

2023

***Promoting Economic
Liberalization in Taiwan***



October, 2023

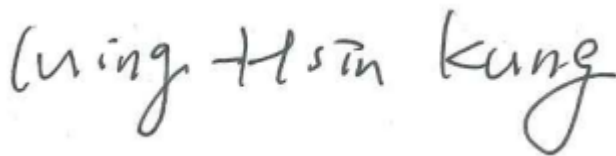
Preface

In 2023, the Russo-Ukraine War goes on, continuing to threaten the global supply chain, energy and food supply. Although raising interest rates will slightly control inflationary pressure, it will also affect people's purchasing power and continually weaken overall demand in the global economy, taking it into recession. In addition, with United States and China waging a trade war, it seems globalized free trade is coming to an end. Countries have begun to seriously consider issues of industrial security and national security, and face the necessity of enhancing the resilience of supply chains.

On June 1, 2023, Taiwan and the United States formally signed the "first agreement" of the "U.S.-Taiwan Initiative on 21st-Century Trade" in Washington, D.C., setting a new milestone for Taiwan-US economic and trade relations; in the long term, "this will be a model and pioneer of the new future world trade order", which will reverse the problems of unfair competition and unbalanced benefits caused by globalization.

With the joint efforts of the Legislative Yuan, Judicial Yuan, and related agencies of the Executive Yuan, Taiwan carried out legal reforms from July 2022 to June 2023 to promote economic liberalization and has achieved significant progress; including: Amending the Patent Act in coordination with the operation of the Drug Patent-linkage System; amending the Trademark Act to introduce an accelerated review mechanism for trademark registration; implementing the Citizen Judges Act to increase the transparency of judicial operations; amending the Civil Servants Election And Recall Act to implement the eradication of kickbacks and prevent foreign forces from interfering in elections; amending the Statute for Industrial Innovation to allow key industries to enjoy upgraded investment tax credits; revising the operating rules and regulations for listing on the Taiwan Innovation Board, and relaxing the requirements for listing, etc.; amending the Securities Investment Trust and Consulting Act to prevent the proliferation of investment fraud advertisements.

Due to many years of efforts by the Taiwan government, Taiwan's Index of Economic Freedom ranking has risen from 35th in the world in 2009 to 4th in 2023, making Taiwan a country with a friendly environment for doing business and economic freedom for global enterprise investment. The government will continue to strengthen the economic system, and lead enterprises towards digital transformation, net zero, and, at the same time, strengthen the capability of talent; with the restructuring of global supply chains, Taiwan has the confidence to go to the world and become the leader of global supply chains or play a leading role.

A handwritten signature in black ink, reading "Kung Ming-hsin Kung". The signature is written in a cursive, flowing style.

Kung Ming-hsin

Minister

National Development Council

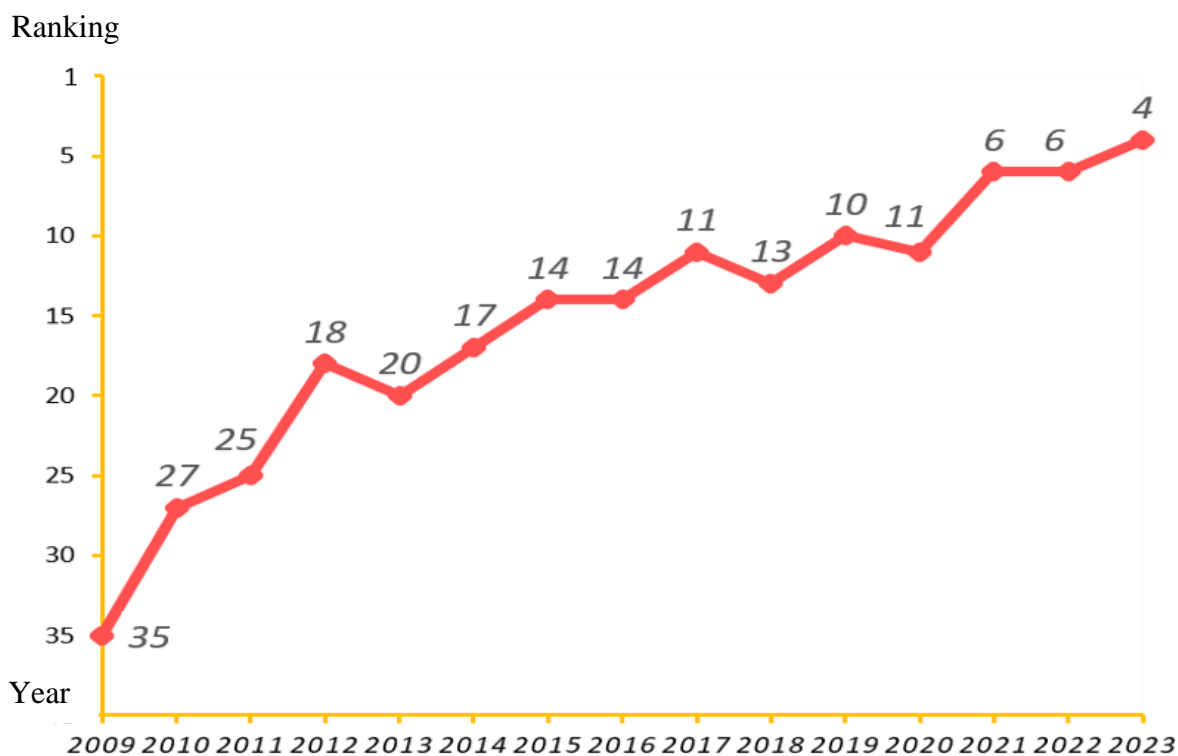
October, 2023

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◆ Foreword

Respected American think tank the Heritage Foundation released the 2023 Index of Economic Freedom on February 28, 2023. Taiwan ranked 4th out of 184 economies in the Index, up from 6th in 2022, an improvement of 2 places, and ranking behind only Singapore (1), Switzerland (2), Ireland (3); and ahead of major economies New Zealand (5), Australia (13), Germany (14), South Korea (15), Canada (16), the United States (25), the United Kingdom (28), Japan (31), and China (154).



The 2023 Index of Economic Freedom pointed out that, since mid-2021, the global economy has been turbulent and continues to experience slow growth, as well as being subject to the ongoing impact of the COVID-19 pandemic and Russia's invasion of Ukraine. In 2023, there are only 4 economically "free" countries with an average total score of 80 or more, 3 countries fewer than the 7 in 2022. Taiwan's average total score is 80.7, an increase of 0.6 points on 80.1 in 2022, maintaining the highest rating of economically "free" country for two

consecutive years. In addition, among the top 20 countries in the world, “only” Taiwan's average total score has increased, with other countries either remaining the same or regressing. In 2023, Taiwan has achieved its best ever results for both global ranking and average total score, showing that the government's reforms to promote economic liberalization have won the affirmation of major international competitiveness evaluation institutions amidst global economic turmoil.

Table 1 Taiwan Index of Economic Freedom recent-year ranking and changes in score

Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	15-year Change
Ranking	4	6	6	11	10	13	11	14	14	17	20	18	25	27	35	+31
Average Score	80.7	80.1	78.6	77.1	77.3	76.6	76.5	74.7	75.1	73.9	72.7	71.9	70.8	70.4	69.5	+11.2
1.Property Rights	81.9	81.3	87.3	86.9	85.4	84.3	86.5	70	70	70	70	70	70	70	70	+11.9
2.Judicial Effectiveness	94.7	94.2	72.9	70.1	70.1	69.2	67.7	-	-	-	-	-	-	-	-	+27
3.Government Integrity	76.3	73.8	74.5	68.9	69.2	70.9	70.5	61	61	59.7	61	58	56	57	57	+19.3
4.Tax Burden	79.3	79.2	79.2	75	75	76.1	75.3	76.1	80.4	80.3	80.5	80.4	78.3	75.9	76.2	+3.1
5. Government Spending	91.1	90.7	91	90.5	90.6	90.4	89.5	88.7	87.1	84.7	84.9	92.3	89.7	90.5	89.4	+1.7
6. Fiscal Health	93.6	86.6	93.7	91	91.6	90.8	83.7	-	-	-	-	-	-	-	-	+9.9
7.Business Freedom	84.3	84.3	93.4	93.9	93.2	93.2	93.4	93.2	92.4	93.9	94.3	88.5	84.7	83	69.5	+14.8
8.Labor Freedom	69.1	68.7	60.4	60.3	60.9	54.9	55	53.8	55.2	53.1	53.3	46.6	46.1	47.7	45.7	+23.4
9. Monetary Freedom	82.5	86.1	84.3	82.7	84.4	83.3	85.2	83.2	83.3	81.7	82.9	83.1	82	79.3	82.1	+0.4
10.Trade Freedom	85.8	86	86	86	87	86.2	86.2	86.4	86.4	85.8	85	85	86.2	85.8	85.2	+0.6
11.Investment Freedom	70	70	60	60	60	60	65	75	75	70	65	65	65	65	70	0
12.Financial Freedom	60	60	60	60	60	60	60	60	60	60	50	50	50	50	50	+10

Data source: Index of Economic Freedom issued by the Heritage Foundation over the years, collected and organized by the NDC.

Table 2 Index of Economic Freedom 2023 major economy ranking and comparison of score

Economies		Singapore	Taiwan	New Zealand	Germany	S. Korea	USA	Japan	China
Global Ranking		1	4	5	14	15	25	31	154
Average score		83.9	80.7	78.9	73.7	73.7	70.6	69.3	48.3
Legal system	Property Rights	94	81.9	87.8	94.8	88.5	94.7	94.1	45.3
	Judicial Effectiveness	58.3	94.7	94.7	93.1	76.8	76.1	94.7	38.2
	Government Integrity	91.2	76.3	96.8	89.4	68.7	73.4	80.7	42
Government scale	Tax Burden	90.6	79.3	66.6	60.2	60.1	75.4	68.1	69.5
	Government Spending	89	91.1	49.7	28.2	82	49.3	48.4	65.1
	Fiscal Health	78	93.6	72.2	82.7	94.1	0	18.1	9.8
Supervisory efficiency	Business Freedom	86.9	84.3	88.8	79.7	84.8	83.8	78.3	68.3
	Labor Freedom	77.3	69.1	71.5	52.8	56.2	76.3	66.8	55.2
	Monetary Freedom	81.9	82.5	78.7	75.3	81.4	78	87.1	72.5
Market openness	Trade Freedom	95	85.8	90.4	78.6	72.2	75.4	75.2	73.6
	Investment Freedom	85	70	70	80	60	85	60	20
	Financial Freedom	80	60	80	70	60	80	60	20

Data source: 2023 Index of Economic Freedom, collected and organized by the NDC.

◆ Reforms in Brief

The Index of Economic Freedom has 12 evaluation indicators, including Tax Burden, Government Spending, Fiscal Health and Monetary Freedom, mainly based on statistical data from international economic organization (such as the IMF); the other 8 indicators, including Property Rights, Judicial Effectiveness, Government Integrity, Business Freedom, Labor Freedom, Trade Freedom, Investment Freedom, and Financial Freedom are mainly based on the data of a country's legal reform or regulatory reform related information.

Unless otherwise stated, the effective dates of the following laws, regulatory orders or specific measures: July 1, 2022 to June 30, 2023.

I. Property Rights

Amending the Patent Act in coordination with the operation of the Patent Linkage of Drugs System; amending the Trademark Act to introduce an accelerated review mechanism for trademark registration; revising the Enforcement Rules of the Patent Act to promote the electronification of patent certificates and simplify procedures; implementing new measures of the “Patent and Trademark Electronic Certificate Service” to improve the convenience of obtaining and storing certificates for right holders; implementing Examination Guidelines on Distinctiveness of Trademarks to improve review quality and consistency.

Implementing Examination Guidelines on Certification Marks, Collective Membership Marks and Collective Trademarks to reflect practical review needs; continuing implementing the Industry Collaborative Patent Interview Pilot Program for 2 more years to increase the efficiency and quality of forward-looking technology patent examination ; implementing the Positive

Patent Examination Pilot Program for Startup Companies for 1 more year to assist startups accelerate implementation of patent strategy.

Announcing the Regulations of Notification and Announcement of Expropriated Land Use Situation to implement the right of the public to apply for the recovery of the expropriated land; amending the Mining Act, deleting the overlord clause and taking into account environmental protection and indigenous rights; regarding damages caused by land registration error, Grand Chambers ruled that Land administration agencies should pay compensation if they fail to prove that the victim is responsible; piloting electronic property certificates, a new channel for real estate property rights inspection; implementing the Business Mergers and Acquisitions Act to strengthen the disclosure of mergers and acquisitions information.

II. Judicial Effectiveness

Implementing the Citizen Judges Act to improve the transparency of judicial operations; amending and promulgating the Constitutional Court Procedure Act to regulate the effectiveness of judgments that are unconstitutional and invalid; amending the Judges Act to switch to public hearings in the Disciplinary Chamber of the Judiciary.

III. Government Integrity

Amending the Organized Crime Prevention Act, completely prohibiting members of criminal organizations (underworld) from participating in politics; amending the Civil Servants Election And Recall Act to implement the eradication of kickbacks and prevent foreign forces from interfering in elections; the Grand Chambers ruled that it constitutes the crime of embezzlement when an elected representative collects money for lobbying, requesting or exerting pressure;

amending the Money Laundering Control Act to block the source of illegal money flow of fraudulent groups; continuing to handle anti-corruption measures such as government agency anti-corruption assessments.

IV. Business Freedom

Revising the Regulations of Leave-Taking of Workers; for ordinary injury and sick leave for miscarriage during pregnancy of less than 3 months, full attendance bonus will not be withheld; implementing the Commodity Labeling Act in response to technological development and for consumer protection; implementing the amended Business Mergers and Acquisitions Act to increase the flexibility of M&A; amending the Regulations Governing the Application of Business Registration, adding that electronic documents can serve as business registration official documents; amending the Renewable Energy Development Act to create a friendly environment for the development of renewable energy.

V. Labor Freedom

Amending the Regulations of the Implementation of the Employment Promotion of Employment Insurance to provide labor-related assistance measures and lower the threshold for activating employment stability measures; relaxing "the employer obtains the consent of the labor union and, if the business unit does not have a labor union, the labor-management council agrees" related regulations in the Labor Standards Act; amending the Employment Service Act to shorten the waiting period for filling in vacancies creating by missing migrant workers; amending the Review Standards and Employment Qualifications for Foreign Workers Engaging in Work Specified in Subparagraphs 8 to 11, Paragraph 1, Article 46 of the Employment Service Act to loosen the restrictions on foreign workers coming to Taiwan to work.

VI. Trade Freedom

Taiwan and the United States formally signed the first agreement of the U.S.-Taiwan Initiative on 21st-Century Trade, setting a new milestone for Taiwan-US economic and trade relations; amending Regulations for the Importation of Objects Subject to Animal Quarantine in line with international norms and scientific evidence; amending Customs Import Tariff to rationalize the classification of import tariffs and meet the needs of industrial development; The Fair Trade Commission agreed to 4 cases of concerted action permits to strengthen trade effectiveness.

Promoting the automatic processing of the import and export manufacturer registration system to simplify the registration application and change registration of import and export manufacturers; amending mask import regulations and abolishing the Operation Directions for Importers Applying for Import Approval for Masks to relax mask import management measures.

VII. Investment Freedom

Revising the Review Directions of Entrepreneur Visa Qualification for Foreign Nationals to enhance the recruitment of foreign professional talent; revising Foreign Special Professionals with Specialized Knowledge/Skills in the Field of Economics to expand the recruitment of foreign professional talent in the economic field; revising the Statute for Industrial Innovation to encourage investment by key enterprises; amending the Directions for Banking Enterprises While Assisting Customers in Declaring Foreign Exchange Receipts and Disbursements or Transactions to relax foreign exchange settlement cases that do not require the approval of the Central Bank of the Republic of China (Taiwan); revising the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions in line with the lowering of the age

of majority for natural persons of the Civil Code; relaxing restrictions on investment by foreigners, including issuing interpretation of Subparagraph 6, Paragraph 1, Article 4 of Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals to expand the diversity of the scope of foreign investment; revising the Regulations Governing Foreign Bank Branches And Representative Offices to suitably increase the credit and investment capacity of foreign banks in Taiwan branches; issuing interpretation of Subparagraph 3 of Article 21 of Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals to increase the capital utilization flexibility of foreign investment.

VIII. Financial Freedom

Revising the operating rules and regulations for listing on the Taiwan Innovation Board, and relaxing the requirements for listing; revising The Act Governing Electronic Payment Institutions to enhance the capital structure of electronic payment institutions; amending the Securities Investment Trust and Consulting Act to prevent the proliferation of investment fraud advertisements; relaxing financial services restrictions, including issuing related interpretations, to promote wealth management business; revising investment regulations on venture capital business and management consulting business of holding companies and commercial banks to assist the development of the six core strategic industries ; revising the Regulations Governing Futures Commission Merchants to improve the financial flexibility and capital utilization efficiency of futures merchants; issuing related interpretations to increase the number of adoptable credit rating institutions in coordination with the development situation of foreign credit rating institutions.

Relaxing types bills and bonds traded by insurance companies when

engaging in conditional trading to enhance the flexibility of insurance company capital utilization; relaxing the requirements for insurance companies to issue bonds of a capital nature and issuing an interpretation order on the definition of funds to enhance the capital structure of insurance companies and increase the flexibility of financing; revising the Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches to promote credit financing related to promoting sustainable and carbon reduction transformation economic activities.

◆ Promotion Explanation

Unless otherwise stated, the effective dates of the following laws, regulatory orders or specific measures : [July 1, 2022 to June 30, 2023](#).

I. Property Rights

A. Intellectual Property Rights

1. The Patent Act was amended in May 2022 in coordination with the operation of the Patent Linkage of Drugs System

- (1) The protection of pharmaceutical intellectual property has always been the focus of global attention, and the linkage system between drug patents and marketing approval is an important part of it. On January 31, 2018, Patent Linkage of Drugs was added to Chapter 4-1 of the Pharmaceutical Affairs Act, coming into effect on August 20, 2019. The Patent Linkage of Drugs system allows new drugs to be disclosed through patent information after they enter the market, so, when generic drugs apply for market entry review procedure, the issuance (renewal) of licenses is suspended for 12 months to clarify patent disputes. For the first generic drug that successfully conducts patent challenge or circumvention, the drug will receive a 12-month exclusive sales period to reward the generic drug manufacturer for taking on the challenge.
- (2) The Pharmaceutical Affairs Act has introduced the Patent Linkage of Drugs system. In coordination with the operation of the Patent Linkage of Drugs system, accompanying amendments had to be made to the Patent Act; also, to meet the requirements for Taiwan joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). On May 4, 2022, amendment of Article 60-1 of the Patent Act was promulgated and took effect on July 1, 2022 . The newly added contents of Article 60-1 are as follows :

- a. When an applicant for a generic drug permit makes a declaration in accordance with Item 4 of Article 48-9 of the Pharmaceutical Affairs Act with respect to the patent(s) of the approved new drug listed by the holder of said new drug permit, the patentee of said new drug may, upon receipt of the notification of said declaration, claim the removal or prevention of such infringement in accordance with Paragraph 1 of Article 96.
- b. Should the patentee not file a complaint against the aforementioned applicant of said drug permit within the period specified in Paragraph 1 of Article 48-13 of the Pharmaceutical Affairs Act, the applicant may initiate an action for a declaratory judgment to dictate whether the drug for which they applied for a drug permit infringes the patent.

(3) Patent Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0070007>

2. Introduced the trademark registration accelerated examination mechanism Amended the Trademark Act in May 2023

- (1) According to statistics from the Intellectual Property Office (TIPO) of the MOEA, trademark applications in Taiwan has exceeded 100,000 classes each year in the past six years. With current examination capacity, companies' obtaining of registered trademarks may be delayed, affecting corporate trademark strategy. In addition, the Trademark Act stipulates that those who have a domicile in Taiwan can carry out trademark agency business, resulting in the undesirable situation that those who do not have trademark expertise solicit at low prices or act indiscriminately as agents, but cannot be managed.

(2) In order to solve the above problems, satisfy the needs of domestic industry to obtain trademark registrations immediately, and protect the rights and interests of trademark applicants, the amended Trademark Act was promulgated on May 24, 2023, introducing an accelerated examination review mechanism for trademark registration applications, and establishing a trademark agent management system. The key points of the amendments are as follows :

- a. It was added that a trademark applicant seeking rights approval promptly may submit facts and reasons, along with the accelerated examination fee, to the Registrar Office to initiate the accelerated examination process. Such examination shall not apply to an application to which a notice of amendment or stating grounds for refusal has been issued by the Registrar Office. (Article 19)
- b. For qualification as a trademark agent, it was added that a person must be a professional (for example, a lawyer, an accountant) who may legally handle trademark related matters, or shall have successfully passed the Trademark Professional Capability Certification Examination held by the Registrar Office or have been a trademark examiner within a specific period, and be registered as a trademark agent. (Article 6, Article 98-1)

(3) Trademark Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0070001>

3. The Enforcement Rules of the Patent Act were amended in October 2022 and March, 2023 to promote the electronification of patent certificates and simplify procedures

- (1) To promote the electrification of patent certificates and simplify procedures and relax the reason for applying for patent certificate replacement or re-issue, the amended Enforcement Rules of the Patent Act were promulgated on October 20, 2022, with the key points of amendment as follows :
- a. Deleted the requirement that those who apply for the registration of a patent right pledge must submit a patent certificate, and that matters related to the pledge should be noted on the patent certificate. (Article 67)
 - b. To meet practical needs, “changes to the particulars entered therein are to be updated” was added as the reason for replacing or reissuing the patent certificate; in addition, in coordination with the practice of replacement or reissuing patent certificates, it was added that when the patent authority replaces or reissues patent certificates, the nullification of the original patent certificate shall be published in the Patent Gazette. (Article 80)
- (2) In order to improve the efficiency of divisional application review and ensure the integrity of the information on the certificate of deposit of biological material, the amendment in this case was promulgated on March 24, 2023 and took effect on May 1 the same year, with the key points of amendment as follows :
- a. For biological materials deposited in a foreign depository institution that has mutual recognition of the depository effect with Taiwan, the certificate issued by the aforementioned depository shall include a viability test report of the deposited biological material. (Article 17)
 - b. If the content of the specification of the divisional application is not completely quoted from the description of the original patent application, the discrepancies between the two descriptions shall be marked. (Article 28)

(3) Enforcement Rules of the Patent Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0070008>

4. New measures of the Patent and Trademark Electronic Certificate Service implemented in January, 2023 to improve the convenience of obtaining and storing certificates for right holders

(1) Referring to international experience in developing electronic patent certificates, and in line with the current domestic practice environment and needs, the Patent and Trademark Electronic Certificate Service has been officially provided since January 2023; the convenience of obtaining and storing certificates has been improved through the paperless method, allowing rights holders carry and display certificates more easily, while reducing paper printing and sending costs, and also contributing to the sustainable development goals of energy saving and carbon reduction.

(2) Explanation of the Patent and Trademark Electronic Certificate Service of the Intellectual Property Office (MOEA)

<https://www.tipo.gov.tw/tw/cp-87-915492-121ac-1.html>

5. Examination Guidelines on Distinctiveness of Trademarks amended and implemented in September 2022 to improve examination quality and consistency

(1) In order to improve the quality and consistency of examination, and to bring the judging criteria on distinctiveness of trademarks more in line with the market transaction situation, on July 26, 2022, the Intellectual Property Office, MOEA promulgated the amended Examination Guidelines on Distinctiveness of Trademarks; the key points of the amendments include adding examination

principles for the combination of letters and numbers, numbers, slogans, popular terms or idioms, types of graphic trademarks, elements of geographical meaning, identification of names and portraits of famous deceased people of modern times, religious images and terms and marks related to traditional folk cultural activities, etc., and they became effective on September 1, 2022.

(2) Examination Guidelines on Distinctiveness of Trademarks

<https://topic.tipo.gov.tw/trademarks-tw/cp-517-860259-f5cf9-201.html>

6. Amended and Implemented the Examination Guidelines on Certification Marks, Collective Membership Marks and Collective Trademarks in October, 2022 to reflect practical examination needs

(1) In order to reflect the needs of examination practice, the Examination Guidelines on Certification Marks, Collective Membership Marks and Collective Trademarks were amended on October 1, 2022, amending and adding contents and cases, stipulating the scope of goods and services of certification and establishing an independent chapter for “Geographical Mark” to facilitate the review of "Geographical Certification Mark " and " Geographical Collective Trademark " and to enhance consumers' understanding of the protection of the Geographical Mark, coming into effect on October 1, 2022.

(2) Examination Guidelines on Certification Marks, Collective Membership Marks and Collective Trademarks

<https://topic.tipo.gov.tw/trademarks-tw/dl-260121-943ac4abdc842458776e39878e03aef.html>

7. Implementation of the Industry Collaborative Patent Interview Pilot Program for 2 more years from January, 2023 to increase the efficiency and quality of forward-looking patents

- (1) In order to enable patent examiners to quickly grasp the technical content of forward-looking technology patent applications, to improve the efficiency and quality of examination, and to meet the applicant's needs for obtaining patents as soon as possible so as to facilitate their patent strategy, from November 1, 2021 to October 31, 2022, the Industry Collaborative Patent Interview Pilot Program was implemented; a total of 14 industrial collaboration interviews were conducted, and the external response was good. To upgrade Industry Collaborative Patent Interview operations, the Program was extended for a further 2 years from January 3, 2023.
- (2) This Program is applicable to the same applicant's patent applications for forward-looking technology invention patents, which have not received an office action or a written decision of the patent examination after being notified by the TIPO that it will conduct a substantive examination, and the number of applications is, in principle, fewer than 10. In addition to the examiners being able to take the initiative to contact the applicant, the applicant can also submit a letter of intent to express their willingness to participate in this program. After the examiners determine that the application is related to forward-looking technology, and this Program is applicable, the applicant will be notified ex officio to conduct an interview, and personnel related to the invention will explain the technical aspects of the patent application, so that the examiners can quickly clarify the core concept of the technology. A notification of the examination result will be issued as soon as possible after the interview.

- (3) Taiwan Intellectual Property Office (MOEA) Industry Collaborative Patent Interview Pilot Program :

<https://www.tipo.gov.tw/en/cp-976-922976-28cb1-2.html>

8. Implementing the Positive Patent Examination Pilot Program for Startup Companies for 1 more year from January, 2023 to assist startups accelerate implementation of patent strategy.

- (1) In order to assist startups accelerate implementation of their patent strategy, the amended Positive Patent Examination Pilot Program for Startup Companies was promulgated on December 1, 2021; the implementation period was extended from 6 months to one year, and the limit on the number of applications was changed from 30 every 6 months to 6 applications per month; and the maximum number of applications for this program by the same start-up in the same year of 5 was added, and adjustment made requiring eligible patent applications to appoint an agent when the invention patent application is filed.
- (2) In 2022, the TIPO accepted a total of 14 eligible applications, and the average processing time to complete this plan in 2022 was about 2.5 months, better than the target of 4 months. To allow more start-up companies to participate, the content of this Program has been revised by announcement and implementation was extended for another year from January 1, 2023; the establishment period of start-up companies has also been relaxed from less than 5 years to less than 8 years to effectively assist startups to accelerate their intellectual property strategy process.
- (3) Taiwan Intellectual Property Office (MOEA) Positive Patent Examination Pilot Program for Startups :

<https://www.tipo.gov.tw/tw/cp-85-915609-67230-1.html>

B. Risk of property being expropriated by the state

Announced the Regulations of Notification and Announcement of Expropriated Land Use Situation in July, 2022 to implement the right of the public to apply for the recovery of the expropriated land

1. In order to prevent unnecessary expropriation by the state, Article 219 of the Land Act stipulates that if the use of the expropriated land according to the approved expropriation plan has not begun within the statutory time limit, the original landowner may apply for recovery of the land at the original expropriation compensation price within the statutory time limit.
2. On December 8, 2021, Article 219-1 of the Land Act was added to stipulate that the municipal and county (city) competent authorities shall notify and announce the legal obligation of the original landowner or his/her successors to notify and announce the land use situation every year, to protect people's right to apply for recovery of expropriated land.
3. The Ministry of the Interior promulgated the Regulations of Notification and Announcement of Expropriated Land Use Situation on July 20, 2022 for external compliance to implement the right of the public to apply for the recovery of expropriated land.
4. Regulations of Notification and Announcement of Expropriated Land Use Situation:

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=D0060138>

C. Land management and registration

1. Amended the Mining Act in June, 2023, deleting the overlord clauses and taking into account environmental protection and indigenous rights

- (1) Taiwan's mining development strategy focuses on self-production, supplemented by imports. Minerals are mainly non-metallic ores, and marble ore has the largest production amount. According to MOEA statistics, the average annual output in the past five years has been about 16.25 million metric tons, and the ore is mainly used as raw material for cement (about 90% of the usage), steelmaking and the chemical industry. It is one of a small number of mineral products for which Taiwan is self-sufficient.
- (2) Article 31 of the original Mining Act stipulates that the operator may apply for extension before the expiration of mining rights, and if there are no exceptions, the competent authority shall not reject it in principle, otherwise the operator must be compensated for its loss; Article 47 stipulates that if the operator, the land owner and related party fail to reach a land usage agreement, the operator may use the land first by means of rent or compensation. These two clauses are called the overlord clauses because of the occurrence of the problem of "one-time permission, ten-thousand-year consent". In addition, because most of the quarries are located in indigenous reserved areas, they have a severe impact on the living environment of indigenous people and in terms of destruction of the natural ecology.
- (3) In order to rebuild a healthier and more balanced relationship among mining operators, the environment, and indigenous villages, and to implement sustainable environmental development and the protection of indigenous

human rights, the amended Mining Act was promulgated on June 21, 2023; the above-mentioned overlord clauses (Article 31, Article 47) were deleted and supporting provisions added. The key points of the amendments are as follows :

- a. Deleted overlord clauses—delete overlord clauses such as mining does not require the consent of the landlord, approval in principle of application for extension etc. (Article 31, Article 47)
- b. New definition of "mining land": Adjusted the definition of mining land, from the concept of only area, adding the total amount of mining and depth restrictions. (Article 4 Paragraph 13)
- c. Newly added environmental protection, risk assessment and supervision mechanisms: quarries that did not have an environmental impact assessment in the past, but will continue to mine in a specific location in an area of more than 2 hectares and with annual output of more than 50,000 metric tons in the future, should make up environmental impact assessment or environmental investigation analysis and put forward countermeasures. Mines that have passed the EIA will be jointly inspected and supervised by relevant agencies of different ministries in the future. (Article 76)
- d. Protection of the rights and interests of indigenous villages: if enterprises that mine on indigenous land have not obtained consultation consent, they must handle consultation consent within one year, and if they expand mining in the future, they must repeat the process. (Article 48)
- e. Information Disclosure: Information on various documents and administrative procedures of the mining development procedure will also be disclosed in the future, so that all citizens can supervise together. (Article 31)

(4) Mining Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0020001>

**2. Damage caused by land registration error, Grand Chambers:
Land administration agencies should pay compensation if they
fail to prove that the victim is responsible.**

- (1) In order to strengthen the function of "uniform legal opinion" of the Court of Final Appeal, the Judicial Yuan promoted the establishment of a "Grand Chambers" system in order to avoid court judgments with different opinions on the same or similar cases; the " Grand Chambers " system of the Supreme Court and the Supreme Administrative Court was officially launched on July 4, 2019.
- (2) On January 6, 2023, the Civil Court of the Supreme Court made the 2021 Taishangdazi No. 3017 ruling-the unanimous opinion was that: Paragraph 1 of Article 68 of the Land Act stipulates that, regardless of whether registration personnel were intentional or negligent, unless the land administration authority can prove the victim was responsible for causing the registration error, omission or falsification, it should be liable for damages. The key points are as follows :
 - a. The Land Act adopts the principle of compulsory registration for the management of land cadaster and Article 38 of the Act is a special provision of Paragraph 2, Article 2, of the State Compensation Law, and shall be applied on a priority basis.
 - b. Paragraph 1 of Article 68 of the Land Act aims to implement the publicity and credibility of land registration, and protect the rights of rights owners and maintain transaction security. Although not explicitly stated, in

principle, the land administration agency should bear no fault liability for the results of false registration.

- c. Based on the principle of equalization of liability, paragraphs 1 and 2 of Article 68 of the Land Act stipulate that if the land administration agency proves that the victim should be blamed for false registration, it can be exempted from the liability for damages, and the scope of compensation the land administration agency is liable for is limited to the actual positive damage suffered by the victim.

(3) Land Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=D0060001>

3. Piloting electronic property certificates from January, 2023, a new channel for real estate property rights inspection

- (1) The Ministry of the Interior is piloting a new channel for property rights inspection. Starting from January 1, 2023, after people apply for real estate registration such as buying and selling at the land administration office, in addition to issuing paper title certificates, they can also obtain Electronic Property Certificates. In future, real estate property rights can be checked online for free, effectively reducing the risk of losing paper titles, the process is safe, fast and convenient.
 - a. As Electronic Property Certificates apply blockchain technology, the data cannot be easily tampered with. People who register property can log in to the portal of the Electronic Property Certificate System with a Citizen Digital Certificate, MOEACA ID card or TW Fido APP, select the property that has obtained the certificate of title after the system goes online, and then choose whether to disclose personal information such as

name and unified number to make an electronic property certificate; the validity period of each certificate is 3 days, and it can be made again if it is overdue.

- b. In addition, for the online inspection of property rights, the owner only needs to provide the image file or verification code of an electronic property certificate with QR Code to allow the lessee, bank or land agent who need to check to directly scan the QR Code or go to the Electronic Property Certificate System and enter the verification code in the inspection area to verify the validity of the electronic property certificate free of charge.

(2) Electronic Property Certificate System website :

<https://right.land.moi.gov.tw/>

D. Protecting the Rights of Minority Shareholders

In December 2022, the amended Business Mergers and Acquisitions Act was implemented to strengthen disclosure merger and acquisition information

1. On June 15, 2022, Articles 5 and 12 of the Business Mergers and Acquisitions Act were amended to protect shareholder rights and took effect on December 15, 2022. The main amendments were :
 - (1) In order to strengthen merger and acquisition information disclosure, a provision was added requiring companies to detail any important information relating to directors as interested parties when explaining the reason for convening a shareholders' meeting and explaining support for or opposition to a merger or acquisition resolution (Article 5).

- (2) For those shareholders who attend a shareholders' meeting and vote against a merger or acquisition, a withdrawal mechanism must be in place to protect their share property rights, with a provision added allowing those who oppose a merger or acquisition to also exercise their appraisal rights (Article 12).

2. Business Mergers and Acquisitions Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0080041>

II. Judicial Effectiveness

A. Implemented the Citizen Judges Act in January 2023 to improve the transparency of judicial operations

1. For many years, judges have been in charge of judicial trials in Taiwan. However, due to the high degree of specialization in judicial trials, the results of judicial decisions (especially "criminal trials") became alienated from citizens' feeling of justice ; and with the gradual implementation of Taiwan's democratic politics and the increasingly pluralism and openness of society, citizens have higher expectations vis a vis the transparency of judicial operations than in the past.
2. To enable citizens and judges to participate in "criminal trials" together, enhance judicial transparency, reflect citizens' legitimate feelings of justice, and enhance citizens' understanding and trust in judicial trials, the Citizen Judges Act was promulgated on August 12, 2020, and implemented on January 1, 2023; it enables "randomly selected" citizens to substantially participate in the trial process, and to make decisions that affect the rights and interests of the involved parties together with judges. Key points of amendment are as follows :
 - (1) The composition of the collegial panel and the selection of citizen judges: 3 judges and 6 citizens judges form a citizen participation trial court to conduct trials together. When necessary, 1 to 4 people can be selected as alternate citizen judges. (Article 2, Article 12, Article 17 to Article 28)
 - (2) Applicable case types: excluding juvenile delinquents and drug cases, where prosecutors prosecute crimes with a minimum penalty of 10 years prison or intentional crimes resulting in death, the trial shall be held with the participation of citizen judges. (Article 5)

- (3) Compulsory defense counsel: cases where citizens are required to participate in the trial, from the selection of citizen judges, preliminary proceedings, and trial procedures all must have a lawyer chosen by the defendant or a public defender or lawyer designated by the presiding judge as defender. (Articles 5, 6, 47 to 58)
- (4) Application for investigation of evidence and inquiries by citizen judges: When prosecutors apply for investigation of evidence, and during the process of investigation of evidence, citizen judges may request a direct inquiry by themselves or request the presiding judge to inquire witnesses, defendants, victims, or family members of victims. (Article 70, Article 73)
- (5) Establishment of an assessment system: Established the Committee for the Assessment of System of Civil Participation in Criminal Trials(“the Assessment Committee”) that conducts necessary investigations and research and submits an annual assessment report on the effectiveness of the implementation of the system in the previous year; the content includes an overall assessment of the implementation of the system and recommendations for future legal amendments and complementary measures. (Articles 104 to 110)

3. Citizen Judges Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=A0030320>

B. Amended and promulgated the Constitutional Court Procedure Act in June 2023 to regulate the effect of decisions that are unconstitutional and void

1. The Constitutional Court Procedure Act came into effect on January 4, 2022. The procedures are litigationalized, and the trial results are announced in the

form of judicial decisions to meet the needs in the practice of the Constitutional Court. In June 2023, the Constitutional Court Procedure Act was amended and promulgated. The key points of the amendment are as follows :

- (1) Added provisions of the Constitutional Court Procedure Act on the “effect of retrospective void” when rendering laws unconstitutional: For those cases that have been declared to be void immediately or “void retrospectively” following the Procedure Act, all the cases pending in any court are to be adjudicated in accordance with the ratio decidendi of the judgment of the Constitutional Court. (Paragraph 1, Article 53)
- (2) Expanded the types of judicial constitutional review cases: In addition to the legal provisions applied to a final court decision that finds against a person, the final court decision itself can also be included as the subject of constitutional review. (Paragraph 1, Article 59)

2. Constitutional Court Procedure Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=A0030159>

C. Amended the Judges Act in April 2023 to switch to public hearings in the Disciplinary Chamber of the Judiciary.

1. The main function of the Disciplinary Chamber of the Judiciary is to represent the state to exercise the power of disciplinary action against judges and prosecutors, and to resolve legal disputes that are closely related to independent adjudication. It has the functions of punishing judges and prosecutors and implementing the Constitution to guarantee the independent adjudication of judges.
2. According to the original Judges Act, cases heard by Disciplinary Chamber of the Judiciary were not open to the public. On April 26, 2023, Article 57 of the

Judges Act was amended, specifying that when the Disciplinary Chamber of the Judiciary hears disciplinary cases of judges and prosecutors, the principle of public hearings will be adopted. The public can observe the hearing process, further implementing judicial transparency, and strengthening the credibility of hearings.

3. Judges Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=A0030243>

III. Government Integrity

A. Ensuring the integrity of public official engaging in politics

1. Amended the Organized Crime Prevention Act in May 2023, completely prohibiting members of criminal organizations (underworld) from participating in politics.

- (1) In order to curb expansion of the power of criminal organizations and combat organized crime, Taiwan formulated the Organized Crime Prevention Act (referred to as the "Act"). Article 13 of the original Act stipulated that those who commit crimes under this Act and have been sentenced to "a sentence of not less than fixed-term imprisonment" may not register as candidates for public office. However, if a person commits a crime under this Act and is judged to be "exempted from punishment" by the court, there were doubts as to whether he/she could register as a candidate for public office.
- (2) Article 13 of the Organized Crime Prevention Act was amended on May 24, 2023, to completely prohibit members of criminal organizations (underworld) from participating in politics; stipulating that anyone who receives “final guilty verdict” under the Organized Crime Prevention Act may not register for a public official election. Even if the exemption from punishment or suspension of sentence is declared by a court later, they are also prohibited from registering for election for public office.
- (3) Organized Crime Prevention Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=C0000013>

2. Amended the Civil Servants Election And Recall Act in June 2023 to implement the eradication of kickbacks and prevent foreign interference in elections

- (1) To eradicate kickbacks and prevent foreign interference in elections, ensuring the integrity of public official candidates, the amended Article 26 of the Civil Servants Election And Recall Act was promulgated on June 9, 2023. Added disqualifications that prohibit individual from registering as public official candidates. The key points are as follows :
- a. A person who has committed a crime with the same constituent requirements as Article 142 and Article 144 of the Criminal Code, or equivalent crime, and has received final guilty verdict. (Paragraph 3, Article 26)
 - b. A person who has committed crimes related to the National Security Act, Classified National Security Information Protection Act, National Intelligence Work Act, Anti-Infiltration Act, Organized Crime Prevention Act, Narcotics Hazard Prevention Act, Guns, Ammunition, Controlling Guns, Ammunition and Knives Act or, Money Laundering Control Act and the verdict has been set, is ineligible. (Paragraphs 4 and 5, Article 26,)
 - c. A person who has committed a crime for which the minimum principal penalty is fixed-term imprisonment of 7 years or more, and has been sentenced to fixed-term imprisonment of more than 10 years; committed a crime other than the ones prescribed above, the sentence of fixed-term imprisonment or higher has been confirmed, but the sentence has not been executed during the suspension period or the right to execute has expired due to the statute of limitations, is ineligible. (Paragraphs 7 and 8, Article 26)

- d. A person for whom the sentence of death penalty, life imprisonment or fixed-term imprisonment of more than 10 years has not yet been determined, is ineligible. (Paragraph 9, Article 26)
- e. Candidates who have been adjudicated to start liquidation procedures, have not yet had rights reinstated, and have received disciplinary action of being exempted from their duties shall not register as candidates. (Paragraphs 12 and 13, Article 26)

(2) Civil Servants Election And Recall Act

<https://glrs.moi.gov.tw/EngLawContent.aspx?lan=E&id=717>

3. Elected representative collects money for lobbying, requesting or exerting pressure, Grand Chambers: it constitutes the crime of embezzlement.

- (1) To strengthen the function of "uniform legal opinion" of the Court of Final Appeal, the Judicial Yuan promoted the establishment of the "Grand Chambers" system in order to avoid court judgments with different opinions on the same or similar cases; the " Grand Chambers " system of the Supreme Court and the Supreme Administrative Court officially launched on July 4, 2019.
- (2) In the past, various courts in Taiwan have had great differences of opinion on whether consideration (money) received by government officials or elected representatives to lobby or pressure public servants, so that civil servants take active actions or act passively, constitutes the crime of Opportunities Provided by One's Official Authority accepting of bribes by public servants under the Anti-Corruption Act.

(3) On March 2, 2023, the 2021 Taishang Dazi No. 5217 ruling of the Criminal Grand Chamber of the Supreme Court adopted a unified opinion of "affirmation". The key points of the ruling are :

- a. If an elected representative "receives consideration" outside the assembly hall and speaks and lobbies, entrust, or exerts pressure on administrative agencies and public sector personnel, in essence, using the influence of their position or status to make civil servants act positively or negatively; if the form is of the nature of official activities, that is, it is closely related to their duties, it should constitute the Opportunities Provided by One's Official Authority crime of acceptance of bribes by civil servants in Subparagraph 3, Paragraph 1, Article 5 of the Anti-Corruption Act , and punished by at least 7 years' fixed-term imprisonment and a fine of up to NT\$60 million.
- b. Elected representatives who "have not received consideration" but knowingly violated Article 12 of Act on Recusal of Public Servants Due to Conflicts of Interest and still use their position or status for illegal benefits for themselves or others, and thus obtain benefits, still infringe upon Matters Outside One's Control or Supervision of Subparagraph 5 , Paragraph 1, Article 6 of the Anti-Corruption Act, punishable by at least 4 years' fixed-term imprisonment, and may also be subject to a fine of up to NT\$30 million.

(4) (i) Anti-Corruption Act :

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=C0000007>

(ii) Act on Recusal of Public Servants Due to Conflicts of Interest :

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=I0070008>

B. Money-laundering Prevention

Amended the Money Laundering Control Act in June 2023 to block the source of illegal money flow of fraudulent groups.

- (1) In view of the fine division of labor of criminal groups, fraud groups often use the bank accounts of other people (referred to as dummies) as tools for crime and money laundering. The original Money Laundering Control Act stipulated that for the planned collection of dummy bank accounts there was no legal basis for punishment when no criminal proceeds had been remitted. In addition, because it was difficult to prove the subjective criminal intent of the person who provided the dummy bank account or the person who collected the dummy bank account, criminal groups used dummy bank accounts with impunity, creating a break point for criminal investigation and making it difficult to recover criminal proceeds.
- (2) To block the source of the illegal cash flow of fraudulent groups, and to adopt the amendment direction of comprehensively preventing and treating both symptoms and root causes, The Money Laundering Control Act was amended and promulgated on June 14, 2023. The key points are as follows :
 - a. Added the crime of collecting bank accounts without justifiable reason, and the maximum penalty is 5 years fixed-term imprisonment, short-term detention, and/or a fine of up to NT\$30 million. (Article 15-1)
 - b. It is clearly stipulated that no one shall hand over or provide accounts to others without justifiable reason. Violators shall be first admonished by the police, and those who violate this regulation again within 5 years after the admonition shall be punished with fixed-term imprisonment of up to 3 years. (Article 15-2)

- c. In line with these new provisions, fines for legal persons and that the crime of collecting dummy bank accounts does not require the actions or results to occur within the territory of Taiwan (also effective outside the country) were added. (Article 16)

(3) The Money Laundering Control Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380131>

C. Anti-corruption measures

1. Ranked 25th globally in the Corruption Perceptions Index

In Transparency International's 2022 Corruption Perceptions Index announced on January 31, 2023, out of 180 countries and regions evaluated globally, Taiwan ranked 25th with 68 points (full score of 100 points,) exceeding 86% of the countries evaluated globally and maintaining its best ranking ever.

2. Continuing to handle agency anti-corruption evaluation

Since 2019, the Agency Against Corruption (AAC) in Taiwan has held the Integrity Awards trial awards, which encourage various agencies to pursue better clean governance through rewards. The Ministry of Justice designated the Integrity Awards an official award in 2023, driving a positive cycle of clean governance.

3. Establishing and refining the Government Procurement Integrity Platform

In order to make the convenience and accessibility of information more in line with the needs of the public, the ACC completed the construction of the Single Portal Website for the Government Procurement Integrity Platform in October

2022; regulations and documents relating to the Government Procurement Integrity Platform were made public and guidelines for the pilot implementation of the Unified Structure and Format of Government Procurement Integrity Platform Open Data were drawn up to enhance administrative transparency and promote public supervision.

4. Advocating enterprise integrity and setting the roots of anti-corruption education

In order to implement the United Nations Convention against Corruption and encourage companies and enterprises to understand the value of enhancing integrity and anti-corruption awareness and practices, the ACC and related competent authorities actively hold enterprise integrity forums and other activities to advocate enterprise integrity and legal compliance. In 2023, it continued to combine related central authorities and local governments to jointly plan and hold enterprise integrity forums and discussion meetings on enrichment and convenience myths.

5. Piloting the Integrity Platform for Enterprises Service

The Ministry of Justice approved the “Integrity Platform for Enterprise Services” Pilot Program on April 13, 2022, with pilot operations promoted by the AAC together with piloting agencies. In 2023, the AAC has continued promotion with piloting agencies, continuing the existing service mechanisms and results, and holding enterprise discussion meetings for agency selected core industries to assist enterprises solve problems on a cross-area basis.

6. Promotion of handling of national project inspections

Referring to past corruption cases and current important national policies, six themes namely “various of subsidies from the central and local governments,”

“development of green energy industry,” “construction management and public safety, “procurement in remote areas or areas without government ethics units,” “public welfare and public nuisance inspection,” and “high-risk applications by the public” were selected for inspection to reduce integrity risk of operations that easily give rise to corruption.

D. Results of international anti-corruption agreements

1. Self-compliance with the United Nations Convention against Corruption

In order to initiatively review the implementation situation of the United Nations Convention against Corruption, Taiwan independently publishes its national report every four years and conducts international review. In 2018, it released its first national report and held an international review meeting; a mid-term report was issued in 2020. The second national report was issued on April 20, 2022 and the second international review meeting was held from 30 August to 2 September. In 2023, the Central Integrity Committee of the Executive Yuan will submit a follow-up plan for the implementation of the conclusive observations, which will be included in the evaluation plan of the National Integrity Building Action Plan.

2. The U.S.-Taiwan Initiative on 21st-Century Trade included the issue of anti-corruption

On June 1, 2023, Taiwan and the United States formally signed the “first agreement” of the U.S.-Taiwan Initiative on 21st-Century Trade in Washington, D.C., with anti-corruption one of the five priority issues. To build a transparent and fair competitive environment for enterprises, it is hoped this initiative will show the world Taiwan's ability to meet high “anti-corruption” standards, and through various anti-corruption measures, enhance the

attractiveness of Taiwan to foreign investment, national competitiveness and the image of the rule of law and justice.

IV. Business Freedom

A. A friendly environment for women's participation in economic activities

Revised the Regulations of Leave-Taking of Workers in May 2023 For ordinary-sickness leave for miscarriage during pregnancy of less than 3 months, full- attendance bonus payment cannot be deducted

- (1) Article 9 of the original Regulations of Leave-Taking of Workers stipulated that employers shall not deduct full-attendance bonus payment for workers who ask for wedding leave, funeral leave, occupational sickness leave and public leave. However, in order to implement the spirit of the protection of motherhood in the Constitution and refer to the Act of Gender Equality in Employment, on May 1, 2023, the Ministry of Labor promulgated amended Article 9 of the Regulations of Leave-Taking of Workers, stipulating that if a worker has a miscarriage within 3 months of pregnancy, if she does not take maternity leave, but chooses to take ordinary sickness leave within the statutory maternity leave period in accordance with the Regulations of Leave-taking of Workers, the employer shall not deduct the full-attendance bonus payment; it took effect on May 3, 2023.

- (2) Regulations of Leave-Taking of Workers

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0030006>

B. Increasing the ease of doing business

- 1. Implemented the amended Commodity Labeling Act in May 2023 in response to technological development and for consumer protection**

(1) Considering the needs of rapid business development and the vigorous development of information technology in recent years, online shopping has become one of the main shopping methods for consumers. At the same time, electronic labeling methods have also been integrated into consumers' daily lives. However, the penalty for violations of labeling obligations first adopted notification for correction across the board, only issuing a penalty if correction was not made, and was thus unable to prevent major violations of labeling obligations. To respond to the modern business environment and protect the rights and interests of consumers, the amended Commodity Labeling Act was promulgated on May 18, 2022, and came into effect on May 18, 2023. Key points of amendment :

- a. Added the provision that the central competent authority may announce the exemption of specific commodities from the application of this Act. (Article 4)
- b. Amended the items that should be labelled on commodities and added that the labeling does not have to change if the relevant information of a domestic firm changes after labeling and that such changes can be publicized by a method that consumers can be informed of at any time. (Article 6)
- c. Added that the central competent authority may, depending on development of technology, industry or economy, issue public notice that allows specific types of commodities to adopt electronic labeling . (Article 10)
- d. In labeling commodities, the amendment allows labeling with internationally accepted words or symbols, or specific labeling items to be

only labeled in English or other foreign languages after the central competent authority's announcement. (Article 11)

- e. Added information provision obligations and penalties for those who sell goods on Internet platforms and Internet platform operators. (Article 15, Article 20)

(2) Commodity Labeling Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0080011>

2. Implemented the amended Business Mergers and Acquisitions Act in December 2022 to increase the flexibility of M&A

- (1) In order to increase the flexibility of corporate mergers and acquisitions, relax the scope of application of asymmetric mergers and acquisitions, and expand flexible taxation measures, the amended Business Mergers and Acquisitions Act was promulgated on June 15, 2022, and came into effect on December 15, 2022. Key points of amendment :
 - a. Relaxed the applicable scope of asymmetric mergers and acquisitions to “the shares paid by the acquiring company shall not exceed 20% of its issued shares”, or “the total consideration of shares, cash and other assets paid by the acquiring company shall not exceed 20% of the net value of the acquiring company”, meaning these two kinds of mergers mentioned above can be carried out after resolution of the Board of Directors without going through the shareholders' meeting. (Article 18, Article 29, Article 36)
 - b. Added types of identifiable intangible assets and relaxed regulations to allow intangible assets generated by mergers and acquisitions to be calculated according to the statutory enjoyment period or 10 years as the

amortization standard, making it easier for the merger and acquisition parties to estimate tax costs. (Article 40-1)

- c. Added option of deferring tax payment in full for the consideration of the shares acquired by individual shareholders of acquired startups. (Article 44-1)

(2) Business Mergers and Acquisitions Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0080041>

3. Amended the Regulations Governing the Application of Business Registration in August 2022, adding that electronic documents can serve as business registration official documents

- (1) In Taiwan, there are three types of firms apply for to choose from: business, company, and limited partnership. To operate a business in the form of sole proprietorship or partnership, "business" registration should be applied for to the competent authority (local government) where the business is located. Local governments accept business registration applications. In the past, official documents (such as registration approval letters) that should be sent to businesses or their agents could only be delivered as “hard copy mail”.
- (2) To implement the policy objectives of e-government and improve the efficiency of administrative operations, on August 26, 2022, the MOEA promulgated the amended Regulations Governing the Application of Business Registration, adding Article 2-1. Official documents that should be sent by local government to a business or its person in charge can, with the consent of the business or its agent, be served as an “electronic document”. The key points of the amendment are as follows :

- a. Official documents that local governments should send to businesses or their agents can be made electronically and sent to the electronic official document download platform established by the MOEA (central competent authority). (Paragraph 1)
 - b. The local competent authority must obtain the consent of the business or its agent before delivering the official documents in accordance with regulations. (Paragraph 2)
 - c. The delivery time of the official document shall be based on the time recorded by the information system of the MOEA(central competent authority) when the business or its agent downloads such official documents. (Paragraph 3)
- (3) According to MOEA statistics, as of the end of December 2022: there were 944,257 registered businesses, 751,912 registered companies, and 134 registered limited partnerships, and the number of registered companies is showing a positive growth trend.
- (4) Regulations Governing the Application of Business Registration

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0080047>

C. Getting Electricity

Amended the Renewable Energy Development Act in June 2023 to create a friendly environment for the development of renewable energy.

- (1) To respond to the current development trend of offshore wind power, small hydropower, solar photovoltaic, biomass power generation and geothermal power generation, implement the domestic policy of expanding the promotion and utilization of renewable energy, and to effectively integrate related

administrative procedures to accelerate the development of various types of renewable energy in Taiwan, on June 21, 2023, the amended Renewable Energy Development Act was promulgated. The key points of the amendment are as follows :

- a. In the definition of offshore wind power, the text "not exceeding the scope of the territorial sea" was deleted, returning to the technical specifications; small hydropower is expanded from subsidiary combined with existing hydropower facilities to include water conservancy structures not exclusively for the development of hydropower. (Article 3)
- b. Added that new buildings or additional or rebuilt constructions for existing buildings that meet certain requirements shall install solar photovoltaic power generation facilities with a certain installation capacity or more. (Article 12-1)
- c. Deleted the regulation that combustion-type biomass power plants should be limited to industrial areas and returned to land use control regulations. (Article 15)
- d. Added regulations related to application and review procedures for geothermal energy exploration permits and geothermal energy development permits, and penalties for violations of related obligations have been specified. (Article 15-1 to Article 15-5, Article 20-1)

(2) Renewable Energy Development Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0130032>

V. Labor Freedom

A. A friendly employment environment for labor

1. Amended the Regulations of the Implementation of the Employment Promotion of Employment Insurance in March 2023 to provide labor-related assistance measures

(1) In view of the fact that the labor force of middle-aged and elderly people is increasing year by year, considering work obstacles caused by age more cause them to leave the workplace early, and in coordination with the "Middle-aged and Elderly Employment Promotion Law" have been strengthened to promote the retention or re-employment of middle-aged and elderly people in the workplace to increase their labor participation. On March 28, 2023, the Ministry of Labor promulgated the amended Regulations of the Implementation of the Employment Promotion of Employment Insurance. The key points are as follows :

- a. To promote the employment of middle-aged and elderly people and assist workers affected by natural disasters, accidents or other major events find employment, related paragraphs were added to the scope of other employment promotion measures. (Amended Article 3)
- b. To strengthen the ability of labor unions to protect labor rights and interests in employment, in addition to currently subsidizing labor organizations to form associations, sign collective bargaining agreements, conduct labor-employer dialogue, and participate in the operation and management of business entities, regulations have been added to subsidize labor unions to handle education and training on employment rights and interests to achieve the objective of protecting labor rights and interests.. (Amended Article 52-2)

- c. In order to assist middle-aged and senior citizens to find employment, the central competent authority may formulate implementation or subsidy plans to assist them find employment. (Added Article 52-3)
 - d. To provide labor assistance measures in response to the impact of natural disasters, accidents or other major events on the employment market, the central competent authority may formulate implementation or subsidy plans to assist workers who are affected by natural disasters, accidents or other major events. (Added Article 52-4)
- (2) Regulations of the Implementation of the Employment Promotion of Employment Insurance

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0050025>

2. Amended the Regulations of the Implementation of the Employment Promotion of Employment Insurance in June 2023, lowering the threshold for activating employment stabilization measures.

- (1) If the employer and employee negotiate to reduce working hours due to economic factors, the Ministry of Labor may hold a consultation meeting on employment stabilization measures and implement employment stabilization measures when deemed necessary. Employment stabilization measures are measures to stabilize the labor-management relationship by providing wage subsidies from the government when the economic situation is severe, reducing the impact of wage cuts on workers subject to reduced shifts or furlough.
- (2) On June 29, 2023, the Ministry of Labor promulgated amended Article 9 of the Regulations of the Implementation of the Employment Promotion of

Employment Insurance. In the future, when the Ministry of Labor officially announce the activation of employment stabilization measures, the insured's current employer has been covered by employment insurance for more than 3 months, including full-time workers and part-time workers with a fixed working days or hours, will be eligible to apply for wage subsidies when notified of reduced shifts and furlough of over 30 days to assist workers in maintaining stable employment. (Paragraph 1, Article 9)

- (3) Regulations of the Implementation of the Employment Promotion of Employment Insurance

<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0050025>

3. Relaxation of the related provisions stated in the Labor Standards Act, "with the prior consent of the labor union, or if there is no labor union exists in a business entity, with the agreement of a labor-management conference"

- (1) Many provisions of the Labor Standards Act require that if employers wants to implement some specific working hour system, they must obtain the "consent of the labor union" , if there is no labor union exists in a business entity, it must obtain the consent of the labor-management conference. However, if a business employs less than 3 workers, the employer and employee automatically become representatives of the labor-management conference. In order to be closer to practical needs, on October 28, 2022, the Ministry of Labor issued an interpretation order relaxing the related regulations of " with the consent of the labor union, or if there is no labor union exists in a business entity, with the agreement of a labor-management conference" of Article 30, Article 30-1, Article 32, Article 34, and Article 36 of the Labor Standards Act. If workers have agreed to implement "flexible

working hours", " overtime work", "rotating shifts" and "adjustments of regular leave within a seven-day cycle", it is deemed to have been approved by the labor-management conference.

- (2) Interpretation of Article 30, 30-1, 32, 34 and 36 of the Labor Standards Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0030001>

B. Making it easier for employers to recruit labor

1. Amended the Employment Service Act in May 2023 to shorten the waiting period for filling in vacancies creating by missing migrant workers

- (1) Due to the declining of working population in Taiwan, coupled with a yearly increase in the number of missing migrant workers, the government has sought to reduce the impact of labor vacancies on business operations and family care. On May 10, 2023, Article 58 of the Employment Service Act was amended and promulgated. If the loss of migrant workers is not attributable to the employer, the waiting period for filling the vacancies left by missing migrant workers can be greatly shortened. The waiting period for industrial immigrant workers was reduced from 6 months to 3 months and domestic immigrant workers from 3 months to 1 month. These changes will help meet industry needs and reduce the financial burden on care recipients' families.

- (2) Employment Service Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0090001>

2. Amended the Review Standards and Employment Qualifications for Foreign Workers Engaging in Work Specified in Subparagraphs 8 to 11, Paragraph 1, Article 46 of the

Employment Service Act in June 2023 to loosen the restrictions on foreign workers coming to Taiwan to work.

- (1) To solve the problem of industry's shortage of workers, the Ministry of Labor adjusted the qualifications for hiring immigrant workers on June 15, 2023, including the four industries of manufacturing, construction, civil engineering, agriculture, and institutional care workers. It is estimated that an additional 28,000 people will be hired. The key points of the amendment are as follows :
 - a. In manufacturing: regarding the three industries of aquatic product processing, tofu manufacturing, and metal ship hulls, due to their processes being more difficult to automate and quite laborious, the allocation ratio of foreign workers was increased to 20%. Additionally, a new flexible mechanism added for manufacturing employers to accept a 5% increase in foreign workers. (Article 25-1)
 - b. Construction industry: relaxed the restrictions on Class A, B, and C comprehensive construction industries, specialized construction industry, and civil engineering contracting industry. Those who meet the thresholds for the number of cases contracted in the past three years and the number of domestic workers hired can hire foreign workers at a rate of 30%. (Article 47-1)
 - c. In agricultural foreign workers: increased the proportional allowance of small-scale farmers and farmer groups to 1:1 for domestic and foreign workers, expanded the edibility of employers in the agricultural and food industries, and newly opened forestry immigrant workers. (Article 56)
 - d. Institutional Care Work: At institutions with fewer than 100 beds the number of foreign workers is determined based on the number of licensed beds, and allow recruitment of immigrant workers at a domestic to foreign

worker ratio of 1:1. Those with more than 100 beds employ foreign workers based on an aggregate of half the nursing staff and domestic caregivers. (Article 16)

- (2) Review Standards and Employment Qualifications for Foreign Workers Engaging in Work Specified in Subparagraphs 8 to 11, Paragraph 1, Article 46 of the Employment Service Act

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

VI. Trade Freedom

A. Taiwan and the United States formally signed the first agreement of the U.S.-Taiwan Initiative on 21st-Century Trade in June 2023, setting a new milestone for Taiwan-US economic and trade relations.

1. Since Taiwan and the United States launched the U.S.-Taiwan Initiative on 21st-Century Trade negotiations in June 2022, the two sides have gone through many meetings and negotiations. On May 18, 2023, the Office of the United States Trade Representative (USTR) announced: the U.S.-Taiwan 21st-Century Trade Initiative has completed negotiations and the first agreement would be signed on 5 issues including trade facilitation, good regulatory practices, services domestic regulation, anti-corruption, and small and medium-sized enterprises.
2. The signing of the agreement of the U.S.-Taiwan Initiative on 21st-Century Trade by Taiwan and the U.S. sets a new milestone in terms of Taiwan and the U.S. negotiating a free trade agreement (FTA) in the future. This agreement will help deepen the economic and trade relationship between Taiwan and the U.S., promote trade priority projects based on shared values and promote industrial innovation, bringing inclusive economic growth to Taiwan and U.S. workers and enterprises.
3. As of June 2023, countries with which Taiwan has signed and effectively implemented Economic Cooperation Agreement (ECA) or Free Trade Agreement (FTA) include: New Zealand, Singapore, Honduras, Panama, Guatemala, Belize, Paraguay, Eswatini, China and other 9 countries.
4. Bureau of Foreign Trade, MOEA Taiwan ECA/FTA Portal website

B. Amended the Regulations for the Importation of Objects Subject to Animal Quarantine in line with international norms and scientific evidence

1. Paragraph 1 of Article 33 of the Statute for Prevention and Control of Infectious Animal Diseases stipulates that the central competent authority (Ministry of Agriculture (MOA)) shall, in order to protect the health of animals and human beings, announce the epidemic status of foreign animal infectious diseases and take related quarantine measures for objects that should be quarantined; Paragraph 3 stipulates that the central competent authority is authorized to formulate guidelines for prohibiting import, transit or re-export and other matters to be complied with. The central competent authority (MOA) set the Regulations for the Importation of Objects Subject to Animal Quarantine according to Paragraph 3, Article 33, of the Statute for Prevention and Control of Infectious Animal Diseases.
2. To comply with international norms and scientific evidence, as well as to assist the import of germplasm and promote the development of the domestic biotechnology industry, from August 2022 to January 2023, the Ministry of Agriculture announced amendment of the Regulations for the Importation of Objects Subject to Animal Quarantine on four occasions. The key points are as follows :
 - a. Loosened the requirements for exemption from import isolation and quarantine: to control the risk of disease import and take into account practical operations, some animals can be exempted from import isolation and quarantine if they meet the quarantine requirements, and there is no need to apply for arranging isolation places or other designated places. In

addition, in response to the current situation of international trade, it is stipulated that live fishes and their gametes and fertilized eggs, live crustaceans and mollusks, and live eels and live abalones for human consumption from Australia are exempt from import isolation and quarantine requirements; and to ensure that the imported order Lagomorpha and bovine serum does not have the risk of spreading animal infectious diseases, testing regulations were amended; on August 11, 2022, Article 14, Attachment 7-1 of Article 9, Attachment 8-3, 8-4 and 9 of Article 10 and Attachment 16-1 of Article 18 were amended.

- b. Loosened restrictions on the import of refrigerated and frozen pork for human consumption from Paraguay: to ensure that imported pork for human consumption from Paraguay does not have the risk of spreading animal infectious diseases, the evaluation results showed that the products should comply with animal quarantine and slaughter hygiene regulations and related international norms. In addition, considering the impact on the domestic pork industry, only some items were planned to be opened. Articles 16 and 22 were amended on November 28, 2022, adding the quarantine requirements that should be met for importing refrigerated and frozen pork for human consumption from Paraguay.
- c. Loosened restrictions on the import of the day-old poultry and fertilized eggs from epidemic areas: to assist the import of germplasm and promote the development of the domestic biotechnology industry, the import of poultry and fertilized eggs from designated facilities that have been assessed as effectively preventing the introduction of animal infectious diseases, and approved by the central competent authority, may not be subject to restrictions on highly pathogenic avian influenza (HPAI)

epidemic areas; on December 6, 2022, Article 4 and Attachment 1-2, and 1-35 of Article 5 were amended.

- d. Opened the import of pork products for human consumption from Japan: Japanese pork and its products could have been imported, but due to the outbreak of swine fever epidemic, the government announced on November 16, 2018 a suspension of the export of live pigs, pork and their products to Taiwan. On October 28, 2019, Japan submitted an application for the export of heated pork products to Taiwan. Under the premise of protecting domestic animal health and livestock production safety, the Ministry of Agriculture amended Article 16 in accordance with international regulations on January 16, 2023, agreeing to the import of heated pork products from Japan.

3. Regulations for the Importation of Objects Subject to Animal Quarantine

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=M0130048>

C. Amended Customs Import Tariff in June 2023 to rationalize the classification of import tariffs and meet the needs of industrial development

1. In coordination with the 2022 edition of the Harmonized Commodity Description and Coding System (HS) (abbreviation: HS2022 edition) issued by the World Customs Organization (WCO), to ensure that the import tariff classification of Taiwan Customs is synchronized with international norms, and to meet the needs of industrial development, the amended Customs Import Tariff was announced in June 2023. The key points of the amendment are as follows:

- a. Relevant Section Notes, Chapter Notes, Subheading Notes, Additional Notes, and numerous tariff rates are amended to keep our tariff schedule in line with the HS2022 edition, which is in response to the regulatory demands of international organizations and international conventions, the current development of advanced technologies, and the changes in international trade patterns.
- b. The tariff structure of squid products is simplified and consolidated. A new tariff line is inserted for quartz glass products used in the semiconductor industry with a tariff rate of 1.2%, rationalizing the tariff rate structure.

2. Customs Import Tariff

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0350051>

D. Enhancing trade effectiveness: The Fair Trade Commission approved four concerted actions to strengthen trade effectiveness

1. Businesses could apply for a cartel exemption under the proviso of Subparagraph 5, Paragraph 1, Article 15 of the Fair Trade Act stipulating "joint acts in regards to the importation of foreign goods, or services for the purpose of strengthening trade. The important related cases reviewed by the Fair Trade Commission according to this regulation from July 1, 2022 to June 30, 2023 are as follows:
 - a. On July 12, 2022, TFTC received the letter from the Taiwan Flour Mills Association stating that 12 feed companies, including Dachan Great Wall Group were added to the exception permit for the Joint Purchase Joint Shipment Imported Wheat for future reference.

- b. On September 15, 2022, TFTC approved to extend the application of 11 enterprises including Kuang Ming Shipping Corp. to jointly carry goods and equipment imported by government agencies and public institutions. The extension lasts until September 28, 2027.
 - c. On December 15, 2022, TFTC approved to extend the application of three companies including Formosa Oilseed Processing Co., Ltd. to jointly purchase joint shipments of imported barley, and the extension is until December 31, 2027.
 - d. On February 24, 2023, TFTC approved to extend the application of 32 companies including Formosa Oilseed Processing Co., Ltd for joint shipment of corn imports and the extension is until February 28, 2028.
2. The exemption of the aforementioned concerted actions can reduce the import cost of enterprises and diversify risks; in addition, cartel enterprises have incentives to reflect the cost savings in lower prices and provide relatively stable supply, which is beneficial to the overall economy and public interest and enhances trade effectiveness.

3. Fair Trade Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0150002>

E. Promoted the automatic processing of the import and export manufacturer registration system in July 2022 to simplify the registration application and change registration of import and export manufacturers

- 1. To reduce the application time for manufacturers and improve the efficiency of e-administrative review operations, starting from July 1, 2022, when companies and firms apply for import and export manufacturer registration,

after the system compares the commercial and industrial registration information of the Department of Commerce, MOEA, and the information is found to be correct and the business items are in compliance, they will automatically pass the review.

2. Explanation of the overall automated processing of import and export manufacturer registration

https://www.moea.gov.tw/Mns/populace/news/News.aspx?kind=1&menu_id=40&news_id=100650

F. Revoked the operation directions for importers applying for import approval for masks in May 2023 to relax mask import management measures

1. In view of the fact that the pandemic has normalized and is stable and controllable, and the regulations on wearing masks are gradually being loosened, in coordination with the loosening of the management measures for importing masks, the Bureau of Foreign Trade, MOEA amended the regulations on importing masks in May 2023 and revoked the operation directions for importers applying for import approval for masks. In the future, import of masks will not need an import permit from the Bureau of Foreign Trade, MOEA.
2. Bureau of Trade, MOEA explanation of the revoking of the Directions for Importer Mask Import Permit Application

https://www.trade.gov.tw/english/Pages/Detail.aspx?nodeID=4193&pid=761571&dl_DateRange=all&txt_SD=&txt_ED=&txt_Keyword=&pageindex=1&history=

VII. Investment Freedom

A. Recruiting foreign professionals

1. Amended the Review Directions of Entrepreneur Visa Qualification for Foreign Nationals in October 2022 to enhance the recruitment of foreign professionals

- (1) To facilitate the recruitment of foreign professionals, revise and simplify the application procedures, speed up the internal coordination and review of administrative agencies, and reduce the process and time required for application, on October 21, 2022, the Ministry of Economic Affairs (MOEA) amended the Review Directions of Entrepreneur Visa Qualification for Foreign Nationals, stipulating that when foreigners apply for an Entrepreneur Visa and Alien Resident Certificate, they should transmit relevant documents to the Foreign Professionals Online Application Platform via the Internet.
- (2) To reduce the inconvenience caused by the short validity period of visas for foreign professionals, the validity period of the first-time application for Entrepreneur Visa has been extended to 2 years; and adding that, before the expiry of the validity period of the Alien Resident Certificate, foreigners who meet certain requirements can apply for an Employment Gold Card via the Foreign Professionals Online Application Platform.
- (3) In line with the actual application process, the Review Directions of Entrepreneur Visa Qualification for Foreign Nationals was amended on September 1, 2023, to provide more detailed application steps.
- (4) (i) Review Directions of Entrepreneur Visa Qualification for Foreign Nationals
<https://law.moea.gov.tw/EngLawContent.aspx?lan=E&id=10533>
(ii) Entrepreneur Visa application website

https://www.moeaic.gov.tw/businessPub.view?lang=en&op_id_one=6

2. Amended Foreign Special Professionals with Specialized Knowledge/Skills in Economic Fields in April 2023 to expand the recruitment of foreign professionals in the economic field

- (1) Considering that the MICE industry is an important platform for assisting Taiwan's industrial sales and international exchange, and attracting foreign professionals with rich international experience and knowledge will enhance Taiwan's international competitiveness in the area of conventions and exhibitions, on April 28, 2023, the MOEA amended Foreign Special Professionals with Specialized Knowledge/Skills in Economic Fields. This time, this new requirement is added as one of the conditions for determining foreign professionals in the economic field.
- (2) Based on the fact that holders of an Entrepreneur visa or residence certificate for the purpose of start up business, is a business leader, senior executive, or core technical member of an R&D team whose business in Taiwan has received domestic and foreign capital investment or has been acquired by a transaction amounting to US\$1 million ; or is the person in charge of a domestic start-up business subsidized by the government for technology R&D projects, and has invested US\$1 million in the business, and are all foreign special professionals with entrepreneurial capabilities, it is also added as one of the conditions for the determination of foreign special professionals in the economic field.
- (3) (i) Foreign Special Professionals with Specialized Knowledge/Skills in Economic Fields

<https://law.moea.gov.tw/EngLawContent.aspx?lan=E&id=10559>

(ii) Documents to be submitted for Foreign Special Professionals with Specialized Knowledge/Skills in Economic Fields

<https://law.moea.gov.tw/EngLawContent.aspx?lan=E&id=10449>

B. Investment tax incentive

Revised Article 10-2 of the Statute for Industrial Innovation in January 2023 to encourage investment by key enterprises

1. In order to consolidate the key position of Taiwan's industry in the international supply chain and maintain the competitiveness of its industry, tax incentives are provided to companies that meet the requirements. On January 19, 2023, Article 10-2 of the Statute for Industrial Innovation was amended and announced. Investment in forward-looking innovative research and development and the purchase of advanced process equipment are newly added; only after review and approval by the competent central authority for each industry concerned and tax collection agency can the applicable investment credit be applied for. Key points of amendment are as follows :
 - (1) Companies with a key position in the international supply chain, whose effective tax rate reaches 12% or 15%, and R&D expenses, R&D intensity, and amount for purchase of equipment meet the threshold requirements, can apply for the application of forward-looking innovative R&D investment credits (25% credit rate) and advanced process equipment investment credits (5% credit rate).
 - (2) The aforementioned applicable threshold requirements and application-related regulations are clearly stipulated in the sub-law, so as to facilitate application by qualified operators.
2. Statute for Industrial Innovation

C. Loosening foreign exchange settlement measures

1. Amended the Directions for Banking Enterprises While Assisting Customers in Declaring Foreign Exchange Receipts and Disbursements or Transactions in December 2022 to allow banks to conduct foreign exchange settlement cases that do not require the approval of the Central Bank of the Republic of China (Taiwan).

- (1) To allow banks to conduct foreign exchange settlement cases that do not require the approval of the Central Bank of the Republic of China (Taiwan), the Central Bank of the Republic of China (Taiwan) amended the Directions for Banking Enterprises While Assisting Customers in Declaring Foreign Exchange Receipts and Disbursements or Transactions on December 26, 2022, which came into effect from January 1, 2023. The types of foreign exchange settlement newly- allowed include :
 - a. The foreign exchange settler for overseas equity investment and foreign exchange settlement declaration cases for direct investment by people from the mainland area may also authorize a domestic agent to handle the case on their behalf; amended the attached table 1 of Point 24 and the attached table 10 of Point 26.
 - b. Regarding the foreign exchange settlement report for the outward remittance and inward remittance of the distribution price of GDR (Global Depositary Receipt), ADR (American Depositary Receipt) and TDR (Taiwan Depositary Receipt) after the termination of issuance, amended attached table 7 and 8 in Point 24.

- (2) Directions for Banking Enterprises While Assisting Customers in Declaring Foreign Exchange Receipts and Disbursements or Transactions

<https://www.law.cbc.gov.tw/ELaw/Info?LawID=LA04B002016>

2. Revised the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions in December 2022 in line with the lowering of the age of majority for natural persons of the Civil Code

- (1) In response to Taiwan's Civil Code lowering the age of majority for natural persons to 18 years old, and clarifying declaration matters of foreign exchange settlement by the headquarters and branches of legal entities such as companies and limited partnerships, on December 26, 2022, the Central Bank of the Republic of China (Taiwan) amended the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions, which came into effect from January 1, 2023. Key points of amendment are as follows :
- a. In coordination with the Civil Code's lowering of the age of majority for natural persons from 2023, amended the related provisions of the competent regulations on the age of natural persons. (Article 3, Article 6)
 - b. To clarify the foreign exchange settlement and declaration matters of the headquarters and branches of juristic person such as companies and limited partnerships, the provisions regarding the foreign exchange settlement and declaration of "companies" and "limited partnerships" were amended. (Article 3)
- (2) Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions

D. Loosening restrictions on foreign investment

1. Issued interpretation of Subparagraph 6, Paragraph 1, Article 4 of Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals in September 2022 to expand the diversity of the scope of foreign investment

- (1) On September 12, 2022, in accordance with Subparagraph 6, Paragraph 1, Article 4, of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals, the Financial Supervisory Commission issued the Jinguan Zhengquan Zi No. 1110383667 Interpretation Order to include NTD bonds issued by international financial organizations in Taiwan in the investment scope of foreign investment in domestic securities to expand the diversity of investment scope.
- (2) Issued interpretation of Subparagraph 6, Paragraph 1, Article 4 of Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals

<http://eng.selow.com.tw/LetterContent.aspx?Soid=228>

2. Revised the Regulations Governing Foreign Bank Branches And Representative Offices in December 2022 to suitably increase the credit and investment capacity of foreign bank branches in Taiwan

- (1) In order to suitably increase the credit and investment capacity of foreign bank branches in Taiwan, and based on the source of funds of the parent bank and affiliated banks, on December 29, 2022, the Financial Supervisory Commission promulgated amended Article 18 of the Regulations Governing

Foreign Bank Branches And Representative Offices " (the Regulations) to increase the flexibility and efficiency of foreign bank branch sources of funds while taking into account risk control. The key points of amendment are as follows :

- a. When a branch of a foreign bank calculates the calculation basis for the total balance of deposits according to Article 72 (Restrictions on the total balance of medium-term lending) and Article 74-1 (Restrictions on investment in securities) of the Banking Act mutatis mutandis in accordance with Article 18 of the Regulations, the "actual drawdowns under credit lines from its head office" includes short-term loans from the head office in the home country within one year and short-term loans from overseas affiliated banks within one year.
- b. Added the requirement that branches of foreign banks should establish a maturity allocation management and liquidity risk control mechanism for related assets and liabilities.

(2) Regulations Governing Foreign Bank Branches And Representative Offices

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380126>

3. Issued interpretation of Subparagraph 3 of Article 21 of Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals in March 2023 to increase the capital utilization flexibility of foreign investment

- (1) On March 30, 2023, according to Subparagraph 3, Article 21 of the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals, the Financial Supervisory Commission issued Order Jingguan Zhengquan Zi No. 1120335161, allowing overseas Chinese and

foreigners to use Taiwan-listed and OTC securities as collateral for their overseas investment activities, which will help increase the flexibility of the use of foreign funds. Key points of the issue include: Overseas foreign institutional investors qualified and registered in Taiwan can use listed OTC stocks that meet certain conditions as collateral to engage in overseas investment activities, including overseas securities lending, overseas derivative financial product transactions, and foreign currency fund lending, etc.

- (2) Interpretation of Subparagraph 3 of Article 21 of Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals

<http://eng.sclaw.com.tw/LetterContent.aspx?Soid=236>

VIII. Financial Freedom

A. The sound development of the capital market

Introducing amendments to Operating Rules of the Taiwan Stock Exchange Corporation and Rules Governing Review of Securities Listings to relax regulatory requirements on TIB listing in August and September of 2022

1. In order to support the policies for fostering development of Core Strategic Industries, such as green power and renewable energy, and innovative industries, TWSE and Taipei Exchange, under the supervision of the FSC, launched Taiwan Innovation Board (TIB) and Pioneer Stock Board (PSB) respectively, as part of a multi-layered capital market. Their operations kicked off on July 20, 2021. °
2. In order to facilitate the TIB's development and increase its competitiveness in the market, TWSE introduced the amendment of Article 79-2 of the Operating Rules of the Taiwan Stock Exchange Corporation on August 11, 2022 to relax the requirements on eligibility of juristic person or fund investors and the threshold for financial statement of natural person investors (for their participation in TIB market) in order to increase the number of market participants and the liquidity. The amendments had following key points :
 - (1) The requirements on eligibility of juristic person or fund investors: considering that juristic person and fund investors have higher risk bearing capacity, eligible investors of the TIB now include professional institutional investors and juristic persons or funds with over two years 'experience of investment in securities trading after the amendment, relaxing the regulatory requirements on their account opening in the securities firm (to expedite their participation in TIB market).

- (2) The requirements on eligibility of natural person investors: considering stock exchanges of our neighboring countries in Asia have relatively loose regulatory requirements for investors trading (securities) of innovative enterprises compared with those for investors trading on the innovation boards, the NTD 10-million threshold of a financial statement that a natural person is required to provide for the investment in TIB is lowered to 5 million, in order to increase the number of eligible investors in the TIB.
3. In order to facilitate fund raising by innovative enterprises with their listing, TWSE introduced amendments to certain regulatory requirements on listing of an enterprise on TIB in regard to the period of time when the enterprise is required to receive an underwriter's assistance before its submission of the application for TIB listing and the conditions for approval of listing applications on September 21, 2022 :
- (1) According to the amendment, the market value threshold for listing of Category I (enterprises) is lowered to NTD 1 billion from NTD 1.5 billion and revenue threshold is lowered to NTD 100 million from NTD 150 million. Market value threshold for listing of Category II enterprises (limited to biomedical industry) is lowered to NTD 2 billion from NTD 3 billion.
- (2) The minimum listing period before change of stock market is shortened from 2 years to 1 year and the period for recommendation by the underwriter is shortened from permanent recommendation to 3 years after the year of listing.
4. URL of TIB :

<https://www.twse.com.tw/TIB/en/index.html>

B. Facilitating development of electronic payment

The amendment of the Act Governing Electronic Payment Institutions to strengthen capital structure of electronic payment institutions was introduced in Jan, 2023.

1. Electronic payment institutions engage in temporary custody of people's funds and remittances for transaction purpose and such business activities pertain to consumer rights and financial market stability. Therefore, it is necessary to maintain their financial health and solvency. However, previous supervisory measures of the regulatory authorities were limited to restrictions on approved business activities and disciplinary actions against related personnel, which lacked regulatory punishments with severity between the aforementioned two categories and the regulatory requirement for setting aside a certain amount of monetary reserves or carrying out capital increase to increase their solvency.
2. To strengthen capital structure of electronic payment institutions, the amendment of Subparagraph 5, Paragraph 1 of Article 38 of the Act Governing Electronic Payment Institutions was introduced on Jan 19, 2023. According to the amendment, if an electronic payment institution violates laws or regulations, or its articles of incorporation, or is suspected of improper management, the competent authority may order it to set aside a certain amount of reserves or order it to increase capital. The amendment took effect on March 1, 2023.
3. According to the statistics of electronic payment institutions business operation of the FSC, as of July 2023, there were ten specialized electronic payment institutions, and twenty electronic payment institutions were concurrently engaging in other business (including dual-status banks, and Chunghwa Post Co, Ltd) in Taiwan. The number of users totaled 25.28 million.

From January to July 2023, the amount of funds collected and paid as agent for real transactions was NT\$88.8 billion. The amount of funds for engaging in domestic and foreign small-amount remittances business was NT\$92.1 billion. The amount of stored value funds was NT\$196.4 billion. All the aforementioned figures reached their historical highs.

4. Act Governing Electronic Payment Institutions

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380237>

C. Preventing ads for investment scams from spreading

Introducing amendments of the Securities Investment Trust and Consulting Act in June, 2023 to prohibit companies that are not securities investment trust and consulting enterprises from engaging in ads for specific business activities

1. With the backdrop of rampant investment scams in recent years due to development of Internet technology, the amendment of Article 70-1 of the Securities Investment Trust and Consulting Act was introduced on June 28, 2023 to prohibit enterprises that are not securities investment trust or securities investment consulting enterprises to engage in advertisements related to specific business activities, in order to prevent ads for investment scams from spreading and build transparency for Internet ads for securities investment and related business solicitation. The amendment had the following key points :
 - (1) Introducing new regulation that prohibits enterprises that are not securities investment trust or securities investment consulting enterprises to engage in advertisements related to specific business activities and listing the types of illegal advertisements and specific restrictions. (Paragraph 1 of Article 70-1)

- (2) Parties that are not securities investment trust or consulting enterprises are required to specify the advertisement publisher and sponsor as well as other related information in the advertisement shown on the Internet for securities investments or related business solicitation in order to show names of the parties who pay for the ads. (Paragraph 2 of Article 70-1)
- (3) After Internet media publishes or broadcasts an advertisement that is prohibited from publishing or broadcasting according to the law, it shall immediately remove the advertisement after it is aware of such breach of law, prevent the advertisement from been seen, stop the broadcasting and take other necessary actions. (Paragraph 3 of Article 70-1)
- (4) Internet media shall be held jointly and severally liable for the damages caused by misleading advertisement content or scams along with the ad publisher and sponsor for publishing or broadcasting advertisement that violates the provision of the first and second paragraphs. (Paragraph 4 of Article 70-1)

2. Securities Investment Trust and Consulting Act

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0400121>

D. Relaxing regulations governing financial services

1. Issuing an interpretation order for deregulation that promotes wealth management services in July and August of 2022

- (1) The FSC introduced the Regulations Governing the Custody and Disposal of Clients' Equity-type Foreign Securities Obtained through Physical Delivery of Domestic Structured Products or Structured Notes by Banks on July 18, 2022. According to the Regulations, banks engaging in or issuing onshore equity-linked structured products or structured notes are allowed to keep and

dispose the foreign securities obtained through physical delivery upon maturity according to the client's instruction in order to provide one-stop service.

- (2) On August 15, 2022, the FSC issued an order of interpretation that allows banks that have obtained the approval to provide wealth management services to high-asset customers to invest in offshore funds that are not a securities investment trust fund type according to Subparagraph 8, Paragraph 1 of Article 5 of the Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers in order to assist the clients build a more diverse investment portfolio.
- (3) (i) The Regulations Governing the Custody and Disposal of Clients' Equity-type Foreign Securities Obtained through Physical Delivery of Domestic Structured Products or Structured Notes by Banks

<https://law.fsc.gov.tw/EngLawContent.aspx?lan=E&id=2473>

- (ii) The order of interpretation regarding Subparagraph 8, Paragraph 1 of Article 5 of the Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers :

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL101736>

2. Introducing amendments of regulations governing investments made by venture capital enterprises and management and consulting enterprises of financial holding companies and commercial banks to facilitate development of the 6 Core Strategic Industries

- (1) In order to support important national policies, address the needs of industrial development, expedite development of the Six Core Strategic Industries by increasing channels of financing provided by financial industry, and facilitate transformation of domestic macroeconomic structure, the FSC introduced amendments to Regulations of Investment Ceilings and Guidelines Governing Financial Holding Company's Venture Capital Subsidiaries Investing in Non-financial Enterprises Not Listed on Taiwan Stock Exchange or Taipei Exchange on October 27, 2022. The amendments raise the ceiling on the amount of total investments made by a financial holding company's venture capital subsidiaries in any enterprise in Six Core Strategic Industries that is not listed on Taiwan Stock Exchange or Taipei Exchange, including information and digital technology, cybersecurity, medical technology and precision health, national defense and related strategies, green and renewable energy, strategic stockpile industries, to NTD 150 million. Such investment is not subject to the restriction set forth in Paragraph 5, Article 37 of the Financial Holding Company Act that the combined total shareholding in the invested enterprise held by venture capital subsidiaries of a financial holding company shall not exceed fifteen percent (15%) of the total issued and outstanding voting shares of such enterprise.
- (2) The FSC introduced amendments to the rules for the applications of commercial banks for investments in venture capital enterprises and management and consulting enterprises to raise the ceiling on the amount of total investments by a commercial bank's venture capital subsidiaries in any of the Six Core Strategic Industries to NTD 150 million. When the investment is made by only venture capital subsidiaries of a commercial bank and its subsidiaries, the investment is not subject to the restriction of the combined total shareholding percentage in the invested enterprise.

- (3) (i) Regulations of Investment Ceilings and Guidelines Governing Financial Holding Company's Venture Capital Subsidiaries Investing in Non-financial Enterprises Not Listed on Taiwan Stock Exchange or Taipei Exchange :

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380208>

- (ii) The rules for the applications of commercial banks for investments in venture capital enterprises and management and consulting enterprises

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL101739>

3. Introducing amendments to the Regulations Governing Futures Commission Merchants on December 22, 2022 to increase financial operation flexibility and capital utilization efficiency of Futures Commission Merchants

- (1) In order to increase financial operation flexibility and capital utilization efficiency of futures commission merchants, provide source of law for securities offering and issuance by futures commission merchants and strengthen regulatory supervision of their foreign investments, the FSC introduced the amendments to Article 18, Article 18-1 and Article 56-10 of the Regulations Governing Futures Commission Merchants on December 22, 2022. The amendments had the following key points :
- a. When the accumulated special reserve of a futures commission merchant reaches 25 percent of the amount of paid-in capital, the portion in excess of 25 percent of the amount of paid-in capital may be capitalized.
 - b. A futures commission merchant offering and issuing securities shall comply with the provisions of the Regulations Governing the Offering and

Issuance of Securities by Securities Issuers and related regulations governing such operations.

- c. After a futures commission merchant obtains approval of the FSC for its application for new establishment of a foreign enterprise or an equity investment in a foreign enterprise and it has not been certain sanctioned by the FSC for a specific period of time, it may submit the application for increasing the investment to the FSC. According to the amendment, the regulatory requirements for the application documents to be reviewed by the FSC have been reduced.

(2) The Regulations Governing Futures Commission Merchants

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0400106>

4. An interpretation order was issued in February, 2023. to include new foreign credit rating agencies in the scope of foreign credit agencies recognized (by the regulatory authority)

- (1) On February, 2023, the FSC introduced the amendment to related regulations governing the scope of foreign credit rating agencies recognized (by the regulatory authority) and issued interpretation order, which had following key points :
 - a. Introducing the amendment of Subparagraph 3, Paragraph 1 of Article 2 of the Regulations Governing Foreign Investments by Insurance Companies to include new credit rating agencies recognized by the competent authority to increase investment targets that have acceptable credit ratings for insurance industry.

- b. Issuing the interpretation order regarding Subparagraph 3, Paragraph 1 of Article 2 of the Regulations Governing Foreign Investments by Insurance Companies to include Kroll Bond Rating Agency, LLC and its affiliates in Europe and the UK (“KBRA”) to increase investment targets that have acceptable credit ratings for insurance industry.
- (2) (i) The interpretation order regarding Subparagraph 3, Paragraph 1, Article 2 of the Regulations Governing Foreign Investments by Insurance Companies
- <https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL101469>
- (ii) Regulations Governing Foreign Investments by Insurance Companies
- <https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0390020>

5. Issuing interpretation order that allow insurance companies to engage in transactions of new types of bonds and notes with RP/RS trading to increase their capital utilization efficiency in March 2023

- (1) In order to increase flexibility of capital utilization by insurance industry while maintaining appropriate risk control, the FSC issued an interpretation order to allow insurance companies to engage in transactions of new types of foreign currency denominated securities with RP and RS trading. The order had the following key points :
- a. Issuing the interpretation order regarding Subparagraph 8, Paragraph 1 of Article 3 of Regulations Governing Foreign Investments by Insurance Companies: new types of aforementioned instruments with RP trading include corporate bonds, bank debenture, RMBS issued or guaranteed by Ginnie Mae, Fannie Mae and Freddie Mac with rating of BBB +. New

types of aforementioned instruments with RS trading include corporate bonds, bank debenture, RMBS issued or guaranteed by Ginnie Mae, Fannie Mae and Freddie Mac and international bonds with rating of BBB +.

- b. Issuing the order of Interpretation regarding Subparagraph 8, Paragraph 1 of Article 146 of the Insurance Act: new types of instruments with RS trading include corporate bonds and bank debenture.

- (2) (i) The order of Interpretation regarding Subparagraph 8, Paragraph 1 of Article 3 of Regulations Governing Foreign Investments by Insurance Companies :

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL101457>

- (ii) The interpretation order regarding Subparagraph 8, Paragraph 1 of Article 146 of the Insurance Act

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL101463>

6. The FSC relaxed restrictions on insurance companies issuing bonds with capital characteristics and issued an interpretation order defining the scope of capital in April, 2023 for reinforcement of capital structure of insurance companies and diversification of fund raising channels

- (1) In order to reinforce capital structure of insurance industry companies and diversify their fund raising channels while complying with ICS requirements for tier 2 capital in regard to issuance of bonds with capital characteristics, the FSC amended the Directions for Issuance of Bonds with Capital Characteristics by Insurance Companies on April 14, 2023. The amendments

were introduced to allow insurance companies to issue bonds with capital characteristics and impose related regulatory requirements for compliance with ICS rules for Tier 2 capital. The key points of the amendments :

- a. Introducing new regulation that allows insurance companies to issue long-term corporate bonds having a term to maturity of over ten (10) years.
 - b. The amendment lays down new regulatory requirements for long-term corporate bonds with a term to maturity of ten (10) years or longer based on ICS requirements for Tier 2 capital, including the restriction that the payment of interest shall not be subject to changes in the insurer's credit or financial situation.
- (2) As the funds raised by insurance companies through issuance of bonds with capital characteristics may be deemed equity capital, such funds shall be managed and used according to the regulations governing other types of equity capital and their utilization shall be subject to related regulations. In order to facilitate related operations, the FSC issued an interpretation order regarding Paragraph 2 of Article 146 of the Insurance Act. According to the order, bonds with capital characteristics and preferred stock recognized as liability fall within the scope of owner's equity specified in Paragraph 2 of Article 146 of the Insurance Act.
- (3) (i) Directions for Issuance of Bonds with Capital Characteristics by Insurance Companies

<https://law.fsc.gov.tw/EngLawContent.aspx?lan=E&id=2562>

- (ii) The interpretation order regarding Paragraph 2 of Article 146 of the Insurance Act

<https://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0202.aspx?lsid=FL10>

7. The amendment to the Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches was introduced in April, 2023 to encourage credit extension and financing for transitional economic activities for sustainability and carbon reduction

- (1) In order to encourage domestic branches of foreign banks to support government carbon reduction policies and participate in sustainable economic activities, the FSC introduced the amendment to Articles 2 and 4 of the Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches on April, 16, 2023. The amendments allow foreign bank branches in Taiwan to make investments in new projects with the funds they raise by issuing bank debentures in order to encourage credit extension and financing for transitional economic activities for sustainability and carbon reduction and encourage the private sector to pursue carbon reduction with transitional economic activities. The amendments had the following key points :
- a. The scope of the projects foreign bank branches in Taiwan are allowed to invest in with the fund they raise by issuing bank debentures is now expanded from major public constructions, offshore wind power constructions, and other constructions of green energy industries to include 16 general economic activities and 13 forward-looking economic activities specified in the Guidelines for the Determination of Sustainable Economic Activities.
 - b. In order to ensure that the funds raised by foreign bank branches in Taiwan through issuance of bank debentures are used for the investments in specified projects, those investing foreign bank branches are required to

establish management mechanisms for evaluation and audits of the control and use of funds.

- (2) The Regulations Governing Issuance of NTD Bank Debentures by Foreign Bank Branches :

<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=G0380255>