

2015

Report on Taiwan's Ease of Doing Business Reforms

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

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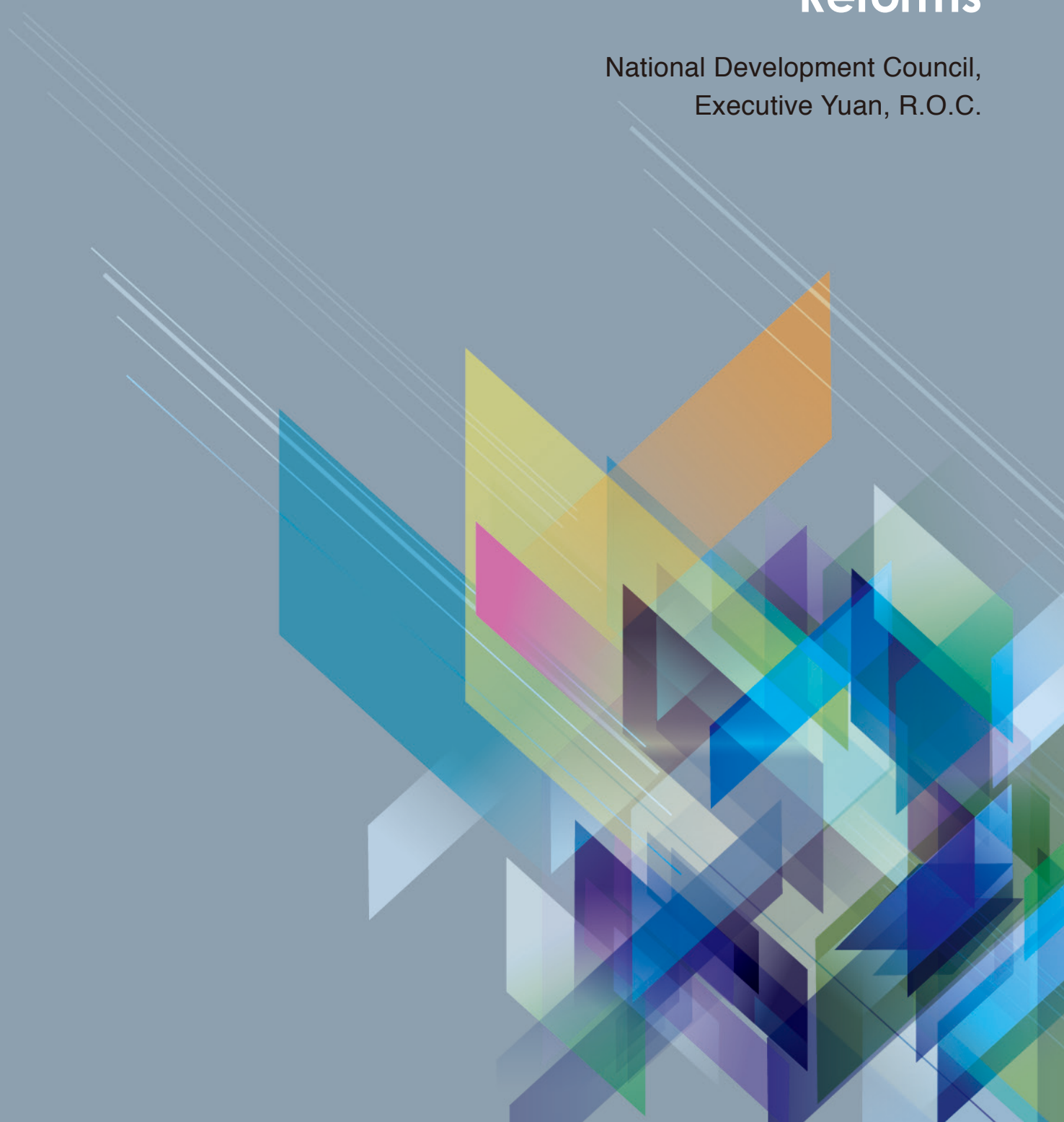




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Overview

Taiwan Completes Year 7 Business Environment Reforms

BUSINESS ENVIRONMENT REFORMS 2015

Between June 2014 and the end of May 2015, Taiwan completed the year 7 business environment reform program. The main points of reform and amendments to legislation were as follows:

Dealing with Construction Permits

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

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

Getting electricity

After further review and simplification of the application process for electricity supply, TPC announced amendments to the Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size on February 10, 2015, reducing the time required for procedure 2 "Await Completion of the External Connection Work by TPC's Subcontractor" from 19 days to 13. The revised directions

were posted on TPC's public website (<http://www.taipower.com.tw/UpFile/HelpENFile/Process.pdf>) for public perusal.

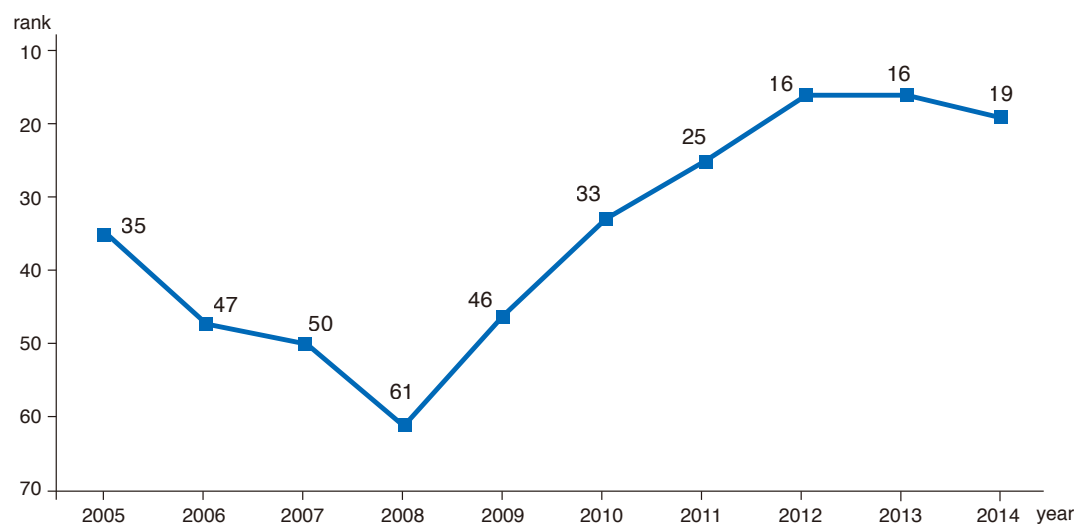
Getting credit

To allow enterprises (especially SMEs) to be able to conveniently use property as collateral to obtain financing, with reference to the UNCITRAL Legislative Guide on Secured Transactions and the World Bank's Doing Business report, the government began implementing a Property Secured Transactions Registration Management Information System establishment plan, and the system began providing Property Secured Transactions Online Registration service beginning in May 27, 2015. The main points of the plan are:

- Establishment of the Property Secured Transaction Online Registration and Public Inquiry website, to provide services such as online registration, amendment, cancellation, copying, and issuance of certificates; this was merged with the existing Nationwide Property Secured Transactions Public Inquiry Website to become a single website providing a public enquiry service. (website: <https://ppstrq.nat.gov.tw/pps>)
- Establishment of the Property Secured Transactions Registration Management Information System, to offer Property Secured Transactions Registries front desk management, case handling, official document management, data entry, file management, report printing, and system maintenance.
- Establishment of the National Property Secured Transactions Database. The MOEA-established National Property Secured Transactions Database, connected with the JCIC Database and Vehicle Secured Transactions Registry Database, integrates the three main system functions: online registration, registration management, and public inquiry.

LOOKING BACK ON SIX YEARS OF REFORMS

In October 2008, Taiwan launched business environment reforms based on the criteria of the World Bank's Doing Business report, and has advanced them for six consecutive years as of May 2014. Taiwan's Ease of Doing Business ranking rose from 61 in 2008 to 16th in 2012 and 2013, falling slightly to 19th in 2014; in six years Taiwan moved up 42 places in the rankings, an impressive achievement. (See figure 1.1)

Figure 1.1 Change in Taiwan's Doing Business ranking in recent years

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

Looking back on six years of Taiwan's business environment reforms, it is evident that the increases in administrative efficacy and efforts to improve legislative transparency have received widespread approval from both businesses and the public at large.

In April 2010, the Executive Yuan promulgated the Procedural Directions on the Conduct an Assessment of Business Environment Reform by Agencies of the Executive Yuan, under which the Deputy Premier of the Executive Yuan acts as the top level of oversight, Cabinet agencies form an interagency task force, and the National Development Council (formerly the Council for Economic Planning and Development) puts forward reform proposals each year, and coordinates between agencies and evaluates their progress in implementing reforms. The specific reforms carried out over six years are as follows:

Year 1 business environment reforms (2008/2009)

Simplified labor and health insurance enrollment; abolishing the minimum capital requirement for starting a business; terminated the uniform certification system for profit-seeking enterprises; amended the Directions for Reviewing of Work Rules to stipulate the timeframe for review and approval; and instituted electronic filing and payment of business income tax.

Year 2 business environment reforms (2009/2010)

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

Year 3 business environment reforms (2010/2011)

Completed the establishment of the Company and Business One-Stop Service Request website; collaborated with the Taipei City Government to establish the One-Stop Counter for Warehouse Building Permits; streamlined application procedures and shortened the time needed to get electricity; and instituted measures to make payment of profit-seeking enterprise income tax more convenient.

Year 4 business environment reforms (2011/2012)

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

Year 5 business environment reforms (2012/2013)

Added the online transmission of CPA Capital Audits Certification function to the Company and Business One-Stop Service Request website; re-consolidating the procedures of the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower); amended the Customs Act to add the source of law for the CPT Single Window.

Year 6 business environment reforms (2013/2014)

Starting a Business online entered a totally paper-free era with the adoption of electronic signatures. A more streamlined procedure was introduced for the processing of permit applications by Taipei City's One-Stop Counter for Building Permits (for

Factories, Warehouses or Office Buildings of Five Stories or Lower). The process for registering the sale and transfer of ownership of land and buildings in Taipei City was simplified; the Reform Plan to Enhance JCIC Database Sources was also completed. Also, the Nationwide Property Secured Transactions Public Inquiry Website, CPT Single Window and Online Lawsuit Filing System have been established and now provide online services.

THE SECOND 4-YEAR REFORM PROGRAM

Between October 2008 and May 2012, Taiwan completed the first Four-Year Reform Program. Beginning in June 2012, it launched the second Four-Year Reform Program, the core strategy of which is to “enhance the convenience and transparency of doing business in Taiwan, and keep pace with international reform trends.” The goal of Taiwan reaching 10th place in the EoDB rankings by 2016 was also set at that time. The directions of business environment reforms for Taiwan’s second four-year reform program are listed in Table 1.1.

Table 1.1 The agenda of Taiwan’s second Four-Year Reform Program

Indicator	Agenda
1 Starting a Business	Enhance the online business start-up functions, increasing the usage of the system by the public.
2 Dealing with Construction Permits	Refine the functions of the One-Stop Counter for Building Permits for Buildings of Five Stories or Lower to provide more comprehensive integrated services.
3 Getting Electricity	Implement electricity management mechanisms, improving the safety of connecting to the electric grid.
4 Registering Property	Integrate property registration and tax payment into a single-window system, making it more convenient for members of the public to register the transfer of real estate ownership.
5 Getting Credit	Construct a modern system of laws on secured transactions, making it easier for small and medium enterprises to obtain funding.
6 Protecting Investors	Reduce the difficulty of seeking relief for minority shareholders, and increase oversight of related party transactions.

7 Paying Taxes	Continue to streamline measures for the payment of profit-seeking enterprise income tax, making it more convenient for businesses to make tax payments.
8 Trading Across Borders	Upgrade the functionality of the CPT Single Window system, providing businesses with greater convenience in import-export trade.
9 Enforcing Contracts	Implement judicial administration reforms to increase the efficiency with which courts handle business contract disputes.
10 Resolving Insolvency	Provide a single code for company reorganization and insolvency, improving the efficiency with which courts handle debt clearance.

Starting a Business

MAIN REFORMS

Out of the 189 economies in the World Bank's 2015 Doing Business report, Taiwan ranked 15th for the "Starting a Business" indicator, its highest ever ranking.

However, the World Bank report did not count Taiwan's reforms in the Starting a Business from June 2013 to May 2014; these include:

Advancing to completely paperless business startup with Taiwan's online company registration facility

In the past, applications for company registration in Taiwan required the submission of an original company registration form stamped with the seals of the company and its responsible officer. Online applications also required subsequent delivery of the original company registration form to the registration authority.

But with effect from April 29, 2014, members of the public can use the Company and Business One-stop Service Request website (<http://onestop.nat.gov.tw/oss/identity/Identity/init.do>) to apply for company registration using an electronic signature. They no longer need to send the relevant forms stamped with the company and responsible officer's seals. Thus, online company startup has become a completely paperless process.

Comprehensively adopting electronic signature for the online submission of company registration applications

On April 14, 2014, Articles 2 and 16 of the Regulations Governing Company Registration and Recognition were amended (as Appendix) to match the advance to paperless online business startup and the comprehensive adoption of electronic signature for online company registration applications.

- A new second paragraph was inserted in Article 2 of the Regulations to stipulate that, if a company needs to alter its registration in paper form after applying for

registration via an electronic mail network, it must first submit the application for this alteration with its electronic signature affixed.

- A new second paragraph was inserted in Article 16 of the Regulations to stipulate that, where a company submits a registration application via an electronic mail network, the attached registration form(s) must be in the format prescribed by the competent authority.

Hence, an online application for company registration must be submitted in the format prescribed by the competent authority, and any subsequent application to change registration must be submitted under electronic signature.

Making a company seal is not a required procedure for online company registration applications

As an enhancement to the functions of the Company and Business One-stop Service Request website, the documents submitted for company registration applications no longer need to be affixed with the company or responsible officer's seals.

If, after completing registration, a company considers that there is a need for it to lodge the company and responsible officer's seals with the registering authority, it can attend to this separately.

COMPARISON OF BEFORE AND AFTER REFORM

The 2014 World Bank Doing Business Survey

Table 2.1 Results of the 2014 survey on Starting a Business in Taiwan

No.	Procedure	Time to complete	Associated costs
1	Use online application via the Company and Business One-stop Service Request website (http://onestop.nat.gov.tw/oss/identity/Identity/init.do) to apply for search and approval of the company name, apply for incorporation and tax registration, apply for Labor Insurance and National Health Insurance coverage, and register work rules	7 days	NT\$150 (online search) or NT\$300 (government fee) + 0.025% of capital (in case the registration fee payable is less than NT\$ 1,000, the registration fee shall be NT\$1,000)
2	Make a company seal	1 day	NT\$450 (depending on quality of material used, can range from NT\$450 to NT\$1,000)
3	Submit a CPA capital audit report showing that the amount of capital invested is sufficient to cover company establishment cost	2 days	NT\$5,000 - \$20,000 fee varies across firms

2015 Corrections to the World Bank Doing Business Report

Table 2.2 Corrections to the Starting a Business survey

No.	Procedure	Time to complete	Associated costs
1	Use the Company and Business One-stop Service Request website (http://onestop.nat.gov.tw/oss/identity/Identity/init.do) to submit company registration application documents in electronic form with electronic signatures affixed, and to pay applicable fees. This procedure includes application for company name search and approval, application for incorporation and tax registration, application for Labor Insurance and National Health Insurance coverage, registration of work rules, and submission of CPA capital audit report.	7 days	<p>(1) Company name search fee: NT\$150 if online application, NT\$300 if paper application (government fees).</p> <p>(2) Company registration fee: 0.025% of the company's capital, or a minimum of NT\$1,000 if 0.025% of the capital is less.</p> <p>(3) CPA capital audit fee generally ranges from NT\$5,000 to NT\$20,000.</p>

EXPLANATION OF REFORMS AND CORRECTIONS

- **Procedure: 3 procedures combined into one**

With effect from April 29, 2014, members of the public who use the Company and Business One-stop Service Request website to apply for company registration can conduct the whole application process using electronic signatures, without needing to submit or transmit any documents affixed with the company or responsible officer's seal. Thus, the making of a company seal is no longer a procedure or any part of a procedure for starting a business, and this item (previously procedure 2) should not be counted in the survey this year.

By amendment of Articles 7 and 10 of the Company Act, promulgated on January 4, 2012, the submission of a CPA capital audit report for company startup was changed to a post-startup requirement. In addition, online transmission of the CPA capital audit report was added to the functions of the Company and Business One-stop Service Request website in May 2012. Hence, the procedure for submitting a CPA capital audit report (previously procedure 3) should also be included in the one-stop online company startup procedure (procedure 1).

- **Time: Shortened from 10 days to 7 days**

With effect from April 29, 2014, members of the public who use the Company and Business One-stop Service Request website to apply for company registration can conduct the whole application process using electronic signatures, without needing to submit or transmit any documents affixed with the company or responsible officer's seal. Thus, the making of a company seal is no longer a procedure or any part of a procedure for starting a business, reducing the time needed for the process by one day.

Also, the submission of a CPA capital audit report has already been changed to a post-startup requirement. Therefore, this step (originally procedure 3) can be carried out simultaneously with the one-stop online company startup procedure (procedure 1), reducing the time needed for starting a business by a further 2 days.

- **Further reduction of the cost of starting a business**

With effect from April 29, 2014, members of the public who use the Company and Business One-stop Service Request website to apply for company registration can conduct the whole application process using electronic signatures, without needing to

submit or transmit any documents affixed with the company or responsible officer's seal. Thus, the cost of starting a business is reduced by the cost of making a company seal, which runs from 450 to 1,000 NT\$ depending on the quality of material used for the seal.

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

The Regulations Governing Certification of Capital upon Registration Applications of Companies were amended on March 29, 2011, to delete the provision requiring a company's starting capital to be higher than its establishment cost.

Appendix

Articles 2 and 16 of the Regulations Governing Company Registration and Recognition (as promulgated on April 14, 2014)

Current Text	Original Text
<p>Article 2</p> <p>With regard to the application documents required by the Act, the applicant may prepare such documents in the form of electronic documents prefixed with authorized electronic signature; and may transmit the application package via the internet circumstances in the Company and Business One-stop Service Request website.</p> <p>A company, after completing incorporation registration via the internet circumstances in the Company and Business One-stop Service Request website, shall make a transforming-request prefixed with authorized electronic signature if subsequent application for amendment to the registration would in writing form.</p> <p>Electronic signature as required in one of the two preceding paragraphs shall be prefixed to the documents using the industrial commerce identification card issued by the Certificate Authority of the Ministry of Economic Affairs (MOEACA), if the applicant is a company; or using the natural person identification card issued by the Certificate Authority of the Ministry of Interior (MOICA), if the applicant is a natural person.</p>	<p>Article 2</p> <p>The application documents required by the [Company] Act may be prepared in the form of electronic documents affixed with an electronic signature, and the application may be submitted via electronic mail network.</p> <p>An electronic signature as referred to in the preceding paragraph, in the case of a company, shall be limited to the company certificate issued by the Ministry of Economic Affairs Certification Authority, and in the case of a natural person, shall be limited to the natural person certificate issued by the Ministry of the Interior Certification Authority or Government Certification Authority.</p>

Article 16

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.

The registration form submitted along with applications via the internet circumstances in the Company and Business One-stop Service Request website shall be prescribed by the competent government authorities.

In case any of the documents, tables and statements to be submitted along with the relevant registration applications as required in Paragraph 1 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.

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.

Article 16

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.

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.

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.

Dealing with Construction Permits

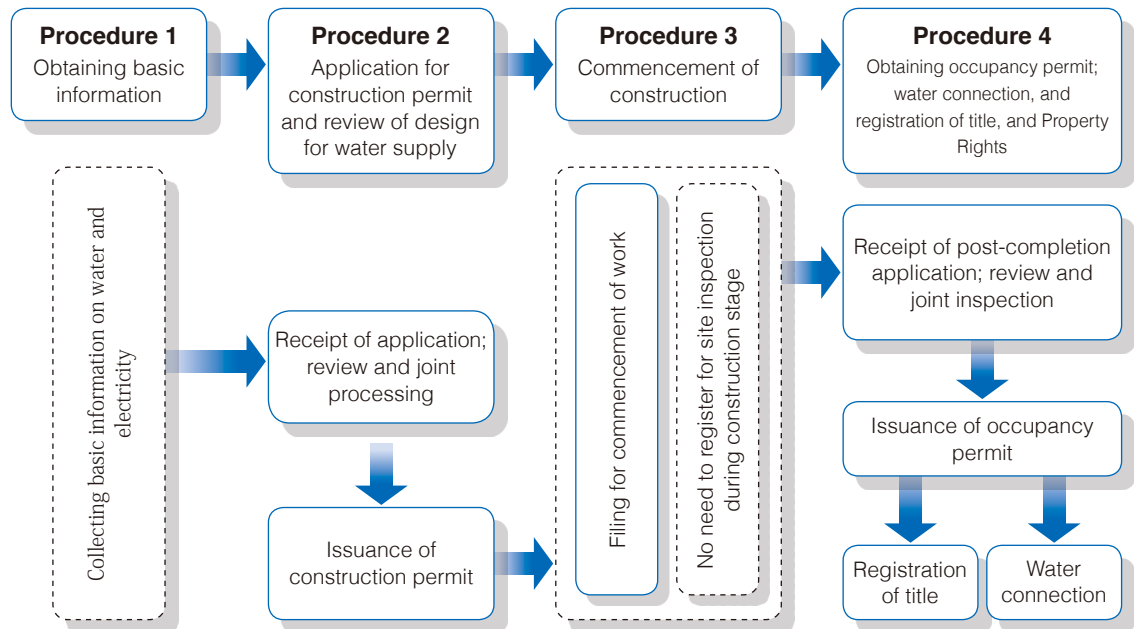
2015 KEY REFORMS

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

On March 10, 2015, the City Government again announced revisions to the Counter's Operational Guidelines and Work Procedures (see Appendix). Under these revisions, the application process is divided into four procedures (see Figure 3.1): "Obtaining Basic Information", "Application for Construction Permit and Review of Design for Water Supply", "Commencement of Construction", and "Obtaining Occupancy Permit, Water Connection, and Registration of Title". (Official website: <http://dba.gov.taipei/np.asp?ctNode=68796&mp=118021>)

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

Figure 3.1 One-Stop Counter flow chart



“Obtaining Basic Information”(Procedure 1)

- The applicant shall fill out an application form, select the type of application, check against the Self Checklist of Application for Obtaining Basic Information Documents (OSC1) and apply to obtain the basic information on water supply and power equipment at the One-Stop Permit Issuance Counter.
- Such information is solely for the applicant's reference in designing the building. It is not a required document or mandatory procedure for construction permit application. The applicant may decide whether to obtain this information.
- The stipulated time for completion of this procedure is 3 working days from the day the application is submitted to the One-Stop Counter.

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

- Before submitting an application, the applicant shall carefully follow the Self Checklist of Application for Pre-Construction Documents (OSC2). He shall then

submit the application form, illustrations and other important documents to the One-Stop Counter by mail or personally or file an application online.

- After the joint review, all applicable fees must be paid and the construction permit is then issued.
- “Application for Water Supply” is incorporated in this procedure. The Counter automatically forwards this application to Taipei Water Department and finishes the application process. (Note: Water supply is applied at Taipei Water Department and NOT at Taiwan Water Corporation.)
- An online application for this procedure takes 9 working days from the day the application is submitted to be processed, 2.5 days shorter than the stipulated time.

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

- Upon receiving a building permit, the applicant shall follow the Self Checklist of Application for Commencement of Construction Documents (OSC3) to prepare an application form for commencement of construction, a construction plan and other important documents to submit to the Counter by mail or personally.
- After the joint reviews, approval is given for commencement date of work and the air pollution prevention fee must be paid.
- The stipulated time for completion of this procedure is 6 working days from the day the application is submitted.

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

- The applicant shall complete the Self Checklist of Application for Post-Completion Documents (OSC4) and select “Receive Water Supply Inspection”. The Counter automatically forwards the application to Taipei Water Department for processing.
- Upon issuance of the occupancy permit, the Counter automatically forwards this application to Taipei Water Department and Land Administration to complete the

“Obtaining Water Connection” and “Registration of Title ” procedures.

- The stipulated time for completion of this procedure is 31.5 working days from the day the application is submitted.

EXPLANATION OF 2015 REFORMS

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

No.	Procedure	Time	Cost
1	Obtaining Basic Information Collecting basic information on water supply and power equipment at desired construction site.	3 days	No charge
Explanation	1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015 (1) Point 2 Paragraph 1 Subparagraph 1 of Taipei City Government’s Operational Guidelines for One-Stop Counter for Building Permits (for Factories, Warehouses or Offices Five Stories or Lower) (2) Point 2 Paragraph 1 of Taipei City Government’s Work Procedures for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower) 2. This procedure collects basic information on water and power supply at the intended construction site.		

No.	Procedure	Time	Cost
Explanation	<p>3. Procedural flow:</p> <p>(1) The applicant shall fill out an application form, select the type of application, check against the Self Checklist of Application for Obtaining Basic Information Documents (OSC1) and apply to obtain the basic information on water supply and power equipment at the Counter.</p> <p>(2) Such information is solely for the applicant's reference in designing the building. It is not a required document or mandatory procedure for building permit application. The applicant may decide whether to obtain this information.</p> <p>4. Completion time: Three days from the day the application is submitted.</p> <p>5. Cost: No charge.</p>		
	<p>Application for Construction Permit and Review of Design for Water Supply</p> <p>Applying for construction permit at the Counter.</p>	11.5 days/9 days (online)	NT\$ 31,402
Explanation	<p>1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015</p> <p>(1) Point 2 Paragraph 1 Subparagraph 2 of Taipei City Government's Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Fewer)</p> <p>(2) Point 2 Paragraph 2 of Taipei City Government's Work Procedures for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Fewer)</p> <p>2. Procedure flow: The applicant may at this stage submit a construction permit application to the Counter, and the relevant departments will conduct joint review and processing of the submitted drawings and documents for the building and for commencement of work.</p> <p>(1) Before presenting an application, the applicant should carefully follow the Self Checklist of Application for Construction Permit and Review of Design for Water Supply Documents (OSC2). He should then place the application form, drawings and explanations, and other important documents in proper order in a file envelope, write "Application for Building Permit and Water Supply" on the outside of the envelope, and deliver this by mail or in person to the Counter. The application may also be filed online. (Website for paperless application: http://tccmoapply.dba.tcg.gov.tw:8080/tccmoapply/)</p> <p>(2) If, due to particular case circumstances, there is a need for an application to be processed jointly with another unit, the applicant should fill out a Taipei City Government Building Permit (Design Alteration) Joint Review Form, selecting the joint processing unit and joint review item(s), and submit it once.</p>		

No.	Procedure	Time	Cost
Explanation	(3) If an application is not within the scope of the Counter's jurisdiction, or is one that it cannot process due to some special circumstance, the Counter will not be able to accept it, but will help the applicant conduct it through ordinary channels.		
	(4) If an application is within the scope of the Counter's jurisdiction, the staff member taking receipt of it shall immediately verify that the correct documents have been submitted, assign the application a case number, and after completing receipt, apply a receipt stamp or fax a receipt stub.		
	(5) When a joint review of an application has been conducted by the Counter and it has been found that the application does not conform to requirements, the Counter will notify the applicant that he has one chance to make the necessary correction.		
	(6) A building permit is issued, and fees for the building permit, specification of building setback line, wastewater discharge permit, and land ownership certificate are paid.		
	3. Completion time: 11.5 working days (9 working days for online submissions) from the day the application is submitted.		
	(1) This procedure begins with delivery of the building permit application. Paper applications will take 2.5 working days for registration of receipt.		
	(2) When the documents are all in order, the Counter will forward them to the relevant offices (the Construction Management Office, Bureau of High Speed Rail, Department of Rapid Transit Systems, Department of Public Works, Department of Cultural Affairs, Fire Department, Water Department, etc.) for conduct of joint review. The joint review will need 8 working days.		
	(3) Upon completion of the review, the issuance (approval) of a building permit and payment of all fees will need 1 working day.		
	4. Cost: NT\$31,402.		
	(1) Building permit fee: NT\$24,152. A. Article 29 Subparagraph 1 of the Building Act stipulates that, when issuing a construction permit, the competent local authority shall charge a fee of 0.1% of the building construction cost, payable by the builder or owner. B. According to the Table of Construction Costs for Building Engineering, Miscellaneous Work Materials and Land Improvement used by Taipei City Government, effective from February 1, 2014, the cost of constructing the steel frame building in this example is NT\$18,570 per square meter, so the cost of construction should be calculated as: NT\$18,570 x 1,300.6m ² = NT\$24,152,142.		

No.	Procedure	Time	Cost
Explanation	<p>C. At 0.1% of the construction cost, the building permit fee in this case should be: $\text{NT\\$}24,152,142 \times 0.1\% = \text{NT\\$}24,152$.</p> <p>(2) Other fees: NT\$4,000 to Taipei City Government for application to designate the building setback line, NT\$3,200 to Taipei City Government for a wastewater discharge permit, and NT\$50 to Taipei City Government for a copy of the land ownership certificate. Total: NT\$7,250.</p> <p>(3) Building permit fee + other fees: $24,152 + 7,250 = \text{NT\\$}31,402$</p>		
	<p>Commencement of Construction</p> <p>Report the start date to the Taipei City Government, present a construction plan, pay the air pollution prevention fee before starting construction, and apply for water connection.</p>	6 days	NT\$19,821
Explanation	<p>1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015</p> <p>(1) Point 2 Paragraph 1 Subparagraph 3 of Taipei City Government's Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>(2) Point 2 Paragraph 3 of Taipei City Government's Work Procedures for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>2. Procedural flow:</p> <p>(1) After the applicant obtains a building permit, he prepares the application for commencement of construction, a construction plan, and other required documentation, in accordance with the "Self Checklist of Application for Commencement of Construction Documents" (OSC3), and submits them to the Counter by mail or in person.</p> <p>(2) The applicant pays the air pollution prevention fee, and obtains approval for the commencement of work.</p> <p>3. Completion time: 6 working days from the day the application is submitted.</p> <p>(1) After obtaining the building permit, and before commencing construction, the applicant must complete the start date reporting process.</p> <p>(2) When the documents are all in order, the Counter will pass them to the relevant offices (the Construction Management Office, Department of Public Works, Fire Department, Department of Environmental Protection, Water Department, Department of Rapid Transit Systems, Bureau of High Speed Rail, etc.) for conduct of pre-commencement joint review. The joint review will need 7 working days.</p>		

No.	Procedure	Time	Cost
Explanation	<p>(3) After the pre-commencement joint review has been completed, the Counter will collect the air pollution prevention fee and approve the commencement of work. This will need 1 working day.</p> <p>4. Fee to be paid: Air pollution prevention fee of NT\$19,821.</p> <p>(1) The building in this case is a 2-story warehouse, with a total floor area of approximately 1,300.6 m² (650.3 m² each floor), situated on a 929 m² plot of land. Such a building would need approximately 6 months for construction.</p> <p>(2) Under the provisions of Article 4 of the Regulations Governing Construction Project Air Pollution Prevention Facilities, this example would be classified as a Grade 1 construction.</p> <p>(3) According to the Collection Rates of Air Pollution Prevention Fees for Construction Projects announced by the Environmental Protection Administration as effective from January 1, 2014, the air pollution prevention fee for a steel frame Grade 1 6-month construction project, as in this case example, is calculated as “fee rate × fee base” at a fee rate of NT\$2.54 per m² per month, with the fee base as “construction area × period under construction (months)”, and each month calculated as 30 days. Hence, the air pollution prevention fee for this example should be calculated as: NT\$2.54 × 1,300.6 m² × 6 months = NT\$19,821.</p>		
	<p>4</p> <p>Obtaining Occupancy Permit, Water Supply, and Registration of Title</p> <p>Obtaining occupancy permit, completing registration of title, and initiating use of public utilities</p>	31.5 days	NT\$73,304
Explanation	<p>1. Legal basis: Amendment of local government ordinances as proclaimed and effective on March 10, 2015</p> <p>(1) Point 2 Paragraph 1 Subparagraph 4 of Taipei City Government's Operational Guidelines for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>(2) Point 2 Paragraph 4 of Taipei City Government's Work Procedures for the One-Stop Counter for Building Permits (for Factories, Warehouses and Office Buildings of Five Stories or Lower)</p> <p>2. Procedure flow: The applicant shall apply to the Counter for an occupancy permit, presenting the construction permit (the original document). The relevant administrative units will conduct joint review of the relevant documentation.</p>		

No.	Procedure	Time	Cost
Explanation	(1) Where construction is completed without imposing damage to adjacent property, the applicant can take the original building permit to the Counter and make a one-time submission of the Self Checklist of Application for Occupancy Permit, Water Supply, and Registration of Title Documents (OSC4). The Counter will forward the application documents to the relevant units and to Taipei Water Department for processing.		
	(2) The mode of submission is the same as for the first stage (the construction permit application). The applicant must put the relevant application letter, application form, drawings & explanations, and other documentation required by law or by the regulations of the unit concerned into one file envelope for each separate application, and must specify the type of application and the unit concerned on the envelope (e.g., "Application to the Fire Department for post-completion inspection of fire-fighting equipment.")		
	(3) The applicant must specify the construction permit number (○○○Jian Zi No. ○○○), and fill out the Self Checklist of Application for Occupancy Permit, Water Supply, and Registration of Title Documents (OSC4). Then he should check the correctness of the forms, write "Application for Occupancy Permit, Water Supply, and Registration of Title" on the envelope containing the application documents, and deliver it by mail or hand to the Counter.		
	(4) The applicant can also request the Counter to arrange and liaise with the departments concerned for the conduct of joint inspection. When the applicant so requests in the Self Checklist (OSC4), the Counter will arrange for the joint inspection to be scheduled as specified by the applicant.		
	(5) Once the review has been completed, the relevant administrative fees paid (the occupancy permit fee, last-stage air pollution prevention fee, etc.), and a duplicate made, the occupancy permit can be issued.		
	(6) The applicant may choose to have the occupancy permit mailed to him, or go in person to the service desk of the Counter to collect it. At the same time, the Counter will notify the relevant units to process registration of title and apply for water supply.		
	(7) The building is completed and ready for occupancy.		
	3. Completion time: 31.5 working days from the day the application is submitted.		
	(1) This procedure begins with submission of a Post-completion application, and takes 2.5 working days for registration of receipt.		
	(2) When the documents are all in order, the Counter will forward them to the relevant offices (the Construction Management Office, Bureau of High Speed Rail, Department of Rapid Transit Systems, Department of Public Works, Department of Cultural Affairs, Department of Transportation, Department of Land, Department of Urban Development, etc.) for conduct of joint site inspection. The joint site inspection will take 8 working days.		

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

Appendix

**Taipei City Government's announcement for
reforms in dealing with construction permits**

檔 號：
保存年限：

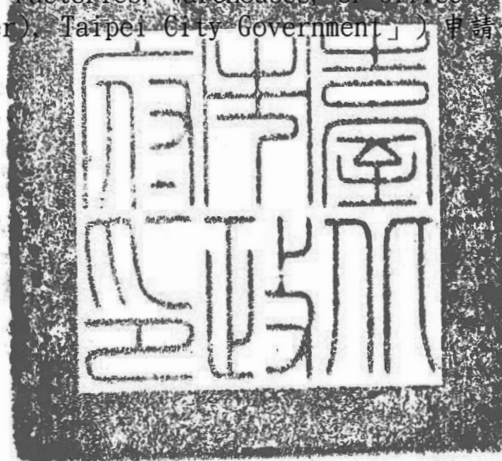
臺北市政府 公告

建照科

發文日期：中華民國104年3月2日

發文字號：府都建字第10463530900號

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



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

公告事項：

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

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

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

四、修正適用範圍如下：

五層(含)以下且符合下列各款(工廠倉儲/辦公服務類)建築物：

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

(二)未申請適用「臺北市土地使用分區管制自治條例」綜合設計放寬規定。

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

(四)申請基地範圍非屬地質敏感地區或建築物規模達特殊結構審查者。

(五)申請基地非位於鄰近山坡地範圍者。

(六)依「獎勵民間參與交通建設毗鄰地區禁限建辦法」申請基地非毗鄰高鐵範圍。

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

市長柯文哲

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

(Proclaimed on March 10, 2015)

- **Objectives**

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

- **Mission**

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

- **Scope of services**

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

- **Expected performance**

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

that the building can be occupied successfully. Unqualified applicants should still go through the normal application procedure.

- **Service hours**

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

- **Online submission**

<http://tccmoapply.dba.tcg.gov.tw:8080>

- **Service location**

One-Stop Counter for Building Permits (For Factories, Warehouses, or Office Buildings 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. 2704, contact Ms. Yu Lee.

- **Website**

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

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

I. Application Scope:

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

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

II. Application Procedure:

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

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

2. Procedure 2 “Application for Construction Permit and Review of Design for Water Supply “: Obtain a building permit within 11.5 working days (9 working days for online submissions) from the date of submission.
3. Procedure 3 “Commencement of Construction”: Review and report on work commencement within 6 working days from the date of submission.
4. Procedure 4 “Obtaining Occupancy Permit, Water Connection, and Registration of Title”: Obtain the building occupancy permit, completion of property rights registration and connect public utilities within 31.5 working days from the date of submission.

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

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

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

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

2. Related application forms

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

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

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

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

- Form 2-1: Construction Management Office (Building permit online application, <http://tccmoapply.dba.tcg.gov.tw:8080/tccmoapply/>)
- Form 2-2: HSR building permit bans/restriction scope, Bureau of High Speed Rail (not required if not in the vicinity)
- Form 2-3: RTS building permit bans scope, Department of Rapid Transit System (not required if not in the vicinity)
- Form 2-4: Traffic Engineering Office (entrance/exit design for cars and motorcycles not required if application requirements are not met)
- Form 2-5: Traffic impact assessment, Parking Management and Development Office (Traffic Impact Assessment Guidelines; not required if application requirements are not met)
- Form 2-6: In the vicinity of historical monuments, Department of Cultural Affairs (not required if not in the vicinity)
- Form 2-7: New Construction Office, Public Works Department (Road excavation application)
- Form 2-8: Water Department, Public Works Department (Rainwater drainage and water drainage facility review)
- Form 2-9: Sewerage Systems Office, Public Works Department (Sewage and drainage equipment user review)
- Form 2-10: Parks and Street Lights Office, Public Works Department (Roadside tree and street lamp relocation application)
- Form 2-11: Taipei Water Department Water Supply Design Review (Water supply review)

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

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

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

- Form 4-1: Construction Management Office (Completion application)

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

IV. Responsible Units:

(1) Obtaining basic information:

- Access to water supply information from Taipei Water Department.
- Access to power supply information from Taiwan Power Co., Ltd.

(2) Application for construction permit and review of design for water supply:

- Building permit review, Construction Management Office, Taipei City Government
- Water supply application, Taipei Water Department.

The following units should handle the application if involved.

- Bureau of High Speed Rail, Ministry of Transportation: not required if not in the vicinity of the high speed rail.
- Review of the RTS building permit bans/restrictions scope by the Department of Rapid Transit Systems, Taipei City Government.
- Review of sanitary sewer pipelines, drainage ditch locations, street lamps and roadside tree relocation, Public Works Department, Taipei City Government
- Review of water supply design, Taipei Water Department.

(3) Commencement of construction:

- Review of work commencement by the Construction Management Office, Taipei City Government
- Review of fire protection by the Fire Department, Taipei City Government.
- Payment of first-phase air pollution fees and waste disposal plan review by the Environmental Protection Agency, Taipei City Government
- Review of labor health & safety conditions and by the Labor Bureau, Taipei

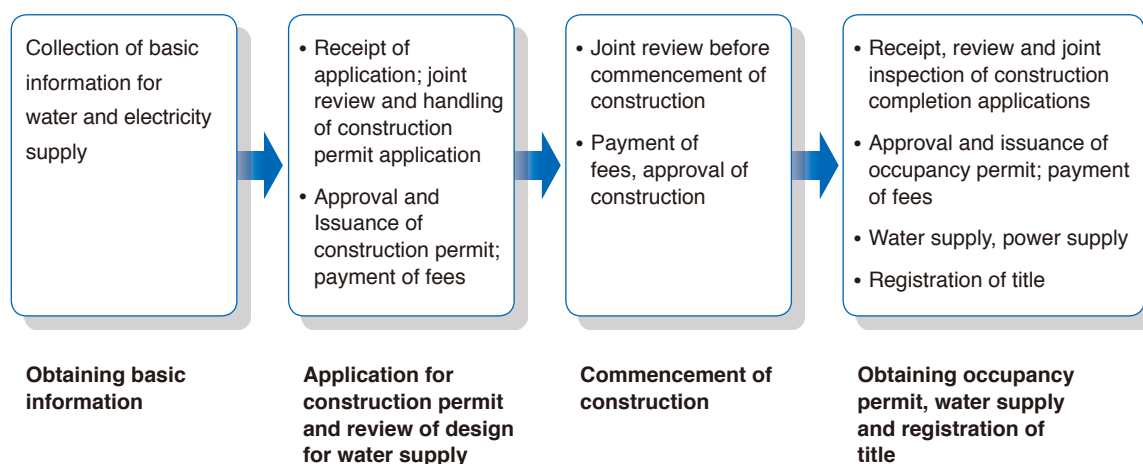
City Government

- (4) Obtaining occupancy permit, water supply and registration of title:
- Application review of construction completion, Construction Management Office, Taipei City Government
 - Application review of construction completion, Sewerage Systems Office, Public Works Department, Taipei City Government
 - Application review of construction completion, New Construction Office, Public Works Department, Taipei City Government
 - Application review of construction completion, Fire Department, Taipei City Government
 - Application for house number plate, Household Registration Office
 - Payment of final-phase air pollution fees and waste disposal plan review, Environmental Protection Agency, Taipei City Government
 - Application for joint completion inspection
 - Registration of title, Household Registration Office
 - Construction completion review, Taipei Water Department

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

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

I. Workflow:



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

II. Workflow description:

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

- (I) **Obtaining Basic Information:** The applicant may complete the application form (via the link “[Access to Basic Information Application Form](#)”) and select the scope of application and conduct the review in accordance with the “[Self Checklist of Application for Obtaining Basic Information Documents](#)”

(OSC1) to apply to the Counter for access to basic information about water supply and electrical equipment. Note that such information is only provided as a design reference (as the water and power infrastructure in this city is well-established). In fact, this procedure is not required for the application of building permits. Applicants may decide to handle the procedure at their own discretion.

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

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

(III) **Commencement of Construction:** The applicant can submit the application

for work commencement to the Counter along with the original copy of the building permit. Related departments are responsible for review of documents.

(Link to “Work Commencement Application Form”)

- (1) Before submitting the documents, the applicant should check item by item according to the “Self Checklist of Application for Commencement of Construction Documents”(OSC3), and put the application form, drawings and other relevant and necessary documents into the envelope. The envelope should be marked “Work Commencement Application Form” and sent by mail or delivered personally to the Counter.
- (2) When any nonconformity is identified during the joint review before work commencement, the Counter will give the applicant notice for a one-time opportunity for correction.
- (3) The application for work commencement will be approved only upon payment of various government fees (including the first-phase air pollution fee and other administrative fees).

(IV) Obtaining Occupation Permit, Water Supply and Registration of Title:

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

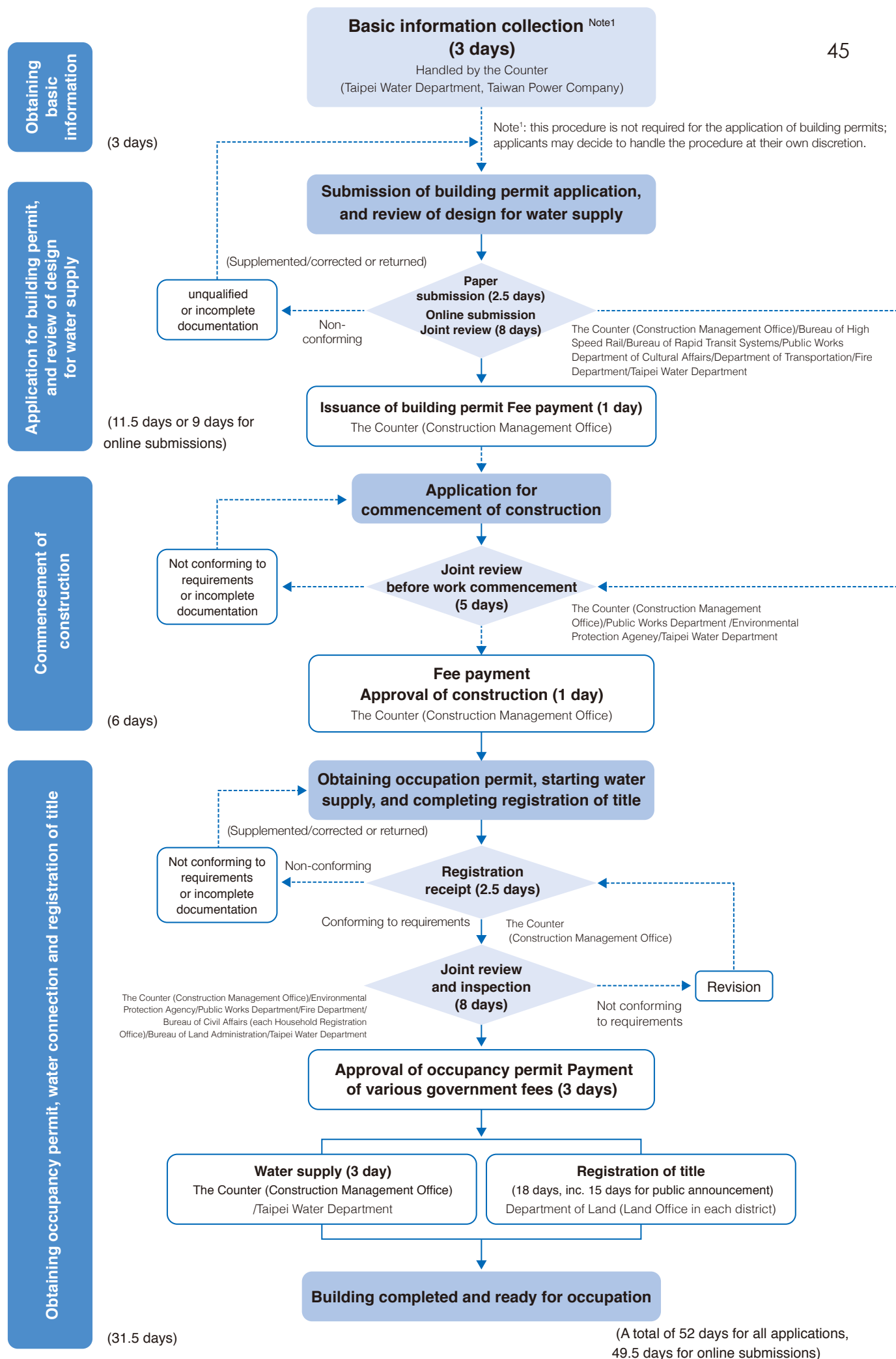
- (1) Upon project completion, if no construction damage to neighboring properties has occurred, the applicant can submit the application to the Counter along with the original copy of the building permit and the post-construction application form. The Counter will forward the documents to the relevant units and the Public Utility Division for processing. The Counter accepts only applications for which a pre-construction application was submitted in the first phase.
- (2) When submitting the application, the applicant should put all required application letters, forms, drawings, and other documents/drawings required by law or other relevant units into one envelope. The type of application and the unit being applied to should be marked on the envelope (e.g. “Application to Fire Department for Completion Inspection of Fire Protection Equipment.”)
- (3) The applicant should provide the building permit number (○○○Permit

No.○○○○) assigned by the Counter and fill in the **“Self Checklist of Application for Occupancy Permit, Water Supply and Registration of Title Documents” (OSC4)**. The applicant should conduct the self-review according to the form. The envelope should be marked “Use license, water supply and property rights registration application form” and sent by mail or delivered personally to the Counter.

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

III. Online submission procedure description:

Online registration: <http://tccmoapply.dba.tcg.gov.tw:8080/tccmoapply/>



Getting Electricity

2015 KEY REFORMS

In Doing Business 2015 issued by the World Bank, Taiwan ranked second for Getting Electricity, achieving its highest ever global ranking.

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

After further reviews with a view to further simplification of the process of applying for electricity, TPC announced amendments to Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size on February 10, 2015, reducing the time required for procedure 2 (Await completion of the external connection works by TPC's subcontractor) from 19 days to 13 (as Appendix). The revised Directions were posted on TPC's public website (http://www.taipower.com.tw/e_content/content/service/service01.aspx) for public perusal.

COMPARISON OF BEFORE AND AFTER REFORM

The 2014 World Bank Doing Business Survey

Table 4.1 Results of the 2014 survey on Getting Electricity in Taiwan

No.	Procedure	Time to complete	Associated costs
1	Submit an application for electricity connection and await completion of the design.	4 days	NT\$293,202
2	Await completion of the external connection works by TPC's subcontractor	19 days	No charge
3	Await installation of the meter, internal wiring inspection by TPC and electricity starts flowing	1 day	No charge
Total		24 days	NT\$293,202

2015 Reforms and Corrections to the World Bank Doing Business Report

Table 4.2 Corrections to the Getting Electricity survey

No.	Procedure	Time to complete	Associated costs
1	Submit an application for electricity connection and await completion of the design.	4 days	NT\$293,202
2	Await completion of the external connection works by TPC's subcontractor	13 days	No charge
3	Await installation of the meter, internal wiring inspection by TPC and electricity starts flowing	1 day	No charge
Total		18 days	NT\$293,202

EXPLANATION OF REFORMS AND CORRECTIONS

After discussion between TPC and Taipei City Government, TCG agreed to file the “class four traffic maintenance plan of Taipei city power distribution piping construction” put forward by TPC for reference, allowing applications to dig up the road to be made directly to TCG without making a traffic maintenance plan for each case.

In coordination with the aforementioned measure, related TPC units have simplified the external wiring operating procedure, reducing procedure 2 (Await completion of the external connection works by TPC’s subcontractor) from 19 days to 13, leaving the total length of time required to get electricity at 18 days.

SUPPLEMENTARY EXPLANATION

The following explanation pertains to the amendment of the Directions on the Processing of Applications for New Electricity Supply to Buildings under a Certain Size.

Along with the establishment of the Taipei City Government’s One-Stop Counter for Building Permit (for Factories, Warehouses, or Office Building of Five Stories or Lower), a permit for digging up road may be granted without traffic maintenance plan.

With document Taipei City Daozi No. 10330436200, Taipei City Road Traffic Safety Supervisory Committee agreed to accept TPC’s filing “class four traffic maintenance plan of Taipei city power distribution piping construction” for future reference, and carrying out autonomous management of traffic maintenance through verification photos and self-checking during construction, in accordance with the “Taipei City Procedure for Traffic Maintenance Self-checking for Construction” and “Traffic Maintenance Self-inspection Checklist”, without needing to complete a traffic maintenance plan for each case, allowing an application to dig up the road to be made directly to Taipei City Government, in the process reducing procedure 2 (Await completion of the external connection works by TPC’s subcontractor) to 13 days in line with the revised Directions.

Appendix

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

(amended and promulgated February 10, 2015)

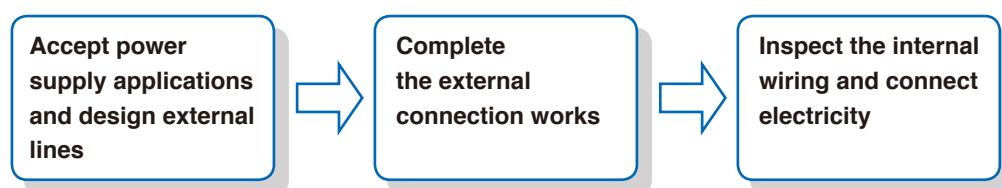
01 Objectives

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

02 Service Areas

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

03 The Procedures



04 Important Points to Note

4.A Accept power supply applications and design external lines

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

4.A.b After receiving an application for electricity supply, TPC will promptly

examine the submitted drawing and data, access to Distribution Mapping Management System (DMMS), refer to Easymap system, and then design the external line. Customers will not need to confer with TPC's designer for the external inspection.

4.A.c This procedure takes about 4 working days.

4.B Complete the external connection works

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

4.B.b Our company's class four traffic maintenance plan of Taipei city power distribution piping construction" has been verified by Taipei city government in order to simplify the procedure of traffic maintenance plans ("Taipei e-services online" website: http://www.e-services.taipei.gov.tw/transportation/transportation_planning). The time of this procedure depends on the construction scale. Normally it takes about 13 working days, if the length of connection is 150 meters long.

4.C Inspect the internal wiring and connect electricity

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

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

05 Required Documents

5.A Application form

5.B An indoor wire diagram

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

5.D Statement of Completion & Application of Inspection

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

06 Customer's Contribution in Aid of Construction Costs

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

6.A Minimum charge for installation:

6.A.a Lighting service (including flat rate lighting except street lighting and meter rate lighting):

Customer contribution will be equal to the applied number of customer times unit price of minimum charge (Appendix I, TPC regulations of business).

6.A.b Power service:

Customer contribution will be equal to the applied number of contracted demand times unit price of minimum charge (Appendix I, TPC regulations of business).

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

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

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

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

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

07 Application Processing Status Inquiry

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

Registering Property

MAIN REFORMS

Taking reference from suggestions in the World Bank's publication Doing Business regarding the procedures required when the people register for transfers of real property, such as declaration and payment of taxes and application of registration transfers, we revised relevant regulations to lower the costs of transactions and expedite the process of registration. The main reforms in recent years are explained in the following:

Establishment of a Portal Site for Local Tax Online Declaration (October 2009)

After two years of planning, the Ministry of Finance in October 2009 completed the establishment of eTax Portal, a portal for nationally centralized local tax online declaration (website: <http://www.etax.nat.gov.tw/etwmain/front/ETW109W>), allowing online filing of land value increment tax, deed tax, stamp duty, entertainment tax, land value tax and house tax by tax payers and their agents..

Amendment to the Deed Tax Act: Deed Tax Payable Follows the Standard Prices Determined by Local Real Property Assessment Committees (amended and promulgated on May 5, 2010)

To streamline administration and provide convenient service to the people, the Ministry of Finance announced the amended Deed Tax Act, making the calculation method of deed tax clearer. The details of the amendment are as follows:

- Under the amended provisions of Article 13 of the Deed Tax Act, the value of the deed declared by taxpayers shall follow the “standard prices” determined by a local real property assessment committee.
- Under the amended provisions of Articles 4 and 5, the deed taxes on sale and Dien shall be declared and paid by the purchaser and Dien holder respectively

in accordance to the standard prices determined by the local real property assessment committee. (Website for deed tax inquiries: <http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=G0340105>)

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

Establishment of One-Stop Windows for Integrated Service for Processing Land and Buildings

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

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

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

Since October 1, 2013 through February 2015, the one-stop land administration and revenue service windows set up by Taipei City Government in district land offices have processed a total of 12,670 registration cases, involving 12,773 land plots and 11,534 buildings. Details are shown in Table 5.1.

Table 5.1 Statistics for land and building sale cases processed by the one-stop windows of Taipei City land administration and revenue authorities

Month and Year	Number of Cases Processed	Number of Land Plots	Number of Buildings
Oct.-Dec., 2013	2,616	2,650	2,348
Jan.-Dec., 2014	8,878	8,933	8,094
Jan.-Mar., 2015	1,717	1,736	1,602
Total	13,211	13,319	12,044

Source: Department of Land, Taipei City Government.

COMPARISON OF BEFORE AND AFTER REFORM

The 2014 World Bank Doing Business Survey

Table 5.2 Results of the 2014 survey on Registering Property in Taiwan

Item No.	Procedure	Time to Complete	Associated Costs
1	Buyer researches the property rights and encumbrances registered against the property at the registry of titles	Less than one day (online procedure)	NT\$ 10 for the search and NT\$ 20 per sheet of e-transcript
2	Buyer pays the deed tax and stamp duty at the Municipality	Less than one day (online procedure)	6% of standard property value (deed tax) + 0.1% of property value (stamp duty)
3	Registration of transfer of title at the Land Registry	3 days	0.1% of property value (registration fee) + NT\$ 80 for new ownership certificate
Total		4days	6.2% of property value

2015 Reform and Corrections

2015 Corrections to the World Bank Doing Business Report

Table 5.3 Corrections to the Registering Property survey

Item No.	Procedure	Time to Complete	Associated Costs
1	Buyer researches the property rights and encumbrances registered against the property at the registry of titles	Less than one day (online procedure)	NT\$ 10 for the search and NT\$ 20 per sheet of e-transcript
2	Buyer pays the deed tax and stamp duty at the Municipality	Less than one day (online procedure)	6% of standard property value (deed tax) + 0.1% of property value (stamp duty) = 0.57% of property value (0.47% deed tax on property value + 0.1% stamp duty on property value)
3	Registration of transfer of title at the Land Registry	2 days	0.1% of property value (registration fee) + NT\$ 80 per ownership certificate (total NT\$160 for land and housing ownership certificates)
Total		3 days	0.67% of property value

EXPLANATION OF CORRECTION AND REFORM

- Time: Shortened from 4 days to 3 days**

It is to note that the procedure No. 1, namely, “Buyer researches the property rights and encumbrances registered against the property”, is not a necessary procedure for registering property, but, regrettably, is still considered to be essential by the World Bank. On October 1, 2013, Taipei City Government set up one-stop windows for processing real property registration and relevant tax payments at all district land offices (real property registries). As the World Bank case is a simple real property sale and does not involve the creation of a mortgage, the registration of transfer only requires two working days to complete. Hence, the time needed to complete registration of transfer of title at a land office in Taipei can already be reduced by one day.

- **Cost: Corrected to 0.67% of the property value**

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

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

$$\begin{aligned}\text{Fees for e-transcripts} &= \text{NT\$ 20 per sheet} \times \text{number of sheets} \\ &= 20 \times 2 = \text{NT\$ 40}\end{aligned}$$

The deed tax and stamp duty payable by the buyer amount to 0.57% of the property value.

- A. Under the provisions of Articles 2, 3, 4 and 13 of the Deed Tax Act, the deed tax that must be paid by the buyer is calculated at 6% of the “standard price” of the property as determined by the local real property assessment committee. According to the Article 2 of the Deed Tax Act, if the land is located in an area where land value increment tax is assessed, the deed tax shall be exempted. That is, the land is exempted from the deed tax and the buyer shall pay a deed tax on property based on the property’s standard price. The standard price of a property is calculated according to a certain formula in respect of the property’s structure, serviceable life, rate of depreciation, and street/road grade, as publicly announced by the committee.

(Re-assessment of Taipei Housing Standard Price and Related Matters, Proclamation No. 10330000500, Taipei City Revenue Service, Taipei City Government, February 11, 2014. <http://www.tpctax.gov.taipei/ct.asp?xItem=72087348&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 0.47% of the property value. Its calculation is as follows:

$$\text{Deed tax} = \text{the standard price} \times 6\%$$

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

- a. Determined unit value: This example is a 2-story warehouse, which belongs to the 4th category of "warehouse" under Taipei City's Purpose Distribution Table. According to the "Table of Standard Unit Values for Building Constructions under 35 Stories in Taipei City", the average unit value for a Category IV 2-story steel reinforced concrete (2,560) and steel reinforced (precast) concrete (1,690) warehouse, as in the example, yields a determined unit value of NT\$2,125 $((1,690 + 2,560) \div 2)$ per square meter.
 - b. (1 - depreciable years \times depreciation rate): In this example, the property is a 10-year-old warehouse. According to the Taipei City Table of Service Life and Depreciation Rates of Various Categories of Buildings, the annual depreciation rate of a steel reinforced concrete or steel reinforced (precast) concrete warehouse is 1%, so $1 - 10 \times 1\% = 90\%$.
 - c. Street/road grade adjustment rate: This example is a warehouse located in a suburban area of Taipei. Assuming this warehouse is located on Section 6, Minquan East Road in Neihu District, then according to the "Table of Street and Road Grade Adjustment Rates for Buildings in Taipei", we can assume an adjustment rate of 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\$32,086,339.
 - e. The standard price of the building = $(1,690 + 2,560) \div 2 \times 90\% \times 140\% \times 929 = \text{NT\$}2,487,398$.
 - 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 = $(149,244 \div 32,086,339) \times 100\% = 0.47\%$.
- C. Article 7 Subparagraph 3 of the Stamp Duty Act stipulates a stamp duty of 0.1% of the contract price must be affixed to each contract for the sale of real property, by the person executing the contract or drawing up the receipt. In most cases as per the customary practice in Taiwan, the stamp duty on real property transactions is

generally paid by the buyer.

Stamp duty = contract price (property value) \times 0.1% = 32,086,339 \times 0.1% = NT\$32,086.

- D. The buyer must pay deed tax of NT\$149,244 and stamp duty of NT\$32,086, adding up to NT\$181,330, which represents 0.57% of the property value.
- E. Hence, according to the World Bank case example, the buyer's deed tax (0.47%) and stamp duty (0.1%) costs represent only 0.57% of the property value.

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

- A. Article 46 of the Regulations on Land Registration stipulates that a fee for land registration must be paid pursuant to the provisions of the Land Act. Article 2 of the same regulations stipulates that "land registration" for this purpose refers to the registration of the ownership of, and other rights over, land and constructional improvements (buildings) thereon.
- B. Article 76 of the Land Act stipulates that, in applying for the registration of any change in a land right, the obligee shall pay a registration fee at the rate of 0.1 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).

Registration fee = property value \times 0.1% = NT\$32,086

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

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

- D. Registration fees payable to the land administration by the buyer for application

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

In summary, per the World Bank example, when a buyer registers his property in Taiwan, they will only bear an overall cost equal to 0.67% of the property value as opposed to the 6.2% indicated in the World Bank survey.

- A. Total cost of transferring ownership = fees for e-transcripts + house deed tax + stamp duty + registration fee + fees for rights certificates =
 $40 + 149,244 + 32,086 + 32,086 + 160 = \text{NT\$ } 213,616$
- B. Property Value = NT\$ 32,086,339
- C. Total cost: property value ratio = total cost of ownership transfer/property value \times 100% = $213,616 / 32,086,339 \times 100\% = 0.67\%$ of property value

Appendix

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

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

Point 1

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

Point 2

These Directions apply to sales that satisfy the following conditions:

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

Point 3

Where a sale satisfies the provisions of the preceding Point, an application for cross-office registration may be made in accordance with the Implementation Rules for

Cross-Office Registry among Land Offices under the Department of Land, Taipei City Government.

Point 4

Process Window

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

Point 5

Process

- (1) Tax Payment Check:

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

- (2) Receipt of Application:

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

- (3) Calculation and Collection of the Prescribed Fee:

For land, one thousandth of the declared value; for buildings, one thousandth of the value as approved by the revenue service for the payment of deed tax.

- (4) Examination:

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

- (5) Registration:

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

(6) Issuance of Certificate:

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

Point 6

Time Limit for Processing

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

Point 7

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

Getting credit

At present, Taiwan's Property Secured Transactions Registries are separated by subject property location and subject property category. There are 16 registries distributed around the six special municipalities, science parks, Export Processing Zones, Ministry of Economic Affairs' Central Region Office, Directorate General of Highways, Maritime and Port Bureau of the Ministry of Transportation and Communications, and the Council of Agriculture. From May 27, 2015 on registration could only be carried out online.

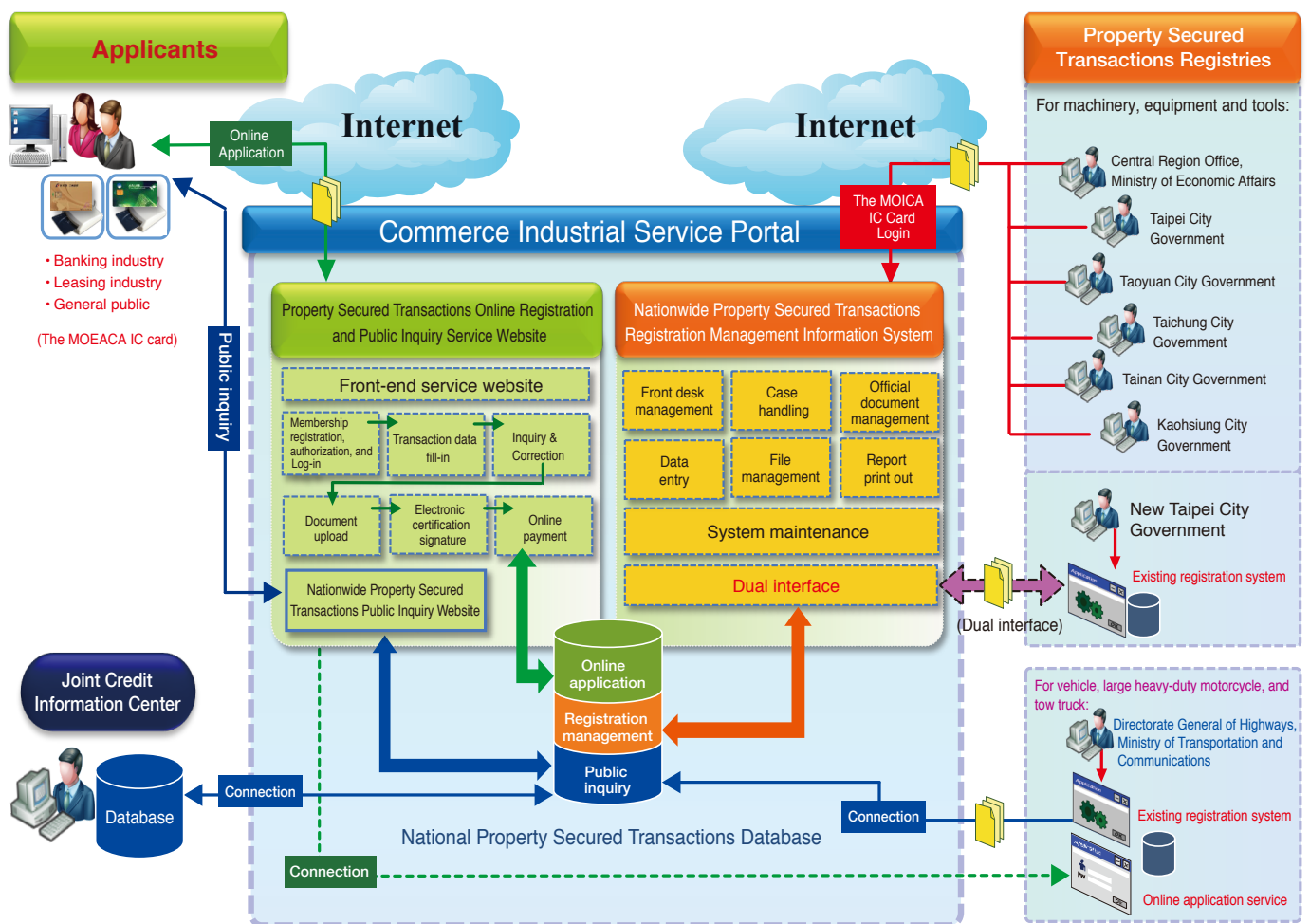
To allow enterprises (especially SMEs) to be able to conveniently use property as collateral to obtain finance, with reference to UNCITRAL Legislative Guide on Secured Transactions and the World Bank's Doing Business report, began implementing a Property Secured Transactions Registration Management Information System establishment plan and from May 2015 began providing the Property Secured Transactions Online Registration service. The main points of the plan are:

- Establishment of the Property Secured Transaction Online Registration and Public Inquiry website: The functions of this website include online registration, amendment, cancellation, copying, issuing certificate and public enquiry, merging with the existing Nationwide Property Secured Transactions Public Inquiry Website.
- Establishment of the Property Secured Transactions Registration Management Information System: The system offers Property Secured Transactions Registries front desk management, case handling, official document management, data entry, file management, report print out, and system maintenance.
- Establishment of the National Property Secured Transactions Database: The MOEA-established National Property Secured Transactions Database integrates the three main system functions of online registration, registration management and public inquiry, connected with the JCIC Database and Vehicle Secured Transactions Registration Database.

Property Secured Transactions Registration Management Information System establishment plan; the plan is divided into two stages:

- Stage 1: From May 27, 2015 on the governments of the six special municipalities (Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City and Kaohsiung City), the MOEA's Central Region Office, and MOTC's Directorate General of Highways began providing online services for two main types of collateral, vehicles and mechanical equipment or tools (see Figure 6.1).
- Stage 2: From January 2016 on online registry expands to include the small boat registry (Maritime and Port Bureau, MOTC and all other collateral types, providing registration services across the board.

Figure 6.1 Property secured transactions online registration procedure



Source: Department of Commerce, MOEA.

Protecting Minority Investors

In October 2014, the World Bank released the Doing Business 2015 report. Among 189 economies, Taiwan was ranked 30th worldwide for the “protecting minority investors” indicator, its highest ranking yet.

CLARIFICATIONS

In the “Access to Evidence” portion of the questionnaire determining the extent of conflict of interest regulation, the question: “Before filing a suit, can shareholders (or a group of shareholders) owning 10% of Buyer’s shares access internal company documents in connection with Buyer’s acquisition of the trucks, such as minutes of board meetings, contracts or purchase agreements?”

- Pursuant to Article 38-1, paragraph 2 of the Securities and Exchange Act: When shareholders who have been continuously holding, for a period of one year or longer, three 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.
- In addition, pursuant to Article 245 of the Company Act: (1) Shareholders who have been continuously holding 3% of total number of the outstanding shares of a company for a period of one year or longer may apply to the court for appointment of an inspector to inspect the current status of business operations, the financial accounts and the property of the company. (2) The court may, when it deems necessary based on the report made by the inspector, order the supervisor(s) of the company to convene a meeting of shareholders.
- Therefore, while Taiwanese law does not permit minority investors to directly

request companies to provide minutes of board meetings or purchase agreements, the government (including competent authorities and courts) may appoint an investigator to examine relevant documents in order to obtain evidence that would support their filing of a suit. Taiwan should receive points for this question.

In the “Access to Evidence” portion of the questionnaire determining the extent of conflict of interest regulation, the question “How specific must the plaintiff’s request to the judge be to compel evidence from a defendant or witness in a civil trial?”

- Pursuant to Article 342 of the Taiwan Code of Civil Procedure:
 - (1) Where the document identified to be introduced as documentary evidence is in the opposing party’s possession, a party shall move the court to order the opposing party to produce such document.
 - (2) The motion provided in the preceding paragraph shall specify the following matters:
 - (a) The identification of document requested to be produced;
 - (b) The disputed fact to be proved by such document;
 - (c) The content of such document;
 - (d) The fact that such document is in the opposing party’s possession; and
 - (e) The reason why the opposing party has a duty to produce such document.
 - (3) Where there exists manifest difficulty in specifying the matters provided in the first and the third subparagraphs of the preceding paragraph, the court may order the opposing party to provide necessary assistance.
- Pursuant to Article 346 of the Taiwan Code of Civil Procedure, 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. The provisions of the second paragraph and the third paragraph of Article 342 shall apply mutatis mutandis to the motion provided in the preceding paragraph.
- Therefore, pursuant to the provisions of Articles 342 and 346, only a request for the relevant categories of documents needs to be made; it is not necessary to indicate specific documents. Taiwan should receive points for this question.

CORRECTION AND COMPARISON

Table 7.1 Comparison of the 2014 World Bank Doing Business Survey results and the 2015 Taiwan's corrections

Score	2014 Survey	2015 Corrections
Extent of conflict of interest regulation index	6.7	7.3
(1) Extent of disclosure index (0-10)	9	9
(2) Extent of director liability index (0-10)	5	5
(3) Ease of shareholder suits index (0-10)	6	8
Extent of shareholder governance index	6.2	6.2
(1) Extent of shareholder rights index 0-10.5)	7.5	7.5
(2) Strength of governance structure index (0-10.5)	5	5
(3) Extent of corporate transparency index (0-9)	6	6
Strength of minority investor protection index	6.4	6.8

WORLD BANK QUESTIONNAIRE

Shareholder governance questionnaire

Summary of survey case example

- Buyer Co. (“**Buyer**”) is a manufacturing company that has not adopted specific bylaws or articles of association that differ from default corporate law or securities regulations, and does not follow any code of corporate governance, model charter, or code of good practice, unless it is mandatory.
- Buyer is assumed to be a publicly traded listed corporation or its functional equivalent under the economy's legislation. Examples include JSC, PLC, C Corp, SE, AG and SA.
- For a subset of the questions, we also ask what the answer would be if Buyer were a private limited company or its functional equivalent. Examples include Ltd, LLC, SPE, GmbH, SRO and SARL.

I. Shareholder Rights

■ Does the sale of 51% of Buyer's assets require approval of shareholders?

	Answer
If Buyer is a publicly traded listed corporation ¹	Yes
If Buyer is a limited company ²	Yes

Applicable provisions: Article 185 of the Company Act

Comments (please specify the triggering percentage): In accordance with Article 185 of the Company Act, (1)Transferring the whole or any essential part of a company's business or assets requires approval of shareholders.(2)For a company which has had its share certificates publicly issued, if the total number of shares represented by the shareholders present at shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution to be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares. (3)Where stricter criteria for the total number of attending shareholders and for the number of votes required to adopt a resolution at a shareholders' meeting referred to in the preceding two paragraphs are specified in the Articles of Incorporation of the company, such stricter criteria shall govern.

■ Can shareholders owning 10% of Buyer's share capital call for an extraordinary meeting of shareholders?

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	Yes

Applicable provisions: Article 173 of Company Act

Comments (please specify the percentage needed):

1. Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting

¹ The publicly traded listed corporation refers to a company that has issued stock pursuant to Article 42 of Securities and Exchange Act of Taiwan and listed on a stock exchange (Taiwan Stock Exchange or Taipei Exchange).

² The (private) limited company refers to a corporate juristic person organized and incorporated in accordance with the Company Act, but has not issued stock in accordance with Article 42 of Securities and Exchange Act of Taiwan.

forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders.

2. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.
3. A special meeting of shareholders convened in accordance with the provisions set out in the preceding two Paragraphs may appoint an inspector to examine the business and financial condition of the company.
4. When the board of directors fails or cannot convene a shareholders' meeting on account of share transfer or any other causes, the shareholder(s) holding 3% or more of the total number of outstanding shares of the company may, after obtaining an approval from the competent authority, convene a shareholders' meeting.

■ **Must Buyer obtain shareholder approval to issue unissued share up to its authorized share capital?**

	Answer
If Buyer is a publicly traded listed corporation	No
If Buyer is a limited company	No

Applicable provisions: Article 266 and Article 267 paragraph 8 and 9 of Company Act

Comments:

1. The issue of new shares of a company shall be determined by the Board of Directors by a resolution adopted by a majority vote at a meeting attended by over two-thirds of the directors.
2. However, if a company offering its shares to the public and issuing restricted stock for employees shall adopt such resolution, at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting of a company is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company.

■ **Are shareholders automatically granted subscription (preemption) rights on new shares?**

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	Yes

Applicable provisions: Article 267 of Company Act

Comments:

1. When a company issues new shares, there shall be ten to fifteen per cent of such new shares reserved for subscription by employees of the company.
2. A company shall make public announcement and advise, by notice, its original shareholders to subscribe for, with preemptive right, the new shares, except those reserved under either of the preceding paragraph, in proportion respectively to their original shareholding and shall state in the notice that if any shareholder fails to subscribe for new shares, his right shall be forfeited. Where a fractional percentage of the original shares being held by a shareholder is insufficient to subscribe for one new share, the fractional percentages of the original shares being held by several shareholders may be combined for joint subscription of one or more integral new shares or for subscription of new shares in the name of a single shareholder. New shares left unsubscribed by original shareholders may be open for public issuance or for subscription by specific person or persons through negotiation.

■ **Must shareholders approve the election and dismissal of the external auditor?**

	Answer
If Buyer is a publicly traded listed corporation	No

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

Comments:

1. The provisions of Paragraph One, Article 29 of this Act shall apply, mutatis mutandis, to the appointment, discharge and remuneration of the certified public accountant set forth in the preceding Paragraph.
2. In the case of a company limited by shares, it shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of

directors attended by at least a majority of the entire directors of the company.

3. According to Paragraph 1, Subparagraph 8 and Paragraph 2 of Article 14-5 of Securities and Exchange Act and relevant ruling of Financial Supervisory Commission, every listed company should establish an audit committee, and the hiring, dismissal and the compensation of an attesting CPA shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution. If it is not approved with the consent of one-half or more of all audit committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.

■ **Must changes to the voting rights of a series or class of shares be approved only by the holders of the affected shares?**

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	Yes

Applicable provisions: Article 157 and Article 159 of the Company Act

Comments:

1. According to Article 157 of Company Act, where a company is to issue special shares, it shall include in its Articles of Incorporation provisions concerning (1) Order, fixed amount or fixed ratio of allocation of dividends and bonus on special shares;(2)Order, fixed amount or fixed ratio of allocation of surplus assets of the company;(3)Order of or restriction on or no voting right on the exercise of voting power by special shareholders; and (4)Other matters concerning rights and obligations incidental to special shares.
2. According to Article 159 of Company Act:
 - (1) In case a company has issued special shares, any modification or alteration in the Articles of Incorporation prejudicial to the privileges of special shareholders shall be adopted in a resolution by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares and shall also be adopted by a meeting of special shareholders;
 - (2) For a company whose share certificates have been publicly issued, if the total number of shares represented by shareholders attending a shareholders' meeting is not sufficient to meet the criteria as specified in

the preceding paragraph, the said resolution may be adopted by a large majority representing two thirds of the votes at a shareholders' meeting attended by shareholders representing a majority of the total number of issued shares, and a favorable resolution to be adopted by a meeting of special shareholders shall be also be required;

- (3) In case stricter criteria for the total number of shares represented by the attending shareholders and the number of votes at the shareholders' meetings referred to in the preceding two paragraph are specified in the Articles of Incorporation of a company, such stricter criteria shall govern.

■ **Are restrictions on trading of shares prior to a major corporate action or meeting of shareholders (shareblocking) disallowed?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

Applicable provisions: Article 163 of the Company Act

Comments:

1. Assignment/transfer of shares of a company shall not be prohibited or restricted by any provision in the Articles of Incorporation of the issuing company, but shall not be effected until the incorporation registration of the company.
2. Assignment/transfer of the shares owned by promoters of the issuing company shall not be effected until the elapse of one year after the incorporation registration of the issuing company; except for the shares owned by the promoters of a company newly incorporated after the completion of a company merger or splitting process.

■ **Must Buyer distribute profits or pay dividends within a set maximum time period from the declaration date?**

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	Yes

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

Comments (please specify the time period):

According to Operating Rules of Taiwan Stock Exchange Corporation, when a listed company or a primary listed company has not issued a cash dividend within

3 months after the ex-dividend record date, the TWSE may impose a penalty of NT\$100,000 and send the company a written notice to correct the situation within 1 month after its receipt of the notice. If the company again fails to issue the dividend within the deadline, the TWSE may impose a penalty of not less than NT\$200,000 and not more than NT\$1 million, and may impose a new deadline for correction according to the circumstances of the individual case. If the company still fails to comply, the TWSE may impose a penalty of not less than NT\$200,000 and not more than NT\$1 million for each successive failure to comply.

II. Ownership and Control

■ Is the CEO barred from also serving as chair of the board of directors?

	Answer
If Buyer is a publicly traded listed corporation	No
If Buyer is a limited company	No

Applicable provisions: Article 29, 222 and 227 of the Company Act, Paragraph 1, 2 and 3 of Article 14-4 of Securities and Exchange Act, Article 4 of Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, Paragraph 2, Article 23 of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Comments:

1. There is no such a 2-tier board structure in the legal system of Taiwan.
2. The fact that a CEO is also a board director is allowed under Taiwan laws. However under Article 27 and 222 of Company Act, a board director or CEO cannot be a supervisor at the same company. Furthermore, in accordance to Paragraph 1,2,3 of Article 14-4 of Securities and Exchange Act and Article 4 of Regulations Governing the Exercise of Powers by Audit Committees of Public Companies:
 - (1) A company that has issued stock in accordance with this Act shall establish either an audit committee or a supervisor;
 - (2) The audit committee shall be composed of the entire number of independent directors.
 - (3) For a company that has established an audit committee, the provisions regarding supervisors in this Act, the Company Act, and other laws and

regulations shall apply mutatis mutandis to the audit committee.

3. According to Paragraph 2, Article 23 of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, it is inappropriate for the chairperson to also act as the general manager. If the chairperson also acts as the general manager or the chairperson and general manager are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased. If it is necessary to set up a functional committee, the responsibilities and duties of the committee shall be clearly defined.

■ **Must the board of directors (or supervisory board) include independent and non-executive board members?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

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

Comments:

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

■ **Can shareholders remove members of the board of directors before the end of their term?**

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a private limited company	Yes

Applicable provisions: Article 199 of Company Act

Comments :

1. A director may be discharged at any time by a resolution adopted at a shareholders' meeting provided, however, that if a director is discharged

during the term of his/her office as a director without good cause shown, the said director may make a claim against the company for any and all damages sustained by him/her as a result of such discharge.

2. A resolution required for discharging a director under the preceding Paragraph may be adopted only by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares by the company.
3. For a company whose shares are issued to the public, if the total number of shares represented by the shareholders present at a shareholders' meeting is less than the quorum set forth in the preceding Paragraph, the resolution required for discharging a director may be adopted by two-thirds (2/3) of the total votes of the shareholders present at the shareholders' meeting attended by the shareholders representing a majority of the total number of outstanding shares issued by the company.
4. Where higher requirements of the quorum of a shareholders' meeting and the number of votes are specified in the Articles of Incorporation of a company, such higher requirements shall prevail.

■ **Must Buyer have a separate audit committee?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

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

Comments:

1. According to Paragraph 1, Article 14-4 of Securities and Exchange Act, a public company shall establish either an audit committee or a supervisor.
2. In accordance with the ruling of Financial Supervisory Commission, the listed company with paid-up capital over NTD 10,000,000,000 shall establish audit committee which, basing on the Paragraph 2 of Article 14-4 and Article 4 of Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, should be composed of the entire number of independent directors.

- **Is there a percentage of acquired shares which triggers a mandatory bid rule, requiring a potential acquirer to make a tender offer to all remaining shareholders?**

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	No

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

Comments :

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

- **Is cross-shareholding between two independent companies limited to 10% of outstanding shares?**

	Answer
If Buyer is a publicly traded listed corporation	No

Applicable provisions: Paragraph 3, 4 of Article 167, Article 369-1, 369-2 and 369-9 of the Company Act

Comments:

1. Pursuant to Article 167, Paragraph 3 of the Company Act, where a majority of the total number of outstanding voting shares or of the total amount of the capital stock of a subordinate company are held by its holding company, the shares of the holding company shall not be purchased nor be accepted as a security in pledge by the said subordinate company.
2. According to Paragraph 4 , Article 167 of Company Act, where the holding company and its subordinate company as referred to in the preceding Paragraph jointly hold or possess a majority of the total number of outstanding shares or of the total amount of the capital stock of another company, the shares of the said

holding company and its subordinate company shall also not be purchased nor be accepted as a security in pledge by the said another company.

3. According to Article 369-1, 369-2 and 369-9 of Company Act, the definition of affiliated enterprises, the controlling company, the subordinate company and mutual investment company is as follows:
 - (1) affiliated enterprises refer to enterprises which are independent in existence but are interrelated in either of the following relations: (a) Companies having controlling and subordinate relation between them; or (b) Companies having made investment in each other.
 - (2) A company which holds a majority of the total number of the outstanding voting shares or the total amount of the capital stock of another company is considered the controlling company, while the said another company is considered the subordinate company. In addition, if a company has a direct or indirect control over the management of the personnel, financial or business operation of another company, it is also considered the controlling company, and the said another company is considered the subordinate company.
 - (3) Where a company and another company have made investment in each other's company to the extent that one third or more of the total number of the voting shares or the total amount of the capital stock of both companies are held or contributed by each other, these two companies are defined as mutual investment companies; where both mutual companies are holding one half or more of the total number of the voting shares or of the total amount of the equity capital of each other's company, or having direct or indirect control over the management of the personnel, financial or business operations of each other's company, they shall have the status of the controlling company as well as the subordinate company to each other's company.

■ **Is a subsidiary barred from acquiring shares issued by its parent company?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

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

Comments:

1. There is no such provision in the Company Act prohibiting a subsidiary from acquiring shares issued by its parent company. However, pursuant to Article 167, Paragraph 3 of the Company Act, where a majority of the total number of outstanding voting shares or of the total amount of the capital stock of a subordinate company are held by its holding company, the shares of the holding company shall not be purchased nor be accepted as a security in pledge by the said subordinate company.
2. According to Paragraph 4 , Article 167 of Company Act, where the holding company and its subordinate company as referred to in the preceding Paragraph jointly hold or possess a majority of the total number of outstanding shares or of the total amount of the capital stock of another company, the shares of the said holding company and its subordinate company shall also not be purchased nor be accepted as a security in pledge by the said another company.
3. According to Article 369-1 and 369-2 of Company Act, affiliated enterprises refer to enterprises which are independent in existence but are interrelated in either of the following relations:(1) Companies having controlling and subordinate relation between them;(2) Companies having made investment in each other. As to the definition of affiliated enterprises, the controlling company, the subordinate company; and a company which holds a majority of the total number of the outstanding voting shares or the total amount of the capital stock of another company is considered the controlling company, while the said another company is considered the subordinate company.

III. Corporate Transparency

■ Can shareholders who hold 5% of Buyer's share capital put items on the general meeting agenda?

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	Yes

Applicable provisions: Article 172-1 of Company Act

Comments (please specify the percentage needed):

Shareholder(s) holding one percent (1%) or more of the total number of outstanding

shares of a company may propose to the company a proposal for discussion at the annual general shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

■ **Must the notice of shareholder meeting be published 30 days in advance and contain sufficient information?**

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	No

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

Comments:

1. According to Article 172 of Company Act, (1)for a publicly traded listed company, a notice to convene an annual general meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting dates. (2) for a limited company, a notice to convene an annual general meeting of shareholders shall be given to each shareholder no later than 20 days prior to the scheduled meeting date.
2. Pursuant to Article 177-3 of Company Act and Article 3, 4, 5 of Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies:
 - (1) the shareholders' meeting agenda handbook shall contain the following information as well as a table of contents and page numbers: (a)The name of the company; (b)The year and type of the shareholders' meeting; (c) The date and location of the shareholders' meeting; (d)The shareholding status of the directors and supervisors; the minimum numbers of shares required to be held by the entire bodies of directors and supervisors in accordance with Article 26 of the Securities and Exchange Act, and the numbers of shares held by the directors and supervisors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date for that shareholders' meeting; (e)Meeting agenda; (f) Content of any proposals to be put forward at the meeting and the persons putting them forward; (g) Shareholders' meeting procedure rules, articles of incorporation, and other reference materials .

- (2) Except as otherwise provided by other applicable acts or regulations, the shareholders' meeting agenda handbook shall include the following information in accordance with the circumstances stated below: (a)When elections are to be held for directors or supervisors, the number of persons to be elected, the duration of their terms, start and end dates, and election procedures. (b)If a candidate nomination system is to be adopted for an election of directors or supervisors in accordance with Article 192-1 and Article 216-1 of the Company Act, the candidate list and the educational background, professional experience, and number of shares held by each candidate shall be specified; if a candidate is a representative of a juristic person, the name of the juristic person and the number of shares held by the juristic person shall also be specified. (c)When a director or supervisor is dismissed, the name of that director or supervisor, the number of shares held, and the reasons for the dismissal. (d)The reasons for exclusion from the shareholders' meeting agenda of any proposals raised by shareholders in accordance with Article 172-1 of the Company Act. (e)When the board of directors reports to the shareholders' meeting on an offer to subscribe to corporate bonds under Article 246 of the Company Act, the reason for the offer, the amount of bonds offered, and other related matters. (f)When the board of directors reports to the shareholders' meeting on a resolution to buy back shares of the company under Article 28-2 of the Securities and Exchange Act, the purpose of the buyback, the number of shares intended to be bought back, price range, and other related matters, as well as the status of actual execution by the company or the reasons why the buyback did not proceed in accordance with the board of directors resolution. (g)In the case of any amendment to the articles of incorporation, the content of the pre- and post-amendment versions and the reasons for the amendment. (h)In the case of a capital increase, the amount of the increase, the share subscription rate or share distribution rate, the basis and reasonableness of the price of the issue or private placement, the plan for use of the funds, and the schedule for, and anticipated benefits from, use of the funds. (i)In the case of a capital decrease, the reason for, and amount of, the decrease, and the share exchange ratio. (j)When there is any of the acts under Article 185, paragraph 1, of the Company Act, including information about the location and general condition of the business or assets, the name and

address of the counterparty, the counterparty's relation to the company, and other important content of the contract or the transaction. (k) All annual final accounting books and statements submitted for ratification. (l) When distribution of profits or covering of losses is submitted for ratification, including information about the business report for the most recent fiscal year, the balance sheet for the most recent fiscal year, the income statement for the most recent fiscal year, the circumstances of distribution of profits or covering of losses, and whether all or a portion of the surplus is allocated for a capital increase and issuance of new shares. In subparagraphs (k) and (l) of the preceding paragraph, the relevant financial tables shall be included in the shareholders' meeting agenda handbook, and may not be replaced with the annual report or other meeting materials.

- (3) Thirty days before an annual general shareholders' meeting, the publicly traded listed company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the information disclosure platform--the Market Observation Post System (a website where all public companies release material publications required by laws and regulations or voluntarily due to the importance of the matters). Furthermore, where voting powers at a shareholders' meeting are to be exercised in writing, a print version of the materials referred to in the preceding paragraph and a printed ballot shall also be sent to the shareholders.

■ **Must Buyer disclose ultimate beneficial ownership stakes (i.e. direct and/or indirect) representing 5%?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

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

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

■ **Must information on other activities and directorships held by board members as well as on their primary employment be disclosed?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

Applicable provisions: Article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies

Comments: The following information of directors and supervisors shall be disclosed: names; principal work experience and academic qualifications; position(s) held concurrently in the company and/or in any other company, date on which current position was assumed; term of contract; the commencement date of the first term, shares held by directors/supervisors and their spouses, children of minor age, and held through nominees; professional expertise; and whether they are independent directors/supervisors. For directors and supervisors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders, and shall further indicate the names of its 10 largest shareholders and the holding percentage of each. If any of those 10 largest shareholders is an institutional shareholder, the name of the corporate shareholder and the names of its 10 largest shareholders and the holding percentage of each shall be noted).

■ **Must the compensation of individual directors and high-ranking officers be disclosed, including bonuses and incentive schemes?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

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

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

■ **Must annual financial statements be audited by an external auditor?**

	Answer
If Buyer is a publicly traded listed corporation	Yes
If Buyer is a limited company	No

Applicable provisions: Article 36 of Securities and Exchange Act, Paragraph 2 of Article 2 of Company Act and relevant ruling

Comments :

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

■ **Must audit reports be disclosed to the public?**

	Answer
If Buyer is a publicly traded listed corporation	Yes

Applicable provisions: Article 36 of Securities and Exchange Act, Article 3 of Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds

Comments:

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

approved by the board of directors, and recognized by the supervisors.

2. A TWSE listed company shall file with the TWSE the following periodically disclosed information by the deadlines set as follows:

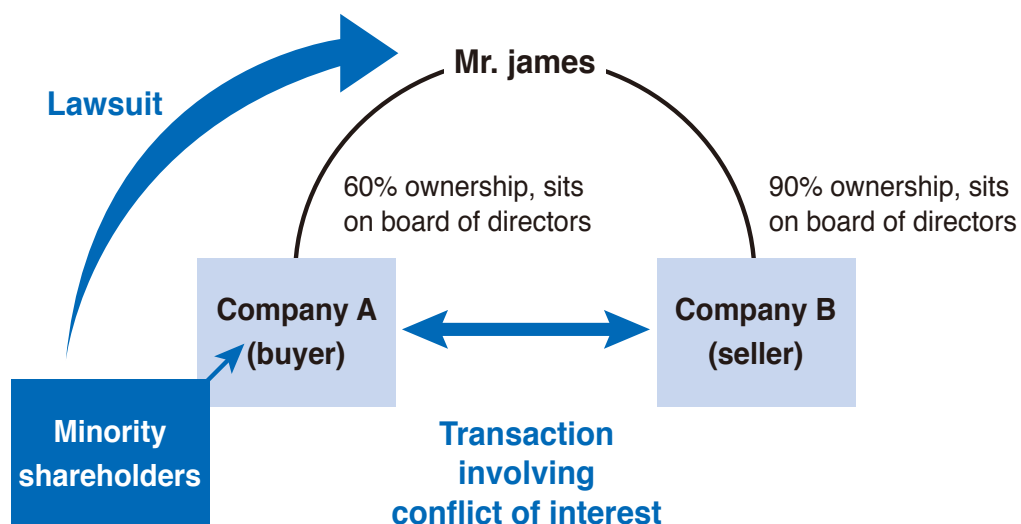
In accordance with Article 3 of Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds, balance sheet, comprehensive income statement, cash flow statement, statement of changes in equity, CPA audit or review report, name of CPA, and matters disclosed in the notes to the financial report shall be filed by the deadlines for public disclosure and filing of financial reports as set in applicable laws and regulations. Any TWSE listed company that also issues securities outside of Taiwan shall simultaneously file the English version of the audit or review report issued by its certified public accountant (CPA) and the name of the CPA (the English name registered on the passport).

Conflict of interest case study

Survey case example

- Our manufacturing company Buyer is not state-owned and has issued stock that is publicly traded and is listed on your country's largest 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 privately held joint-stock company with a large number of shareholders.
- Buyer does not follow any code of corporate governance, model charter, or code of good practice, unless it is mandatory (i.e. unless its non-observance results in sanctions from the stock exchange regulator or creates a cause of action for shareholders in civil jurisdictions).
- Mr. James owns 60% of Buyer. He sits on the 5-member board of directors together with 2 other directors whom he elected. Please note that Mr. James is not the CEO.
- 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 includes Mr. James himself as well as 2 other members who were designated or proposed by Mr. James's members on the supervisory board.

- 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.
- 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.
- All required approvals are obtained and all mandatory disclosures are made. Under the final terms of the transaction, Buyer pays Seller a cash amount equal to 10% of Buyer's assets to acquire the trucks. If Mr. James can lawfully vote on the transaction as a member of Buyer's board of directors or as a shareholder please assume he is the deciding vote in favor of the transaction.
- Assume that the transaction is part of Buyer's ordinary course of business and is not *ultra vires* (i.e. is not outside the power or authority of Buyer).
- 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 who approved the transaction.



I. Approval and Disclosure

■ Who must provide the final approval to authorize Buyer's acquisition of Seller's trucks?

Answer : The board of directors excluding Mr. James.

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

Comments:

1. According to Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, such a transaction amount reaches 10 percent of the Buyer's total assets, thus the transaction shall be approved by Buyer's board of directors and recognized by its supervisors.
2. According to Article 14-3 and Article 14-5 of the Securities and Exchange Act, if Buyer has selected independent directors or established an audit committee, the said transaction shall be approved by Buyer's board of directors or audit committee because the personal interest of Mr. James gets involved in such transaction.
3. Moreover, According to Articles 178, 180, 206 of Taiwan Company Act, considering Mr. James has a personal interest in the matter at a board meeting, so he should explain to the board meeting the essential contents of such personal interest and shall not vote nor exercise the voting right on behalf of another shareholder. As a result, the shares held by Mr. James shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.
4. According to Paragraph 1, Article 16 of Regulation Governing Procedure for Board of Directors Meetings of Public Companies, if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during

discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

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

Answer : Yes, professional appraisers, certified public accountants

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

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

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

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

Applicable provisions: Article 206 of Company Act; Article 16 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies; Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies

Comments:

1. According to Article 206 of Company Act and Article 16 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies, Mr. James shall disclose the important aspects of the interested party relationship

to Buyer's board of directors. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

2. According to Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, Mr. James shall disclose the following information to Buyer's board of directors and Buyer's supervisor: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.(2) The reason for choosing the related party as a trading counterparty.(3) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.(4) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.(5) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.(6) Restrictive covenants and other important stipulations associated with the transaction.

■ **Which information about the Buyer-Seller transaction must be disclosed by Buyer (i) to the public, the regulator or the stock exchange immediately (within 72 hours of closing the transaction), and (ii) in its annual financial statement?**

No.	A description of the assets purchased by Buyer	The nature and amount of consideration paid by Buyer to Seller	Mr. James' ownership interest and/or director position in Buyer	The fact that Mr. James owns 90% of Seller
1. Within 72 hours to the public	Yes	Yes	Yes	Yes

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

Comments:

1. According to Article 30 of Regulations Governing the Acquisition or Disposal of Assets by Public Companies revised on February 13, 2012, under the following circumstance, 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:

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;

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

No.	A description of the assets purchased by Buyer	The nature and amount of consideration paid by Buyer to Seller	Mr. James' ownership interest and/or director position in Buyer	The fact that Mr. James owns 90% of Seller
2. In the annual financial statement	Yes	Yes	Yes	Yes

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

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

II. Shareholder Action

- **Can a shareholder (or a group of shareholders) representing 10% of Buyer's shares sue Mr. James for harm caused to Buyer by the transaction?**

Answer : Yes, derivatively.

Applicable provisions: Article 214 of Company Act; Article 10-1 of Securities Investor and Futures Trader Protection Act

Comments:

1. According to Article 214 of Company Act, Shareholder(s) who has/have been continuously holding 3% or more of the total number of the outstanding shares of Buyer over one year may request in writing the supervisors of Buyer to institute, for Buyer, an action against Mr. James. In case the supervisors fails to institute an action within 30 days after having received the said request, then the shareholders filing such request may institute the action for Buyer.
2. According to Article 10-1 of Securities Investor and Futures Trader Protection Act, if the protection institution discovers conduct by a director or supervisor of an exchange-listed or OTC-listed company in the course of performing his or

her duties that is materially injurious to the company or is in violation of laws, regulations, and/or provisions of the company's articles of incorporation, it may request the supervisors of Buyer to institute an action against Mr. James on behalf of Buyer. If the supervisors fail to institute an action within 30 days after receiving the request made by the protection institution, then the protection institution may institute the action on behalf of Buyer.

- **What is the lowest degree of wrongdoing or least demanding cause of action that would be sufficient for shareholders to hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?**

Answer : That Mr. James was negligent, at fault, or influenced the decision of the Board.

Applicable provisions: Article 184, 227, 544 of Civil Code, Paragraph 1 of Article 8, Paragraph 1 of Article 23, and Paragraph 2 of Article 206 of Company Act; Article 171 Paragraph 1 Subparagraph 2 and Paragraph 3 of the Securities and Exchange Act

Comments: According to Article 184, 227, or 544 of Civil Code, and Paragraph 1 of Article 8, Paragraph 1 of Article 23, and Paragraph 2 of Article 206 of Company Act, Article 171 Paragraph 1 Subparagraph 2 and Paragraph 3 of the Securities and Exchange Act, if it can be proved that Mr. James directly or indirectly, causes Buyer to conduct such a transaction to its disadvantage and not in the normal course of operation, or acts contrary to the due care of a good administrator in making such a transaction, thus causing substantial damage to Buyer, Mr. James may be liable for the damages to be sustained by Buyer.

- **What is the lowest degree of wrongdoing or least demanding cause of action that would be sufficient for shareholders to hold the rest of the board of directors liable for the damage that the Buyer-Seller transaction causes to the company?** That they were negligent or at fault.

Answer : That they were negligent, at fault, or influenced the decision of the Board.

Applicable provisions: Articles 184, 227, 544 of Civil Code; Articles 8, 23, 193 and 206 of Company Act; Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; and Article 171 of the Securities and Exchange Act

Comments: According to Articles 184, 227, 544 of Civil Code, Articles 8, 23, 193 and 206 of Company Act, Articles 13 and 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies; and Article 171 of the Securities and Exchange Act, Buyer's Directors can be held liable for breach of their duty of care to the company if it can be proven that: (1) they were negligent in approving such deal; and (2) the transaction caused damage to Buyer.

■ **If shareholders are successful in their action(s) against Mr. James, what remedies are available?**

	Answer
Mr. James pays damages	Yes
Mr. James repays personal profits made from the transaction	Yes

Applicable provisions: Paragraph 1, 3 of Article 23 and Paragraph 2 of Article 215 of Company Act

Comments:

1. According to Paragraph 1 of Article 23 of Company Act, a director 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, he/she shall be liable for the damages to be sustained by the company there-from. As a result, Mr. James should pay the damages.
2. According to Paragraph 3 of Article 23 of Company, in case director of a company does anything for himself/herself or on behalf of another person in violation of his/her obligation of loyalty or duty of due care, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company unless one year has lapsed since the realization of such earnings. Therefore, Mr. James should repay personal profits made from the transaction following a resolution of the shareholders' meeting.
3. According to Paragraph 2 of Article 215 of Company Act, if shareholders are successful in their actions against Mr. James, Mr. James shall be liable to compensate the shareholders who instituted the action for loss or damage resulting from such an action.

■ **Assuming no fraud was committed and that Mr. James complied with all disclosure and approval mechanisms required by law, will Mr. James be fined, sentenced to jail or disqualified (forbidden by court order from**

becoming involved in the management of any company for at least 1 year)?

	Answer
Mr. James pays punitive fines to the government	Yes
Mr. James is put in jail	Yes
Mr. James is disqualified	Yes

Applicable provisions: Paragraph 1 subparagraph 2 of Article 171 of Securities and Exchange act, Paragraph 1, subparagraph 2 of Article 30 and Paragraph 5 of Article 192 of Company Act

Comments:

1. Mr. James causes the company to conduct transactions to its disadvantage and not in the normal course of operation, thus causing substantial damage to the company, according to paragraph 1, subparagraph 2 of Article 171 of Securities and Exchange Act, 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.
2. According to Paragraph 1, subparagraph 2 of Article 30 and Paragraph 5 of Article 192 of Company Act, if Mr. James committed the offence in terms of fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years, he shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged.

■ **Can Buyer's shareholders undo or rescind the transaction?**

Answer : No

Applicable provisions: Article 194 of Company Act ; Article 174-1 and 171 Paragraph 1 Subparagraph 2 of Securities and Exchange Act

Comments:

1. According to Article 194 of Company Act, Buyer's shareholders who has continuously held the shares of the company for a period of one year or longer may only request the board of directors to discontinue such a transaction in his/her/its own name.
2. According to previous supreme court decisions, the resolution adopted at Buyer's board meeting for such a transaction is contrary to applicable laws,

shareholders can file a lawsuit to void the resolution in his/her/its own name.

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

■ **What is the standard of proof or level of certainty that courts must reach in order to hold defendants liable in a civil action brought by shareholders?**

	Answer
For a civil claim	Preponderance of the evidence
For a criminal claim	Beyond reasonable doubt

Applicable provisions: Article 222 of the Taiwan Code of Civil Procedure; Articles 154, 155 and 161 of the Code of Criminal Procedure

Comments:

1. According to Article 222 of the Taiwan Code of Civil Procedure, 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. Therefore, the standard of proof for a civil claim in Taiwan is “Preponderance of the evidence”.

2. According to Articles 155 of the Code of Criminal Procedure, 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. To sum up, the standard of proof for a criminal claim is “Beyond reasonable doubt”.

III. Access to Evidence

- **Before filing a suit, can shareholders (or a group of shareholders) owning 10% of Buyer’s shares access internal company documents in connection with Buyer’s acquisition of the trucks, such as minutes of board meetings, contracts or purchase agreements?**

Answer : Yes, through a government appointed inspector.

Applicable provisions: Article 245 of Company Act , Article 38-1 of Securities and Exchange Act

Comments :

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

related parties and to submit reports or opinions to the Competent Authority, at the expense of the examinee.

2. According to Article 245 of Company Act, shareholders who have been continuously holding three per cent of total number of the outstanding shares of a company for a period of one year or longer may apply to the court for appointment of inspector to inspect the current status business operations, the financial accounts and the property of the company. The court may, when it deems necessary based on the report made by the inspector, order the supervisor(s) of the company to convene a meeting of shareholders.

■ **In a civil trial, what is the scope of information that the plaintiff can ask the judge to compel?**

	Answer
From the defendant	Any information that is relevant to the subject matter of the claim.
From an uncooperative witness	Any information that is relevant to the subject matter of the claim.

Applicable provisions: Article 342, 343, 344, 346, 347 of Taiwan Code of Civil Procedure

Comments :

1. Article 342 of the Taiwan Code of Civil Procedure (1)where the document identified to be introduced as documentary evidence is in the opposing party's possession, a party shall move the court to order the opposing party to produce such document. (2)The motion provided in the preceding paragraph shall specify the following matters: (a) The identification of document requested to be produced; (b) The disputed fact to be proved by such document; (c) The content of such document; (d) The fact that such document is in the opposing party's possession; and (e) The reason why the opposing party has a duty to produce such document. In addition, where there exists manifest difficulty in specifying the matters provided in the first and the third subparagraphs of the preceding paragraph, the court may order the opposing party to provide necessary assistance.
2. 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.
3. 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.

4. 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.
5. Article 347 Paragraph 1 of the same Code stipulates that where the court considers that the disputed fact is material and that the motion is just, it may order, by a ruling, the third person to produce the document or to designate a period of time within which the party who intends to introduce it as evidence shall produce such document.
6. In general, under the provisions of Article 344 Paragraph 1 and Article 346 Paragraph 1 of the 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. To sum up, the plaintiff's request to the judge be to compel evidence from a defendant or witness in a civil trial without specifically identify the documents sought.

■ **How specific must the plaintiff's request to the judge be to compel evidence from a defendant or witness in a civil trial?**

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

Applicable provisions: Articles 342, 346 of the Taiwan Code of Civil Procedure

Comments:

1. According to Articles 342 of the Taiwan Code of Civil Procedure, (1)where

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

2. According to Article 346 of the Taiwan Code of Civil Procedure, (1) where a document identified to be introduced as documentary evidence is in a third person's possession, a party may move the court either to order such third person to produce such document or to designate a period of time within which the party who intends to introduce it as evidence shall produce such document. (2) the provisions of the second paragraph and the third paragraph of Article 342 shall apply mutatis mutandis to the motion provided in the preceding paragraph.

■ **Which statements best describe the process of questioning defendants and witnesses in civil trials?**

	Answer
The defendant	The plaintiff or plaintiff's lawyer performs his own questioning with prior approval by the court of the questions posed.
Witnesses	The plaintiff or plaintiff's lawyer performs his own questioning with prior approval by the court of the questions posed.

Applicable provisions: Article 200 and 320 of Taiwan Code of Civil Procedure

Comments:

1. Article 200 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that a party may move the presiding judge to conduct necessary interrogation and may, after informing the presiding judge, conduct interrogation himself/herself. Paragraph 2 of the same Article stipulates that, where the presiding judge considers either the party's motion for interrogation or the interrogation conducted by the party to be inappropriate, the presiding judge may decline

to conduct such interrogation or prohibit the party from conducting such interrogation.

2. Article 320 Paragraph 1 of the Taiwan Code of Civil Procedure stipulates that a party may move the presiding judge to conduct a necessary examination of a witness or, after informing the presiding judge, conduct such examination himself/herself.
3. Hence, during trial, a plaintiff must obtain prior approval from the court to question a defendant or witness.

- **Regardless of the outcome of a civil action brought by shareholders against their company's directors, and provided that it was decided on the merits, must the company or the defendant director reimburse all of plaintiff's legal expenses?**

Answer : Yes, but only if successful.

- **Are contingent or conditional fees allowed (i.e., plaintiff pays attorney's fees only if damages are awarded from a settlement or favorable verdict in a civil suit)?**

Answer : Yes

Applicable provisions: Article 78 of Taiwan Code of Civil Procedure; Article 15 of Attorney Regulation Act and Paragraph 2, Article 35 of Rules of Professional Conduct

Comments:

1. The losing party shall bear the litigation expenses, which does not include the contingency fees.
2. A lawyer is allowed to collect contingency fees, with the exception that he or she cannot collect it in criminal, domestic, and juvenile case.

Paying Taxes

In the World Bank's Doing Business 2015 issued in October 2014, of 189 economies, Taiwan ranked 37th for the Paying Taxes indicator, moving up 21 places on the previous year and achieving its highest ever ranking.

2015 REFORM

From June 2014 to May 2015, the main points of reform involving the time taken to pay taxes were as follows:

In coordination with the provisions of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling, the Profit-seeking Enterprise Income Tax Return Accounting items were revised, bringing them in line with the International Financial Reporting Standards (IFRSs).

- In coordination with the revision of the Business Entity Accounting Act on June 18, 2014 and revision of Regulation on Business Entity Accounting Handling by the MOEA on November 19, 2014 around 40 Profit-seeking Enterprise Income Tax Return accounting items were revised, bringing the accounting items in the tax return in line with the International Financial Reporting Standards (IFRSs), at the same time satisfying the different tax reporting requirements of various types of profit-seeking enterprise, making financial and tax reporting more efficient.

Simplifying the format of the tax return forms (total one table was removed, the content of two tables and 22 columns were simplified, and the number of seals was reduced by one)

- Deleted the "Account Book Handling and Reporting Situation" table from the consolidated tax return cover page (one table removed).
- Simplified the format of the profit-seeking enterprise income tax return and the

calculation formula of gains derived from the securities transactions and income from futures transactions for the consolidated tax return basic income tax reporting (page 2); (The content of two tables simplified).

- Simplified the filing time for agents, with one character, deng, added in front of the tax agent's certification number, and the general commonly used titles such as "CPB", "The Accountancy and Tax Agent Association" of certified public bookkeepers and accounting and tax agents added to tax returns (22 columns simplified).
- The Accountant seals column in the surplus or deficit analysis table of tax return (at the bottom of page 6) was removed (the number of seals was reduced by one).

Adding the Profit-Seeking Enterprise Income Tax information inquiry service

- When profit-seeking enterprises or their appointed agent use MOEACA IC cards to login to the eTax portal, Ministry of Finance <http://www.etax.nat.gov.tw>, they can inquire about the annual income information to allow income to be correctly reported.

Enhancing the convenience of business income tax refund

- For the simplification and enhanced convenience of the tax refund process by revenue agencies, the "Letter of Consent for the Direct Deposit/Postal Giro of Profit-seeking Enterprise Income Tax refunds" has been added to the Profit-Seeking Enterprise Income Tax Return.

EXPLANATION OF THE EFFECTS OF TIME-RELATED TAX PAYMENT REFORMS

Preparation time

- Amendments made to provisions of the Income Tax Act, the Enforcement Rules and Audit Guidelines of the Income Tax Act and other legislation to bring them into line with the Business Entity Accounting Act, the Statements of Financial Accounting Standards, and the IFRS to reduce discrepancies between financial accounting and tax law requirements, and shorten the time that businesses need to spend gathering

tax related information, analyzing tax sensitive items, and adjusting for differences between financial and tax accounting.

- The simplification of the format of the Profit-Seeking Enterprise tax return and adding the Profit-Seeking Enterprise Income Tax information inquiry service will reduce the time that businesses need to spend gathering tax-related information.

Filing time

- By filing Profit-Seeking Enterprise income tax returns and provisional tax returns online, businesses will save time that would otherwise be spent requesting and submitting a return, waiting in line at service counters, and on other tasks.
- The simplification of the format of the Profit-Seeking Enterprise income tax return will reduce the time that businesses need to spend filling out tax returns.

Tax paying time

- Allowing businesses to pay taxes online makes tax paying channels simpler and more diverse, helping reduce the time businesses spend paying taxes.
- The filling in of the “Letter of Consent for the Direct Deposit/Postal Giro of Profit-seeking Enterprise Income Tax refunds” with the Profit-Seeking Enterprise Income Tax return simplifies the Profit-Seeking Enterprise income tax refund process and makes receiving a refund more convenient.

Explanation of Corrections

According to the Doing Business 2014 report issued by the World Bank in October 2013, the amount of time needed to file profit-seeking enterprise income taxes in Taiwan is 161 hours. The actual figure is 68 hours, so correction is necessary.

Time spent filing profit-seeking enterprise income tax return should be 68 hours

- According to survey results from the National Federation of Certified Public Accountant Associations of the Republic of China, the actual time spent paying business income taxes by a standard medium-size company in Taiwan matching the World Bank survey example is actually 68 hours. However, the number of hours reported in the Doing Business 2015 survey is 161 hours, which does not correspond to the actual circumstances. See table 8.1

Table 8.1 Comparative Analysis of Discrepancies in Profit-Seeking Enterprise Income Tax Filing Times

Item		2013 WB Survey	Actual time in Taiwan	Discrepancy
1. Preparation				
1	Gathering of internal company tax return information (e.g. accounting records)	40	4	36
2	Additional accounting information analysis for tax-sensitive items	40	30	10
3	Calculation of actual tax payable (including input of data into software or hardware)	27	6	21
4	Preparation and maintenance of records and account books created specifically for tax purposes	38	18	20
5	Adjusting for and analyzing discrepancies between total business revenue declared for business tax and sales income subject to business tax	2	2	0
Subtotal		147	60	87
2. Filing				
1	Completing return	10	5	5
2	Submitting return	1	1	0
Subtotal		11	6	5
3. Paying tax				
1	Calculating tax payable on return	1.5	0.5	1
2	Analyzing projected data and calculating provisional tax payment	0.5	0.5	0
3	Payment of tax	1	1	0
Subtotal		3	2	1
Total		161	68	93

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

- The local expert interviewee PwC Taiwan said that the revenue of the example company in the paying taxes survey was around NTD600 million. Subparagraph 5,

Article 3 of the Rules Governing the Commissioning of Certified Public Accountant to Audit and Certify Income Tax Returns by Profit-seeking Enterprises states that a profit-seeking enterprise with annual net revenue and non-operating income of over NTD100 million should have tax returns audited and certified by a certified public accountant. Thus, in addition to the time for tax return preparation, filing and payment, the time required for the annual tax return to be certified by a CPA (93 hours) was also included in corporate income tax filing.

- The Ministry of Finance is researching the feasibility of revising the abovementioned rule to simplify the tax payment process in Taiwan and shorten the time required to pay taxes.

Trading Across Borders

MAIN POINTS OF REFORM (JUNE 2014--MAY 2015)

The government actively designs paperless procedures (e-procedure) for C2 export customs clearance to support full-scale rollout of the new export advance cargo information system

- The Advance Cargo Information system website (<http://acis.customs.gov.tw/en/default.asp>) incorporates the existing sea and air freight customs clearance systems and brings trade licensing and customs clearance data into line with the World Customs Organization (WCO) Data Model. This system integrates CPT Single Window to allow traders to track the status of their cargo from warehousing to declaration, release, clearance and departure.
- The system deployment is divided into two stages; deployment of the new export advance cargo information system was completed and went live on a full scale in October, 2013, while deployment of the new import advance cargo information system is expected to be completed and be rolled out in a step-by-step manner in May, 2015.
- In order to support the full-scale rollout of the new export advance cargo information system, Taiwan has started to design paperless process for C2 declaration, which will allow the business to send electronic files of some documents, such as packing lists and commercial invoices, to Customs via through-Customs value-added network with real-time connection, saving cost of the business and time on customs clearance. The paperless measure is scheduled to be launched in December, 2015.

The government has introduced WEB (paperless) version of terminal handling receipts and connection with CPT Single Window (December 31, 2014)

- In order to launch electronic operation of warehousing in port areas, the Ministry of Transportation and Communications has introduced paperless procedures for fee calculation and invoicing activities of container yards (CY) in self-owned warehouses according to “the Future Development Plan of Maritime Information and Communication System” (2013-2016) and provided e-payment and e-invoice functions, to support consistent information systems for all ports.
- Taiwan International Ports Corporation has introduced a paperless version of terminal handling receipt for self-owned warehouses via “e-payment and e-invoicing system of port affair”. Since December 31, 2014, users have been able to log into the system via the CPT Single Window, providing the user more comprehensive and convenient one-stop services.

Duty payment using bar codes and e-documents (July 1, 2014)

- On June 10, 2014, Customs introduced new versions of “import duty memo/application form for remittance for Customs” and “fees memo/application form for remittance for Customs”. Duty notes issued by Customs for taxes, fees and deposits will be prepared with bar codes of standard specifications, in order to improve efficiency of counter service at the bank and reduce personnel costs.
- To expedite customs clearance for businesses and the public and promote use of e-duty memos and e-receipts, business and individual taxpayer may download the new version of memo on the duty/fee payment platform via the CPT Single Window (<http://portal.sw.nat.gov.tw/PPL/index!login>). Businesses and members of the public can pay the duty/fee in a financial institution collecting such duties/fees and report the payment to the tax authority for reduction of business tax with the second copy of the document. Such a practice provides convenient payment service by giving businesses an extra payment channel.

Offering “automated notification APP service” via CPT Single Window (October, 2014)

In order to make customs clearance information more accessible to businesses

and the public, businesses or importers/exporters (hereafter “users”) can register for automated notification service for actions via CPT Single Window (<http://portal.sw.nat.gov.tw>). After the registration and installation of the automated notification app, the CPT Single Window will send push notifications to users when a specific action occurs (such as cargo release) or additional documents are requested, allowing them to know the clearance status in a real-time manner with faster provision of customs clearance information. The automated notification service has been a great success, sending over 20,000 data since it was launched in October, 2014.

Easing multi-country cargo consolidation activities of freight forwarders

On August 20, 2014, the Amendment of the Customs Act was promulgated, adding legal basis for multi-country cargo consolidation activities of freight forwarders. According to the amendments, bonded factories are entitled to exemption of customs duty when they import machinery and equipment, just like businesses in Export Processing Zones and Science Parks, the aim being to achieve equity. The main points of the amendments:

- Adding Article 20-1 to make a clear division of the rights and obligations of transport firms and freight forwarders. Freight forwarders are allowed to transmit the manifest of the cargo they solicit to Customs directly and transship or transit the goods there, enhancing customs clearance efficiency and facilitating activities in domestic commercial ports. Initially, this measure only applies to declaration of air cargo manifest, maritime express consignment manifest and sea cargo transit goods manifest submitted by the freight forwarder. This measure will apply to manifests of import/export sea cargo after the amendments to corresponding regulations are proposed and adopted within the next two years.
- Under the amendment to the Article 59 of the Customs Act, self-use machinery and equipment imported by a bonded factory shall be exempt from customs duty, like businesses in Export Processing Zones and Science Parks. Nonetheless, in case where the aforementioned machinery and equipment are exported to the tax area within five years following the date of importation, the duty-payer of such goods shall pay Customs duty, in order to ensure consistency and fairness of tax benefits for different bonded areas.

Providing duty-free market access to South Sudan (July 25, 2014)

On August 13, 2014, the Ministry of Finance announced that South Sudan would become one of the least-developed countries (LDCs) whose imports are applicable to preferential tariff rates listed in the column two of the attachment to the Customs Import Tariff since July 25, 2014, while Samoa would be removed from the list, complying with Taiwan's commitment made to WTO on providing duty-free market access for specific products from least-developed countries (LDCs).

COMPARISON OF SURVEY AND ACTUAL SITUATION

The 2014 World Bank Doing Business Survey

Table 9.1 Documents counted for import and export in the 2014 World Bank Doing Business Report

Item No	Documents to be Prepared	
	Imports	Exports
1	Bill of Lading	Bill of Lading
2	Commercial invoice	Commercial invoice
3	Customs import declaration	Customs export declaration
4	Packing list	Packing list
5	Terminal handling receipt	Terminal handling receipt
6	Delivery order	—

2015 corrections to the World Bank Doing Business Report

Table 9.2 Documents required for import in Taiwan

Item No	Import Documents	Bank	Customs	Port	Container Terminal	Sanitary Quarantine
1	Bill of Lading	✓				
2	Commercial invoice		✓			
3	Customs import declaration		✓			
4	Packing list		✓			

Notes:

1. Terminal handling receipt and bill of lading are not required for customs clearance.
2. Electronic version of terminal handling receipt was introduced on December 31, 2014
3. On May 29, 2013, an amendment to Article 17 of the Customs Act was promulgated, removing the delivery order as a document to be included with customs declarations for imports.

Table 9.3 Documents required for export in Taiwan

Item No	Import Documents	Bank	Customs	Port	Container Terminal	Sanitary quarantine
1	Bill of Lading	✓				
2	Commercial invoice		✓			
3	Customs export declaration		✓			
4	Packing list		✓			

Notes:

1. Terminal handling receipt is not required for customs clearance.
1. Electronic version of terminal handling receipt was introduced on December 31, 2014.

Details of Corrections

According to the research methodology of the World Bank, import/export required documents refer to all documents that have to be submitted to government agencies, Customs, the port authority, the inspection or quarantine authority and the bank. For import/export customs clearance in Taiwan, only four written documents have to be submitted to the aforementioned parties.

Terminal handling receipt is not a required document for import/export customs clearance

Electronic version of terminal handling receipt was introduced on December 31, 2014; Taiwan International Ports Corporation has launched paperless fee calculation and invoicing services for container yards in warehouses run by the corporation with e-payment and e-invoicing services. Now more comprehensive and convenient one-stop services are available through connection with CPT Single Window via “e-payment and e-invoicing system of port affair”.

A terminal handling receipt is a receipt for transactions between an importer and the operator of a terminal or container freight station. Currently, international container terminals, freight stations, and warehouses in Taiwan are primarily operated by private enterprises. After a ship arrives in port, containers or goods are unloaded here and sent to the related freight station or warehouse for customs clearance. Receipts for the related fees to be paid by importers for warehousing are private enterprise transaction documents, and do not need to be submitted to Customs or other governmental border control agencies for customs clearance.

Delivery order is not a required document for customs declaration for imports

On May 29, 2013, an amendment to Article 17 of the Customs Act was promulgated, removing delivery order (D/O) as a required document for customs declaration and streamlining the import declaration process. D/O is issued by the transportation firms after the consignee pays up the transportation fee and is used by the consignee to take possession of the goods. Thus, it is a document for private enterprise transaction. During customs clearance of imported goods, this document does not have to be submitted to Customs or other border control agencies.

Enforcing Contracts

Reform Plan of Taiwan' judicial system

Actively establish the Online Lawsuit Filing System

- In order to improve the efficiency and transparency of the judicial system, the Judicial Yuan has been actively promoting digitalization and pushing toward the goal of digitalized courts, upgrading ICT infrastructure of courts both via adoption of advanced ICT equipment and development of related software systems. The e-filing system for administrative cases of the Intellectual Property Court was completed in June, 2014. In addition, the e-filing system for tax administration was also developed in October, 2014.
- These two systems will be activated in the second half of 2015. They will be integrated into the Lawyer Single Login Window. Defendants and plaintiffs can use the e-filing system for filing actions, pleadings/answers, additional legal documents, uploading attachments, and appeals. When appearing in court, plaintiff, defendant, and the court can use the electronic documents and evidence saved in the system, so the issues between the parties can be focused and transparent.
- Along with the use of the e-Filing System for administrative cases, the Judicial Yuan announced the "Guidelines Governing the Administrative Lawsuit Document Faxes and Emails." Article 11 of the Guideline stipulates that when the transfer of the types of case documents on the Judicial Yuan operational platform has been completed, it has the same effect as presenting documents to the appellate court. This provision's "Judicial Yuan Operational Platform" is the "online lawsuit filing system."

Planning to Establish a Commercial Court

- According to the World Bank's 2015 Doing Business report, out of the 189 economies, 97 of them have commercial courts. The report says that, generally speaking, the economies that have a commercial court are more efficient in terms of

handling disputes regarding commercial contracts than those that do not have this kind of specialized court. This report also states that the efficiency of the commercial court's handling of contract disputes is an important factor for attracting foreign investment.

- In order to upgrade the international competitiveness of Taiwan's environment for doing business, the Judicial Yuan is currently studying foreign commercial court development and systems. This includes levels of trial, scope of jurisdiction, alternative dispute resolution, and introduction of an expert system. A commercial court is also in the planning stage in order to upgrade the quality and efficiency of the judicial system and improve the environment for doing business in Taiwan.

COMPARISON OF SURVEY AND ACTUAL SITUATION

The 2014 World Bank Doing Business Survey

The World Bank separates the procedures for Enforcing Contracts into the three main stages of filing and service, trial and judgment, and enforcement of judgment, and reported that these stages required 45 procedures and 510 days in Taiwan.

Table 10.1 Results of the 2014 survey on Enforcing Contracts in Taiwan

Main stages	Days to complete (510 days total)	Procedures (45 total)
Filing and service	30 days	8
Trial and judgment	360 days	22
Enforcement of judgment	120 days	15
Cost (as % of claim)		17.7%
Attorney fees	15.5%	
Court costs	1.1%	
Enforcement costs	1.1%	

* The value of the claim is assumed to be economy's per capita income, approximately NT\$1.25 million in Taiwan.

2015 Corrections to the World Bank Doing Business Report

Table 10.2 2015 Judicial Yuan corrections to the Enforcing Contracts survey

Main stages	Days to complete (177.27)	Procedures (27 total)
Filing and service	49.11 days Calculations: $155.50 \text{ days} \times 6/19 = 49.11 \text{ days}$	6
Trial and judgment	106.39 days Calculations: $155.50 \text{ days} \times 13/19 = 106.39 \text{ days}$	13
Enforcement of judgment	21.77	8
Cost (as % of claim)		7.79%
Attorney fees	6 %	
Court costs	0.99%	
Enforcement costs	0.8%	

EXPLANATION OF CORRECTIONS BY THE JUDICIAL YUAN

Correction of completion time from 510 days to 177 days

- Since the Judicial Yuan does not know how the World Bank calculated the number of days needed for each procedure, it has taken the statistical data from the Time Taken to Conclude Civil Litigation Cases in District Courts report provided by its Office of Statistics as the basis for calculating the times needed for the procedures in the World Bank's survey example. In 2014, the average time taken by district courts to conclude first-instance civil suits was 155.5 days, and the average time taken to complete compulsory enforcement of judgments in such cases was 21.77 days.
- The aforesaid 155.50 days includes the total number of days needed for both the "filing and service" and "trial and judgment" stages of proceedings. To separate them, the number of procedures required for each stage was divided by the total number of procedures for the two stages to determine the percentage of the total

number of procedures accounted for by each stage. The total of 155.50 days was then multiplied by these percentages to calculate the number of days required by each stage.

- The total time needed to complete the three stages of filing and service, trial and judgment, and enforcement of judgment is approximately 177 days.

Correction of cost from 17.7% to 7.79%

- 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, court-awarded attorney fees should be calculated as 3% of the claim for the first instance proceedings and 3% for the compulsory enforcement proceedings, hence 6% of the claim in total.
- According to the provisions of Article 77-13 and Article 77-27 of the Code of Civil Procedure, and the comparison table of court fees for civil cases posted on the website of the Judicial Yuan (<http://www.judicial.gov.tw/assist/assist04.asp>), for property claims of amounts between NT\$1 million and NT\$10 million, the court fees in the court of first instance are collected at a rate of NT\$99 for every NT\$10,000. With the claim in the World Bank example case being for NT\$1.25 million, court fees of NT\$12,375 should be imposed; the court fee for the court of first instance is 0.99% of the value of the claim.
- According to Article 28-2 of the Compulsory Execution Act, and Article 77-27 of the Code of Civil Procedure, and the comparison table of court fees for civil cases posted on the website of the Judicial Yuan (<http://www.judicial.gov.tw/assist/assist04.asp>), for property rights cases involving claims of over NT\$5,000, compulsory execution fees will be NT\$8 for every NT\$1,000. For the claim of approximately NT\$1.25 million in the World Bank's example case, a court fee of NT\$10,000 should be paid; the court fee for compulsory execution is 0.8% of the value of the claim in the suit.
- The total cost of attorney, court, and enforcement accounts for approximately 7.79% of the value of the claim.

Correction of number of procedures from 45 to 27

- **World Bank case assumptions**

- a. The value of the claim equals 200% of the economy's income per capita; approximately NT\$1.25 million.
- b. The dispute concerns a lawful property transaction between two domestic companies (a Buyer and a Seller) located in Taipei City.
- c. The court of jurisdiction is a 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:
 - (a) If it is standard practice in your country (as in most common law countries) for Seller and Buyer to call their own expert witnesses, then each party calls one expert witness to provide an opinion on the quality of the goods delivered by Seller.
 - (b) If it is standard practice in your country (as in most civil law countries) for the judge to appoint an independent expert to provide an opinion on the quality of the goods delivered by Seller, then the judge does so. It is assumed that no opposing expert testimony is provided.
- 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 plaintiff) 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.

- **Clarification of procedures**

The comparisons between 45 WB-count procedures and 27 procedures clarified by the Judicial Yuan are as follows :

No.	Filing and service	WB	Judicial Yuan	Judicial Yuan Remarks
1	Plaintiff requests payment. Plaintiff or his lawyer asks Defendant orally or in writing to make payment according to the contract.	Yes (1)	No	This request is made prior to the filing of lawsuit, and is not a legally-mandated lawsuit procedure. It is recommended that this procedure not be counted.
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	

No.	Filing and service	WB	Judicial Yuan	Judicial Yuan Remarks
4	Plaintiff's hiring of lawyer. Plaintiff hires a lawyer to represent him in court.	Yes (2)	No	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. Article 466-1, paragraph 1 of the Code of Civil Procedure ("CCP") states that "...an appellant shall appoint an attorney as his/her advocate in an appeal of the judgment of a court of second instance." Although the law is silent as to whether the appointment of a lawyer is mandatory for trials of first and second instance, it can be inferred from the reasons given for the amendment made to Article 69 of the CCP on February 7, 2003 (which state 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 Article 466-1, paragraph of the CCP that legal representation is not mandatory in the first and second 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. It is recommended that this procedure not be counted.
5	Plaintiff's filing of summons and complaint. Plaintiff files his summons or complaint with the court, orally or in writing.	Yes (*)	Yes (1)	
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 (*)	

No.	Filing and service	WB	Judicial Yuan	Judicial Yuan Remarks
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)	
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.	Yes (*)	No	This is an internal procedure that follows the filing of a court case, and does not belong to the procedures prescribed by law for the filing of a lawsuit. It is recommended that this procedure not be counted.
9	Court scrutiny of summons and complaint. Judge examines Plaintiff's summons and complaint for formal requirements. Checked as 'yes' if required by law or standard practice.	Yes (4)	Yes (3)	
10	Judge admits summons and complaint. After verifying the formal requirements, the judge decides to admit Plaintiff's summons and complaint.	No	No	
11	Plaintiff's request for service. Plaintiff makes a written request to the court that process be served on Defendant.	No	No	
12	Court order for service. Upon Plaintiff's request, the judge orders process be served on Defendant.	No	No	

No.	Filing and service	WB	Judicial Yuan	Judicial Yuan Remarks
13	Delivery of summons and complaint to person authorized to perform service of process on Defendant. The judge or a court officer delivers the summons to a summoning office, officer, or authorized person (including Plaintiff), for service of process on Defendant.	Yes (5)	Yes (4)	
14	Arrangements for physical delivery of summons and complaint. Plaintiff takes whatever steps are necessary to arrange for physical service of process on Defendant, such as instructing a court officer or a (private) bailiff.	No	No	
15	Mailing of summons and complaint. Court or process server, including (private) bailiff, mails summons and complaint to Defendant.	Yes (*)	Yes (*)	
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	

No.	Filing and service	WB	Judicial Yuan	Judicial Yuan Remarks
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. Judge in a court order defines acceptable means for substituted service.	No	No	
20	Substituted service. Substituted service is accomplished by publication in newspapers, by affixing a notice in court or on public bulletin boards, etc.	No	No	
21	Proof of service. Plaintiff submits proof of service to court. Checked as 'yes' if required by law or standard practice.	No	No	
22	Application for pre-judgment attachment. Plaintiff submits an application in writing for the attachment of Defendant's property prior to judgment. (see assumption (e))	Yes (*)	Yes (*)	

No.	Filing and service	WB	Judicial Yuan	Judicial Yuan Remarks
23	Decision on pre-judgment attachment. The judge decides whether to grant Plaintiff's request for pre-judgment attachment of Defendant's property and notifies Plaintiff and Defendant of the decision. This step may include requesting that Plaintiff submit guarantees or bonds to secure Defendant. (See assumption (e))	Yes (*)	Yes (*)	
24	Guarantees securing attached property. Plaintiff typically submits guarantees or bonds to secure Defendant against possible damage to attached property. (see assumption E)	Yes (6)	Yes (5)	
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 (e))	Yes (7)	Yes (6)	
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 (e))	Yes (8)	No	Custody of attached assets is a de facto status, not an independent procedure. In addition, we observe that in the World Bank's 2014 survey report on Enforcing Contracts indicators, this procedure was not listed for Japan, Germany, and South Korea, which have similar legal systems to Taiwan's, or neighboring countries such as Malaysia. The listing of this procedure as step 8 in the Enforcing Contracts indicators for Taiwan in the World Bank's 2014 survey report is likely due to a misunderstanding. It is recommended that this procedure not be counted, in keeping with the facts.

No.	Filing and service	WB	Judicial Yuan	Judicial Yuan Remarks
27	Report on pre-judgment attachment. Judge decides whether to grant Plaintiff's request for pre-judgment attachment of Defendant's property and notifies Plaintiff and Defendant of the decision. This step may include requesting that Plaintiff submit guarantees or bonds to secure Defendant against damages. (see assumption (e))	No	No	
28	Hearing on pre-judgment attachment. A hearing takes place to resolve the question of whether Defendant's assets can be attached prior to judgment. This process may include the submission of separate summons and petitions (see assumption (e)).	No	No	
No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
29	Defendant's deposit of a bond or payment guarantee with the court. Defendant deposits a bond or guarantee with the court. Checked as 'yes' if required by law or standard practice.	No	No	
30	Defendant's filing of preliminary exemptions. 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.	No	No	

No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
31	Plaintiff's answer to preliminary exemptions. 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.	No	No	
32	Judge's resolution on preliminary exemptions. 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.	No	No	
33	Defendant's filing of defense or answer to Plaintiff's claim. Defendant files a written pleading which includes his defense or answer on the merits of the case. Defendant's written answer may or may not include witness statements, expert statements, the documents Defendant relies on as evidence and the legal authorities Defendant relies on (see assumption (d)).	Yes (9)	Yes (7)	
34	Deadline for Plaintiff to answer Defendant's defense or answer. Judge sets the deadline by which Plaintiff will be allowed to answer Defendant's defense or answer.	Yes (10)	No	There is no such procedure required under current Taiwan law. It is recommended that this procedure not be counted.
35	Plaintiff's written response to Defendant's defense or answer. 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.	Yes (11)	Yes (8)	

No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
36	Filing of pleadings. 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.	Yes (12)	No	This item falls within the scope of questionnaire items number 33, "Defendant's filing of defense or answer to Plaintiff's claim," and 35, Plaintiff's written response to Defendant's defense or answer. As listing it is redundant, it is recommended that it not be counted.
37	Adjournments. Court procedure is delayed because one or both parties request and obtain an adjournment to submit written pleadings.	Yes (13)	No	This is not a mandatory procedure. It is necessary only if so determined by the judge. Moreover, in current practice in Taiwan, adjournment is rarely allowed. Thus, it is recommended that this procedure not be counted.
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, multitrack, 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 issues on which evidence is to be presented.	Yes (14)	Yes (9)	
41	Court appointment of independent expert. 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 to Defendant is adequate. (see assumption (f).)	Yes (*)	Yes (*)	

No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
42	Notification of court-appointment of independent expert. The court notifies both parties that the court is appointing an independent expert. (see assumption (f).)	Yes (15)	No	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. It is recommended that this procedure not be counted.
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 (f).)	Yes (*)	Yes (10)	
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, what will be presented as evidence the oral hearing or trial, etc.)	Yes (16)	No	In current trial practice in Taiwan, this procedure should be covered by the procedure in questionnaire item 40, Framing of issues. It is recommended that it not be counted again as a separate procedure.
45	Setting of date for mediation hearing. The judge sets a date for a mediation hearing, sometimes also called a 'pretrial conference,' and notifies the parties of the hearing date.	No	No	
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	

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

No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
53	Setting of date(s) for oral hearing or trial. Judge sets the date(s) for the oral hearing or trial.	Yes (*)	Yes (*)	
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.	Yes (17)	Yes (11)	
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	In current trial practice in Taiwan, this procedure should be covered by the procedure in questionnaire item 54, Preliminary hearing aimed at preparing for the oral hearing. In addition, we observe that in the World Bank's 2014 survey report on Enforcing Contracts indicators, this procedure was not listed for countries such as Japan, Germany and others, which have similar legal systems to Taiwan's. The listing of this procedure as step 18 in the Enforcing Contracts indicators for Taiwan in the World Bank's 2014 survey report is likely due to a misunderstanding. It is recommended that this procedure not be counted, in keeping with the facts.
56	List of (expert) witnesses. The parties file a list of (expert) witnesses with the court. (see assumption (f))	No	No	
57	Summoning of (expert) witnesses. The court summons (expert) witnesses to appear in court for the oral hearing or trial. (see assumption (f))	Yes (19)	No	This procedure is covered in questionnaire items 41 "Court appointment of independent expert" through 43, Delivery of expert report by court-appointed expert. As listing it is redundant, it is recommended that it not be counted.

No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
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)	
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	This is not a mandatory procedure. It is necessary only if the court finds it necessary to adjourn the proceedings. Moreover, in current practice in Taiwan, adjournment is rarely allowed. Thus, it is recommended that this procedure not be counted.
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.	No	No	
64	Advice by public prosecutor or third party. The office of the public prosecutor or any other third party advises the court on how to decide the case.	No	No	

No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
65	Order for submission of final arguments. The judge sets the deadline for the submission of final factual and legal arguments.	Yes (22)	Yes (13)	
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 (*)	
67	Judgment date. The judge sets a date for delivery of the judgment.	Yes (23)	Yes (14)	
68	Notification of judgment in court. The parties are notified of the judgment at a court hearing.	Yes (24)	Yes (15)	
69	Writing of judgment. The judge produces a written copy of the judgment.	Yes (25)	Yes (16)	
70	Registration of judgment. The court office registers the judgment after receiving a written copy of the judgment.	Yes (26)	No	Taiwan law does not have the procedure of registration of judgment. In addition, we observe that in the World Bank's 2014 survey report on Enforcing Contracts indicators, this procedure was not listed for Japan, which has a similar legal system to Taiwan's. The listing of this procedure as step 26 in the Enforcing Contracts indicators for Taiwan in the World Bank's 2014 survey report is likely due to a misunderstanding. It is recommended that this procedure not be counted, in keeping with the facts.

No.	Trial and judgment	WB	Judicial Yuan	Judicial Yuan Remarks
71	Court notification of availability of the written judgment. The court notifies the parties that the written judgment is available at the courthouse.	No	No	
72	Plaintiff's receipt of a copy of written judgment. Plaintiff receives a copy of the written judgment.	Yes (27)	Yes (17)	
73	Notification of Defendant of judgment. Plaintiff or court formally notifies the Defendant of the judgment. The appeal period starts the day the Defendant is formally notified of the judgment.	Yes (28)	Yes (18)	
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.	Yes (29)	Yes (19)	
75	Reimbursement by Defendant of Plaintiff's court fees. The judgment obliges Defendant to reimburse Plaintiff for the court fees Plaintiff has advanced, because Defendant has lost the case.	Yes (30)	No	Taiwan's current 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 questionnaire item 69 "Writing of judgment." As listing it is redundant, it is recommended that it not be counted.

No.	Enforcement of judgment	WB	Judicial Yuan	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	<p>Plaintiff's hiring of a lawyer is not a mandatory procedure because the current Compulsory Execution Act is silent on whether legal representation is required in 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, Article 466-1, paragraph 1 of the CCP reads: "an appellant shall appoint an attorney as his/her advocate in an appeal of the judgment of a court of second instance." it can be inferred from the reasons given for the amendment made to Article 69 of the CCP on February 7, 2003 (which state 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 which states that legal representation is not mandatory in the first and second instance trials or in the enforcement proceedings. It is recommended that this procedure not be counted.</p>
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 (31)	Yes (20)	

No.	Enforcement of judgment	WB	Judicial Yuan	Judicial Yuan Remarks
78	Publication of judgment. The judgment must be published in an official journal, gazette or local newspaper.	Yes (32)	No	Taiwan's enforcement proceedings do not have the procedure of publication of judgment. In addition, we observe that in the World Bank's 2014 survey report on Enforcing Contracts indicators, this procedure was not listed for Japan, Germany, South Korea, and Mainland China, which have similar legal systems to Taiwan's, or for neighboring Malaysia. The listing of this procedure as step 32 in the Enforcing Contracts indicators for Taiwan in the World Bank's 2014 survey report is likely due to a misunderstanding. It is recommended that this procedure not be counted, in keeping with the facts.
79	Plaintiff's request for enforcement order. Plaintiff applies to the court to obtain the enforcement order ('seal' on judgment).	Yes (*)	No	The Plaintiff's request for enforcement is part of the procedure covered by questionnaire item 77, "Plaintiff's approaching of court enforcement office or (private) bailiff to enforce the judgment," not an independent procedure. It is recommended that this procedure not be counted.
80	Plaintiff's advancement of enforcement fees. Plaintiff pays the fees related to the enforcement of the judgment.	Yes (33)	Yes (21)	
81	Attachment of enforcement order to judgment. Judge attaches the enforcement order ('seal') to the judgment.	No	No	

No.	Enforcement of judgment	WB	Judicial Yuan	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	The Compulsory Execution Act requires the "delivery of an enforcement order" only for enforcement against certain movable assets, such as the auctioning of 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. It is recommended that this procedure not be counted.
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.	No	No	
84	Judge's order for physical enforcement. Judge orders the police to assist with the physical enforcement of the attachment of Defendant's movable goods.	No	No	
85	Request to Defendant to comply voluntarily with judgment. 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.	Yes (34)	No	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. It is recommended that this procedure not be counted.

No.	Enforcement of judgment	WB	Judicial Yuan	Judicial Yuan Remarks
86	<p>Identification of Defendant's assets for attachment by court official or Defendant.</p> <p>Judge, a court enforcement officer, a (private) bailiff or the Defendant himself identifies Defendant's movable assets for attachment.</p>	Yes (35)	No	<p>Taiwan's enforcement law adopts an adversarial system, where the enforcement court will 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 the procedure covered by questionnaire item 25 "Pre-judgment attachment" prior to obtaining a judgment. It is recommended that this procedure not be counted.</p>
87	<p>Contestation of selection of assets identified for attachment.</p> <p>The party, Plaintiff or Defendant, which was not involved in the designation of the assets for attachment, contests the selection of assets for attachment.</p>	No	No	
88	<p>Plaintiff's identification of Defendant's assets for attachment.</p> <p>Plaintiff identifies Defendant's assets for attachment.</p>	Yes (36)	Yes (22)	
89	<p>Notification of intent to attach.</p> <p>A court enforcement officer or (private) bailiff notifies other creditors of the intent to attach Defendant's goods.</p>	No	No	

No.	Enforcement of judgment	WB	Judicial Yuan	Judicial Yuan Remarks
90	Attachment. Defendant's movable goods are attached (physically or by registering, marking or separating assets).	Yes (37)	No	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 the procedure covered by questionnaire 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. It is recommended that this procedure not be counted.
91	Report on execution of attachment. A court enforcement officer or private process server delivers a report on the attachment of Defendant's movable goods to the judge.	Yes (38)	No	Current Taiwan law does not include this report procedure. In addition, we observe that in the World Bank's 2014 survey report on Enforcing Contracts indicators, this procedure was not listed for Japan, Germany, and other countries which have similar legal systems to Taiwan's. The listing of this procedure as step 38 in the Enforcing Contracts indicators for Taiwan in the World Bank's 2014 survey report is likely due to a misunderstanding. It is recommended that this procedure not be counted, in keeping with the facts.
92	Valuation or appraisal of attached movable goods. The court or court appointed valuation expert evaluates the attached goods.	Yes (39)	Yes (23)	
93	Enforcement disputes before court. The enforcement of the judgment is delayed because Defendant opposes aspects of the enforcement process before the judge.	Yes (40)	No	This is not a mandatory procedure. The procedure is necessary only if the debtor disputes enforcement proceeding on legal grounds or files a lawsuit to dispute the plaintiff's claim. It is recommended that this procedure not be counted.

No.	Enforcement of judgment	WB	Judicial Yuan	Judicial Yuan Remarks
94	Call for public auction. The judge calls a public auction by, for example, advertising or publication in the newspapers.	Yes (41)	Yes (24)	
95	Sale through public auction. The Defendant's movable property is sold at public auction.	Yes (42)	Yes (25)	
96	Direct sale. Defendant's property is sold but not through a public auction. Checked as 'yes' if the direct sale is common as an alternative to a public auction. (assumption (i) is disregarded here).	No	No	
97	Judge's decision on bids. The judge determines the adequacy of the bids presented at public auction.	No	No	
98	Distribution of proceeds. The proceeds of the public auction are distributed to various creditors (including Plaintiff), according to the rules of priority.	Yes (43)	Yes (26)	
99	Reimbursement of Plaintiff's enforcement fees. Defendant reimburses Plaintiff's enforcement fees which Plaintiff had advanced previously.	Yes (44)	No	According to Article 28 of the Compulsory Execution Act, 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 the claim and are borne by the debtor through the distribution proceedings. Thus, this procedure has been covered by questionnaire item 98 "Distribution of proceeds." It is recommended that this procedure not be counted.
100	Payment. Court orders that the proceeds of the public auction or the direct sale be delivered to Plaintiff.	Yes (45)	Yes (27)	

Annex

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