



Approved by EY in its
3589th Meeting

Action Plan for Enhancing Taiwan's Startup Ecosystem

National Development Council

February 22, 2018



Outline

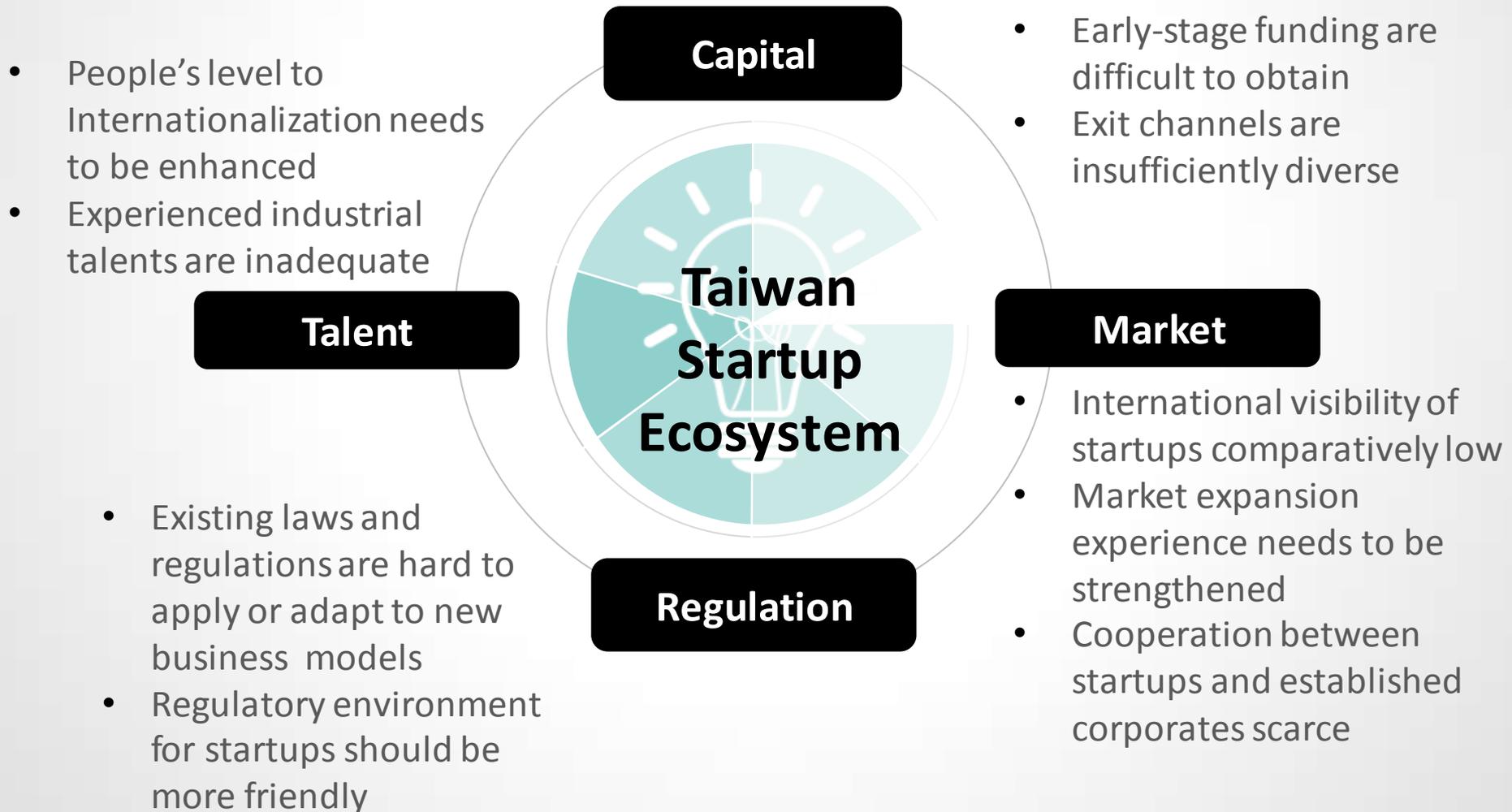
1 ▶ **Foreword**

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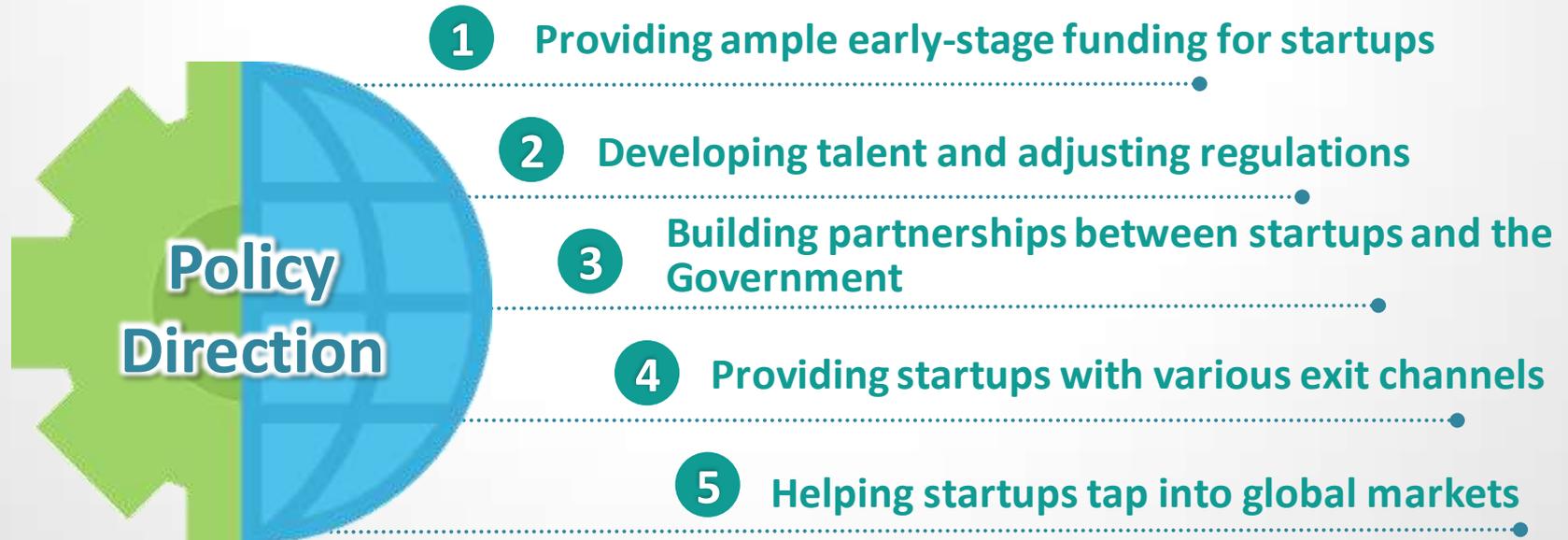
4 ▶ **Concluding Remarks**

The Fast-growing Startup Ecosystem Needs to Be Reinforced Constantly



Five Major Policies for Building a Sound Environment for Startups

- After consulting with startup community and discussing with various government agencies, NDC has formulated the Action Plan for Enhancing Taiwan's Startup Ecosystem
- The Plan was presented for deliberation in the Inter-ministerial Meetings on Boosting Investment in Taiwan more than once
- The Plan proposes 5 major policies jointly promoted by 13 agencies



Strategies and Measures



Providing Ample Early-stage Funding for Startups

Driving Angel Investment

- Provide **tax incentives for angel investors** according to the amendment of the Statute for Industrial Innovation
- Adjust mechanism for NT\$1 billion Business Angel Investment Program

Strengthening Cooperation with Venture Capitalist

- **Cooperate with tier-one venture capital firms** and **relax NDF capital contribution ratio** to strengthen investment in **forward-looking industries** such as AI, IoT, AR/VR, and biomedical industry
- Implement **pass-through taxation for limited partnership venture capital investment** under the Statute for Industrial Innovation

Making Investment and Financing More Convenient

- Amend procedures laid out in the Statute for Investment by Foreign Nationals to require **filing after investment rather than applying prior, with certain exceptions**
- Raise credit guarantee level for startups when applying for financing



Developing Talent and Adjusting Regulations

Cultivating and Recruiting Talent

- **Act for the Recruitment and Employment of Foreign Professionals** has been enacted and **Contact Taiwan** has been designated as the nation's global talent recruitment portal
- Strategically **attract Southeast Asian students and talent** to Taiwan, relax restrictions on **employment of foreign nationals in the 5+2 industries**
- Establish mentor database and encourage student entrepreneur teams to intern at startup companies

Preparing a Thorough Legal Environment

- Set up **online startup tax services** and provide registration, tax incentive, and M&A information
- Amend Company Act and strengthen function of **Startup Regulatory Adjustment Platform** to help clarify gray areas of law for new businesses



Building Partnership between Startups and the Government

Expanding and Diversifying Cooperation

- Encourage startups to participate in public affairs through **government procurement, hackathons, and open data**
- Use Government open data to solve local issues and problems, and assist business to establish data marts

Promoting Cooperation between Businesses Large and Small

- Assist corporates to get involved in startups, and assist the 2nd generation entrepreneurs to innovate their family business
- Introduce corporate mentorship and resources to help university entrepreneur teams to launch startup companies of their own



Open
Data

Providing Startups with Various Exit Channels

Relaxing IPO Listing Requirements

- Include **e-commerce as new industry category in** Over-the Counter Market listing
- Provide diversified market listing qualifications that help startups not yet profitable access capital markets

Supporting Corporate Acquisition of Startups

- Assess whether **taxation measures in Business Mergers And Acquisitions Act** are beneficial to M&A, and streamline M&A administrative procedures
- Jointly invest in business transformation and M&A plans with private sector investors through NT\$100 billion Industrial Innovation and Transformation Fund



Helping Startups Tap into Global Markets

Bringing in Overseas Resources

- Attract **global accelerators to set up branches in Taiwan** and cultivate **world-class startup teams**
- Invite foreign startup professionals and overseas-based Taiwanese business people to Taiwan

Assisting with Business Development

- Send **selected startups to overseas accelerators** and **major international trade shows**, and provide **soft-landing consultation and matchmaking services**
- Build a startup cluster at Linkou as a tech innovation and demo site

Strengthening International Promotion

- Arrange **international media tours** and strengthen international promotional through electronic publications in multiple languages
- Design **Taiwan startup identity system**



Budget and Potential Benefits



Funding Source

- **Government Budget: Total NT\$1.624 billion for 2018**

Agency	Budget (NT\$ million)	Percentage
Ministry of Science and Technology	546	34%
Ministry of Education	471	29%
Ministry of Economic Affairs	318	20%
Other	288	17%
Total	1,624	100%

- **Investment Side**
 - NDF's Business Angel Investment Program: NT\$1 billion
 - Industrial Innovation and Transformation Fund: NT\$100 billion
 - Fund set up by financial peripheral industries: NT\$270 million
 - Taiwan Capital Buffalo Fund: NT\$4.65 billion

Potential Benefits

Making Taiwan an Asian Startup Funding Hub

Setting role models
for Startups

- Fostering **at least one** unicorn startup company **within two years** and **three** unicorns **within six years**

Scaling up startup
fundraising

Over the next five years, investment in **Taiwan-based startups** expected to grow by **NT\$5 billion** each year

Concluding Remarks

- **Seizing the opportunities presented by developments in AI, IoT, and even blockchain is crucial to industrial transformation**
- **By putting this plan into action, we can effectively create an environment favorable to startups**
- **All agencies involved need to take initiative to implement this plan to demonstrate the government's commitment and capability**
- **Progress review will be conducted every 3-6 months to help spur early accomplishment**