Income Distribution Improvement Program

I. Background

        With the recent development of globalization, technological change, the knowledge economy, and the division of labor, the widening of the income gap has become an important issue faced by many countries, and caused widespread public concern in Taiwan. Taiwan's income inequality has slowly risen since 1980, and when the global financial crisis hit in 2009, the household income quintile share ratio suddenly experienced a huge jump. On August 26, 2010, the Executive Yuan set up the Executive Yuan Income Distribution Improvement Task Force and promoted the Income Distribution Improvement Program in response to tackle the income inequality in Taiwan since 2011.

II. Strategic Policy Initiatives

        Generally, the industrial policy of sustaining economic growth is also the main part for improving the income distribution. Considering that since the government has continued promoting related policies and regularly monitoring the implementation of results, the industrial policy is not included in this program. In response to future policy priorities and important effects, we propose the programinto four major strategy-oriented: social welfare, education & employment, wages, and taxation. These four strategies are represented in the diagram below.

III. Program Goals

(1) Supporting the Economically Disadvantaged, Raising Family Income

        This program will continue to promote social welfare measures and increase resource allocations to support the economically disadvantaged groups , provide a basic living standard guarantee for them and assist them to achieve independence. At the same time by promoting the development of social enterprises and employment promotion measures, it will actively foster employment among the disadvantaged and thereby increase income stability.

(2) Implementing Educational Equity, Strengthening Employability, Promoting Wage Growth.

     This program will strengthen the educational assistance of rural students or disadvantaged students to implement educational equity. At the same time, to promote the overall growth of employment and wages, this program will help increase worker employability in line with industry demands. In addition, it will encourage corporates to fulfill their social responsibilities, review the basic wage system, and increase the bargaining power of labor, thus stimulating a rise in wage standards and a continued increase in income.

(3) Increasing Fair Taxation, Reducing Income Inequality

        At the same time that incomes are raised, it is necessary to increase the fairness of the tax burden to achieve a reduction in income inequality. This program will activelyrationalize the tax burden on land and house, ensure the expense that taxpayers pay for maintaining their basic living not be taxed as well as implement the high-consumption tax to prompt high-income earners to pay back society through taxation and balance the tax burden between entrepreneurs and wage earners in order to promote the redistributive effect of the tax system.

IV. Promotion and Review of the Program

        This program has been promoted by various ministries respectively, coupled by scheduled review and evaluation of annual performance by the Executive Yuan Distribution Improvement Task force, so as to help tackling income inequality.

**Reforming Taxation, Improving Transfers Between Households and Government**

* Rationalizing the tax burden on land and house
* Implementing a high-consumption tax
* Ensuring the expense that taxpayers pay for maintaining their basic living not be taxed

**Taxation**

**Improving Income Distribution Four Major Strategic Initiatives(2018-2020)**

**Increasing Employability and Job Opportunities**

* Strengthening the educational assistance of rural students or disadvantaged students
* Promoting the development of social enterprises
* Increasing worker employability
* Assisting in employment for economically disadvantaged and people living in disadvantaged indigenous areas and rural villages

**Improving**

**Income Distribution**

**Wages**

**Sharing in Economic Gains, Raising Income Levels**

* Encouraging corporate social responsibility, share profits with employees
* Reviewing the basic wage system and planning the legal system of minimum wages
* Increasing labor's bargaining power
* Promoting the warning indicators and control mechanism for the number of foreign labors

**Increasing economic support for the Disadvantaged, Providing a Basic Living Standard Guarantee**

* Increasing economic support for the disadvantaged and assisting them to achieve independence
* Lessening the burden for child rearing for economically disadvantaged families

**Education & Employment**

**Social Welfare**