starting a business.

(3) Establishing a mechanism for CPAs to transmit capital audit certification electronically, and incorporating it into the one-stop company startup website

To complement the revision of Articles 7 and 10 of the Company Act and integrate the functions of the one-stop website, a system has been set up for the electronic transmission of CPA capital audit certification in place of the physical paper delivery as formerly required.

❖Dealing with Construction Permits

Taipei City Government set up the One-Stop Center for Warehouse Building Permits on March 1, 2011. To enhance the completeness and efficacy of this reform initiative, the city government announced that, with effect from March 1, 2012, this all-in-one service window would be expanded into the One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less. All of the requirements for obtaining construction permits via this counter are now combined into just two procedures, taking a total of 56 working days, to complete all requisite reviews, inspections and registration, and obtain construction and usage permits and ownership certification.

❖ *Protecting Investors*

In the last three years, strengthening laws to protect investors has been a focus of legal reform in Taiwan. Taking guidance from the reform suggestions put forward by the World Bank, the government has drafted stronger provisions regarding director liability and shareholder suits, which were passed into law by the Legislative Yuan in December 2011. In addition, drawing reference from the survey example for the investor protection index in the Doing Business report, Taiwan's government in February 2012 also promulgated revisions to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, to tighten the regulation of related party transactions and the extent of their required disclosure. The main details of the related reforms are as follows:

(1) *Extent of disclosure index*

The main points of the revision of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (promulgated on February 13, 2012):

A. Expanding the regulated scope of related party transactions, to cover transactions involving other kinds of property as well as immovable property:

Amendment of the title of Chapter 2, Section 3 from "Acquiring Real Property from Related Parties" to "Related Party Transactions," with corresponding amendment of Articles 7, 13, 14, 24 and 30.

B. Inserting stipulation that, if a public company engages in a related party transaction that reaches 10 percent or more of the company's assets, the company must obtain an appraisal report from an external professional appraiser or opinion from an external CPA:

Regarding the criteria for the requirement to obtain an appraisal report from an external professional appraiser or opinion from an external CPA, in addition to the provisions requiring this for a related party transaction reaching 20 percent of the company's paid-in capital or NT\$300 million or more, provision was inserted (in Article 13 Paragraphs 1 and 2) requiring it for a transaction reaching 10 percent of the company's total assets.



C. Inserting broadened criteria as to which transactions between a public company and a related party must be passed by the board of directors and approved by the supervisors, and provisions concerning the entry into contracts and payment for such transactions:

Amendment of Article 14 Paragraph 1 to stipulate that, when a public company intends to acquire or dispose of real property from or to a related party, regardless of the value of the property concerned, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a contract or make a payment for the transaction until the relevant information has been reported to the company's board of directors and has been passed by the directors and approved by the supervisors.

D. Inserting stipulation that certain transactions between a public company and a related party must be publicly announced within two days of their date of occurrence:

Amendment of Article 30 Paragraph 1 Subparagraph 1 to stipulate that, when a public company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the relevant information must be publicly announced on a designated website within two days of the occurrence of the transaction.

(2) Regarding the extent of director liability index

The key points of pertinent amendments of the Company Act and the Securities and Exchange Act, promulgated on January 4, 2012, are as follows:

A. Inserting provisions on shadow directors: Stipulating in Article 8 Paragraph 3 of the Company Act 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.

B. Amending the penalty provisions of the Securities and Exchange Act for breach of duty or expropriation of company assets by a responsible officer of a public company:

- a. Stipulating in Article 171 Paragraph 1 Subparagraph 3 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, shall be punished with imprisonment for between three and ten years, and also may be fined between NT\$10 million and NT\$200 million.
- b. Further stipulating in Article 171 Paragraph 3 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.

C. Inserting provision in the Company Act on disgorgement of unlawful profits by directors: Stipulating in Article 23 Paragraph 3 that, when a responsible person (director, supervisor, manager or active partner) of a company has acted in breach of the duty to act loyally, and in so doing has damaged the company and acted for himself or another person, a meeting of shareholders may resolve that any earnings of such action be returned to the company.

D. Inserting provision in the Company Act obliging directors to explain their personal interest to a board meeting: To promote greater transparency of directors' actions, for the better protection of investor rights and interests, inserting stipulation in Article 206 that a director who has a personal interest in a matter under discussion at a board meeting shall explain to the board meeting the essential contents of such personal interest.

(3) Regarding the ease of shareholder suits index

Inserting provision in Article 38-1 Paragraph 2 of the Securities and Exchange Act that 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, may apply to the competent authority for inspection of a specific matter or related documents and account books of the issuer.

❖Paying Taxes

In April 2012, Taiwan launched a system for making tax payments from demand or savings bank accounts via the Internet, at the Tax Online website (<https://paytax.nat.gov.tw>). Businesses can now use this system to pay the vehicle license tax online. Also, the government has continued to review and amend income tax law and related rules, to reduce the time that businesses need to spend on paying taxes.

3. Carrying out reform of the legal framework for secured transactions

Carrying out reform of the legal framework for movable property secured transactions, to raise Taiwan's score for strength of legal rights in the Getting Credit indicator, is a focal task of the second three-year reform plan launched by Taiwan. Currently, the CEPD is taking guidance from the UNCITRAL Legislative Guide on Secured Transactions, relevant reports issued by the World Bank, and examples of legislation in advanced countries, in conducting a study on the building of a modern legal framework for movable property secured transactions, and a team of scholars and experts has completed the draft of a "Movable Property, Debt and Intellectual Property Rights Security Bill".

This draft law will expand the scope of security rights and enable debts, intellectual property rights and future and after-acquired property to be used as security. It will also introduce an asset-pool security (floating lien) system, set up a national unified public notification website and database, and strengthen the private enforcement system to speed up creditors' realization of their credit rights. These provisions will serve to give businesses (particularly small and medium-sized enterprises) greater flexibility in getting financing.

Starting a Business

1. Introduction

In recent years, Taiwan's pursuit of business environment reform has been most successful in the Starting a Business index, where its global ranking has shot up from 119th to 16th. In each of the last three years, the World Bank has recognized Taiwan as an exemplar of positive reform in this area.

The following are highlights of our new reform measures introduced between June 2011 and May 2012:

- (1) Strengthening the functions of the One-Stop Website for Online Applications to Start a Business (<http://onestop.nat.gov.tw>):
 - A. An online platform for transmission of capital audit certification by certified public accountants (CPAs) has been added to the one-stop application website. This makes it easy for the CPA to use this online facility to transmit the audit report to the registering authority immediately after completing the audit.
 - B. The use of electronic signature has been adopted for the online transmission of documents (e-documents) for applying to start a company or business. (The legal basis for this is Article 2 of the Regulations Governing Company Registration and Recognition).
 - C. The system software of the one-stop application website has been renewed to add a function whereby, once the applicant has completed a single online data entry or transmission of e-documents, these can be simultaneously shared with other authorities (so that the other authorities do not need to again request the applicant to submit the same data or documents).
- (2) To complement the renewal of the one-stop application website system software, and make it easy for applicants to append e-signatures for online transmission of e-documents, the following revisions of pertinent laws will be completed before the end of May 2012:
 - A. Article 16 of the Regulations Governing Company Registration and Recognition will be amended to delete the provisions in Paragraphs 4 and 5 requiring an applicant for company registration to submit original documents, and to replace



- it with provision for the submission of photographic copies (to enable the online transmission of e-documents). (See Attachment 1.)
- B. An addition will be made to Article 5 Paragraph 3 of the Regulations Governing Business Registration, to exempt a company or business operator from submitting company/business registration documents when applying for tax registration via the one-stop application website. (See Attachment 2.)
- C. On February 17, 2012, an addition was made to Article 28 Paragraph 4 of the Enforcement Rules of the National Health Insurance Act to exempt a company or business from submitting registration documents when applying for establishment of group insurance via the one-stop application website. (See Attachment 3.)
- D. An addition will be made to Article 13 Paragraph 1 of the Enforcement Rules of the Labor Insurance Act to exempt an applicant entity from submitting company registration documents when using a government-provided online application system to conduct insurance coverage procedures. (See Attachment 4.)
- E. An addition will be made to Article 3 Paragraph 1 of the Enforcement Rules of the Labor Insurance Act to exempt a business entity from submitting company registration documents when using a government-provided online application system to conduct the opening of an account for payment of pension contributions. (See Attachment 5.)
- (3) On January 4, 2012, Articles 7 and 10 of the Company Act were amended to change the time at which a CPA capital audit report for starting a company must be submitted. Under the revised provisions, it is required to be submitted either at the time of applying to start a company or within 30 days of the company's registration. (See Attachment 6.)

2. Reform Comparison

(1) 2011 survey

No.	Procedure	2011 survey	
		Time to complete	Associated costs
1	At the one-stop-shop online application website (http://onestop.nat.gov.tw), use the electronic signature to start a business, submit electronic application documents, complete fee payment, and include: search and approval of company name, incorporation and tax registration, applications re labor insurance, national health insurance and labor pension contributions for employees, and registration of work rules.	7 days	(1) NT\$150 fee for online check of company name. (2) NT\$1,470 fee for company registration (calculated as 0.025% of the company's capital, but not less than NT\$1,000).
2	Make a company seal	1 day	NT\$450 fee for engraving of company seal (ranging from NT\$450 to NT\$1,000 depending on the number of words and quality of material used).
3	Submit a CPA capital audit report.	2 days	NT\$12,500 fee for CPA capital audit certification (fee ranges from NT\$5,000 to NT\$20,000).
Total		10 days	NT\$14,570



(2) 2012 reform result (streamlining into one procedure)

No.	Procedure	After 2012 reforms	
		Time to complete	Associated costs
1	At the one-stop-shop online application website (http://onestop.nat.gov.tw), use the electronic signature to start a business, submit electronic application documents, complete fee payment, and include: search and approval of company name, incorporation and tax registration, applications re labor insurance, national health insurance and labor pension contributions for employees, registration of work rules, and the CPA capital audit report.	7 days	<p>(1) NT\$150 fee for online check of company name.</p> <p>(2) NT\$1,470 fee for company registration (calculated as 0.025% of the company's capital, but not less than NT\$1,000).</p> <p>(3) NT\$450 fee for engraving of company seal (ranging from NT\$450 to NT\$1,000 depending on the number of words and quality of material used).</p> <p>(4) NT\$12,500 fee for CPA capital audit certification (fee ranges from NT\$5,000 to NT\$20,000).</p>
Total		7 days	NT\$14,570

Note: After the reforms in 2012, procedures 2 and 3 are combined into a single procedure conducted via the one-stop-shop online application website (<http://onestop.nat.gov.tw>). The time is reduced from 10 to 7 days, while the associated costs remain at NT\$14,570.

3. Explanation of reform

(1) Procedure: 3 procedures combined into one

- A. For applications to start a company that are made via the one-stop application website (at <http://onestop.nat.gov.tw>), applicants can now use an electronic signature instead of a physical seal. The application for company registration can be made by affixing an electronic signature to e-documents for online transmission. Therefore, the company seal-making procedure (previously procedure 2) can be incorporated into the one-stop online company startup procedure (procedure 1).
- B. An amendment of Articles 7 and 10 of the Company Act, promulgated on January 4, 2012, provided that the CPA capital audit report for company startup may be submitted either at the time of applying for company registration or within 30 days of registration. In addition, an online platform for transmission of capital audit certification by CPAs has been added to the one-stop application website, to make it easy for a CPA to use this online facility to transmit the audit report to the registering authority immediately after completing the audit. Hence, the procedure for submitting a CPA capital audit report (previously procedure 3) can also be incorporated into the one-stop online company startup procedure (procedure 1).
- C. Therefore, since an electronic signature can be used in place of a physical seal in an application to start a company, and the CPA capital audit report can be submitted after the company's registration, the company seal-making procedure (procedure 2) and the CPA capital audit report submission procedure (procedure 3) can be merged with the one-stop online company startup procedure (procedure 1) to form a single procedure.

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

- A. Using the one-stop online business startup website, and using an electronic signature instead of a physical seal, the company seal-making procedure (procedure 2) can be conducted simultaneously with the online startup application (procedure 1), and will require a maximum of 7 days to complete (i.e., the completion time of procedure 1).



- B. In addition, with the amendment of Articles 7 and 10 of the Company Act changing the submission of the CPA capital audit report to a requirement to be met either at the time of registration or within 30 days thereafter, the submission procedure (procedure 3) can be conducted simultaneously with the one-stop online startup procedure (procedure 1), and will require a maximum of 7 days to complete (i.e., the completion time of 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 (i.e., the completion time of procedure 1).

(3) Cost: unchanged

- A. After reform, although the procedure and time for starting a business has been streamlined, an applicant is still required to submit a copy of the company seal (when applying for company registration) and a CPA capital audit report (when applying for company registration or after registration). Therefore, an applicant must still pay the charges for making a company seal and preparing a CPA capital audit report.
- B. Since the applicant still needs to submit a copy of the company seal and a CPA capital audit report, the cost of starting a business remains unchanged.

(4) Minimum capital requirement: The requirement for a company's starting capital to be higher than set-up and operating costs has already been abolished.

- A. The provision that an applicant to start a company must submit a CPA capital audit report certifying that the company's startup capital was sufficient to cover the company's establishment costs was originally contained in the last sentence of Article 6 Paragraph 1 of the Regulations on Certification of Capital for Company Registration Applications.
- B. On March 29, 2011, the regulations were amended to delete the aforesaid provision, and the remaining provisions of Article 6 were moved to Article 7.

4. Other explanation

(1) There is no provision restricting the withdrawal of a company's startup capital from deposit in a bank account.

A company's startup capital is the company's capital stock. Under precondition of accordance with the company's operating needs, it can be withdrawn from the bank and utilized immediately after the company's registration has been completed. There are no provisions of law or regulation in Taiwan that restrict the withdrawal and utilization of a company's startup capital.

(2) The one-stop online company startup website can be used to inquire about the status 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.

(3) Company registration fees are levied in accordance with the Regulations Governing Collection of Company Registration Fees.

The fees charged in respect of online company name-checking and company registration are levied in accordance with the Regulations Governing Collection of Company Registration Fees. Inquiries about company registration fees can be made at the Commerce Industrial Services Portal of the Ministry of Economic Affairs or at the one-stop website for online company startup applications.



Attachment 1

Regulations Governing Company Registration and Recognition

Revised Article(January, 12, 2012)	Article before Revision
<p>Article 16</p> <p>Particulars required to be registered and all the documents, tables and statements required to be submitted along with respective registration applications under the Company Act are enumerated in detail in Table 1 through Table 5 annexed hereto.</p> <p>In case any of the documents, tables and statements to be submitted along with the relevant registration applications as required in the preceding Paragraph is a photocopy, the competent government authorities may request for the original copy for verification when necessary. If any of the documents is written in a foreign language, a Chinese translation thereof shall be annexed hereto.</p> <p>In case that the company incorporation registration, company amendment registration for capital increase, or registration of company spin-off, or acquisition, or share exchange, or merger shall be effected on a specific recordation date as prescribed by the relevant competent authorities in charge of the company, for the auditor's report for certification of capital and all necessary attachments thereto, which are required as attachments to the relevant registration application under Paragraph One hereof, a provisional auditor's report for certification of capital may be prepared and submitted prior to the foregoing specific recordation date, followed by a supplemental auditor's report for certification of capital as of the recordation date within fifteen (15) days following the specific recordation date.</p>	<p>Article 16</p> <p>Particulars required to be registered and all the documents, tables and statements required to be submitted along with respective registration applications under the Company Act are enumerated in detail in Table 1 through Table 5 annexed hereto.</p> <p>In case any of the documents, tables and statements to be submitted along with the relevant registration applications as required in the preceding Paragraph is written in a foreign language, a Chinese translation thereof shall be annexed hereto.</p> <p>In case that the company incorporation registration, company amendment registration for capital increase, or registration of company spin-off, or acquisition, or share exchange, or merger shall be effected on a specific recordation date as prescribed by the relevant competent authorities in charge of the company, for the auditor's report for certification of capital and all necessary attachments thereto, which are required as attachments to the relevant registration application under Paragraph One hereof, a provisional auditor's report for certification of capital may be prepared and submitted prior to the foregoing specific recordation date, followed by a supplemental auditor's report for certification of capital as of the recordation date within fifteen (15) days following the specific recordation date.</p> <p>The original of each shareholder's consent letter submitted by an unlimited company,</p>



Revised Article(January, 12, 2012)	Article before Revision
	<p>an unlimited company with limited liability shareholders, or a limited company, shall be signed by the shareholder issuing such consent letter, and shall be affixed with the company seal identical to that registered with the competent government authorities.</p> <p>A photocopy of the attendance list of directors submitted by a company limited by shares shall be signed by the directors present at a meeting of the board of directors, and shall be affixed with the company seal identical to that registered with the competent government authorities. The written consent letters issued by the directors and the chairman of the board of directors of a limited company, or by the directors and the chairman of the board of directors, and the supervisors of a company limited by shares shall be signed respectively, and the originals shall be submitted for examination and approval.</p>



Attachment 2

Regulations Governing Business Registration

Revised Article(March, 23, 2012)	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, 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. <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>A business entity organized as a company or partnership applies for business registration by One-Stop Shop Online is not required to submit the documents as provided in Paragraph 1, Subparagraphs 2 and 3.</p>	<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. <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>

Attachment 3

Enforcement Rules of the National Health Insurance Act

Revised Article(February, 15, 2012)	Article before Revision
<p>Article 28</p> <p>The group insurance applicants under article 14 of this Act shall complete and submit to the Insurer one copy of the Group Insurance Applicant Establishment Report Form and another copy of the Beneficiary Coverage Application Form.</p> <p>Except the government authorities, public schools, irrigation associations and publicly owned enterprises, the group insurance applicants shall prepare copies of identification cards of the responsible persons and the following documents:</p> <ol style="list-style-type: none"> 1. In case of factories, the documents related to the factories' registrations. 2. In case of mining industry, the mine industry registration certificate. 3. In case of salt field, farm, ranch, forest, tea plantation, the registration certificate. 4. In case of transportation industry, the transportation approval certificate or relevant documents. 5. In case of privately-run public utilities, the business license, or relevant documents. 6. In case of company or stores, the company registration documents or business registration documents. 	<p>Article 28</p> <p>The group insurance applicants under article 14 of this Act shall complete and submit to the Insurer one copy of the Group Insurance Applicant Establishment Report Form and another copy of the Beneficiary Coverage Application Form.</p> <p>Except the government authorities, public schools, irrigation associations and publicly owned enterprises, the group insurance applicants shall prepare copies of identification cards of the responsible persons and the following documents:</p> <ol style="list-style-type: none"> 1. In case of factories, the documents related to the factories' registrations. 2. In case of mining industry, the mine industry registration certificate. 3. In case of salt field, farm, ranch, forest, tea plantation, the registration certificate. 4. In case of transportation industry, the transportation approval certificate or relevant documents. 5. In case of privately-run public utilities, the business license, or relevant documents. 6. In case of company or stores, the company registration documents or business registration documents.



Revised Article(February, 15, 2012)	Article before Revision
<p>7. In case of private school, media, cultural, public interest, and cooperative business enterprises as well as agricultural, fishery, and occupational associations, the approval or registration documents.</p> <p>8. In case of employer defined in item 3, subparagraph 1, paragraph 1, Article 8 of this Act, the employment contract or other evidential documents.</p> <p>9. In case of the group insurance applicant other than the ones listed from item 1 to the preceding item, the approval or registration documents issued by the competent authority of their principal business.</p> <p>The group insurance applicants are deemed to have completed all required filing procedures on the date they submit Application Forms and copies of evidential documents to the Insurer according to the preceding two paragraphs.</p> <p>The Application Forms and copies of evidential documents prescribed in paragraph 1 and paragraph 2 may be exempted if the applicants apply for establishing group insurance applicants via the "one-stop online applications to start a business".</p>	<p>7. In case of private school, media, cultural, public interest, and cooperative business enterprises as well as agricultural, fishery, and occupational associations, the approval or registration documents.</p> <p>8. In case of employer defined in item 3, subparagraph 1, paragraph 1, Article 8 of this Act, the employment contract or other evidential documents.</p> <p>9. In case of the group insurance applicant other than the ones listed from item 1 to the preceding item, the approval or registration documents issued by the competent authority of their principal business.</p> <p>The group insurance applicants are deemed to have completed all required filing procedures on the date they submit Application Forms and copies of evidential documents to the Insurer according to the preceding two paragraphs.</p>

Attachment 4

Enforcement Rules of the Labor Insurance Act

Revised Article (May, 18, 2012)	Article before Revision
<p>Article 13</p> <p>When employers, associations or affiliated authorities hiring workers referred to in Article 6 of the Statute apply for coverage of insurance, except for governmental agencies , public schools, and the insured units which use the on-line requisition system providing by governmental agencies (institutions) to apply for coverage of insurance ,they shall submit the Xeroxed copies of the front and back pages of the national identification cards of the persons in charge and the copies of the following related documents issued by other related business competent authorities:</p> <ol style="list-style-type: none"> 1. Factories shall submit the factory related registration certificates. 2. Minefields shall submit the minefield registration certificates, minefield excavating or prospecting certificates. 3. Salt pits, ranges, pastures, forest and tea plantations shall submit registration certificates. 4. Transportation entities shall submit transportation permits or other related documents. 5. Public utilities shall submit business licenses or other related documents. 6. Companies and business entities shall submit company licenses, registration certificates for entities for profit or business registration certificates. 	<p>Article 13</p> <p>When employers, associations or affiliated authorities hiring workers referred to in Article 6 of the Statute apply for coverage of insurance, except for governmental authorities or public schools, they shall submit the Xeroxed copies of the front and back pages of the national identification cards of the persons in charge and the copies of the following related documents issued by other related business competent authorities:</p> <ol style="list-style-type: none"> 1. Factories shall submit the factory registration certificates. 2. Minefields shall submit the minefield registration certificates, minefield excavating or prospecting certificates. 3. Salt pits, ranges, pastures, forest and tea plantations shall submit registration certificates. 4. Transportation entities shall submit transportation permits or other related documents. 5. Public utilities shall submit business licenses or other related documents. 6. Companies and business entities shall submit company licenses, registration certificates for entities for profit or business registration certificates.



Revised Article (May, 18, 2012)	Article before Revision
<p>7. Private schools, news media, cultural entities, public-interest entities, cooperative entities, fisheries, occupational training institutions and civil organizations for various businesses shall submit their accredited or registration certificates.</p> <p>8. Other industries should provide license or related registration, approval or reference certificates.</p> <p>Should insured units are unable to obtain certificates described in the preceding paragraphs, they should attach the organization or alteration register application for the withholder or the uniform invoice purchase certificate issued by the revenue service organizations when applying for insurance.</p>	<p>7. Private schools, news media, cultural entities, public-interest entities, cooperative entities, fisheries, occupational training institutions and civil organizations for various businesses shall submit their accredited or registration certificates.</p> <p>8. Other industries should provide license or related registration, approval or reference certificates.</p> <p>Should insured units are unable to obtain certificates described in the preceding paragraphs, they should attach the organization or alteration register application for the withholder or the uniform invoice purchase certificate issued by the revenue service organizations when applying for insurance.</p>

Attachment 5

Enforcement Rules of Labor Pension Act

Revised Article (May, 7, 2012)	Article before Revision
<p>Article 3</p> <p>Where an employer is declaring the labor pensions shall be contributed in accordance with Paragraph 1 to Article 6 of the Act, a photocopy of the national identification card or a photocopy of the responsible person's national identification card of the employer and the photocopies of the following documents should be submitted except the employer is one of government institutions, public schools and except the employer is using on-line declaration system provided by government agencies (institutions) to declare:</p> <ol style="list-style-type: none"> 1. Factory: related identification documents regarding factory registration. 2. Coal Mine: Record of mine registration, licenses for coal mining or exploration. 3. Salt fields, farms, grazing sites, logging sites and tea fields: record of registration. 4. Transportation industries cargo transportation permit or related identification documents. 5. Public works industries: operation license or related identification documents. 6. Companies, shops or stores: company registration records or commercial license. 7. Private educational institutions, news media outlets, cultural enterprises, public interest organizations, cooperative enterprises, fisheries, vocational training centers and civic organizations of all kinds: establishment or registration records. 	<p>Article 3</p> <p>Employers applying for contributing to labor pensions in accordance with Paragraph 1 to Article 6 of the Act, with the exceptions of government bodies or public educational institutions, must also submit a copy of their national identification card. Responsible persons must submit a copy of their national identification card and copies of the following documents:</p> <ol style="list-style-type: none"> 1. Factory: record of factory registration. 2. Coal Mine: Record of mine registration, licenses for coal mining or exploration. 3. Salt fields, farms, grazing sites, logging sites and tea fields: record of registration. 4. Transportation industries cargo transportation permit or related identification documents. 5. Public works industries: operation license or related identification documents. 6. Companies, shops or stores: company registration records or commercial license. 7. Private educational institutions, news media outlets, cultural enterprises, public interest organizations, cooperative enterprises, fisheries, vocational training centers and civic organizations of all kinds: establishment or registration records.



Revised Article (May, 7, 2012)	Article before Revision
<p>8. All other business entities: permits or documentation provided by industry supervisory bodies.</p> <p>Those who cannot obtain the required documentations for the items in the preceding paragraph shall alternatively submit tax deduction records or use generalized and standardized receipts in applying.</p> <p>For responsible persons submitting copies of national identification cards in accordance with Paragraph 1, non-citizens may submit copies of their residence permits or passports as an alternative.</p>	<p>8. All other business entities: permits or documentation provided by industry supervisory bodies.</p> <p>Those who cannot obtain the required documentations for the items in the preceding paragraph shall alternatively submit tax deduction records or use generalized and standardized receipts in applying.</p> <p>For responsible persons submitting copies of national identification cards in accordance with Paragraph 1, non-citizens may submit copies of their residence permits or passports as an alternative.</p>

Attachment 6

Articles 7 and 10 of the Company Act

Revised Article (January, 4, 2012)	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 the registered capital amount 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 (January, 4, 2012)	Article before Revision
<p>Article 10</p> <p>Under either 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 either 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.

A stylized, light-colored illustration of a city skyline at the top of the page. It includes a Ferris wheel, a traditional Chinese temple with a tiled roof, modern skyscrapers, a bridge with palm trees, and another traditional building with a pagoda-like roof. Birds are flying in the sky above the buildings.

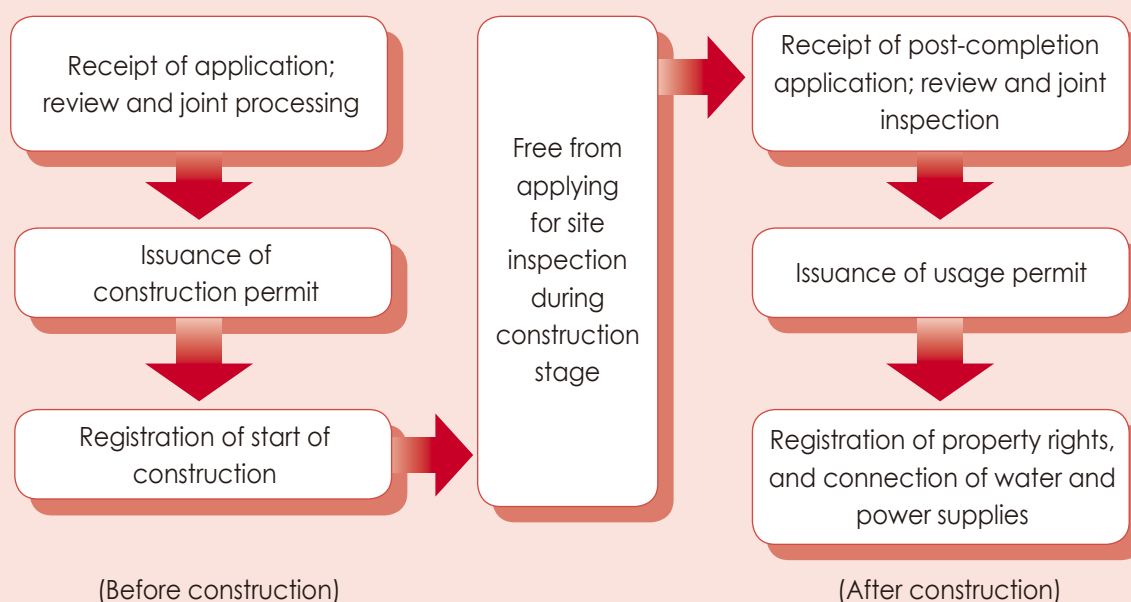
Dealing with Construction Permits

1. Introduction

Since 2009, the Ministry of the Interior and Taipei City Government have acted jointly to enhance the regulatory transparency and procedural efficiency of construction permit applications by setting up a one-stop window for the issuance of building construction and usage permits, improving the hierarchical management system, and simplifying the related fire safety and sewer connection procedures. With effect from March 1, 2012, only 2 procedures are needed to apply for construction permits for buildings under a certain size in Taipei City. The whole process takes a total of just 56 working days to complete all requisite review, inspection and registration through to lawful commencement of use.

(1) Public announcement of the One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less

Taipei City Government on March 1, 2012 publicly announced the expansion of the One-Stop Center for Warehouse Building Permits into the One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less. The Counter provides a single-window service to handle applications for construction permits, related post-completion joint inspections, and registration of property rights, for factory, warehouse and office buildings of up to five stories. This service is available for any construction that is within the jurisdictional boundaries of Taipei City Government and that meets the pertinent criteria. All related applications are combined into just two procedures which, excluding actual construction time, take a total of just 56 working days for the issuance of permits, certification of property rights, and commencement of lawful use.



(2) Simplification of documentary requirements

- A. 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.
- B. Taipei City Government made a public announcement on March 23, 2010 that certification of review and approval in respect of water, power, and telecom equipment design was no longer required for the issuance of construction permits or applications for registering start of construction.
- C. By a series of public announcements beginning in January 2011, Taipei City Government has decreed that sections of land compulsorily acquired for Nangang Business Park and in four other sections or areas of Taipei are exempt from the requirement to define the building line.



2. Explanation of reforms

Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
1	Obtain proof of land ownership from the city government	1 day / NT\$50	These procedures have already been amalgamated, and should be deleted.	Procedures 1, 2, 6, 7, 8, and 9 have been amalgamated.
2	Apply to the city government to define the building lines and check the land boundaries	16 days / NT\$4,000		
6	Obtain firefighting design approval from the fire protection authority	21 days / no charge		
7	Obtain waste water discharge permit from the park authority/ city government	7 days / NT\$3,200		
8	Apply for building permit from the city government	21 days / NT\$19,769	This procedure has already been amalgamated, and should be deleted. The cost should be revised to NT\$10,158.	
9	Report the start date and present construction plan to the city government and pay the city government the air pollution protection fee before starting construction	1 day / NT\$151,217	This procedure has already been amalgamated, and should be deleted. The cost should be revised to NT\$12,063.	



Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
Explanation	<ol style="list-style-type: none"> 1. Taipei City Government publicly announced on February 25, 2011 that the One-Stop Center for Warehouse Building Permits would be established on March 1, and in 2012 expanded it into the One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less. 2. With the expansion of the One-Stop Center for Warehouse Building Permits into the One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less, providing a single-window service to handle applications for construction permits and related post-completion joint inspections, applications can be submitted to the Counter for any construction that is within the jurisdictional boundaries of Taipei City Government and that meets the pertinent criteria. The One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less has a website at: http://www.dbaweb.tcg.gov.tw/one_stop/one_stop_service.htm 3. 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. 4. 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. 5. 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. 6. 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. 7. 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. 			



Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
3	Obtain information about infrastructure from the water company.	14 days/ no charge	Should be deleted	The relevant regulatory requirement has already been revised.
Explanation	<p>1. 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 applications for registering start of construction.</p> <p>2. The Taipei City Government publicly announced on March 23, 2010 that applications for construction permits or to register start of work for buildings under a certain scale or of a particular type need not be accompanied by certification of inspection and approval of drawings & explanations in respect of the building's water, power, and telecommunications equipment.</p>			
4	Obtain information about electricity infrastructure from electricity provider	14 days/ no charge	Should be deleted	The relevant regulatory requirement has already been revised.
Explanation	<p>1. 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 applications for registering start of construction.</p> <p>2. The Taipei City Government publicly announced on March 23, 2010 that applications for construction permits or to register start of work for buildings under a certain scale or of a particular type need not be accompanied by certification of inspection and approval of drawings & explanations in respect of the building's water, power, and telecommunications equipment.</p>			
5	Obtain information about telecommunications infrastructure from telecom company	14 days/ no charge	Should be deleted	The relevant regulatory requirement has already been revised.



Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
Explanation	<p>1. The National Communications Commission (NCC), under authority of Article 38 Paragraph 1 of the Telecommunications Act, publicly announced on July 19, 2006 that Article 38 of the Act and its related regulations would no longer apply to farm houses, warehouses, garages, and buildings with similar purposes. Since the building in the World Bank's case example is a warehouse, under the NCC's aforesaid announcement, it would not require application for review and site inspection of telecom equipment and its space.</p> <p>2. 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 telecommunications equipment design were no longer required for the issuance of construction permits or applications for registering start of construction. Taipei City Government publicly announced on March 23, 2010 that applications for construction permits or to register start of work for buildings under a certain scale or of a particular type need not be accompanied by certification of inspection and approval of drawings & explanations in respect of the building's water, power, and telecommunications equipment.</p>			



Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
10	City government inspects layout of the building plan on the land site	1 day/ no charge	These procedures have already been amalgamated and should be deleted.	Procedures 10, 11, 12, 13, 16, 17, 18, 19, 20, 21, 22 and 23 have already been amalgamated.
11	City government inspects at foundation stage	1 day/ no charge		
12	City government inspects at second-floor stage	1 day/ no charge		
13	City government inspects at roof construction stage	1 day/ no charge		
16	Obtain firefighting inspection certificate from the fire protection authority	4 days/ no charge		
17	Obtain address (house number) certification from the city government	3 days/ NT\$84		
18	Obtain waste water connection certification from the environmental protection bureau/ city government	10 days/ no charge		
19	Obtain building usage (occupancy) permit from the city government	6 days/ NT\$100		
20	Obtain building/ land ownership certificate from the city government	18 days/ NT\$39,618	This procedure has already been amalgamated and should be deleted. The cost should be revised to NT\$20,316.	
21	Apply for water supply from a local water company	1 day/ no charge	These procedures have already been amalgamated and should be deleted.	
22	Receive inspection from water company	1 day/ no charge		
23	Obtain connection to water	19 days/ NT\$25,000		



Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
Explanation	<ol style="list-style-type: none"> 1. On February 25, 2011, Taipei City Government publicly announced the streamlining of construction inspection procedures for cases handled by the One-Stop Center for Warehouse Building Permits, with effect from March 1, 2011. And with effect from March 1, 2012, the One-Stop Center was expanded into the One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less, to provide one-stop service for a wider range of buildings. 2. 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. 3. The information concerning fire-safety post-completion inspection, building number plate attachment, waste-water equipment post-completion inspection, and provision of water supply will be passed on to the pertinent agencies by the One-Stop Counter for appropriate action. 4. 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. 5. 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. 6. Since the total construction cost in this case would be NT\$10,157,686, the building registration fee is $\text{NT\\$}10,157,686 \times 0.2\% = \text{NT\\$}20,316$. 			

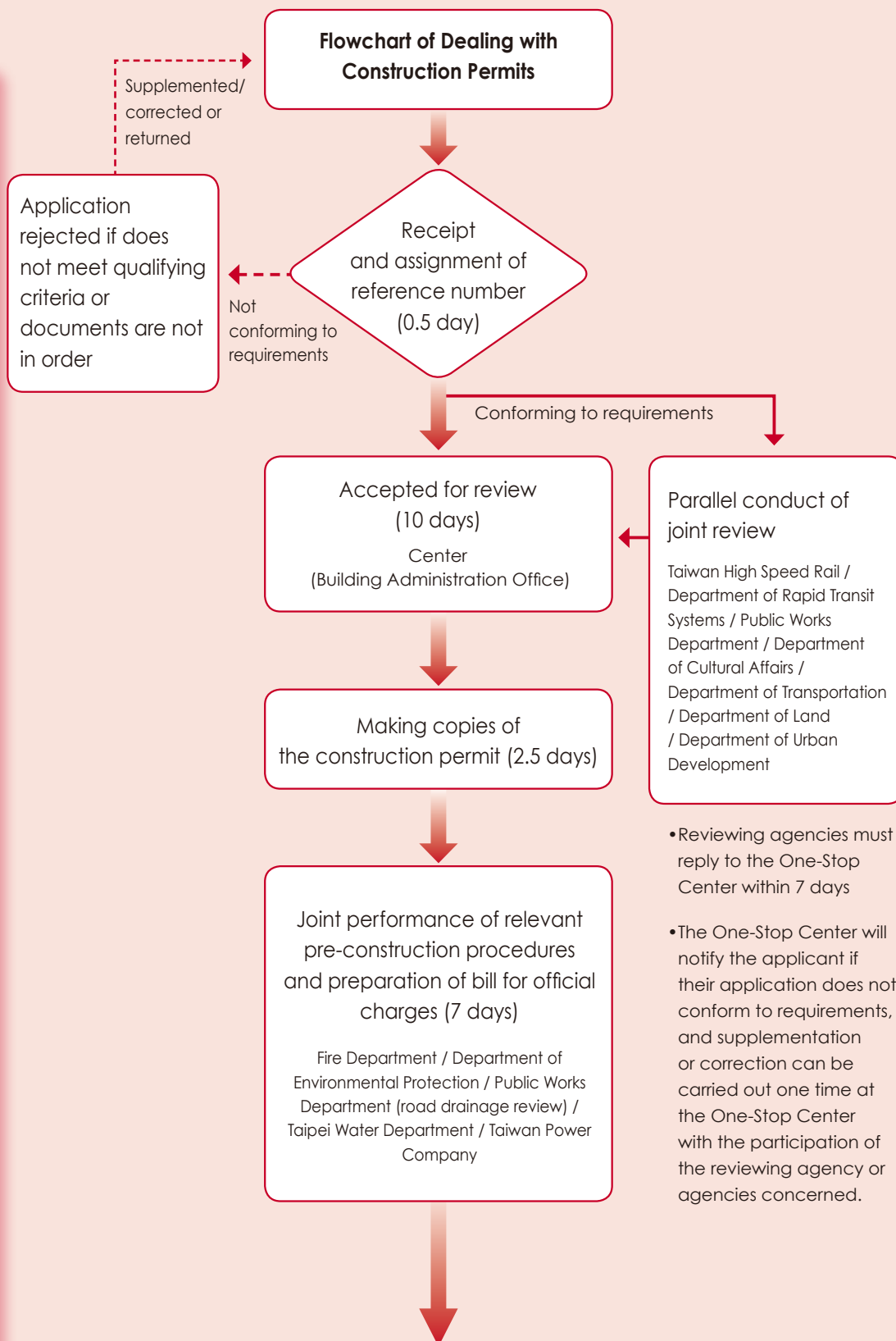


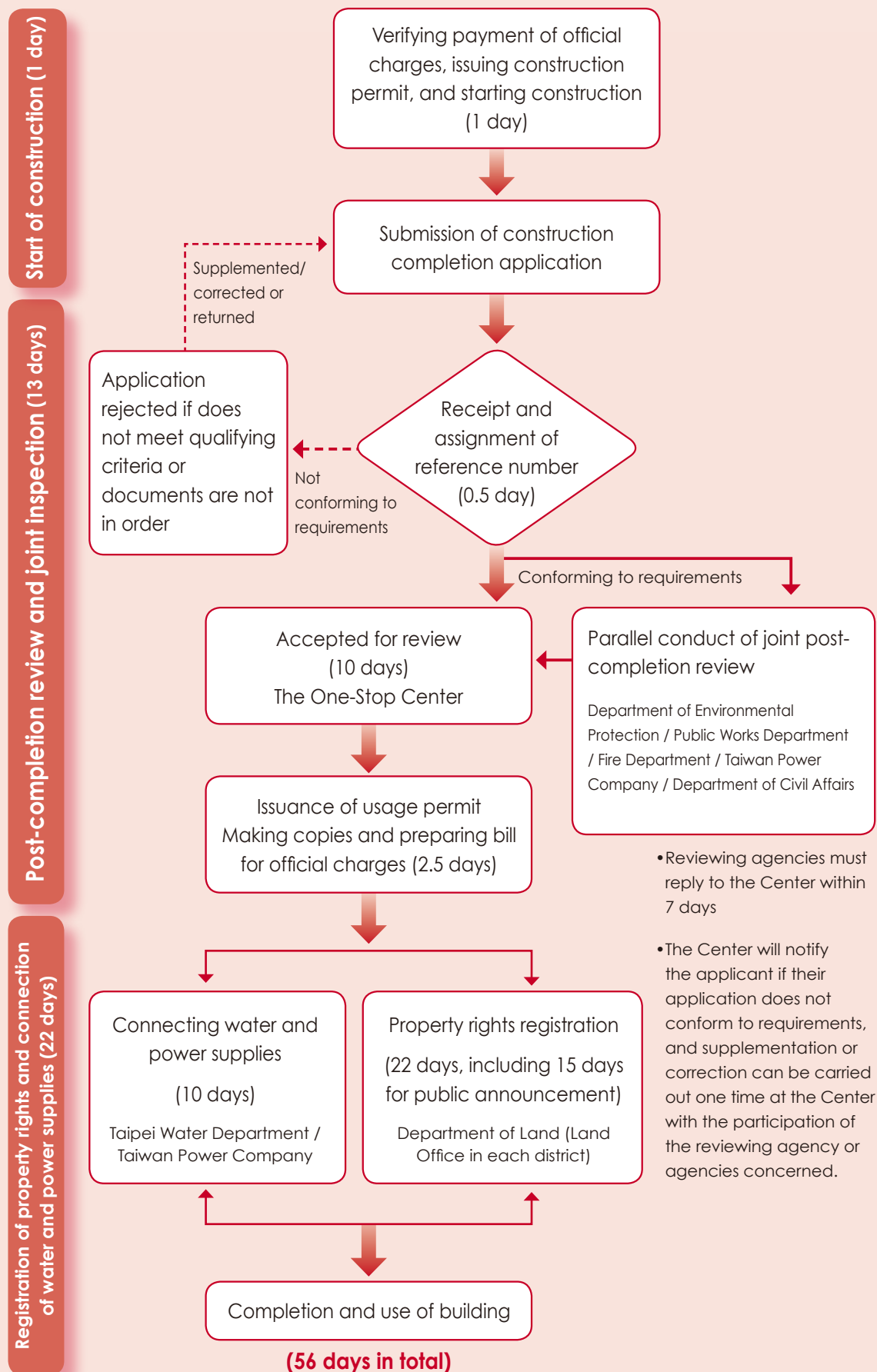
Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
14	Receive environmental inspection from the department of environmental protection (city government) at any time during construction	1 day/ no charge	Not required, so should be deleted	
Explanation	<p>1. The building in the example for this indicator is a two-story warehouse construction in Taipei City, and there is no provision in any of Taiwan's pertinent air pollution or waste disposal laws and regulations requiring such warehouse construction to receive environmental inspection and approval before allowing the continuation of work. In other words, air pollution inspections of the construction site carried out by the environmental protection authorities during construction will not have any effect on the timing or procedure of construction permit applications.</p> <p>2. In respect of water pollution control, under the provisions of Article 2 of the Water Pollution Control Act and the Water Pollution Control Act Industry Classifications and Definitions (as appended to the Act), the only two types of construction project that are subject to site controls for prevention of water pollution are as follows:</p> <p>(1) Development activities for which environmental impact assessments are required to be carried out as stipulated by Article 5 of the Environmental Impact Assessment Act and the Standards for Determining the Specific Items and Scope of Environmental Impact Assessments for Development Activities. These cover 11 categories of development activities, including the development of industrial parks, the construction of transport facilities (e.g., mass transit systems, airports and seaports), mining and quarrying activities (e.g., gravel extraction), the development of recreational areas, scenic areas, sports fields, and golf courses, the construction of cultural and educational facilities, urban renewal projects, etc.</p> <p>(2) Construction, road, tunnel, pipeline, bridge, and local development projects classified as Grade 1 construction projects under the Air Pollution Control Act.</p> <p>3. There is no requirement to carry out any water pollution prevention related work for a warehouse construction such as that in the World Bank's case example.</p>			

Item	Procedure	2011 survey results Days/cost	2012 reform results Days/cost	Explanation of reforms
15	Receive labor inspection from the department of labor (city government) at any time during construction	1 day/ no charge	Not required, so should be deleted.	1 day/ no charge
Explanation	<p>1. The building in the example for this indicator is a two-story warehouse construction in Taipei City, and there is no provision in any of Taiwan's pertinent labor inspection, health and safety regulations requiring such warehouse construction to receive labor inspection and approval before allowing the continuation of work.</p> <p>2. The 2007 Statistical Yearbook of the Construction and Planning Agency shows that out of a total of 31,704 construction permits issued during the year, only 3,571, or 11% of the total, were inspected by the labor inspection agencies. Due to the limited availability of labor inspection manpower, inspections are focused on large-scale and high-hazard sites, selected by means of a random draw. For small sites such as that of the World Bank survey's two-story warehouse, the authorities generally use informational propaganda and guidance to assist the implementation of labor safety facilities.</p> <p>3. There is no requirement to carry out any labor inspection related work for a warehouse construction such as that in the World Bank's case example.</p>			
24	Request telephone line	1 day/ NT\$3000	Should be deleted	These procedures are not required as part of applying for construction permits.
25	Obtain telephone line	3 days/ NT\$3,500		
Explanation	<p>1. Members of the public can choose their preferred telecom service provider and directly apply for a telephone line.</p> <p>2. Applying for and obtaining a telephone line are not required procedures of dealing with construction permits.</p>			

Flowchart of Dealing with Construction Permits

Construction permit joint review (20 days)





Taipei City Government Public Announcement

Building Permit Administration Section of the Construction Management Office

Date: March 1, 2012

Document No.: Fu-du-jian-zi No. 10163528100

Attachment: Operational Guidelines for the One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less

Purpose: To publicly announce that the operational guidelines for the expansion of Taipei City Government's One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less, to serve as a one-stop window to handle applications for building permits, post-completion joint inspections and registration of property rights for factory, warehouse and office buildings of five stories and less, will go into effect from March 1, 2012.

Background:

Items of public announcement:

1. The service provided under these guidelines] is applicable to all construction sites for the new construction of factory, warehouse and office buildings of five stories or less that are within the jurisdictional boundaries of Taipei City Government and that meet the following conditions:
 - (1) Are not in areas governed by the Taipei Municipal Rules of Review for Urban Design and Land Use Development Approval, the Slopeland Conservation and Utilization Act, the Soil and Water Conservation Act, or the Taipei Municipal Points of Direction for Building Development on Slopeland.
 - (2) Have not applied for application of the relaxed provisions for comprehensive design in the Taipei Municipal Points of Direction on Encouraging Additional Establishment in Buildings of Indoor Public Parking Space for Public Use or the Taipei Municipal Self-Government Ordinance for Land Use Zoning Control.
 - (3) The construction site does not have within its boundaries any tree to which the Taipei Municipal Self-Government Ordinance for Tree Conservation applies, or any fragmented land, and does not block or divert any existing alley.



(4) The construction site does not have a geologically sensitive area within its boundaries, and the building is not of a size that requires special structural review.

2. Applications should be submitted prior to the start 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.
3. Taipei City Government's One-Stop Permit-Issuance Counter for Factory, Warehouse and Office Buildings of Five Stories or Less is situated at the end of the south wing on the 2nd floor of Taipei City Hall (No. 1 Shifu Road, Xinyi District, Taipei City 11008). Its service hours are 08:30 to 17:30 from Monday to Friday (excluding statutory and national holidays). For further information, please visit the Counter's website at

http://www.dbaweb.tcg.gov.tw/one_stop/one_stop_service.htm.

Hau Lung-bin
Taipei City Mayor

One-Stop Counter for Building Permit

(For Factories, Warehouses, or Office Building of Five Stories or Lower), Taipei City Government

■ **Objectives:** On March 1st 2011, The Taipei City Government (herein as "the government") officially established the One-Stop Counter for Warehouse Building Permit to simplify the administrative procedure, improve the administrative efficiency and speed up the activation of the industry. Since 2012, it was expanded to One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower) (herein "the counter").

■ **Mission:** This counter aims at providing 'one stop services' by combining government units, state-owned enterprises and private institutions. In its initial stage, only construction of a certain scale will be the focus of regulation revisions and application procedure simplifications in an effort to speed up the review process. After the implication of these services, the application process will be more efficient, and quicker results will be a vast improvement over the current time-consuming process. By referring to these test-run executions, many more improved versions will be enforced in the future.

■ **Services Areas:** This counter will perform a test run and provide one-stop licensing and inspection application for Building for Factories, Warehouses, or Office Building of Five Stories or Lower. All sites that are qualified and under the jurisdiction of this city must submit their applications to this counter.

■ **Expected Performance:** Before submitting their applications, the applicants should read and fully understand the **Operational Guidelines for One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower)** issued by this counter. Within 56 business days upon submission, this counter is to complete all reviews and registration procedures so that the building can be fully operating. Unqualified applicants should still go through the normal application procedure.



- **Service Hours:** The counter is open for application and issuance operation during 8:30AM - 5:30PM every Monday to Friday (except holidays).
- **Location:** One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower), Taipei City Government (2F., No.1, Shifu Rd., Xinyi Dist., Taipei City 110)
- **Hotline:** 1999 (other counties or cities, please call 02-27208889) ext. 8515, contact Ms. Yu Lee.
- **Website:** http://www.dbaweb.tcg.gov.tw/one_stop/one_stop_service.htm

Operational Guidelines for One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower)

I. Application scope:

For factories, warehouses, or office building of five stories or lower and meeting the following requirements :

1. The building is not located in the area subject to the "Taipei City Government Urban Planning and Land Control Review", "Slope land Conservation and Utilization Act" or "Taipei City Slope Land Development and Building Regulations".
2. No application is made for the "Incentive Regulations for Building of Indoor Parking Space for the Public in Taipei City" or the comprehensive design encouragement specified in the "Taipei City Land Use and Zoning Control Bylaw".
3. The scope of the base is not subject to the "Taipei City Tree Protection Bylaw" nor involved in the desuetude of odd land or existing lanes or diversion.
4. The scope of the base does not cover geologically sensitive areas and the building does not need to undergo special structure review due to its scale.

II. Application procedure:

Application can be made to this counter "before construction" or "after the completion of the construction". No application for any inspection procedure is needed during the construction. The documents of the inspection carried out by the contractor and supervision engineer shall be attached to the application made after construction.

Operational Procedure for One Stop Counter for One-Stop Counter for Building Permit(For Factories, Warehouses, or Office Building of Five Stories or Lower)

III. Application form:

1. The application form is completed by filling in the following self-review forms for the application "before construction" or "after the completion of the construction", respectively.
2. Application forms.

Self-review for application before construction (OSC1)

- Form **OSC1-A1**: Building line indicating (specifying) diagram
- Form **OSC1-A2**: Land revision survey result diagram/Building survey result diagram (no need if not combined with demolition license)
- Form **OSC1-A3**: Building license application form
- Form **OSC1-A4**: Sanitary sewer pipelines/location of escape canals/movement of street lights and trees (no need if not involved), Public Works Department
- Form **OSC1-A5**: HSR building permit bans scope, Bureau of High Speed Rail (no need if not in the vicinity)
- Form **OSC1-A6**: RTS building permit bans scope, Department of Rapid Transit System (no need if not in the vicinity)
- Form **OSC1-A7**: In the vicinity of historic monuments, Department of Cultural Affairs (no need if not in the vicinity)
- Form **OSC1-A8**: Traffic impact assessment, entrance/exit design for vehicles and motorcycles, Department of Transportation (no needed if not meeting the application requirements)
- Form **OSC1-B1**: Application form for construction commencement, Construction Management Office
- Form **OSC1-B2**: Construction plan
- Form **OSC1-B3**: Fire protection review List, Fire Department
- Form **OSC1-B4**: Payment of first-phase air pollution fees and waste disposal plan review, Department of Environmental Protection
- Form **OSC1-B5**: Submittals list, Department of Labor
- Form **OSC1-B6**: Water supply pre-review, Water Department

Self-review for application after construction (OSC2)

- Form **OSC2-C1**: Application form for construction completion, Construction Management Office
- Form **OSC2-C2**: Application review of construction completion, Public Works Department
- Form **OSC2-C3**: Application review of construction completion, Fire Department
- Form **OSC2-C4**: Application for house number plate, Department of Civil Affairs
- Form **OSC2-C5**: Payment of last-phase air pollution fees and waste disposal

plan release control form, Department of Environmental Protection

Form **OSC2-D1**: Registration of property right, Department of Land

Form **OSC2-D2**: Water connection application, Water Department

IV. Responsible units:

(1) Before construction:

- Issuance of the building line indicating (specifying) diagram, Department of Urban Development, Taipei City Government
- Issuance of the Land revision survey result diagram, building survey result diagram, Department of Land, Taipei City Government
- Building license review, Construction Management Office, Taipei City Government
- Sanitary sewer pipelines/location of escape canals/movement of street lights and trees, Public Works Department, Taipei City Government
- Fire protection review, Fire Department, Taipei City Government
- Payment of first-phase air pollution fees and waste disposal plan review, Department of Environmental Protection, Taipei City Government
- Water supply pre-review, Taipei Water Department.

The following units should handle the application if involved

- Review of HSR building permit bans/restrictions scope, Bureau of High Speed Rail, MOTC
- Review of the RTS building permit bans/restrictions scope, Department of the Rapid Transit System, Taipei City Government
- Traffic impact assessment of parking space with more than 150 parking lots, Department of Transportation, Taipei City Government
- Review of the historic monument maintenance plan, Department of Cultural Affairs, Taipei City Government

(2) After construction:

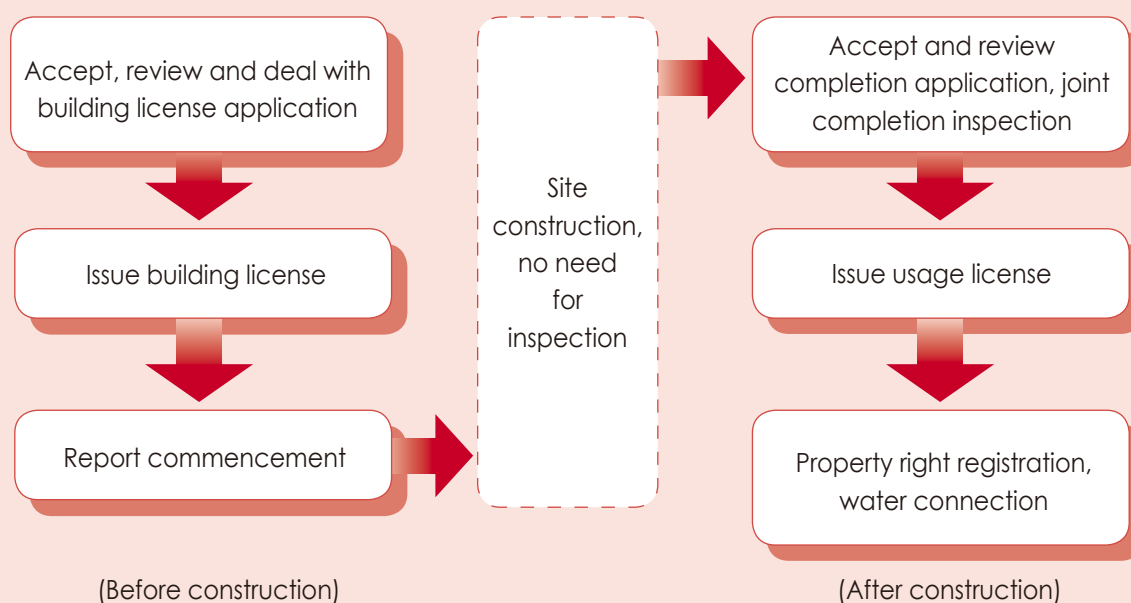
- Application review of construction completion, Construction Management Department, Taipei City Government
- Application review of construction completion, Sanitary Sewer Office, Public Works Department, Taipei City Government

- Application review of construction completion, Fire Department, Taipei City Government
- Application for house number plate, Department of Civil Affairs, Taipei City Government
- Payment of last-phase air pollution fees and waste disposal plan review, Department of Environmental Protection, Taipei City Government
- Application for joint completion inspection
- Registration of property right, Department of Land, Taipei City Government
- Water connection, Taipei Water Department

Operational Procedure for One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower)

"One-Stop Counter for Building Permit (For Factories, Warehouses, or Office Building of Five Stories or Lower)" (herein "the counter") is responsible for implementation of the standard procedure for building license application and joint completion inspection with regard to factories, warehouses, or office building of five stories or lower. The operational procedure is described below.

- Process: A building case is completed in the "building license" and "usage license" phases.



Workflow

- II. Description: A building case is completed in the "before construction" and "after construction" phases. Application can be made in either of the phases to the counter.
 1. Before construction: The applicant can apply for the building license to the counter in this phase. Related departments are responsible for review of the books and commencement documents. **(To "Application before Construction")**
 - (1) Before submitting the documents, the applicant should check item by item according to the "**Self-review for application before construction (OSC1)**", and put the application form, drawings and other documents in the envelope. The envelope should be marked with the "Application Form before Construction" and sent by mail or delivered personally to the counter.
 - (2) If assistance of other units is needed for a specific case, the "Building License (Design Change) Assistance Review List of Taipei City Government" must be completed by checking the assisting unit(s) and review item(s).
 - (3) The counter will not accept the application if it is not within the service scope of the counter, and the applicant must apply for the license according to regular procedures.
 - (4) For the application within the service scope of the counter, the person who accepts the application must check the documents and assign a number to the application. When the application is accepted officially, a receiving stamp will be affixed or a receipt will be sent by fax.
 - (5) When any nonconformity is identified during the review, the counter will give a notice for one-time remedy.
 - (6) After the review of the application is completed, make the copy of the building license and carry out the review before construction.
 - (7) The building license will be issued and the commencement of the construction will be approved only after all required fees (including building license application fee, first-phase air pollution fee and other administrative fees) have been paid. The building license issued can be received by mail or personally at the counter of the counter.

2. After construction: The applicant can submit the building license to apply for the usage license to the counter. Related departments are responsible for review of the books and documents. **(To “Application after Construction”)**

- (1) For the construction that does not bring about damage to neighbors after completion, the applicant can submit the application to the counter with the building license and the post-construction application form. The counter will forward the documents to related units and the public utility unit. The counter only accepts the application with regard to the works for which a pre-construction application was submitted in the first phase.
- (2) The submission procedure is same as in the first phase. The applicant should put all application letters, forms, drawings and other documents/drawings required by laws or other related units in an envelope. The type of application and the applying unit should be marked on the envelope (e.g. “apply to Fire Department for completion inspection of fire protection equipment”).
- (3) The applicant should provide the building license number (○○○ Jian-Zi No. ○○○○) assigned by the counter and fill in the **Self-review for application after construction (OSC2)**. The envelope should be marked with the “post-construction application form” and sent by mail or delivered personally to the counter.
- (4) The applicant can apply to the counter for gathering all related units to carry out the joint inspection. For this, the applicant should fill in the second part of the self-review forms. The counter will arrange the joint inspection according to the schedule that the applicant specifies.
- (5) The usage license will be issued only after the application is approved and the application fee of the usage license, last-phase air pollution fee and other administrative fees have been paid, and a copy of the usage license has been made.
- (6) The Usage license issued can be received by mail or personally at the counter of the counter. The counter will notify related units to register the property right and supply water.
- (7) The construction is completed and the building can be used.

Getting Electricity

1. Introduction

In the World Bank's Doing Business 2012 report released in October 2011, Taiwan was ranked 3rd in the world in the indicator for getting electricity. The survey results for this indicator, which was included in the survey for the first time, showed that getting an electricity connection in Taiwan required four procedures, took 23 days, and cost 52.4 percent of income per capita.

The World Bank's survey example for this indicator assumed a two-story warehouse located in Taipei City with a floor area of approximately 1,300 square meters, to be supplied with electricity by a 3-phase, 4-wire Y, 140-kilovolt-ampere (kVA) (subscribed capacity) connection, 150 meters long, installed either overhead or underground.

To simplify the application process for the provision of 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 (see attachment). These directions, which clearly stipulate the related application procedures and operational timeframes, have been posted on the company's website (at <http://www.taipower.com.tw>) for public reference.



2. Correction of the survey results

(1) 2011 survey results

No.	Procedure	2011 survey results	
		Time to complete	Associated costs
1	Submit an application for electricity connection and await estimate of the fee.	5 days	NT\$ 307,860
*2	Await external inspection by TPC required for the preparation of the estimate	1 day	No charge
3	Await completion of the external connection works by TPC's subcontractor	19 days	No charge
4	Await installation of the meter, internal wiring inspection by TPC and electricity starts flowing	2 days	No charge
Total	Four items	23 days	NT\$ 307,860

* Takes place simultaneously with another procedure.

(2) 2012 survey correction

No.	Procedure	2012 survey correction	
		Time to complete	Associated costs
1	Submit an application to TPC for electricity connection, which includes external inspection and transmission design.	4 days	NT\$ 307,860
2	TPC's contractors carry out work to set up a transmission line outside the building	17 days	No charge
3	TPC installs a meter, inspects internal wiring connection, and commences flow of electricity	1 day	No charge
Total	3 items	22 days	NT\$ 307,860

3. Explanation for the correction

The following correction is proffered by TPC after reviewing the 2011 survey results:

- (1) After receiving an application for electricity supply, TPC will promptly examine the submitted drawings and data and dispatch personnel to the site to conduct external inspection and design of the outdoor wiring. The inspecting personnel will not need to confer with the user for or during the inspection. Hence, procedures 1 and 2 should be combined into a single procedure, and it is suggested that this procedure be described as "Submit an application to TPC for electricity connection, which includes external inspection and transmission design." The related charges are payable at the time of application, and the time for completing this procedure should be 4 days.
- (2) It is suggested that Procedure 3 be revised to "Taiwan Power Company's contractors carry out work to set up a transmission line outside the building", and the time for completing this procedure should be revised to 17 days.
- (3) It is suggested that Procedure 4 be revised to "Taiwan Power Company installs a meter, inspects internal wiring connection, and commences flow of electricity", and the time for completing this procedure should be revised to 1 day.
- (4) Summing up the aforesaid, in the World Bank's survey example, Getting Electricity in Taiwan requires 3 procedures, takes 22 days to complete, and costs NT\$307,860.

4. Other explanation

Under the provisions of TPC's Business Rules, submitted to and approved by the Ministry of Economic Affairs, members of the public can use the internet, telephone, fax or mail to apply for electricity supply. The applicant can also use electronic transfer to pay the line-installation charge to TPC.

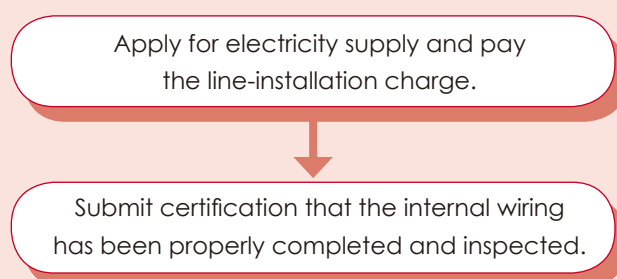
Attachment

Processing of Applications for a New Electricity Supply to Buildings under a Certain Size

❖ I. Applicable scope

Buildings under a certain size as stipulated by the Ministry of the Interior (warehouses of up to five floors, with up to five occupants, a total floor area of up to 2,000 square meters, and a contracted supply capacity of up to 150 kW).

1. Flow chart



- ※ The customer fills out and signs a registration form for the installation of a new electricity supply, according to the category of use applied for. He then submits the completed form together with a diagram of internal wiring. The line-installation charge can be paid at the counter with submission of the application, or can be paid by electronic transfer.
- ※ The actual time required to install an external overhead power transmission line is approximately 8 days for a line of only 10 meters in length and approximately 22 days for a line of 150 meters. This excludes time prior to payment of the applicable line-installation charge, time in which it is impossible to work on design or installation of the line due to reasons for which the customer is responsible, and weekend and public holidays.

2. Form of documents

- (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) Submission of documents required for review of the space reserved for TPC's installation of electricity supply equipment and the internal electrical wiring.
 - (4) Letter of commitment to reserve space for TPC's installation of electricity supply equipment.
 - (5) 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.

3. Related laws

- a. Article 75 of the Electricity Act
- b. Article 1-1 of the Building Equipment Part of the Building Technical Regulations.

❖ **II. For inquiries about procedures for applying for electricity supply to buildings outside the scope of the above, please visit the TPC website (<http://www.taipower.com.tw>) or call the service hotline 1911.**



Registering Property

1. Introduction

In the World Bank's Doing Business 2012 report released in October 2011, Taiwan was ranked 33rd in the Registering Property indicator, one place below its previous ranking. However, when Taiwan's government reviewed the causes of this fall in ranking, it found as the main cause that the World Bank had erroneously applied the deed tax rate of 6% to the sale transaction price in assessing the amount of deed tax payable by the purchaser, and hence had overestimated the cost of a property transaction in Taiwan. As a result, Taiwan was given a lower-than-merited ranking in this indicator.

(1) The actual cost of registering property is only 0.71% of the property value, not 6.2%

According to the World Bank survey, the cost of registering property in Taiwan includes three items, namely: deed tax (6%), stamp tax (0.1%), and a registration fee (0.1%), adding up to 6.2% of the property value. In respect of the deed tax, this was assumed to be levied at the nominal rate of 6% of the deed value in accordance with the provisions of Article 3 of the Deed Tax Act. However, Article 13 of the Deed Tax Act prescribes that the so-called deed value in Article 3 uniformly refers to the "standard price" as determined by the local real property assessment committee. It does not refer to the actual price of the property transaction. Hence, the World Bank overestimated the cost of the deed tax to be paid by a house purchaser.

In the World Bank's example, the property to be registered consists of land and a 2-story warehouse building in a periurban area of Taipei. The land area is 557.4 square meters, and the warehouse has a total area of 929 square meters. Assuming that such a property would have a market value of NT\$29,403,514 (equivalent to US\$922,900), the purchaser would have to pay deed tax of only NT\$149,957 (approximately 0.51% of the property value), and not NT\$1,764,210 (6% of the property value).

In the example designed by the World Bank, the total cost to be paid by the purchaser would represent only 0.71% of the property value, consisting of deed tax (0.51%), stamp tax (0.1%), and registration of ownership transfer (0.1%). It would not be as high as 6.2% of the property value.



(2) Online filing for payment of local taxes (including deed tax) has already exceeded 50 percent

Taiwan completed the establishment of a nationally accessible Local Tax Online Filing Portal (https://etrs.tpctax.gov.tw/ap/yrx2/yrx200m_01v1.jsp) 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. 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.

Percentage of local tax filings conducted online in 2010, 2011, and January 2012

Filing period	Number of online filings (A)	Number of counter filings (B)	Total filings (C=A+B)	Ratio of online filings (A/C)
January~December 2010	677,154	1,969,447	2,646,601	25.6%
January~December 2011	1,344,191	1,277,312	2,621,503	51.3%
January 2012	101,615	80,704	182,319	55.7%

Source: Taxation Agency, Ministry of Finance

2. Correction and comparison

(1) 2011 survey

No.	Procedure	2011 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 (a few hours in person at the registry or 3 days by mail)	NT\$ 20 per page
2	Buyer pays the deed tax at the Municipality and stamp tax	1 day	6% of standard property value (Deed Tax) + 0.1% Stamp Duty = 6.1% of property value
3	Registration of transfer of title at the Land Registry	3 days	0.1% of property value (registration fee) + NT\$ 80 for new ownership certificate
Total		5 days	6.2% of property value

(2) 2012 correction

No.	Procedure	2012 correction	
		Time to complete	Associated costs
1	Buyer pays the deed tax and stamp tax to the city government.	1 day	6% of the property's "standard value" (deed tax) + 0.1% stamp duty = 0.61% of actual property value
2	Registration of transfer of title at the land registry	3 days	0.1% of property value (registration fee) + NT\$ 80 for new ownership certificate
Total		4 days	0.71% of property value



3. Explanation for the correction

(1) Procedures: Three procedures corrected to two

- 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 (at <http://www.land.taipei.gov.tw/ct.asp?xItem=12068&CtNode=2603&mp=111001>). 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 also 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.
- C. Hence, since the two parties can use the aforementioned online inquiry system to promptly obtain information about the land rights of the property before concluding the transaction, and since that is not a necessary procedure for registering transfer of the property, procedure 1 ("Buyer researches the property rights and encumbrances registered against the property at the registry of titles") should be deleted, and the necessary procedures for registering property in Taiwan should be corrected from three to two.

(2) Time: Shortened from five days to four days

If procedure 1 ("Buyer researches the property rights and encumbrances registered against the property at the registry of titles") is deleted as unnecessary, the time required for completing property registration in Taiwan should be reduced from five days to four.

(3) Cost: Only 0.71% of the property value, not 6.2%

A. The buyer must pay deed tax and stamp tax, which add up to 0.61% of the property value

- a. Under the provisions of Articles 4, 5 and 13 of the Deed Tax Act as amended on May 5, 2010 (see Attachment 1), the deed tax that must be paid by the buyer is uniformly based on 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, purpose, number of stories, depreciable life, and street/road grade, as publicly announced by the committee.

(For the relevant data table and calculation formula, please refer to the Taipei Revenue Service’s Website at: <http://tcgwww.taipei.gov.tw/ct.asp?xItem=1674792&ctNode=29094&mp=103011>.)

- b. Applying the above to the World Bank’s survey example, the deed tax payable by the buyer would represent only 0.51% of the property value. Its calculation is as follows:

Deed tax = the standard price determined by the local real property assessment committee (“standard price”) × 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\$29,403,514.
- (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 $\times 6\% = 2,487,398 \times 6\% = \text{NT\$}149,244$.
- (g) The ratio of the deed tax to the value of the property = $(149,244 \div 29,403,514) \times 100\% = 0.51\%$
- 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 0.61% of the property value.
- e. Hence, under the formula by which deed tax and stamp tax are assessed, with the deed tax calculated as 6% of the standard price of the property and the stamp tax calculated as 0.1% of the property value, the total thereof does not represent 6.1% of the property value. In the World Bank's survey

example, the cost of the deed tax (0.51%) and stamp tax (0.1%) payable by the buyer would represent only 0.61% 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 per cent of the declared value of the land or 0.1 per cent of the value of any right over it other than ownership, as the case may be. Hence, the fee payable by the buyer for registering transfer of ownership at the land registry will not be more than 0.1% of the actual sale price (the property value).
- 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 0.71% of the property value, not 6.2%.



4. Other explanation

(1) The fees for real property registration can be looked up online

The fees for property registration and related certification are charged pursuant to the provisions of Articles 67, 76 and 79-2 of the Land Act. Taipei City Government's Department of Land publicly announces the schedule of related fees, which can be looked up on its website at <http://www.land.taipei.gov.tw/ct.asp?xItem=11911&CtNode=2585&mp=111001>

(2) The status of real property registration processing can be checked online

The status of real property registration processing can be checked online. In the World Bank's survey example, the parties to the transaction could obtain this information by going to the website of Taipei City Government's Department of Land (<http://www.land.taipei.gov.tw/ct.asp?xItem=140501&CtNode=2590&mp=111001>) and keying in the office processing the case, the type of case (registration or cadastral survey), the date of submission, and the reference number.

Attachment 1

Articles 4, 5 and 13 of the Deed Tax Act

Revised Article (May 5, 2010)	Article before Revision
<p>Article 4</p> <p>The deed tax on a sale shall be filed and paid by the purchaser.</p>	<p>Article 4</p> <p>The deed tax on a sale shall be filed and paid by the purchaser according to the contract price.</p>
<p>Article 5</p> <p>The deed tax on the creation of <i>dien</i> shall be filed and paid by the <i>dien</i> holder.</p>	<p>Article 5</p> <p>The deed tax on the creation of a <i>dien</i> shall be filed and paid by the <i>dien</i> holder according to the contract price.</p>
<p>Article 13</p> <p>The value of a deed as referred to in Paragraph 3 shall be assessed according to the standard price as determined by the local real property assessment committee. However, if the property is acquired at a transfer price below the determined standard price under the condition as described in Article 11, the value of the deed may be assessed according to that transfer price.</p> <p>The rules governing the organization of real property assessment committees shall be prescribed by the Ministry of Finance.</p>	<p>Article 13</p> <p>If the value of a deed filed by the taxpayer is below the standard price as determined by the local real property assessment committee, the deed tax shall be imposed according to such standard price, unless the immovable property is acquired under the condition as described in Article 11 herein.</p> <p>The rules governing the organization of real property assessment committees shall be prescribed by the Ministry of Finance.</p>



Attachment 2

Purpose Classification Table

Structure Purpose Classification	Steel structure		Reinforced concrete structure		Reinforced brick structure	
	Steel concrete structure	Steel reinforced concrete structure	Precast concrete structure			
Category 1	01	International tourist hotel	01	International tourist hotel	20	Hotel
	02	Nightclub	02	Nightclub	22	Restaurant
	03	Dance club	03	Dance club	26	Games venue
	04	Coffee shop	04	Coffee shop		
	05	Liquor store	05	Liquor store		
	06	Singing hall	06	Singing hall		
	07	Apartment suite	07	Apartment suite		
	08	Television station	08	Television station		
Category 2	20	Hotel	20	Hotel	21	Department store
	21	Department store	21	Department store	23	Hospital
	22	Restaurant	22	Restaurant	24	Mall
	23	Hospital	23	Hospital	25	Theater
	24	Mall	24	Mall	27	Supermarket
	25	Theater	25	Theater	28	Library
	26	Games venue	26	Games venue	29	Fine arts museum
	27	Supermarket	27	Supermarket	30	Museum
	28	Library	28	Library	31	Memorial museum
	29	Fine arts museum	29	Fine arts museum	32	Radio station
	30	Museum	30	Museum		
	31	Memorial museum	31	Memorial museum		
Category 3	40	Market	40	Market	40	Market
	41	Office building (room)	41	Office building (room)	41	Office building (room)
	42	Store	42	Store	42	Store
	43	Clinic	43	Clinic	43	Clinic
	44	House	44	House	44	House
	45	School building	45	School building	45	School building
	46	Gymnasium	46	Gymnasium	46	Gymnasium
	47	Assembly hall	47	Assembly hall	47	Assembly hall
	48	Temple	48	Temple	48	Temple
	49	Church	49	Church	49	Church
	50	Farm house	50	Farm house	50	Farm house
	51	Open space	51	Open space	51	Open space
	52	Swimming pool	52	Swimming pool	52	Swimming pool
Category 4	60	Factory	60	Factory	60	Factory
	61	Warehouse	61	Warehouse	61	Warehouse
	62	Parking lot	62	Parking lot	62	Parking lot
	63	Air raid shelter	63	Air raid shelter	63	Air raid shelter
	64	Building for agricultural use	64	Building for agricultural use	64	Building for agricultural use
	34	Oil tank	34	Oil tank	34	Oil tank
	35	Incinerator	35	Incinerator	35	Incinerator

Notes:

- Buildings not listed in the table should be assigned to their closest classification.
- "Games venue" refers to bowling alleys, ice-skating rinks, and the like.

Attachment 3

Table of Standard Unit Prices for Building Structures under 35 Storeys in Taipei City

Structure	Steel structure (p)				Reinforced concrete structure (B)				Reinforced brick structure (C)				Iron structure		Wood, stone and brick structure (DEHF)	Earth and wood structure (KL)
	Steel concrete structure (A)		Steel reinforced concrete structure (S)		Precast concrete structure (T)								200 m ² and more (U)	Less than 200 m ² (J)		
	Type I	Type II	Type III.	Type IV	Type I	Type II	Type III.	Type IV	Type I	Type II	Type III.	Type IV				
35	10,920	10,810	10,160	9,650	10,420	10,170	9,830	9,500								
34	10,750	10,640	10,000	9,480	10,250	10,000	9,660	9,330								
33	10,580	10,470	9,830	9,310	10,080	9,830	9,490	9,160								
32	10,420	10,300	9,660	9,140	9,910	9,660	9,320	8,990								
31	10,250	10,140	9,490	8,970	9,740	9,490	9,150	8,820								
30	10,080	9,830	9,320	8,810	9,570	9,320	8,980	8,650								
29	9,910	9,660	9,140	8,640	9,400	9,150	8,810	8,480								
28	9,740	9,490	8,970	8,470	9,230	8,980	8,640	8,310								
27	9,580	9,320	8,810	8,300	9,060	8,810	8,470	8,140								
26	9,410	9,140	8,640	8,130	8,890	8,640	8,300	7,970								
25	9,230	8,970	8,470	7,970	8,720	8,470	8,130	7,800								
24	9,060	8,810	8,300	7,800	8,550	8,300	7,970	7,630								
23	8,890	8,640	8,130	7,630	8,390	8,130	7,800	7,450								
22	8,720	8,470	7,970	7,450	8,130	7,880	7,630	7,280								
21	8,550	8,300	7,800	7,280	7,880	7,630	7,360	7,110								
20	8,390	8,130	7,630	7,110	7,630	7,360	7,110	6,860								
19	8,130	7,880	7,360	6,860	7,360	7,110	6,860	6,610								
18	7,880	7,630	7,110	6,610	7,110	6,860	6,610	6,360								
17	7,630	7,360	6,860	6,360	6,860	6,610	6,360	6,100								
16	7,360	7,110	6,610	6,100	6,610	6,360	6,100	5,840								
15	7,110	6,860	6,360	5,840	6,360	6,100	5,840	5,590								
14	6,860	6,610	6,100	5,590	6,100	5,840	5,590	5,330								
13	6,610	6,360	5,840	5,330	5,840	5,590	5,330	5,080								
12	6,360	6,100	5,590	5,080	5,590	5,330	5,080	4,830								
11	6,100	5,840	5,330	4,830	5,330	5,080	4,830	4,580								
10	5,840	5,590	5,080	4,580	5,080	4,830	4,580	4,330								
9	5,590	5,330	4,830	4,330	4,830	4,580	4,330	4,060								
8	5,330	5,080	4,580	4,060	4,580	4,330	4,060	3,810								
7	5,080	4,830	4,330	3,810	4,330	4,060	3,810	3,560								
6	4,830	4,580	4,060	3,560	4,060	3,810	3,560	3,300								
6	4,580	4,330	3,790	3,310	3,050	2,800	2,450	2,200								
4	4,330	4,080	3,520	3,060	2,800	2,650	2,280	2,030	2,630	2,370	2,110	1,860				
3	4,080	3,830	3,250	2,810	2,650	2,500	2,110	1,860	2,450	2,200	1,950	1,690			1,530	
2	3,830	3,580	2,980	2,560	2,500	2,350	1,950	1,690	2,280	2,030	1,780	1,530	1,530	1,150	1,360	
1	3,580	3,330	2,710	2,310	2,350	2,200	1,780	1,530	2,210	1,950	1,690	1,440	1,440	1,060	1,190	250

Attachment 4

Taipei City Table of Service Life of Various Categories of Buildings and Depreciation Rates

Structure and classification of building	Code	Annual depreciation rate	Maximum number of years of depreciation	Residual value
Steel structure	P	1%	60	40%
Steel concrete structure	A			
Steel reinforced concrete structure	S			
Reinforced concrete structure	B	1%	60	40%
Precast concrete structure	T			
Reinforced brick structure	C	1.2%	52	37.6%
Iron structure	J U	1.2%	52	37.6%
Stone structure	H	1.4%	46	35.6%
Brick structure	F	1.4%	46	35.6%
Wood structure (wood bedding excluded)	D	2%	35	30%
Wood structure (wood bedding)	E	2.5%	30	25%
Earth brick structure	K	5%	18	10%
Bamboo structure	L	8%	11	12%

Notes:

- $$\frac{(\text{Total current value} - \text{residual value}) \div \text{number of years of depreciation}}{\text{Total current value}}$$

=annual depreciation rate
- Determined value \times (1 - depreciation years \times depreciation rate) \times street and road grade adjustment rate \times area =the value of the building after depreciation in the year of tax levy.
- The value of the building after depreciation in the year of tax levy \times the tax rate =amount of tax payable in the year of levy.
- This table adopts the simple average method to determine the residual value, and calculates depreciation according to the number of years of service life of the building remaining since the construction of the building was completed. If the service life of a building has expired and the building has not been demolished and rebuilt, no further depreciation is computed after the expiration of the service life (the maximum number of years of depreciation).

Attachment 5

**Table of Street and Road Grade Adjustment Rates
for Buildings in Taipei City**

Admin- istrative district	Num- ber of scripts	Street name	Section	Beginning and end		Adjustment rate%	Note
				Beginning	End		
Neihu District	3	Dahu Street		Whole		100	
	3	Dahu Shanzhuang Street		Whole		100	
	4	Wufen Street		Whole		100	
	4	Neihu Road odd numbers	1	Whole		120	
		Neihu Road even numbers	1	Sec. 2, Tiding Blvd.	Neihu Vocational High School (Not including Neihu Vocational High School)	150	
			1	Neihu Vocational High School	To the end	120	
		Neihu Road	2	Sec. 1, Neihu Road	Lane 179	110	
			2	No. 181	Lane 235	120	
			2	Lane 235	To the end	130	
		Neihu Road	3	Sec. 2, Neihu Road	Jinlong Road	110	
			3	Jinlong Road	To the end	100	
	4	Wenhu Street		Whole		110	
	4	Wende Road		Whole		110	
	4	Xing'ai Road		Whole		140	
	5	Minquan E. Road	6	The Keelung River	To the end	150	
		Minquan E. Road (North side)	6	From the first odd number	Lane 81 (not including buildings inside Lane 81)	140	Announced as an air traffic control area in March 1997.
		Minquan E. Road (South side)	6	From the first even number	Lane 136 (not including odd- numbered buildings on Lane 136)	140	Announced as an air traffic control area in March 1997.
	5	Minquan E. Road	6	Lane 190 Alleys 75, 91, 117		120	
			6	Lane 206 Alley 143, Lane 232 Alley 26		100	
		Minshan Street		Whole		140	
	5	Yongbao Street		Whole		100	
	6	Chenggong Road	2-5	Whole		120	
	6	Ankang Road		Whole		100	
	6	Antai Street		Whole		100	
	6	Anxing Street		Whole		100	
	6	Anmei Street		Whole		100	
	6	Jiangnan Street		Whole		100	



Admin- istrative district	Num- ber of scripts	Street name	Section	Beginning and end		Adjustment rate%	Note
				Beginning	End		
	6	Xingzhong Road		Whole		150	
	6	Xingshan Road (odd numbers)		Tiding Blvd.	Sec. 1, Jiuzong Road	100	
				Sec. 1, Jiuzong Road	Xingzhong Road	130	
		Xingshan Road (even numbers)		Tiding Blvd.	Xingzhong Road	130	
	8	Jinlong Road		Chenggong Road	To the end	110	
	8	Jinhu Road		Whole		110	
	8	Donghu Road		Whole		110	
	9	Zhouzi Street		Whole		150	
	9	Xingyun Street		Whole		110	
	9	Nanjing E. Road	6	The Keelung River	To the end	100	
	11	Kangning Road	1~3	Whole		110	
	11	Kangle Street		Donghu Road	No. 199 Kangle Street	100	
	11	Kanghu Street		Whole		100	
	11	Jihu Road		Sec. 1, Neihu Road	Sec. 2, Tiding Blvd.	150	
	12	Yangguang Street		Chenggong Road	Rueiguang Road	100	
				Ruiguang Road	Sec. 2, Jiuzong Road	150	
	12	Gangqian Road (odd numbers)		Huanshan Road	Ruiguang Road	110	
				Ruiguang Road	Sec. 2, Tiding Blvd.	150	
	12	Gangqian Road (even numbers)		Huanshan Road	Zhouzi Street	110	
				Zhouzi Street	Sec. 2, Tiding Blvd.	150	
	12	Ganghua Street		Whole		100	
	12	Tiding Blvd. (odd numbers)		Whole		150	
	13	Xinming Road		Whole		100	
	13	Xinhu 1st Road		Whole		140	
	13	Xinhu 2nd Road		Whole		140	
	13	Xinhu 3rd Road		Whole		140	
	13	Ruiguang Road		Jihu Road	Gangqian Road	150	
		Ruiguang Road (even numbers)		Gangqian Road	Minquan E. Road	150	
		Ruiguang Road (odd numbers)		Minquan E. Road	Gangqian Road	100	
	13	Ruihu Street		Whole		150	
	14	Bishan Road		Whole		100	
	15	Tanmei Street		Whole		100	
	17	Huanshan Road	1~2	Whole		110	
			3	Whole		100	
	18	Jiuzong Road		Whole		150	
	19	Lishan Street		Whole		100	

Getting Credit

1. Introduction

In the World Bank's Doing Business 2012 report released in October 2011, Taiwan was ranked 67th in the Getting Credit indicator, up 5 places from its previous ranking. In components of the indicator, Taiwan scored 5 out of 6 in the depth of credit information index and 5 out of 10 in the strength of legal rights index.

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 small and medium-size enterprises (SMEs) smoothly obtain loans. From 1992 to 2011, the total outstanding loans of all Taiwan's financial institutions (including Chunghwa Post and insurance companies) accounted for roughly 124%~142% of gross domestic product (GDP). In other words, the provision of credit in Taiwan already exceeds GDP.

Credit guarantees provided by the Taiwan SMEG have guarantee effect for secured credit as defined by Article 12 of the Banking Act. This system enables SMEs to get credit very easily and with very good effect. The World Bank's indicator and ranking for Getting Credit does not seem to give full consideration to the convenience of financing channels, the actuality of the situation, and the effectiveness of the legal regime for guarantees, in assessing the ease of getting credit in each country. Hence, we suggest that the SME credit guarantee system and its effects be added as one of the ranking indexes. In addition, we will explain that Taiwan's movable property secured transaction system already enables achievement of the purpose of the floating lien.

2. Suggestion for including the SME credit guarantee system as a ranking index

- (1) Taiwan SMEG was set up for the purpose of helping SMEs obtain loans. A credit guarantee that Taiwan SMEG provides for an SME by nature accords with the definition of "secured credit" in Article 12 Subparagraph 4 of the Banking Act, whereby secured credit is deemed to have been provided when "a guarantee extended by a government agency in charge of the public treasury, a bank, or a government authorized credit agency" has been furnished as collateral to secure



such credit. Thus, such guarantee may be considered as a security instrument for securing bank credit.

- (2) To encourage banks and SMEs to establish long-term partnerships, and create a favorable environment for SME financing, Taiwan's Financial Supervisory Commission (FSC) has implemented the Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises since July 2005. At year-end 2011, domestic banks' outstanding loans to SMEs amounted to NT\$4.0756 trillion. This accounted for 46.9% of all loans to business enterprises, and 51.46% of all loans to private enterprises. It represented an increase of NT\$1.71 trillion, or 72.21%, from before the launch of the program, and set a new all-time high for both amount and ratio of bank lending to SMEs.
- (3) Since the provision of credit guarantees through an SME credit guarantee fund can substantively help SMEs get credit in a short and easy way, we suggest that a rating for the systems and results of SME credit guarantee funds be added to the components of the Getting Credit indicator. An introduction to Taiwan SMEG and credit guarantee statistics for the last five years are presented for reference (see attachment).

3. Explanation of correction

(1) 2011 survey

For the World Bank's strength of legal rights index, a score of 1 is assigned if the law allows a business to grant a non-possessory security right in a single category of movable assets (such as accounts receivable or inventory), without requiring a specific description of the collateral, and a further score of 1 assigned if the law allows a business to grant a non-possessory security right in substantially all its movable assets, without requiring a specific description of the collateral. These two aspects both refer to the floating lien or enterprise guarantee system as developed in common law countries. The survey found negatively for Taiwan on each of these aspects, hence Taiwan was given no score for them.

(2) Clarification

- A. The floating lien system is a financing tool developed in common law countries

and by international banks (for example, as embodied in the EBRD's Model Law on Secured Transactions). Under this system, a borrower may use movable property with economic value, such as machinery & equipment, raw materials, inventory and semi-finished goods, as security for obtaining revolving credit, without attaching the security to any specific assets. This enables the borrower to carry on normal daily operations using these assets while maximizing the economic benefit derived from them.

- B. Under the pertinent provisions of Taiwan's Movable Property Secured Transactions Act, a creditor (trustor) may obtain a security right in movable property as a condition of providing funds or credit, while the debtor (trustee) retains possession of the property in accordance with the terms of the trust receipt. The trust receipt specifies the title, quantity, price and location of the entrusted property, the loan or credit repayment method, and the security effect in respect of processed goods, attached goods and mixed goods.
- C. Since Taiwan's movable property secured transaction system allows a borrower to obtain a loan against the creation of a security interest in the raw materials and inventory of business operation, it adequately fulfills the purposes of a floating lien.

Attachment

Explanation of the role of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) in helping SMEs get credit

1. Background and Purpose of Establishment

The purpose of the Taiwan SMEG is to provide credit guarantees to small and medium enterprises (SMEs) that are operating normally but lack collateral for external financing. By providing credit guarantees, the Taiwan SMEG helps these enterprises to smoothly secure financing from financial institutions. Essentially, the operation of the Taiwan SMEG complements the government's financial and economic policies for assisting SMEs.

SMEs play an extremely important role in Taiwan's economic structure. In the early 1970s, a great number of SMEs were badly affected by the recession and inflation

triggered by the oil crisis. At that time, financial institutions adopted conservative lending policies and attached very stringent requirements for collateral as a condition for lending to SMEs, making it very hard for many of them to obtain financing. In response to this situation, the government set up the Taiwan SMEG in 1974 to promote the provision of financing to SMEs.

2. Credit Guarantee Statistics

Amount unit: NT\$ million

Year	No. of Cases	Amount Guaranteed	Total Amount Supported	Outstanding Credit Covered by Guarantees	Outstanding Credit Supported	Net Worth
2005	271,401	333,020	538,947	372,808	569,030	18,119
2006	261,824	319,604	530,459	401,168	608,312	19,552
2007	238,801	290,611	495,257	358,998	554,129	22,374
2008	237,446	330,757	523,151	328,988	501,395	27,959
2009	254,807	475,248	631,207	393,928	532,439	30,596
2010	312,593	692,598	863,787	489,577	625,493	36,709
2011	342,796	808,426	1,011,834	554,123	699,851	45,328

3. Sources of the Fund

The Taiwan SMEG obtains its funds from contributions made by the central government, local governments, contracted financial institutions and other agencies. Up to the end of 2011, contributions to the fund totaled USD3.45 billion (including separate funds for special guarantee programs), 78.64% of which came from the central and local governments, 19.31% from contracted financial institutions, and 2.05% from other agencies.

4. Accomplishment

From its inauguration in 1974 to the end of 2011, the Taiwan SMEG provided 4.52 million credit guarantees, totaling NT\$6.2516 trillion in amount. These credit guarantees enabled the benefiting SMEs to obtain a total of NT\$8.8821 trillion in various forms of credit from financial institutions. The outstanding credit covered by guarantees stood at NT\$554.1 billion as of the end of 2011. The outstanding credit supported by Taiwan SMEG credit guarantees accounted for 16.67% of the outstanding credit for SMEs provided by all financial institutions as of the end of 2011.

Protecting Investors

1. Introduction

In the World Bank's *Doing Business 2012* report released in October 2011, Taiwan was ranked 79th in the Protecting Investors index, five places below its previous ranking. Taiwan's government reviewed the causes of this fall in ranking, and found that it was largely due to inadequacies in the provisions of the Company Act, the Securities and Exchange Act, and laws and regulations on listed and OTC companies in respect of disclosure in related party transactions, directors' responsibilities, and the ease with which minority shareholders can institute legal action.

In October 2009, Taiwan's administrative agencies formed an inter-agency taskforce on strengthening legal protection for investors. The taskforce formulated proposals for amendment of the Company Act and the Securities and Exchange Act, which were submitted to the Legislative Yuan (the national legislature) for review in April and October 2010, respectively. The amendments were passed into law in December 2011, and formally came into force on January 4, 2012.

In addition, Taiwan's securities authority drew reference from the Protecting Investors index of the *Doing Business* report to draw up revisions to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. Promulgated on February 13, 2012, the revisions added provisions to strengthen the information disclosure and approval procedures for related party transactions.

Key points of the regulatory reforms for protecting investors carried out by Taiwan between June 2011 and May 2012 include as follows:

- (1) Amending the regulations on related party transactions to strengthen the disclosure of such transactions
 - A. On February 13, 2012, an amendment was made to Article 13 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to add a new stipulation 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. (See Attachment 1.)



- B. On February 13, 2012, an amendment was made to Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to add a new stipulation 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 present a professional appraiser's report or CPA's opinion on the transaction to the board of directors and supervisors, and may not enter into the transaction unless and until it has been approved by the board of directors and endorsed by the supervisors. (See Attachment 1.)
 - C. On January 4, 2012, an amendment was made to Article 206 Paragraph 2 of the Company Act to add a new stipulation that, when a director has a personal interest in a matter discussed at a board meeting, he must explain the main contents of that personal interest at the board meeting. (See Attachment 2.)
- (2) Supplementing the regulations on shadow directors, to specify their civil, criminal and administrative liabilities
- A. On January 4, 2012, an amendment was made to Article 8 Paragraph 3 of the Company Act to add the 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. (See Attachment 2.)
 - B. On January 4, 2012, an amendment was made to Article 23 Paragraph 3 of the Company Act to add the provision 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, unless more than one year has lapsed since the realization of such earnings. (See Attachment 2.)

C. On January 4, 2012, an amendment was made to Article 171 Paragraph 1 Subparagraph 3 of the Securities and Exchange Act to the effect 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, 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. (See Attachment 3.)

- (3) Giving minority shareholders the right to apply for investigation, to strengthen shareholder rights of action

On January 4, 2012, an amendment was made to Article 38-1 Paragraph 2 of the Securities and Exchange Act to add a new stipulation 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. (See Attachment 3.)

2. Investor protection under Taiwan's legal system

(1) Example facts

- A. Buyer Co. ("Buyer") is a 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. Please note that Mr. James is not the CEO of Buyer.

- C. Mr. James also owns 90% of Seller Co. ("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 fleet of 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 contents and proposed answers

A. Approval of the transaction

1.0	Indicate the approvals that are legally required for 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"/>

Correction ☐ or Reform ☒

Applicable law:

Article 202 of the Company Act; Articles 14-3 and 14-5 of the Securities and Exchange Act.

Comments:

- 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.
- 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.
- Article 14 Paragraph 1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies stipulates that, when a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a contract or make a payment for the transaction until the related matters have been approved by the board of directors and confirmed by the supervisors.



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"/>
Correction <input type="checkbox"/> or Reform <input checked="" type="checkbox"/>			
<p>Applicable law:</p> <p>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.</p>			
<p>Comments:</p> <ol style="list-style-type: none"> 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. On February 13, 2012, an amendment was made to Article 13 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to add a new stipulation 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 was also amended to stipulate 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. (See Attachment 1). Hence, since Mr. James has a personal interest in this transaction, he is not allowed to participate in voting on it at a meeting of the company's board of directors or at a meeting of the company's shareholders. In addition, since this is a related party transaction in an amount that 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. 			

B. Disclosure of the transaction

3.0	Indicate what information Mr. James is 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"/>

Correction ☐ or Reform ☒

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:

1. This transaction is a related party transaction in an amount that reaches 10 percent or more of the company's assets. Under the amendment of Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies that came into effect on February 13, 2012, 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.
2. Furthermore, under Article 206 Paragraph 2 of the Company Act, as amended on January 4, 2012, 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.
3. Hence, Mr. James must disclose to the board of directors all essential facts and related details of his conflict of interest in respect of this transaction.



4.0	Indicate 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"/>
Correction <input type="checkbox"/> or Reform <input checked="" type="checkbox"/>			
<p>Applicable law:</p> <p>Article 30 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; Article 36 Paragraph 2 of the Securities and Exchange Act.</p>			
<p>Comments:</p> <ol style="list-style-type: none"> 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, as amended on February 13, 2012, 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. 2. Furthermore, Article 36 Paragraph 2 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 of its occurrence. 3. Hence, Buyer must immediately disclose (within 48 hours) information regarding the transaction to the public and the regulator or shareholders. 			



5.0	Indicate what information regarding the Buyer-Seller transaction is Buyer legally required to disclose in its 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"/>
Correction <input type="checkbox"/> or Reform <input type="checkbox"/>			
<p>Applicable law:</p> <p>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; and Taiwan's Statement of Financial Accounting Standards No. 6.</p>			
<p>Comments:</p> <ol style="list-style-type: none"> 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. 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. Taiwan's Statement of Financial Accounting Standards No. 6 sets out the standards for disclosure of related party transactions in companies' financial statements. In Point 4, it stipulates that, if there are significant transactions between an enterprise and its related parties during the reporting period, the enterprise must disclose relevant information in the notes to the financial statements, including the names of the related parties, the nature of the relationship(s) involved, and the contents of the transactions. Hence, the company will be required to disclose this transaction, and the contents of Mr. James' conflict of interest, in its annual report. 			



C. Shareholder actions

C.1. Actions against Mr. James

6.0	Describe the key features of the legal action(s) that can be brought by Buyer or its shareholders against Mr. James relating to the Buyer-Seller transaction. Please assume that the transaction was duly approved and all disclosure requirements were met.
6.1	Can a shareholder or a group of shareholders holding 10% of Buyer's shares or less sue Mr. James for harm caused to Buyer by the transaction? If yes, please state the minimum shareholding required.
Correction <input type="checkbox"/> or Reform <input type="checkbox"/>	
Applicable law: Article 214 of the Company Act; Article 10-1 of the Securities Investor and Futures Trader Protection Act.	
Comments: 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 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. 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. 3. Hence, a shareholder or a group of shareholders holding 3% of Buyer's shares (continuously for 1 year), or the Securities and Futures Investors Protection Center, can institute a representative suit against Mr. James for harm caused to Buyer by the transaction.	



6.2	<p>List the cause(s) of action that can be brought AND what has to be proven to hold Mr. James liable and receive compensation (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>
<p>Applicable law:</p> <p>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.</p>	
<p>Comments:</p> <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. 	
6.3	<p>What are Mr. James' defenses against each cause of action?</p>
<p>Comments:</p> <ol style="list-style-type: none"> 1. Under the applicable provisions of the law, Mr. James cannot be held to have participated in this transaction. 2. The other directors exercised their votes independently, and Mr. James did not instruct any other director to support this transaction. 3. The terms of this transaction were fair, and did not result in any loss or damage to the Buyer. 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. 	



7.0	If Buyer's shareholders are successful in their action(s) against Mr. James specified above, describe what remedies are available.	Yes	No
7.1	Mr. James pays loss/damages caused to Buyer.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.2	Mr. James repays personal profits made from the transaction.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.3	Mr. James pays punitive fines to the government.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.4	Mr. James is put in jail.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.5	Can Buyer's shareholders undo or rescind the transaction? Please explain what must be proven in court:	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Correction ☐ or Reform ☒

Applicable law:

Articles 8, 23 and 206 of the Company Act; Article 171 of the Securities and Exchange Act.

Comments:

- 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.
- On January 4, 2012, an amendment was made to Article 23 Paragraph 3 of the Company Act to add the provision 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. Legal scholars and judicial decisions in Taiwan have in the past made conflicting interpretations as to whether Mr. James could be fined or imprisoned if he had recused himself from the relevant vote of the board of directors but had directly or indirectly manipulated the directors to approve this transaction. However, since the amendment of Articles 8 and 206 of the Company Act and Article 171 of Securities and Exchange Act on January 4, 2012, the answer is definitely “Yes”: Mr. James will face being fined and imprisoned. The reasons are as follows:

- (1) On January 4, 2012, Article 206 Paragraph 2 of the Company Act was amended to add the provision that, when a director has a personal interest in a matter discussed at a board meeting, he must explain the main contents of that personal interest at the board meeting. Therefore, since Mr. James is a related party to this transaction, while the *mutatis mutandis* application of Article 178 of the Company Act prohibits his participation in voting on the transaction, he nonetheless has a duty to attend the board meeting to explain the main contents of his personal interest.
- (2) On January 4, 2012, an amendment was made to Article 8 Paragraph 3 of the Company Act to add the 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.
- (3) On January 4, 2012, an amendment was made to Article 171 Paragraph 1 Subparagraph 3 of the Securities and Exchange Act to the effect 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, 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.
- (4) Hence, since Mr. James, in his capacity as a director, and with intent to procure a benefit for himself or for a third person, acted contrary to his duties or misappropriated company assets, he would be punishable by the imposition of a fine and imprisonment.



C.2. Actions against the members of the approving body

8.0	Describe the key features of the action(s) that can be brought by Buyer or Buyer's shareholders against the body that approved the transaction (e.g. members of the board of directors, members of the supervisory board or CEO). Please assume that the transaction was duly approved and all disclosure requirements were met.
8.1	Can a shareholder holding 10% or less of Buyer's shares sue the approving body for harm caused to Buyer by the transaction? If yes, please state the minimum shareholding required.
Correction <input type="checkbox"/> or Reform <input checked="" type="checkbox"/>	
<p>Applicable law:</p> <p>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.</p>	
<p>Comments:</p> <ol style="list-style-type: none"> 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, as amended on February 13, 2012. 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. 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>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> <p>4. Hence, a shareholder or a group of shareholders holding 3% of Buyer's shares (continuously for one year), or the Securities and Futures Investors Protection Center, can institute a representative suit against the board of directors (the approving body) for harm caused to Buyer by the transaction.</p>
8.2	<p>List the cause(s) of action that can be brought AND what has to be proven to hold the approving body liable and receive compensation (e.g. not liable, fraud, bad faith, negligence, prejudicial actions towards the other shareholders, conflict of interest, terms of transaction were unfair, damage to the company).</p>
	<p>Applicable law:</p> <p>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.</p>
	<p>Comments:</p> <ol style="list-style-type: none"> 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). 2. The directors approving this transaction intended to act for Mr. James' interest, and their action constituted a breach of their duty as directors. 3. The terms of this transaction were unfair, and caused significant loss or damage to Buyer.



8.3	What are the approving body's defenses against each cause of action?
<p>Comments:</p> <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. 	
9.0	Standard of proof or level of certainty courts must reach in order to hold defendants liable:
9.1	What is the standard of proof for a civil claim (e.g. beyond reasonable doubt, preponderance of the evidence, balance of probabilities)?
Correction <input type="checkbox"/> or Reform <input type="checkbox"/>	
<p>Applicable law:</p> <p>Article 222 of the Taiwan Code of Civil Procedure.</p>	
<p>Comments:</p> <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. 	

9.2	What is the standard of proof for a criminal claim (e.g. beyond reasonable doubt, intimate conviction, preponderance of evidence)?
Correction <input type="checkbox"/> or Reform <input type="checkbox"/>	
Applicable law: Articles 154 and 155 of the Code of Criminal Procedure.	
Comments: 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. 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.	

D. Ability to compile evidence

D.1. Inspecting internal company documents

10.0	Indicate whether a minority shareholder has the right to demand that Buyer allow him to inspect internal Buyer documents without filing a suit.
10.1	Who can demand the right to inspect (e.g. required minimum shareholding, board approval)?
10.2	Are documents relating to the Buyer/Seller transaction (e.g. the purchase agreement) available for inspection?
Correction <input type="checkbox"/> or Reform <input type="checkbox"/>	
Applicable law: None	
Comments: None	



11.0	Indicate whether a minority shareholder has 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.
11.1	Who can request an inspector (e.g. required minimum shareholding, board of approval)?
Correction <input type="checkbox"/> or Reform <input checked="" type="checkbox"/>	
Applicable law: Article 38-1 of the Securities and Exchange Act.	
Comments: <ol style="list-style-type: none"> Article 38-1 Paragraph 2 of the Securities and Exchange Act, as amended on January 4, 2012, 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. 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. 	
11.2	What are the grounds or basis for the appointment of an inspector (e.g. mismanagement suspected, breach of laws)?
Correction <input type="checkbox"/> or Reform <input checked="" type="checkbox"/>	
Applicable law: Article 38-1 of the Securities and Exchange Act.	
Comments: <ol style="list-style-type: none"> Article 38-1 Paragraph 2 of the Securities and Exchange Act, as amended on January 4, 2012, 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. Therefore, 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 the appointment of a government inspector to investigate. 	

D.2. Gathering information during trial

		Defendant		Witness	
		Yes	No	Yes	No
12.0	Indicate the scope of information that the plaintiff can ask the judge to compel from a defendant and/or an uncooperative witness during court proceedings. Please mark all that apply.				
12.1	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"/>
12.2	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"/>
12.3	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"/>
12.4	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"/>
12.5	Any information that may lead to discovery of relevant information.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Correction <input checked="" type="checkbox"/> or Reform <input type="checkbox"/>					
Applicable law: Articles 343, 344, 346 and 347 of the Taiwan Code of Civil Procedure.					
Comments: 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. 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. 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.					



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.

13.0	If a plaintiff can request that the judge require documents from a defendant or witness during court proceedings, indicate the specific requirements for the plaintiff's request.	Yes	No
13.1	The request must specifically identify the documents sought (i.e. list the title, author, date and contents).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13.2	The request need only identify categories of documents sought, without specifics.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13.3	Plaintiffs may request the judge appoint an expert witness who will have full access to all applicable documents from the defendant (even where those documents are detrimental to the defendant's case.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Correction ☒ or Reform ☐

Applicable law:

Articles 342 and 344 of the Taiwan Code of Civil Procedure.

Comments:

- 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.
- 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.
- 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.

14.0	Indicate which statements describe the process of questioning a defendant or witness during trial. Please choose the most common practice.	Defendant		Witness	
		Yes	No	Yes	No
14.1	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"/>
14.2	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"/>
14.3	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"/>
14.4	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"/>

Correction ☐ or Reform ☐

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

Comments:

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



15.0	How are legal expenses of shareholder suits allocated?	Yes	No
15.1	The prevailing party is reimbursed by the losing party?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15.2	Each party is responsible for its own expenses.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15.3	The company pays the expenses incurred by the shareholder plaintiff regardless of the outcome.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Correction <input type="checkbox"/> or Reform <input type="checkbox"/>			
Applicable law: Article 78 of the Taiwan Code of Civil Procedure.			
Comments: 1. Article 78 of the Taiwan Code of Civil Procedure stipulates that the losing party shall bear the litigation expenses. 2. Hence, the prevailing party is reimbursed by the losing party.			

16.0	Contingency fees	Yes	No
16.1	Are contingency fees allowed (i.e. plaintiff's attorney fees are due only if plaintiff is awarded damages?)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Correction <input type="checkbox"/> or Reform <input type="checkbox"/>			
Applicable law: Article 15 of the Attorney Regulation Act; Article 35 of the Attorney Ethics Rules.			
Comments: 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).			

3. Research: Corporate Governance of non-listed companies

Please read carefully the following assumptions to complete the research section:

- (1) The corporate entity is a large private joint-stock company with a large number of shareholders; and
- (2) The company is not listed in any stock exchange.

1.0	Definition of major transactions.
1.1	Please provide the definition of major transactions (according to statutory law or case law)
Applicable law: Article 17 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	
Comments:	
<ol style="list-style-type: none"> 1. The companies covered by Taiwan's Securities and Exchange Act include non-listed stock issuers. Hence, corporate governance of the assumed company in the example must still be conducted in accordance with the related provisions of Taiwan's Securities and Exchange Act. 2. Article 17 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers stipulates that an issuer shall separately disclose in the notes to the financial reports information on significant transactions, including: <ol style="list-style-type: none"> (1) Lending funds to others. (2) Providing endorsements or guarantees for others. (3) Holding of securities at the end of the period. (4) Aggregate purchases or sales of the same securities reaching NT\$100 million or 20 percent of paid-in capital or more. (5) Acquisition of real estate reaching NT\$100 million or 20 percent of paid-in capital or more. (6) Disposal of real estate reaching NT\$100 million or 20 percent of paid-in capital or more. (7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (8) Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (9) Trading in derivative instruments. (10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. 	



2.0	Indicate the corporate body that is legally required to approve major transactions?	Yes	No
2.1	The Chief Executive Officer (CEO) alone can grant the necessary approval.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.2	The board of directors alone can grant the necessary approval.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2.3	The supervisory board alone can grant the necessary approval.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.4	The shareholders can grant the necessary approval.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.5	Both the board of directors and the 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:

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.
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.
3. Article 14 Paragraph 1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as amended on February 13, 2012, requires when a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a contract or make a payment for the transaction until the related matters have been approved by the board of directors and confirmed by the supervisors.



3.0	What information are non-listed companies legally required to disclose in their annual reports?	Yes	No
3.1	None: non-listed companies are not legally required to produce annual reports.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.2	Balance sheets	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.3	Profits and loss statements	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.4	Cash flow statements	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.5	Statements of change in ownership equity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.6	Explanatory notes to the financial statements (e.g. information on debt, going concerns, accounts, investigations, related-party transactions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.7	Audit reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.8	Information on major transactions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>Applicable law:</p> <p>Articles 10, 18, 19 and 20 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.</p>			

4.0	Exit mechanisms for minority investors in non-listed companies.	Yes	No
4.1	Upon a successful suit against company directors for mismanagement, can the court order the company to buy back the shares of prejudiced shareholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.2	Other exit mechanisms: ()		
<p>Applicable law:</p> <p>Articles 185, 186, 316-2 and 317 of the Company Act; Article 12 of the Business Mergers and Acquisitions Act.</p>			
<p>Comments:</p> <ol style="list-style-type: none"> The provisions of Taiwan's Company Act and Business Mergers and Acquisitions Act concerning exit mechanisms for minority investors are applicable to all types of companies, including non-listed public companies. Exit mechanisms for minority investors in Taiwan can be summarized as follows: <ol style="list-style-type: none"> A shareholder who objects to a company's major change in business activity approved by a resolution of the shareholders' meeting under the provisions of Article 185 of the Company Act may, under the provisions of Article 186 of the Act, request the company to redeem his shares at the then prevailing fair price. When a controlling company merges/consolidates with its subsidiary company under the provisions of Article 316-2 of the Company Act, a minority shareholder of the subsidiary may request the company to redeem his shares at the then prevailing fair price. A shareholder who expresses objection to a company split-up or merger proposal submitted to a meeting of shareholders may, under the provisions of Article 317 of the Company Act, give up his right to vote at the meeting and request the company to redeem his shares at the then prevailing fair price. If a company is entering into a merger or acquisition and any of the events set out in Article 12 Paragraph 1 of the Business Mergers and Acquisitions Act occurs, the shareholder may request the company to redeem his shares at the then prevailing fair price. If a company director fails to carry out the public announcement procedure, fails to redeem shares at the prevailing fair price, or fails to carry out the redemption of shares as prescribed by the aforecited provisions of law, resulting in prejudice to the interests of minority shareholders, the court can order the company to buy back the shares of dissenting shareholders. 			



Attachment 1

Regulations Governing the Acquisition and Disposal of Assets by Public Companies (in force as of February 13, 2012)

Revised Article	Article before Revision
Section III Related Party Transactions	Section III Acquiring Real Property From Related Parties
<p>Article 13</p> <p>When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>Article 13</p> <p>A public company that acquires real property from a related party through purchase or swap shall ensure that the necessary resolutions are adopted, the reasonableness of the transaction terms is appraised, and other relevant matters are carried out, in compliance with the provisions of the preceding Section and this Section.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>



Revised Article	Article before Revision
<p>Article 14</p> <p>When a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other important stipulations associated with the transaction. 	<p>Article 14</p> <p>A public company that intends to acquire real property from a related party may not proceed with the transaction until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the real property acquisition. 2. The reason for choosing the related party as a trading counterparty. 3. Information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Article 15 and Article 16. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. Restrictive covenants and other important stipulations associated with the transaction.



Revised Article	Article before Revision
<p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use machinery and equipment between a public company and its parent or subsidiaries, the company's board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 6, paragraphs 4 and 5.</p>	<p>Where the position of independent director has been established in accordance with the provisions of the Act, when an acquisition of real property from a related party is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of the provisions of Article 6, paragraphs 4 and 5.</p>



Revised Article	Article before Revision
<p>Article 30</p> <p>Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: <ol style="list-style-type: none"> (1) Trading of government bonds. (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. 	<p>Article 30</p> <p>Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within two days from day of occurrence of the fact:</p> <ol style="list-style-type: none"> 1. Acquisition of real property from a related party. 2. Investment in the mainland area. 3. Merger, demerger, acquisition, or transfer of shares. 4. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures adopted by the company. 5. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, or a disposal of receivables by a financial institution, reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: <ol style="list-style-type: none"> (1) Trading of government bonds. (2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. (3) Trading of bonds under repurchase/ resale agreements. (4) Where the type of asset acquired or disposed is equipment/machinery for operational use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.

Revised Article	Article before Revision
<p>(3) Trading of bonds under repurchase/ resale agreements.</p> <p>(4) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 	<p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(6) Where land is acquired under an arrangement for commissioned construction on self-owned land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.



Revised Article	Article before Revision
<p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>Within one year as used in paragraph 2 refers to the year preceding the base date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be entered.</p> <p>A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the tenth day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for five years except where another act provides otherwise.</p>



Revised Article	Article before Revision
<p>Article 31</p> <p>Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none">1. Change, termination, or rescission of a contract signed in regard to the original transaction.2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.3. Change to the originally publicly announced and reported information.	<p>Article 31</p> <p>Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the following paragraph, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days from the day of occurrence of the fact:</p> <ol style="list-style-type: none">1. Change, termination, or rescission of a contract signed in regard to the original transaction.2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.



Attachment 2

Articles 8, 23 and 206 of the Company Act (in force as of January 4, 2012)

Revised Article	Article before Revision
<p>Article 8</p> <p>The term "responsible persons" of a company as used in this Act denotes shareholders conducting the business or representing the company in case of an unlimited company or unlimited company with limited liability shareholders; directors of the company in case of a limited company or a company limited by shares.</p> <p>The managerial officer or liquidator of a company, the promoter, supervisor, inspector, reorganizer or reorganization supervisor of a company limited by shares acting within the scope of their duties, are also responsible persons of a company.</p> <p>For a company whose shares have been issued in public, a non-director who de facto conducts business of a director or de facto controls over the management of the personnel, financial or business operation of the company and de facto instructs a director to conduct business shall be liable for the civil, criminal and administrative liabilities as a director in this Act, provided, however, that such liabilities shall not apply to an instruction of the government to the director appointed by the government for the purposes of economic development, promotion of social stability, or other circumstances which can promote public interests.</p>	<p>Article 8</p> <p>The term "responsible persons" of a company as used in this Act denotes shareholders conducting the business or representing the company in case of an unlimited company or unlimited company with limited liability shareholders; directors of the company in case of a limited company or a company limited by shares.</p> <p>The managerial officer or liquidator of a company, the promoter, supervisor, inspector, reorganizer or reorganization supervisor of a company limited by shares acting within the scope of their duties, are also responsible persons of a company.</p>

Revised Article	Article before Revision
<p>Article 23</p> <p>The responsible person of a company shall have the loyalty and shall exercise the due care of a good administrator in conducting the business operation of the company; and if he/she has acted contrary to this provision, shall be liable for the damages to be sustained by the company therefrom.</p> <p>If the responsible person of a company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he/she shall be liable, jointly and severally, for the damage to such other person.</p> <p>In case the responsible person of a company does anything for himself/herself or on behalf of another person in violation of the provisions of Paragraph 1, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company unless one year has lapsed since the realization of such earnings.</p>	<p>Article 23</p> <p>The responsible person of a company shall have the loyalty and shall exercise the due care of a good administrator in conducting the business operation of the company; and if he/she has acted contrary to this provision, shall be liable for the damages to be sustained by the company there-from.</p> <p>If the responsible person of a company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, he/she shall be liable, jointly and severally, for the damage to such other person.</p>
<p>Article 206</p> <p>Unless otherwise provided for in this Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.</p> <p>A director who has a personal interest in the matter under discussion at a board meeting shall explain to the board meeting the essential contents of such personal interest.</p> <p>The provisions of Article 178 and Article 180, paragraph 2 shall apply mutatis mutandis to the resolutions set forth in Paragraph 1.</p>	<p>Article 206</p> <p>Unless otherwise provided for in this Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.</p> <p>The provisions of Article 178 and Article 180, paragraph 2 shall apply mutatis mutandis to the aforesaid resolutions.</p>



Attachment 3

Articles 38-1 and 171 of the Securities and Exchange Act (in force as of January 4, 2012)

Revised Article	Article before Revision
<p>Article 38-1</p> <p>When the Competent Authority deems necessary, it may from time to time appoint a certified public accountant, lawyer, engineer, or any other professionals or technicians to examine the financial and business conditions and related documents, statements, and account books of the issuer, securities underwriter, or other related parties and to submit reports or opinions to the Competent Authority, at the expense of the examinee.</p> <p>When shareholders who have been continuously holding, for a period of 1 year or longer, 3 percent or more of the total number of the outstanding shares of a company whose stock is listed on the stock exchange or traded over-the-counter deem that a specific matter materially damages the interests of shareholders, they may apply to the Competent Authority with reasons, related evidence, and explanations of necessity, asking for inspection of the specific matter, related documents, and account books of the issuer. If the Competent Authority deems necessary, it will proceed pursuant to the preceding paragraph.</p>	<p>Article 38-1</p> <p>When the Competent Authority deems necessary, it may from time to time appoint a certified public accountant, lawyer, engineer, or any other professionals or technicians to examine the financial and business conditions and related documents and books of account of the issuer, securities underwriter, or other related parties and to submit reports or opinions to the Competent Authority, at the expense of the examinee.</p>

Revised Article	Article before Revision
<p>Article 171</p> <p>A person who has committed any of the following offenses shall be punished with imprisonment for not less than three years and not more than ten years, and in addition thereto, a fine of not less than NT\$10 million and not more than NT\$200 million may be imposed:</p> <ol style="list-style-type: none"> 1. A person who has violated the provisions of paragraph 1 or paragraph 2 of Article 20, paragraph 1 or paragraph 2 of Article 155, or paragraph 1 or 2 of Article 157-1. 2. A director, supervisor, managerial officer or employee of an issuer under this Act who, directly or indirectly, causes the company to conduct transactions to its disadvantage and not in the normal course of operation, thus causing substantial damage to the company. 3. A director, supervisor, or managerial officer of an issuer under this 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 damage of NT\$5 million or more to the company. <p>Where the amount gained by the commission of an offense under the preceding paragraph is NT\$100 million or more, a sentence of imprisonment for not less than seven years shall be imposed, and in addition thereto a fine of not less than NT\$25 million and not more than NT\$500 million may be imposed.</p> <p>A person who commits an offense under paragraph 1, subparagraph 3, causing damage of less than NT\$5 million to the company, shall be punished under Articles 336 and 342 of the Criminal Code.</p> <p>A person who commits an offense under the preceding 3 paragraphs and subsequently voluntarily surrenders himself/herself, if there is criminal gain and he/she voluntarily hands over the gained assets in full, shall have his/</p>	<p>Article 171</p> <p>A person who has committed any of the following offenses shall be punished with imprisonment for not less than three years and not more than ten years, and in addition thereto, a fine of not less than NT\$10 million and not more than NT\$200 million may be imposed:</p> <ol style="list-style-type: none"> 1. A person who has violated the provisions of paragraph 1 or paragraph 2 of Article 20, paragraph 1 or paragraph 2 of Article 155, or paragraph 1 or 2 of Article 157-1. 2. A director, supervisor, managerial officer or employee of an issuer under this Act who, directly or indirectly, causes the company to conduct transactions to its disadvantage and not in the normal course of operation, thus causing substantial damage to the company. 3. A director, supervisor, or managerial officer of an issuer under this 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. <p>Where the amount gained by the commission of an offense under the preceding paragraph is NT\$100 million or more, a sentence of imprisonment for not less than seven years shall be imposed, and in addition thereto a fine of not less than NT\$25 million and not more than NT\$500 million may be imposed.</p> <p>A person who commits an offense under paragraph 1 or 2 and subsequently voluntarily surrenders himself/herself, if there is criminal gain and he/she voluntarily hands over the gained assets in full, shall have his/her punishment reduced or remitted. Where another principal offender or an accomplice is captured as a result, the punishment shall be remitted.</p>



Revised Article	Article before Revision
<p>her punishment reduced or remitted. Where another principal offender or an accomplice is captured as a result, the punishment shall be remitted.</p> <p>A person who commits an offense under paragraphs 1 to 3 and confesses during the prosecutorial investigation, if there is criminal gain and he/she voluntarily hands over the gained assets in full, shall have his/her punishment reduced. Where another principal offender or an accomplice is captured as a result, the punishment shall be reduced by one-half.</p> <p>Where the criminal benefit gained by a person through commission of an offense under paragraph 1 or 2 exceeds the maximum amount of the criminal fine, the fine may be increased within the scope of the benefit gained; if the stability of the securities market is harmed, the punishment shall be increased by one-half.</p> <p>Any property or property interest obtained from the commission of a crime by an offender committing an offense under paragraphs 1 to 3, other than that which shall be returned to a victim or a third party or from which damages shall be borne, shall be confiscated within the extent that it belongs to the offender. If the whole or a part of such property or property interest cannot be confiscated, the value thereof shall be indemnified either by demanding a payment from the offender or by offsetting such value with the property of the offender.</p> <p>A person who violates Article 20, paragraph 1 or 2, Article 155, paragraph 1 or 2, or Article 157-1, paragraph 1 or 2, as applied mutatis mutandis under Article 165-1 or 165-2, shall be punished under the provisions of paragraph 1, subparagraph 1, and of paragraph 2 to the preceding paragraph.</p> <p>The provisions of paragraph 1, subparagraphs 2 and 3, and paragraphs 2 to 7 shall apply to the directors, supervisors, managerial officers, or employees of a foreign company.</p>	<p>A person who commits an offense under paragraph 1 or 2 and confesses during the prosecutorial investigation, if there is criminal gain and he/she voluntarily hands over the gained assets in full, shall have his/her punishment reduced. Where another principal offender or an accomplice is captured as a result, the punishment shall be reduced by one-half.</p> <p>Where the criminal benefit gained by a person through commission of an offense under paragraph 1 or 2 exceeds the maximum amount of the criminal fine, the fine may be increased within the scope of the benefit gained; if the stability of the securities market is harmed, the punishment shall be increased by one-half.</p> <p>Any property or property interest obtained from the commission of a crime by an offender committing an offense under paragraph 1 or paragraph 2, other than that which shall be returned to a victim or a third party or from which damages shall be borne, shall be confiscated within the extent that it belongs to the offender. If the whole or a part of such property or property interest cannot be confiscated, the value thereof shall be indemnified either by demanding a payment from the offender or by offsetting such value with the property of the offender.</p>

Paying Taxes

1. Introduction

In the World Bank's Doing Business 2012 report released in October 2011, Taiwan was ranked 71st in the Paying Taxes indicator, up 17 places from its previous ranking of 88th. According to the World Bank's survey, a medium-size enterprise in Taiwan pays taxes 15 times in a year, spends 245 hours on tax payment, and has a total tax rate of 35.6%.

Item	Tax or mandatory contribution	2011 survey results			2012 reforms and corrections		
		Payments (number)	Notes on payments	Time (hours)	Payments (number)	Notes on payments	Time (hours)
1	Corporate income tax	1	Online filing	185	1	Online filing	68
2	Employer paid – Pension contributions	1	Online filing	0	1	Online filing	0
3	Employer paid –Mandatory health insurance contributions	1	Online filing	0	1	Online filing	0
4	Employer paid – Labor insurance contributions	1	Online filing	27	1	Online filing	27
5	Taipei City house tax	1		0	1		0
6	Land value increment tax	1		0	1		0
7	Taipei City land value tax	1		0	1		0
8	Tax on interest	0		0	0		0
9	Fuel tax	4		0	1	Online filing	0
10	Vehicle license tax	2		0	1	Online filing	0
11	Value added tax (VAT)	1	Online filing	33	1	Online filing	33
12	Stamp duty on contracts	1		0	1		0
Total		15		245	11		128

Notes: ①The Ministry of Finance has actively implemented many streamlining measures for tax payment in recent years. According to a survey by the Taiwan CPA Association, a medium-size enterprise actually needs to spend only 68 hours a year on paying corporate income tax (profit-seeking enterprise income tax).

②Taiwan in 2005 set up the Electronic Motor Vehicle & Driver Information System (<https://www.mvdis.gov.tw/wps/portal>) that enables enterprises to choose a voice or Internet service for direct payment of the fuel tax (vehicle fuel fee) from a demand or savings deposit account. Therefore, the number of payments of this tax/fee can be corrected from 4 to 1.

③In April 2012, Taiwan launched a system for making tax payments from demand or savings bank accounts via the Internet. Since businesses can use this system to pay vehicle license tax at the Tax Online website (<https://paytax.nat.gov.tw>), the number of payments for this tax can be reduced from 2 to 1.



2. Explanation for correction

- (1) Number of payments of fuel tax (vehicle fuel fee) by an enterprise: Should be revised from 4 to 1

An enterprise can pay the fuel tax (vehicle fuel fee) via the Electronic Motor Vehicle & Driver Information System (<https://www.mvdis.gov.tw/wps/portal>), which was set up some years ago by the Ministry of Transportation and Communications (MOTC) to enable businesses to choose a voice or Internet service for paying the tax direct from a demand or bank account. Therefore, under the World Bank's computation standards, since Taiwan has established an online mechanism for payment of this tax/fee, the number of payments should be corrected from 4 to 1.

Statistics on payment of the vehicle fuel fee using financial accounts provided by the Electronic Motor Vehicle & Driver Information System

Year	Cases	Amount (NT\$)
2005	37,807	203,768,261
2006	27,340	150,871,929
2007	30,152	167,693,392
2008	31,654	177,155,958
2009	31,108	174,885,445
2010	32,903	185,132,212
2011	43,924	246,484,831

Source: Provided by the MOTC's Directorate General of Highways.

- (2) Number of hours needed for paying corporate income tax (profit-seeking enterprise income tax): Should be revised from 185 hours to 68 hours.

The World Bank 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 World Bank takes the example of a medium-size enterprise for the survey. Due to the numerous streamlining measures taken by the Ministry of Finance in recent years (see Attachment 1), the actual time a mid-size business spends on paying corporate income tax (profit-seeking enterprise income tax) has, according to the results of a survey by the Taiwan CPA Association, been reduced to 68 hours. This is substantially different from the World Bank survey figure of 185 hours, which does not accord with the actuality in Taiwan.

Breakdown of the time needed by a mid-size business for paying profit-seeking enterprise income tax in Taiwan

Item	Tax payment process	Time according to World Bank survey (hours)	Actual time (hours)
1	Preparing	156	60
2	Filing	15	6
3	Paying	14	2
Total		185	68

Source: Provided by the Taxation Agency of the Ministry of Finance.



3. Explanation of reforms

(1) Reforms affecting time needed for paying tax

A. Reforms in regard to profit-seeking enterprise income tax filing and payment instituted between June 2011 and May 2012 (see Attachment 2).

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

On September 7, 2011, Article 46 of the Enforcement Rules of the Income Tax Act was revised, and 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 profit-seeking enterprise income tax forms

- (a) On February 10, 2012, the government approved the revision of the format of the "Report of Transfer of Shareholding (Stocks, Capital Contribution) by a Company Shareholder (Sole Proprietor, Partner)" on page 12 of the 2011 Profit-Seeking Enterprise Annual Income Tax Filing and 2010 Undistributed Earnings Declaration, to exempt a business from the time-consuming filling out of information such as the reasons for the original acquisition of the 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.
- (b) On February 10, 2012, the government approved a reduction in the number of places where a profit-seeking enterprise is required to stamp its uniform invoice seal on the 2011 Profit-Seeking Enterprise Annual Income Tax Filing and 2010 Undistributed Earnings Declaration and the 2011 Profit-Seeking Enterprise Annual Income Tax Declaration (Tax Reduction and Exemption Section), cutting out the stamping requirement in 32 places.

c. Raising the convenience of paying profit-seeking enterprise income tax

Planning the setup of an Internet system for commencement of use in 2013: In 2013, when profit-seeking enterprises use the Internet to file their 2012 Profit-Seeking Enterprise Annual Income Tax Return and 2013 Provisional Profit-Seeking Income Tax Return, they can choose to make payment online via transfer from a demand or savings deposit account. This measure will raise the convenience of paying profit-seeking enterprise income tax and further reduce the time needed for payment of this tax in 2013.

B. Benefits of reform

a. Preparation

- (a) The amendment of the Enforcement Rules of the Income Tax Act and the Regulations on the Tax Audit of Profit-Seeking Enterprise Income, in concurrence with the Income Tax Act, the Business Accounting Act, and the Statements of 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 simplification of the format of the profit-seeking enterprise income tax return reduces the time that businesses need to spend gathering tax-related information.
- (c) A profit-seeking enterprise that uses the Internet or electronic/magnetic media for its tax filing can find out how much profit-seeking enterprise income tax it needs to pay immediately after it keys the relevant data into the tax filing software, thus saving time on the calculation of tax liability.

b. Filing

- (a) Promoting the online conduct of profit-seeking enterprise income tax filing and provisional payment can save time from being spent going to a tax office to pick up and submit tax returns and waiting in turn for counter



service. According to the statistics, in 2011, the ratio of Taiwan's profit-seeking enterprises opting to file their 2010 income tax returns online reached 98%, while the ratio filing for provisional payment of 2011 tax reached 100%.

- (b) The amended Directions on the Electronic Filing of Profit-Seeking Enterprise Income Tax Returns stipulate that, where an online filing meets certain conditions, the filing enterprise may be exempted from submitting tax-return attachments in the form of paper documents or optical disc. This can reduce the time that a business needs to spend on gathering, photocopying and attaching documents for submission with its tax return.
- (c) The deletion and reduction of part of the content and seal-affixing requirements of profit-seeking enterprise income tax return forms can reduce the time needed for filling out the forms.

c. Paying tax

- (a) When a profit-seeking enterprise uses the Internet or electronic/magnetic media for filing an income tax return, the amount of tax due will be calculated immediately by the filing software as soon as the enterprise has keyed in the relevant data, reducing the time that the enterprise needs to spend on calculating its tax liability.
- (b) In Taiwan, there are various methods that can be used for paying profit-seeking enterprise income tax. For example, a business that files its return online can make an immediate tax payment by Internet fund transfer, without needing to make a visit to a tax office. Also, a tax-payer can print a tax bill from the Internet, without needing to spend time going to a tax office to ask for the bill and have it filled out manually. Payment can be made at a designated tax-collection financial institution, or by ATM, or online using an IC-chip credit card, and if the amount of tax due is under NT\$20,000, it can also be paid at a convenience store.

(2) Reform in respect of the number of tax payments: The number of times counted for payment of the vehicle license tax can be reduced from 2 to 1.

- 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 savings 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 payments for this tax can be reduced from 2 to 1.



Attachment 1

Table of streamlining measures for profit-seeking enterprise income tax filing and payment

Streamlining measures	Benefits	The relevant parts of the World Bank survey
<p>1. Allowing supporting documents for online tax filing to be delivered to the tax collection authorities in optical disc form:</p> <p>An amendment of the Directions on the Electronic Filing of Profit-Seeking Enterprise Income Tax Returns that was promulgated on April 10, 2009, allows businesses filing final tax returns online to submit supporting documents in optical disc form, with effect from May 2009.</p>	Reducing the work time for profit-seeking enterprises to collect, copy and attach documents for submission with tax return forms	Preparation, Filing
<p>2. In cases of Internet filing that meet certain conditions, enterprises may be exempted from submitting tax-return attachments to the tax authorities in paper documents or optical disc.</p> <p>An amendment of the Directions on the Electronic Filing of Profit-Seeking Enterprise Income Tax Returns that was promulgated on April 15, 2011 and came into effect in May 2011, provides that, where a tax filing meets certain conditions, the filing enterprise may be exempted from submitting tax-return attachments in the form of paper documents or optical disc.</p>	Reducing the work time for profit-seeking enterprises to collect, copy and attach documents for submission with tax return forms	Preparation, Filing
<p>3. Simplifying the provisional payment system for corporate income tax:</p> <p>Under amendments to Articles 67 and 69 of the Income Tax Act promulgated on May 27, 2009, a profit-seeking enterprise need not file a provisional income tax return if it makes full payment of an amount equal to half of its tax liability in the preceding year as provisional tax payment for the current year.</p> <p>(http://www.dot.gov.tw/dot/home.jsp)</p>	Reducing the time needed to calculate the amount of tax due and file the return	Filing, Paying Taxes



Streamlining measures	Benefits	The relevant parts of the World Bank survey
<p>4. Change from dual-rate to flat-rate tax:</p> <p>By an amendment to Article 5 Paragraph 5 of the Income Tax Act promulgated on May 27, 2009, tax on profit-seeking enterprise income was changed from dual rates of 15% and 25% to a flat rate of 20%. This change helped reduce the time needed to calculate the amount of tax due. By a further amendment of Articles 5 and 126 of the Income Tax Act promulgated on June 15, 2010, the rate of tax on profit-seeking enterprise income was reduced to 17%, with backdated effect from the beginning of 2010. (http://www.dot.gov.tw/dot/home.jsp)</p>	Reducing the time needed to calculate the amount of tax due	Filing, Paying Taxes
<p>5. Reviewing and paring down less essential content of corporate income tax return form:</p> <p>The MOF convened a meeting on October 22, 2009, attended by representatives of local tax authorities, the National Federation of Certified Public Accountants Associations of the ROC, and other non-governmental bodies, to discuss and overhaul the content of the current income tax return form for profit-seeking enterprises.</p> <p>The meeting reached resolution on deleting 26 columns for basic information and 84 places of signature, reducing the form by 2 pages and allowing businesses to replace 2 other pages with their own statements in prescribed form.</p>	Reducing the time needed for filling out tax returns and preparing supporting documents.	Preparation, Filing



Streamlining measures	Benefits	The relevant parts of the World Bank survey
<p>6. The amendment of relevant laws and regulations, in correspondence with the Business Accounting Act and the Statements of Financial Accounting Standards, to substantially reduce the differences between financial accounting and tax law requirements.</p> <p>(1) Amendment of the Income Tax Act, promulgated on May 27, 2009, by which revisions were made to Article 44 (inventory valuation), Article 51 (fixed asset depreciation methods), Article 54 (computation of residual value for fixed asset depreciation), Article 64 (establishment expenses), and Article 65 (asset valuation in division or acquisition of profit-seeking enterprise).</p> <p>(2) Amendment of the Enforcement Rules of the Income Tax Act, promulgated on November 18, 2009, by which revisions were made to Article 46 (inventory cost evaluation) and Article 48 (method of computation for fixed asset depreciation).</p> <p>(3) Amendment of the Regulations on the Tax Audit of Profit-Seeking Enterprise Income, promulgated on September 14, 2009, by which revisions were made to Article 16 (methods of computing income for installment sales), Articles 32 and 100 (methods of computing profit or loss for asset swap), and Article 71 (costing of employee stock dividend).</p> <p>(4) Amendment of the Income Tax Act, promulgated on January 26, 2011, by which revision was made to Article 44 (evaluation of inventory costs).</p>	<p>Reducing the time consumed in reconciling the differences between financial accounting and tax law requirements when preparing final tax returns.</p>	<p>Preparation</p>

Streamlining measures	Benefits	The relevant parts of the World Bank survey
<p>7. Simplifying loss recognition provisions for profit-seeking enterprises, and setting principles for consistency of treatment, to facilitate compliance:</p> <p>(1) By an amendment of Articles 95 and 101-1 of the Regulations on the Tax Audit of Profit-Seeking Enterprise Income promulgated on September 14, 2009, losses due to the destruction or scrapping of fixed assets before the expiration of their stipulated service life, or due to the expiration, deterioration, destruction, etc., of merchandise, raw materials, supplies or goods-in-process, can be recognized as losses on the basis of the certification of fact by a certified public accountant, without the need to apply for or obtain approval thereof.</p> <p>(2) By an amendment of Articles 99 of the Regulations on the Tax Audit of Profit-Seeking Enterprise Income promulgated on September 14, 2009, a profit-seeking enterprise may establish recognition of an investment loss due to the merger or bankruptcy of an invested enterprise by furnishing documentary proof of the merger or bankruptcy. The amended provisions also clearly stipulate the point of time at which such investment loss shall be recognized as having occurred, for the purpose of clarity.</p> <p>(3) On April 15, 2010, the Guidelines Governing Assessment of the Losses from Bad Debt of Profit-seeking Enterprises were promulgated to establish consistent standards for checking and recognizing losses from bad debt, to facilitate tax-payer compliance with the pertinent provisions of law.</p>	Reducing the time needed by profit-seeking enterprises to prepare information for tax filing	Preparation

Attachment 2

Table of streamlining measures from June 2011 to May 2012 in respect of time needed for paying taxes

Streamlining measures	Benefits	The relevant parts of the World Bank survey
<p>1. Amendment of related laws and regulations in correspondence with the Income Tax Act, the Business Accounting Act and the Statements of Financial Accounting Standards, to reduce the differences between financial accounting and tax law requirements.</p> <p>(1) Amendment of the Enforcement Rules of the Income Tax Act, promulgated on September 7, 2011, by which revision was made to Article 46 (definition of evaluation methods of inventory costs).</p> <p>(2) Amendment of the Regulations on the Tax Audit of Profit-Seeking Enterprise Income, promulgated on January 4, 2012, by which revisions were made to Articles 47, 50, 51, and 55, and Article 51-2 inserted, in regard to the definition of inventory cost valuation methods.</p>	Reducing the time consumed in reconciling the difference between financial accounting and tax law requirements	Preparation
<p>2. Simplifying the contents of the current Profit-Seeking Enterprise Annual Income Tax Return Form</p> <p>Simplification of the format of the "Report of Transfer of Shareholding (Stocks, Capital Contribution) by a Company Shareholder (Sole Proprietor, Partner)" in the profit-seeking enterprise annual income tax return, and elimination of the need to affix the profit-seeking enterprise uniform invoice seal in 32 places.</p>	Reducing the time needed for preparing supporting documents and filling out tax returns	Preparation, Filing
<p>3. Increasing tax payment channels</p> <p>Planning the setup of an Internet system for commencement of use in 2013: When profit-seeking enterprises use the Internet to file their 2012 Profit-Seeking Enterprise Annual Income Tax Return and 2013 Provisional Profit-Seeking Income Tax Return, they can choose to make payment online via transfer from a demand or savings deposit account.</p>	Reducing the time needed to pay tax	Paying taxes

Trading across Borders

1. Introduction

In the *Doing Business 2012* report released by the World Bank in October 2011, Taiwan was ranked 23rd in the "Trading across Borders" indicator. As reported by the World Bank, the survey on which the ranking was based found that imports and exports both required six documents for customs clearance; and the time needed to prepare documents for both imports and exports was seven days, with the issuance of a letter of credit taking roughly four days.

After a review of Taiwan's current related laws and regulations, and the actuality of the customs clearance process and letter of credit issuance, there was found to be some difference between the survey results and the actuality of Taiwan's customs clearance that calls for clarification. Hence, the relevant regulatory provisions and explanation are provided for reference.

2. Correction of survey

(1) 2011 survey results

Item	Imports		Exports	
	Documents needing to be prepared	Time needed for preparing documents	Documents needing to be prepared	Time needed for preparing documents
1	Bill of Lading	7 days	Bill of Lading	7 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) 2012 corrections

Item	Imports		Exports	
	Documents needing to be prepared	To be submitted to	Documents needing to be prepared	To be submitted to
1	Bill of Lading	Bank (letter of credit transactions still require attachment of bill of lading)	Bill of Lading	Bank (letter of credit transactions still require attachment of bill of lading)
2	Commercial Invoice	Customs	Commercial Invoice	Customs
3	Customs Import Declaration	Customs	Customs Export Declaration	Customs
4	Packing List	Customs	Packing List	Customs

3. Explanation for correction

(1) Documents that need to be submitted to customs, port authorities, health and technical control agencies, other government agencies and banks should be only 4 in number, not 6.

- A. The World Bank's methodology requires the recording of all documents needed by the trader to export and import the traded goods across the border. It is assumed that the contract has already been agreed upon and signed by both parties. Documents required for clearance by government ministries, customs authorities, port and container terminal authorities, health and technical control agencies, and banks are taken into account. It is further assumed that the traded product is not hazardous, does not include military items, and does not require refrigeration or any other special environment.
- B. According to Taiwan's import and export customs clearance rules and current operational practice, written documents are required to be submitted to customs only for cargo categorized as C2 (customs clearance with document examination but without inspection) and C3 (customs clearance

with examination of documents and inspection of cargo), but not for cargo categorized as C1 (customs clearance without inspection or examination). In 2011, roughly 60% of goods imported by sea were categorized as C1, as were roughly 78% of goods exported by sea. All of those goods received paperless clearance, without the need for submission of any written documents.

- C. Currently, Taiwan uses electronic declaration for almost all goods passing through customs (more than 99.9%). Under current rules, neither imports nor exports require presentation of a bill of lading. Therefore, the only documents required to be presented to customs authorities for goods categorized as C2 or C3 are the customs import declaration, the invoice, and the packing list – just 3 documents in all. Likewise for exports, the only 3 documents required are the customs export declaration, the invoice, and the packing list.
- D. Since the World Bank example assumes that payment for the transaction is made by letter of credit, the bill of lading will generally be required to be attached to the letter of credit. Hence, the bill of lading is still listed as a necessary document for import and export, needing to be submitted to the bank with the letter of credit.

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

- A. The World Bank's survey example assumes that the traded goods are one of the economy's leading import or export products. Official statistics show that, in 2011, Taiwan's main imports were machinery and electrical equipment (31.62% of all imports), mineral products (24.23%), and chemicals (12.07%), while its main exports were machinery and electrical equipment (46.81%), and basic metals and articles thereof (9.78%).¹
- B. Taiwan's Customs Act and related regulations do not require the presentation of certificates of origin for customs clearance of exported goods, and in practice there is no requirement for submission of such a document to customs authorities, port and container terminal authorities, health and technical control agencies,

¹ Details of Taiwan's leading import and export products can be found at the Website of the Directorate General of Customs >Statistical database inquiry> Customs import and export statistics > Ranking statistics of import and export goods (website at: <http://www.customs.gov.tw/StatisticWeb/News.aspx>).



other government agencies and banks. A certificate of origin for exported goods is issued only when the exporter is requested to provide it to meet the requirements of the importing country, and is not required in or by Taiwan for customs clearance of exports.

C. Under Taiwan's Customs Act and related regulations, there are three main kinds of situation in which a certificate of origin will need to be presented for inspection when goods are imported:

- a. It is needed for applying to take advantage of a preferential tariff: For example, when a preferential tariff is applied for in respect of goods imported from a less-developed country or a country with which Taiwan has signed a free trade agreement or economic cooperation framework agreement.
- b. It is required as a special condition for the import of a small number of items, such as Scottish whiskey, oysters, and shallots.
- c. Under the provisions of Article 28 of the Customs Act, the customs authorities ask the importer to provide it because they have doubt about the place of origin of the goods.

In 2011, Taiwan's main imports were machinery and electrical equipment (31.62% of all imports) and mineral products (24.23%), none of which require the submission of certificates of origin under Taiwan's import regulations.

(3) Terminal handling receipts are not a documentary requirement of the customs or any other agency

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 at 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.

(4) The time needed for preparing documents was reported as 7 days for both imports and exports. This is clearly overestimated and not in accordance with the facts.

- A. In Taiwan, there are actually only 4 documents, not 6, that need to be prepared and submitted to any of government authorities, customs authorities, port and container terminal authorities, health and technical control agencies, and banks. These 4 documents are the bill of lading, the customs import/export declaration, the invoice, and the packing list. This should be corrected as such, and the time needed for preparing these documents should also be corrected in accordance therewith.
- B. Taiwan has comprehensively implemented automated customs clearance for goods since 1995, and has continued to introduce express and facilitated customs clearance procedures to match changes in modes of business and trade, such as zero inventory management, just-in-time distribution, and global logistics management. Currently, the customs authorities have already set up computer connections with most (16) of the authorities responsible for trade-related approvals, and can conduct checking of relevant approvals online without any need for the submission of paper documents.
- C. Under trade practice in Taiwan, invoices, packing lists, and other documents are all digitized, are stored and managed in electromagnetic form, and can be sent direct to customs brokers via email, which makes it extremely fast and convenient to obtain such documents. Customs brokers convert or type the relevant content of the documents into customs declaration format and transmit it to the customs authorities via EDI. Generally, it needs less than two days to prepare the three documents that need to be submitted to the customs authorities. As soon as the invoice, packing list, and other information are ready, a bill of lading can be created with the utmost speed. And since these documents can be prepared simultaneously, obtaining all of the documents needed for customs clearance needs only around three days.



4. Recent reform measures

(1) Study on customs clearance time as broadly defined

Taiwan is currently conducting a time release study (TRS), based on the Guide to Measure the Time Required for the Release of Goods published by the World Customs Organization (WCO) in 2002, to measure the average time taken for each procedure and for the whole process between the arrival of goods at the port and their release. The study, aimed at identifying problems and bottlenecks in the broadly defined customs clearance process, to serve as reference for internal improvements in customs clearance efficiency or for carrying out forward-looking plans in the future, is expected to be completed in preliminary draft by the end of April.

(2) Setting up single windows to handle customs, port and trade procedures

- A. To provide a speedier, more convenient and more secure customs clearance environment, Taiwan in 2009 began to plan the setting up of single windows to handle customs, port and trade procedures. Integrating 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, these single windows will provide an intelligitized environment for a full range of services via a single key-in. The inter-agency operation for this initiative incorporates the fruits of many years work under the Trade Facilitation and Network Integration Plan. Additionally, the Directorate General of Customs is planning advancement to an even more facilitative mode of unified operation for verification of customs declarations and certifications.
- B. The reform to set up the single windows will save businesses the trouble of having to deal with customs clearance and approval procedures separately. It will also eliminate the potential difficulties that could stem from the erroneous keying in of non-matching data in separate procedures, and will save at least two hours per approval in time spent preparing the application and awaiting the response from each authority concerned. This scheme is scheduled to go online step by step beginning in 2013.

(3) Paperless customs clearance for C2 and C3 goods

Under Taiwan's current customs clearance practice, goods categorized as C1 are exempt from customs inspection and document examination, and do not need the presentation of any documentation for customs clearance. To make customs clearance, faster, easier and paperless, the Directorate General of Customs is looking into using the current automated customs clearance system or the future customs-port-trade single windows to transmit invoices, packing lists, and other data, so that customs offices can directly obtain relevant documents for C2 and C3 goods online, and no paper documents need be presented for their customs clearance.



Enforcing Contracts

1. Introduction

In the World Bank's Doing Business 2012 report released in October 2011, Taiwan was ranked 88th in the Enforcing Contracts Indicator, up two places from its previous ranking. In regard to this indicator, the Judicial Yuan and Council for Economic Planning and Development (CEPD) have continuously reviewed the relevant procedures, and have presented the following explanations of reform measures under planning or implementation in recent years and in respect of the World Bank's survey results.

2. Judicial reform measures under planning or implementation in recent years

(1) Trial progress inquiry service and case progress inquiry system

- 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. Furthermore, hearing notices and summonses contain notification of the trial progress and case progress inquiry services provided by the Judicial Yuan, to ensure that parties to lawsuits are immediately informed about these services upon receipt of a notice or summons.



(2) Assessment of the results of civil litigation reforms

To ensure that civil litigation reforms were keeping up with the times, the Judicial Yuan in 2011 set up the Committee to Assess the Results of Civil Litigation Reforms, with the remit to assess the effects of carrying out the conclusions of the 1999 National Judicial Reform Conference in regard to reinforcing the implementation of a centralized trial system and other issues. The Committee has also reached concrete conclusions on various other matters related to the Enforcing Contracts indicator, and, in addition to the realization of the centralized trial system, is also mapping out plans for expanding mandatory lawyer representation, increasing the establishment of specialized court divisions, and assigning expert judges and mediators to jointly conduct mediation procedures in cases requiring specialized knowledge.

(3) Project for Judicial Energy Saving

To raise judicial efficacy, the Judicial Yuan has set up the Judicial Energy-Saving Task Force, charged with comprehensively examining all relevant aspects of substantive law, procedural law, administrative oversight of the judiciary, and so on, with a view to identifying the main causes of case hold-ups, eliminating chokepoints, reducing waste of judicial resources, and ensuring that judges focus their energy and attention on trying cases with due speed.

(4) 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.

(5) Submission of civil litigation pleadings by fax or electronic transmission

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 be used for the filing of lawsuits.

(6) Open announcement of court verdicts

To meet demands from all sections of society for the fully open announcement of court verdicts, the Judicial Yuan has since 1998 published the full text of court verdicts on its website, for perusal by the general public. With the exception of cases involving juveniles and sexual assault, the records of which are proscribed by law from being open to the public, and some rulings involving procedural confidentiality (such as those concerning provisional attachment, injunction or detention) that cannot be made open, all court verdicts are published in full on the website and open to public viewing. Besides satisfying the public's right to know, this openness also aids academic research and development.

(7) 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.

(8) 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, avoid long waits for the parties before going to court, and improve the attitude of judicial personnel in conducting cases, the Judicial Yuan set up a task force to formulate measures for making the judicial system more convenient and closer to the people's needs. The resulting "Measures to Improve the Timeliness of Court Hearings and the Attitude of Judicial Personnel in Conducting Cases" and the "Supplementary Measures to Enhance the Timeliness of Court Hearings and the Attitude of Judicial Personnel in Conducting Cases" were presented to all courts for implementation on January 5, 2011 and October 21, 2011, respectively.

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.

Main stages	No. of days to complete (510 days in total)	Procedures (45 in total)
Filing and service	30 days	7
Trial and judgment	360 days	22
Enforcement of judgment	120 days	16

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 2012

Main stages	No. of days to complete (161 days in total)	Procedures (27 in total)
Filing and service	42.36 days Calculation formula: $134.14 \text{ days} \times 6/19 = 42.36 \text{ days}$	6
Trial and judgment	91.78 days Calculation formula: $134.14 \text{ days} \times 13/19 = 91.78 \text{ days}$	13
Enforcement of judgment	26.74 days	8

Costs (as % of claim) 7.78%

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 161 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 134.14 days, and the average time taken to complete compulsory execution of judgments in such cases was 26.74 days.
- b. The aforesaid 134.14 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 42.36 days needed for the filing and service stage and 91.78 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 161 days to complete.

B. Correcting the cost from 17.7% to 7.78%

- 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 28-2 Paragraph 5 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 7.78% 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:

- 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.
- 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: ① * denotes procedures that take place simultaneously with or could be included in other procedures.

②The number of procedures: World Bank = 45 procedures, the Judicial Yuan = 27 procedures.

③Shadowed rows denote the procedures where the survey results of the World Bank and the opinions of the Judicial Yuan are different.



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



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.
8	Assignment of court case to a judge. The court case is assigned to a specific judge through a random procedure, automated system, ruling of an administrative judge, court officer, etc.	No	No	

Pro- cedure	Filing and service	WB	Judicial Yuan	Remarks
9	Court scrutiny of summons and complaint. <i>Judge examines Plaintiff's summons and complaint for formal requirements. Checked as 'yes' if required by law or standard practice.</i>	Yes (4)	Yes (3)	1. Our response: We have no different opinion. 2. Our recommendation: The procedure should be counted. 3. Our legal basis: Article 249 of the CCP.
10	Judge admits summons and complaint. <i>After verifying the formal requirements, judge decides to admit Plaintiff's summons and complaint.</i>	No	No	
11	Plaintiff's request for service. <i>Plaintiff makes a written request to the court that process be served on Defendant.</i>	No	No	
12	Court order for service. <i>Upon Plaintiff's request, judge orders process be served on Defendant.</i>	No	No	
13	Delivery of summons and complaint to person authorized to perform service of process on Defendant. <i>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.</i>	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. <i>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.</i>	No	No	



Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
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.
16	First attempt at physical delivery. A first attempt to physically deliver summons and complaint to Defendant is successful in the majority of cases.	No	No	
17	Second attempt at physical delivery. 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.	No	No	
18	Application for substituted service. 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.	No	No	
19	Court order regarding substituted service. <i>Judge in a court order defines acceptable means for substituted service.</i>	No	No	



Pro- cedure	Filing and service	WB	Judicial Yuan	Remarks
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 5).	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.
23	Decision on pre-judgment attachment. <i>Judge decides</i> 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 5).	Yes (*)	Yes (*)	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.



Pro-cedure	Filing and service	WB	Judicial Yuan	Remarks
24	Guarantees securing attached property. Plaintiff typically submits guarantees or bonds to secure Defendant against possible damages to attached property. (see assumption 5).	Yes (6)	Yes (5)	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.
25	Pre-judgment attachment. Defendant's property is attached prior to judgment. Attachment is either physical, or achieved by registering, marking, debiting or separating assets. (see assumption 5).	Yes (7)	Yes (6)	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: Article 523 of the CCP and Article 132 of the Compulsory Enforcement Act.
26	Custody of assets attached prior to judgment. Defendant's attached assets are put under enforcement officer's or (private) bailiff's care (see assumption 5).	No	No	
27	Report on pre-judgment attachment. Court enforcement officer or (private) bailiff issues and delivers a report on the attachment of Defendant's property to the judge. (see assumption 5).	Yes (8)	No	1. Our response: The report is not legally required. 2. Our recommendation: The procedure should not have been counted. 3. Our legal basis: No applicable laws.

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 5).</p>	Yes (9)	No	<p>1. Our response: The CCP requires that a pre-judgment attachment order be made in the form of a ruling. A ruling may be made without any hearing according to Article 234 of the CCP. In general, the debtor (defendant) will not be notified of the application or asked to attend relevant hearings so as to prevent him/her from dissipating his/her property prior to the attachment. Thus, in practice, the court does not hold this kind of hearing.</p> <p>2. Our recommendation: The procedure should not have been counted.</p> <p>3. Our legal basis: No applicable laws.</p>

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>	Yes (*)	No	<p>1. Our response: This is not a mandatory procedure. Moreover, since the claim amount in the WB case study is only around NT\$1.2 million, the chances of the defendant filing preliminary exemptions as a delay tactic would be slim. Thus, the procedure should not have been counted.</p> <p>2. Our recommendation: Since this is not a mandatory procedure, it should not have been counted.</p> <p>3. Our legal basis: Article 25 and Paragraph 1, Article 28 of the CCP.</p>



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>	Yes (*)	No	<p>1. Our response: This is not a mandatory procedure. Moreover, since the claim amount in the WB case study is only around NT\$1.2 million, the plaintiff will unlikely have to answer preliminary exemptions since the chances of the defendant filing preliminary exemptions as a delay tactic would be slim. Thus, the procedure should not have been counted.</p> <p>2. Our recommendation: Since this is not a mandatory procedure, it should not have been counted.</p> <p>3. Our legal basis: Article 25 and Paragraph 1, Article 28 of the CCP.</p>
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 4).</p>	Yes (10)	Yes (7)	<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: Articles 265 and 266 of the CCP.</p> <p>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.</p>

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 (11)	No	<p>1. Our response: The procedure is not legally required.</p> <p>2. Our recommendation: The procedure should not have been counted.</p> <p>3. Our legal basis: No applicable laws.</p>
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 (12)	Yes (8)	<p>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.</p> <p>2. Our recommendation: The procedure should be counted.</p> <p>3. Our legal basis: Articles 265 and 266 of the CCP.</p> <p>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.</p>
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 (13)	No	<p>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.</p> <p>2. Our recommendation: The procedure should not have been counted.</p> <p>3. Our legal basis: Articles 265 and 266 of the CCP.</p>



Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
37	Adjournments. 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.	Yes (14)	No	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	Court's mailing of allocation questionnaire to parties. 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.	No	No	
39	Parties' answer to court's allocation questionnaire. Parties submit their completed allocation questionnaires to the court (including their answers regarding case-tracks and the issues for trial).	No	No	
40	Framing of issues. Plaintiff and Defendant assist the court in framing the issues on which evidence is to be presented.	Yes (15)	Yes (9)	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.



Pro- cedure	Trial and judgment	WB	Judicial Yuan	Remarks
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 6-b).</p>	Yes (*)	Yes (*)	<p>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.</p> <p>2. Our recommendation: Based on the facts provided in the WB case study, this procedure should be counted.</p> <p>3. Our legal basis: Articles 325 and 326 of the CCP.</p>
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 6-b).</p>	Yes (16)	No	<p>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.</p> <p>2. Our recommendation: Since this is not a mandatory procedure, it should not have been counted.</p> <p>3. Our legal basis: Article 326 of the CCP.</p>



Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
43	Delivery of expert report by court-appointed expert. The independent expert, appointed by the court, delivers his or her expert report to the court (see assumption 6-b).	Yes (*)	Yes (*) (10)	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.
44	Pre-trial conference on procedure. 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.)	Yes (17)	No	1. Our response: Since this procedure is covered by Procedure 40 "Framing of issues," it should not have been counted as a separate procedure. 2. Our recommendation: The procedure should not have been counted. 3. Our legal basis: Article 270-1 of the CCP.
45	Setting of date for mediation hearing. The judge sets a date for a mediation hearing, sometimes also called a 'pre-trial conference,' and notifies the parties of the hearing date.	Yes (*)	No	1. Our response: According to the CCP, litigants may settle their case in court at any time during the court proceedings. There is no separate mediation hearing. 2. Our recommendation: The procedure should not have been counted. 3. Our legal basis: No applicable laws.



Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
46	Mediation hearing. 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.	No	No	
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	Discovery disputes. 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.	No	No	
52	Request for oral hearing or trial. Plaintiff applies for the date(s) for the oral hearing or trial.	No	No	
53	Setting of date(s) for oral hearing or trial. Judge sets the date(s) for the oral hearing or trial.	Yes (*)	Yes (*)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 250 of the CCP.
54	Preliminary hearing aimed at preparing for the oral hearing. The judge meets the parties to make practical arrangements for the oral hearing on the merits of the case.	No	Yes (11)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Articles 270 and 270-1 of the CCP.
55	Pre-trial conference aimed at preparing for trial. 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.).	Yes (18)	No	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. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: Articles 270 and 270-1 of the CCP.



Pro- cedure	Trial and judgment	WB	Judicial Yuan	Remarks
56	List of (expert) witnesses. The parties file a list of (expert) witnesses with the court. (see assumption 6-a)	Yes (*)	No	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. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: No applicable laws.
57	Summoning of (expert) witnesses. The court summons (expert) witnesses to appear in court for the oral hearing or trial. (see assumption 6-a)	Yes (19)	No	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. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: No applicable laws.
58	Adjournments. Court proceedings are delayed because one or both parties request and obtain an adjournment to prepare for the oral hearing or trial.	No	No	
59	Oral hearing (prevalent in civil law). 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.	No	No	
60	Trial (prevalent in common law). 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.	Yes (20)	Yes (12)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Article 221 of the CCP.



Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
61	Adjournments. 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.	Yes (21)	No	1. Our response: This is not a mandatory procedure. It is necessary only if the court finds it necessary to adjourn the proceedings. 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. 3. Our legal basis: Article 159 of the CCP.
62	Request for closing of the evidence period. Plaintiff or Defendant requests the judge to close the evidence period.	No	No	
63	Closing of the evidence period. The court makes the formal decision to close the evidence period.	Yes (22)	No	1. Our response: This is not a mandatory procedure. It merely refers to the factual situation where the court has completed examining the evidence. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: No applicable laws.
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 (23)	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.



Pro- cedure	Trial and judgment	WB	Judicial Yuan	Remarks
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.
67	Judgment date. The judge sets a date for delivery of the judgment.	Yes (24)	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 (25)	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 (26)	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.



Pro-cedure	Trial and judgment	WB	Judicial Yuan	Remarks
70	Registration of judgment. The court office registers the judgment after receiving a written copy of the judgment.	Yes (27)	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.
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 7).	Yes (28)	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 (29)	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 8)	Yes (30)	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 (31)	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	Trial and 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 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.



Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
77	<p>Plaintiff approaching of court enforcement officer or (private) bailiff to enforce the judgment.</p> <p>To enforce the judgment, Plaintiff approaches a court enforcement officer such as a court bailiff or sheriff, or a private bailiff.</p>	Yes (32)	Yes (20)	<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 5 of the Compulsory Execution Act.</p>
78	<p>Publication of judgment.</p> <p>The judgment must be published in an official journal, gazette or local newspaper.</p>	Yes (33)	No	<p>1. Our response: Taiwanese law does not have the procedure of "publication of judgment" in the enforcement proceedings.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: No applicable laws.</p>
79	<p>Plaintiff's request for enforcement order.</p> <p>Plaintiff applies to the court to obtain the enforcement order ('seal' on judgment).</p>	Yes (*)	No	<p>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.</p> <p>2. Our recommendation: This procedure should not have been counted.</p> <p>3. Our legal basis: Article 5 of the Compulsory Execution Act.</p>
80	<p>Plaintiff's advancement of enforcement fees.</p> <p>Plaintiff pays the fees related to the enforcement of the judgment.</p>	Yes (34)	Yes (21)	<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 28-2 of the Compulsory Execution Act.</p>
81	<p>Attachment of enforcement order to judgment.</p> <p>Judge attaches the enforcement order ('seal') to the judgment.</p>	No	No	



Pro-cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
82	Delivery of enforcement order. The court's enforcement order is delivered to a court enforcement officer or a (private) bailiff.	Yes (*)	No	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. 2. Our recommendation: This is not a mandatory procedure and thus should not have been counted. 3. Our legal basis: Chapter 2, Section 2 of the Compulsory Execution Act on "Enforcement of Movable Assets."
83	Plaintiff's request for physical enforcement. 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.	Yes (*)	No	1. Our response: According to the WB case study, the plaintiff attaches defendant's movable assets prior to obtaining a judgment. Since the plaintiff has already attached the 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. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: Article 56 and Chapter 2, Section 2 of the Compulsory Execution Act on "Enforcement of Movable Assets".



Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
84	<p>Judge's order for physical enforcement.</p> <p><i>Judge orders the police to assist with the physical enforcement of the attachment of Defendant's movable goods.</i></p>	Yes (35)	No	<ol style="list-style-type: none"> 1. Our response: The same as Procedure 83. 2. Our recommendation: This procedure should have not been counted. 3. Our legal basis: The same as Procedure 83.
85	<p>Request to Defendant to comply voluntarily with judgment.</p> <p><i>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.</i></p>	Yes (36)	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><i>The judge, a court enforcement officer, a (private) bailiff or the Defendant himself identifies Defendant's movable assets for attachment.</i></p>	Yes (37)	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	Contestation of selection of assets identified for attachment. The party, Plaintiff or Defendant, which was not involved in the designation of the assets for attachment, contests the selection of assets for attachment.	No	No	
88	Plaintiff's identification of Defendant's assets for attachment. Plaintiff identifies Defendant's assets for attachment.	Yes (38)	Yes (22)	1. Our response: We have no different opinion. 2. Our recommendation: This procedure should be counted. 3. Our legal basis: Paragraph 2, Article 5 and Paragraph 1, Article 19 of the Compulsory Execution Act.
89	Notification of intent to attach. A court enforcement officer or (private) bailiff notifies other creditors of the intent to attach Defendant's goods.	No	No	
90	Attachment. Defendant's movable goods are attached (physically or by registering, marking or separating assets).	Yes (39)	No	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. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: Article 56 of the Compulsory Execution Act.



Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
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 (40)	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>
92	<p>Valuation or appraisal of attached movable goods.</p> <p>The court or court appointed valuation expert evaluates the attached goods.</p>	Yes (41)	Yes (23)	<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 62 and 80 of the Compulsory Execution Act.</p> <p>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.</p>



Pro-cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
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 (42)	No	<p>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 which should no longer exist after the judgment under the enforcement was made. Since the claim amount is only around NT\$1.2 million in the WB case study, the chances of the defendant opposing the enforcement to delay the enforcement proceedings would be slim. Thus, this procedure should not have been counted.</p> <p>2. Our recommendation: This is not a mandatory procedure and thus should not have been counted.</p> <p>3. Our legal basis: Articles 12, 14 and 14-1 of the Compulsory Execution Act.</p>
94	<p>Call for public auction.</p> <p>Judge calls a public auction by, for example, advertising or publication in the newspapers.</p>	Yes (43)	Yes (24)	<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 57, 64, 65, 81 and 84 of the Compulsory Execution Act.</p>
95	<p>Sale through public auction.</p> <p>The Defendant's movable property is sold at public auction.</p>	Yes (44)	Yes (25)	<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 70 and 90 of the Compulsory Execution Act.</p>



Pro-cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
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 9 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 (45)	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.
99	Reimbursement of Plaintiff's enforcement fees. Defendant reimburses Plaintiff's enforcement fees which plaintiff had advanced previously.	Yes (46)	No	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. 2. Our recommendation: This procedure should not have been counted. 3. Our legal basis: Article 28 of the Compulsory Execution Act.



Pro- cedure	Enforcement of judgment	WB	Judicial Yuan	Remarks
100	<p>Payment.</p> <p>Judge orders that the proceeds of the public auction or the direct sale be delivered to Plaintiff.</p>	Yes (47)	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

Persons to Contact in Government Agencies

Indicator	Persons to Contact in Government Agencies
Starting a Business	Ja-lin Wu CEDI, CEPD Tel: 02-2316-5966 Email: wujalin@cepd.gov.tw
	Lu-tsui Hsu Department of Commerce, MOEA Tel: 02-2321-2200#354 Email: lthsu@moea.gov.tw
	Shiang-chi Huang Taxation Agency, MOF. Tel: 02-2322-8135 Email: shchuang@mail.mof.gov.tw
	Yi-hsuan Lee Department of Labor Standards, CLA Tel: 02-8590-2728 Email: michelle@mail.cla.gov.tw
	Jo-mei Sun Department of Labor Insurance, CLA Tel: 02-2396-1266#1638 Email: 70303@ms.bli.gov.tw
	Chen-i Chen Bureau of National Health Insurance, DOH Tel: 02-27065866#2305 Email: a110689@nhi.gov.tw



Indicator	Persons to Contact in Government Agencies
Dealing with Construction Permits	Phoebe Lee CEDI, CEPD Tel:02-2316-5963 Email: phoebe@cepd.gov.tw
	Ji-yue Liu Construction and Planning Agency, MOI Tel: 02-8771-2880 Email: liuu@cpami.gov.tw
	Yu Lee Department of Urban Development, Taipei City Government Tel: 02-2725-8515 Email:1487@dba2.tcg.gov.tw
Getting Electricity	Ja-lin Wu CEDI, CEPD Tel: 02-2316-5966 Email:wujalin@cepd.gov.tw
	Qi-Xiao Liu State-owned Enterprise Commission, MOEA Tel:02-2371-3161#221 Email: lcs@sec.gov.tw
	Kai-wen Liu Taiwan Power Company Tel:02-2366-6669 Email:u867806@taipower.com.tw

Indicator	Persons to Contact in Government Agencies
Registering Property	Ja-lin Wu CEDI, CEPD Tel: 02-2316-5966 Email: wujalin@cepd.gov.tw
	Chia-hsin Chang Taxation Agency, MOF Tel: 02-2322-8429 Email: chiahchang@mail.mof.gov.tw
	Chih-hung Chiang Department of Land Administration, MOI Tel: 04-2250-2173 Email: g0037@land.moi.gov.tw
Getting Credit	Li-Ting Wen CEDI, CEPD Tel: 02-2316-5934 Email: sweet0826@cepd.gov.tw
	Xiu-lian Lin Banking Bureau, FSC Tel: 02-8968-9638 Email: lilian@banking.gov.tw
Protecting Investors	Ja-lin Wu CEDI, CEPD Tel: 02-2316-5966 Email: wujalin@cepd.gov.tw
	Jia-rong Li Department of Commerce, MOEA Tel: 02-2321-2200#361 Email: jrlee@moea.gov.tw
	Brenda Hu Securities and Futures Bureau, FSC Tel: 02-2774-7214 Email: brenda.hu@sfb.gov.tw



Indicator	Persons to Contact in Government Agencies
Paying Taxes	Ja-lin Wu CEDI, CEPD Tel:02-2316-5966 Email: wujalin@cepd.gov.tw
	Pei-fang Lin Taxation Agency, MOF Tel: 02-2322-7541 Email: pflin@mail.mof.gov.tw
	Kun-gen Weng Directorate General of Highways, MOTC Tel:02-2311-3456#2100 Email:mad101@thb.gov.tw
Trading Across Borders	Yu-jing Chen CEDI, CEPD Tel:02-2316-5969 Email: jing@cepd.gov.tw
	Huang-chia Chang Directorate General of Customs, MOF Tel: 02-2550-5500#2906 Email: pankey@webmail.customs.gov.tw
	Judy Wu Bureau of Foreign Trade, MOEA Tel: 02-2397-7359 Email: judy@trade.gov.tw
Enforcing Contracts	Li-Ting Wen CEDI, CEPD Tel:02-2316-5934 Email: sweet0826@cepd.gov.tw
	Tseng-chen Wu Judicial Yuan Tel:02-2361-8577 Email: wcc@judicial.gov.tw

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