

Introduction

Our Location Offer

Chinese Taipei is located at the heart of the Asia-Pacific region, which puts it in an advantageous position to make use of global production resources and marketplace. Chinese Taipei's north is the world's third largest economy-Japan, its south are the 10 countries of the Association of Southeast Asian Nations and India. Chinese Taipei's east is the world's largest economy-the US, and its west is mainland China-the world's second largest economy and the center of the world's economic growth. The average flying time from Taipei to the seven major cities (Hong Kong, Shanghai, Manila, Seoul, Tokyo, Singapore and Sydney) in Western Pacific is merely 2 hours and 55 minutes. And the average sailing time from Kaohsiung harbor to the 5 major Asia-Pacific harbors is merely 53 hours. Chinese Taipei is the hub of Asian transportation and the logistic center in the East-Asian region.

Chinese Taipei is very active in R&D and product innovation. It provides quality products and services, which enable the development of international brands. Chinese Taipei also has easy access to mainland China's production resources, which makes rapid achievement of mass production possible. It is a superior innovation and R&D base. Chinese Taipei's wealthy production experience, capability to commercialize innovative products rapidly and its global deployment are factors that help Chinese Taipei create a value-added global production chain. Chinese Taipei has become a production base for quality products. Furthermore, the scale and maturity of Chinese Taipei's capital market can assist Chinese Taipei businesses in mainland China in listing in Chinese Taipei's exchange market and encourage international capital funds to participate in Chinese Taipei businesses' overseas deployment. Chinese Taipei is in a position to be the capital fund center for international manufacturing industry and the base for strategic alliance between multi-national companies. These advantages help attract overseas technological professionals to come to Chinese Taipei to start their business, and attract foreign companies to come to Chinese Taipei to participate in cross-strait technological projects. Chinese Taipei has products that are designed for global ethnic Chinese markets and is also a testing platform for ethnic Chinese markets. These are also advantages to attract foreign companies to invest in Chinese Taipei.

The location of Chinese Taipei makes it a perfect place for international corporations to establish their headquarters in Asia Pacific region. As the hub that connects Europe, the United States, Japan and the emerging Asian markets, Chinese Taipei is very crucial in terms of its high economic and strategic value. Chinese Taipei's enterprises have been aspiring to integrate manufacturing and service industries. They have fostered a good collaborative relationship with some famous European and American enterprises. Chinese Taipei now plays a central role in the supply chain of IT industry. It has also become the center for high-tech OEM/ODM as well as the center for product R&D and testing in the Chinese market. Since the cross-strait relations have normalized and trade between the two sides continues to grow, Chinese Taipei is definitely the best choice for enterprises to enter into the Chinese market and to further expand their business in the world. Key factors affecting the attractiveness of Chinese Taipei to investment are:

- Operations Hub in Asia-Pacific
- Global Logistics Capabilities
- Comprehensive Industrial Cluster
- Intellectual Advantage
- Superior Innovation Capability
- Complete Infrastructure
- Sound legal Framework
- Comprehensive IP Protection
- Abundant Capital Funds

Introduction to investment regime

Chinese Taipei has always welcomed foreign direct investment and established a stable and comprehensive legal system under which multinational enterprises are protected and afforded the same rights as domestic enterprises.

Chinese Taipei

Chinese Taipei places great importance on foreign investment. Laws and regulations governing such investment are amended as necessary in accordance with domestic development conditions and the international economic and trade situation, and every effort is made to remove investment obstacles and improve investment conditions. The government also provides other assistance to foreign nationals in Chinese Taipei.

Chinese Taipei opened its door to foreign portfolio investment in 1983. A sequential policy was adopted to first allow the indirect investment of funds raised overseas by domestic investment trust companies, followed by direct investment by qualified foreign institutional investors (1991) and then finally by all foreign natural persons (1996). Now, all foreign investors can invest in the securities market after simply registering with the Taiwan Stock Exchange Company (TSEC).

Chinese Taipei has been striving to further the goals of investment liberalization and facilitation and has made the following progress in terms of regulatory reforms:

The Business Mergers & Acquisitions Law was revised again and the latest amendment was promulgated on 5 May 2004. In addition to relaxing restrictions on acquisition limits, the procedures for merging a parent company and its subsidiaries are also simplified.

The National Immigration Agency has adopted measures to facilitate the mobility of business visitors from The People's Republic of China (PRC). These measures include relaxing restrictions on enterprises inviting people from the PRC to come to Chinese Taipei to engage in business activities; lifting the requirement that senior foreign executive of the company that a foreign professional works for must act as a guarantor for that professional's PRC spouse who comes to Chinese Taipei; canceling the requirement that the PRC spouse of foreign professional leave their passports in the custody of the authorities upon arrival in Chinese Taipei; giving permission to PRC professionals who have resided in Chinese Taipei for more than six months to buy cars or apply for credit cards in Chinese Taipei; and simplifying the procedure for the spouses of PRC personnel to apply to join them in Chinese Taipei, including making it much easier for them to obtain entry-exit permits and to apply for extension of stay or re-entry.

On 24 May, 2005 and 2 May 2006, the Council of Labor Affairs lowered the threshold for foreigners working in Chinese Taipei by announcing a revision of the Qualifications and Criteria Standards for Foreigners Undertaking the Jobs Specified in Items 1 to 6, Paragraph 1 of Article 46 of the Employment Service Act.

On 1 July 2004, the Financial Supervisory Commission (FSC), consisting of nine commissioners, was formally established. The establishment of the FSC is intended to strengthen the independence and the professional capabilities, and to enhance the effectiveness of financial supervision so as to bring Chinese Taipei's financial institutions and enterprises in line with the norms and standards of the international financial market.

On 2 August 2005, the FSC issued the Regulations Governing Offshore Funds, which allows offshore funds to be offered, sold, advertised, and promoted in Chinese Taipei.

Free Trade Zones: currently, five Free Trade Zones have been established in Chinese Taipei - Keelung Harbor, Kaohsiung Harbor, Taichung Harbor, Port of Taipei, and Taoyuan Air Cargo Park. The management of Free Trade Zones is designed on the concept of "within physical territory but outside customs territory", with a high degree of autonomy in company operations replacing administrative control by the government through the establishment of a single-window facility to boost administrative efficiency.

On 4 October 2006, the Ministry of Economic Affairs (MOEA) implemented a Stage I Industrial Development Package Program, which has the goals of achieving US\$ 30,000 per capita GDP by 2015. In the area of "Building a Superior Investment Environment," the government will implement measures providing land on preferential terms, ensuring an ample labor supply, providing financing assistance, improving the administrative efficiency of Environmental Impact assessment, and establishing mechanisms for encouraging corporate investment. Apart from these measures to establish a superior investment environment, the government will also help companies to eliminate investment barriers, thus laying a solid foundation for industrial development and economic growth.

Investment priority plan/equivalent policy

On July 9 2009, the Executive Yuan approved the "Service Industry Development Plan" proposed by the Council for Economic Planning Development (CEPD) with the aim of building Chinese Taipei's service industry into an engine for upgrading industrial value added, creating jobs, enhancing quality of life, and stimulating economic growth. The plan's targets are for the service industry to contribute a gross domestic product of NT\$11 trillion in 2012, to create 120,000 jobs per year, and to account for 1.2% of the global value of service exports.

In its proposal the CEPD noted that the value added of Chinese Taipei's service industry now accounts for over 70% of the island's GDP and that its importance is increasing year by year, but that it still has plenty of room for improvement in terms of export competitiveness, R&D investment, productivity, and basic data quality. The proposed plan includes solutions to developmental bottlenecks in the hope of upgrading the industry from the basics and of producing a mutually supporting effect with the flagship plans that are being implemented by the government.

The key areas in the first stage of the Service Industry Development Plan encompass four of the six emerging industries that are currently being promoted by the Executive Yuan: tourism, creative and cultural industry, health care, and LOHAS agriculture. They also include logistics, telecommunications, and technical services. The CEPD notes that in terms of strategy, the effort will start out with "enhancing the international competitiveness of the service industry," "strengthening R&D and innovation," "creation of differentiated services," "reinforcement of manpower training and recruitment from abroad," and "improving service industry statistics."

To enhance the international competitiveness of the service industry, the government will promote the export of duplicable services by assisting companies to take advantages of quick duplicating models to position themselves in overseas markets and strengthen the support function of overseas offices. In addition, controls on various kinds of service industries will be continuously reviewed and the long-term promotion of deregulation will be carried out.

In the strengthening of R&D and innovation, expenditures on service R&D and innovation will be increased, incentives and financing will be provided, and the appraisal of intangible assets will be promoted. Cross-industry cooperation will be promoted, industrial-academic cooperation will be reinforced, and support for innovation will be provided through government-subsidized institutions and research bodies.

In the creation of differentiated services, vigorous assistance will be given to companies to develop brands and reinforce brand marketing. International certification and evaluation systems will be promoted as a means of enhancing service quality. At the same time manufacturing industries will be encouraged to become more service-oriented; businesses will be assisted in expanding their value chains and developing derivative services; and the service industry will be urged to enhance the level of its technology so as to improve service processes and efficiency. It will also be encouraged to apply ICT in the development of new forms of distribution channels and business opportunities.

In regard to the reinforcement of manpower training and recruitment, practical education and competence training in the service industry will be strengthened and measures to strengthen foreign-language capabilities will be worked out so as to upgrade the quality of service personnel. At the same time, better conditions will be provided for overseas professionals and the recruitment of overseas personnel will be stepped up.

To improve service industry statistics, Chinese Taipei will draw on the experience of advanced countries and promote statistical methods that are consistent with international practice. Service industry statistical indicators will be expanded and adjusted in line with market trends. In addition, budgetary statistics for government promotion of industrial development will be established for use in assessing the efficiency of policy implementation.

More information

Department of Investment Services, Ministry of Economic Affairs: www.dois.gov.tw

Regulation of foreign investment

Process for foreign entities/nationals to invest in our economy

Foreign entities/nationals who wish to invest in Chinese Taipei are required to first submit an application to the Investment Commission, Ministry of Economic Affairs (MOEA) in accordance with the "Statute for Investment by Overseas Chinese" or "Statute for Investment by Foreign Nationals" (http://www.moeaic.gov.tw/system_external/ctrl?PRO=LawsLoad&lang=1&id=27).

Chinese Taipei

All industrial and service sectors are open for foreign investment except those restricted or prohibited by law, which are stipulated in the "Negative List for Investment by Overseas Chinese and Foreign Nationals" (http://www.moeaic.gov.tw/system_external/ctrl?PRO=LawsLoad&lang=1&id=32).

Different requirements apply for various types of business entities, e.g. setting up a firm, a company, or a branch office. Investment can also be made in acquiring an existing enterprise. Chinese Taipei would therefore illustrate, in general, the standard procedures for foreign investment application in establishing a new enterprise as follows:

(1) Information and consultation regarding foreign investment can be obtained from our Department of Investment Services (DOIS), MOEA, <http://investtaiwan.nat.gov.tw>. You may wish to consider it as your first access point in all FDI related matters into Chinese Taipei.

(2) Apply for reservation of a company name and its business scope (in Chinese language) (Department of Commerce, MOEA, <https://gcis.nat.gov.tw/eicm/eicm/prefixedit/index.jsp>). Department of Commerce will then issue an approval slip within 1 working day.

(3) Apply for Foreign Investment Approval from the Investment Commission, MOEA, <http://www.moeaic.gov.tw>. The Investment Commission will issue an approval letter if all requirements are met (e.g. necessary documents, certificates are complete). Processing time for each application may vary, an average time line is given below.

(4) Remittance of capital (banks).

(5) Capital verification and approval (Investment Commission, MOEA). The Investment Commission will issue a capital verification letter within 3 working days.

(6) Company registration (Department of Commerce, MOEA, when paid-in capital exceeds NT\$500,000,000 - approximately US\$15.6 millions. When paid-in capital is less than NT\$500,000,000, this registration procedure is carried out by the Central Office of MOEA (in Nantou, Taiwan), or local governments (e.g. Taipei City Government, Kaohsiung City Government, or Taipei County Government)).

The average processing time required for each application in step (3):

(a) Investments in nonrestrictive industries and investment amount (or increased capital) less than NT\$500,000,000 (approximately US\$15.6 millions): 2 - 4 working days.

(b) Investments in nonrestrictive industries and investment amount (or increased capital) less than NT\$1,500,000,000 (approximately US\$46.8 millions): 3 - 5 working days.

(c) Investments in restricted industries, or the investment amount exceeds NT\$1,500,000,000 (approximately US\$46.8 millions), or mergers, acquisitions, and spin-offs: 10 - 20 working days.

(d) Multi-national mergers, acquisitions, and spin-offs; or extraordinary applications: 20 - 30 working days.

A graphical flow chart of the procedures described above can be viewed on-line at: http://www.moeaic.gov.tw/system_external/ctrl?PRO=DownloadFile&t=2&id=315.

And a detailed approval flow chart of investment application by foreign national can be viewed at: http://www.moeaic.gov.tw/system_external/ctrl?PRO=DownloadFile&t=2&id=271.

In addition, for further information in setting up other business types (e.g. branch/representative office), or to invest in Export-Processing Zones, Free Trade Zones, Science-Based Parks etc., please visit:

http://investtaiwan.nat.gov.tw/matter/show_eng.jsp?ID=6&MID=6

Does this apply to all investment or, are there differential treatment?

Process for all FDI applications are principally the same, however, minor variations exist. For instance, investment in acquiring an existing enterprise does not need to deal with every step in aforementioned section. In such case step (2): "applying for company name reservation" is not necessary. And after the investment application is approved by the Investment Commission, capital remittance made and verified (steps 3-5), the investor may need to apply for "change of company registration" instead of "company registration" (step 6).

Conditions of investment

Telecommunications - According to Article 12 of Telecommunications Act, the chairman of the Board of a Type I telecommunications enterprise shall be a national of Chinese Taipei. The total direct shareholding by foreigners may not exceed forty-nine percent, and the sum of direct and indirect shareholding by foreigners may not exceed sixty percent.

Manufacturing - In order to promote Chinese Taipei's industrial innovation, improve industry environments, and enhance the competitiveness of industries, the Statute for Industrial Innovation (SII) was formulated as a replacement for the Statute for Upgrading Industries (which had provided various tax incentives for certain industries and expired at the end of 2009). The SII has come into force with its formal promulgation by the President on May 12, 2010. The SII retains preferential tax status for R&D - companies can deduct 15% of the year's R&D expenses from business income tax due.

Insurance - Foreign insurers that meet regulatory requirements are allowed to set up subsidiaries and branch offices in Chinese Taipei. As of the end of June 2010, the FSC has approved 9 subsidiaries, 16 foreign branches and 13 representative offices.

Securities - (1) Securities Firms and Futures Related Enterprises - Based on the principle of national treatment, domestic and foreign investment in securities firms, SITEs, SICEs and futures related enterprises is subject to the standards governing the establishment of the type of enterprise in question (e.g. Standards Governing the Establishment of Securities Firms, etc.). No particular condition is imposed upon foreign investment in that sector. Qualified foreign investors may set up the above-mentioned enterprises through mergers and acquisitions of existing corresponding enterprises in Chinese Taipei based on the standards governing the establishment of the type of enterprise in question. (2) Other industries - Only a few strategic industries are still subject to foreign investment caps under relevant acts or regulations, such as public utilities, airlines, and postal services, which are common limitations in other countries.

Banking - The Banking Act and related prudential requirements lay the legal foundation for foreign investment in the banking sector in Chinese Taipei. Qualified foreign financial institutions may set up commercial banks through mergers and acquisitions of troubled financial institutions in Chinese Taipei based on the Standards Governing the Establishment of Commercial Banks.

Shipping - Chinese Taipei has the limitations of foreign capital equity under national-flag vessel. However, in WTO maritime transport service negotiations, "Establishment of registered company for the purpose of operating a fleet under the nation flag" is not an item that will be requested to make commitment to offer. Therefore, most nations do have limitations on foreign investment in this item, like at least 50% of the carrier's capital must be of domestic origin. Chinese Taipei's related regulations are based on national security and interests, which are governed by Shipping Law and Law of Ships. However, for further liberalization, Chinese Taipei is planning to amend the proportion of foreign investment on domestic shipping companies from 33% to 50% (not included).

Investment promotion and facilitation

The government of Chinese Taipei welcomes foreign investment as a matter of policy. The Department of Investment Services under the Ministry of Economic Affairs serves as an investment promotion agency and will provide investors with necessary assistance.

The InvesTaiwan Service Center, established on August 8, 2010, provides custom made one-stop solutions for domestic and foreign investment as a result of the directive from the Executive Yuan's Global Investment Task Force. All current and future cases are to be served by this center, including cases referred from government ministries and local government offices.

More information about the process of investing in our economy

Department of Investment Services, Ministry of Economic Affairs: www.dois.gov.tw

Investment Commission, Ministry of Economic Affairs, <http://www.moeaic.gov.tw>.

Investment protection

Protection of property rights and conditions for expropriation

To meet the need of land for various developments, the Ministry of the Interior reviews and evaluates applications from all divisions of national and city governments regarding expropriation of private land for use by public utility enterprises. Before applying for expropriation of land, the applicant shall select the proper location and area of lands according to the nature of the sponsored undertakings and actual needs. Any expropriation of land shall be carried out on localities where damage can be kept at the minimum level if the purpose of the expropriation is not hindered, and cultivated lands shall be avoided if possible.

The government reserves the right to be able to expropriate property according to Land Expropriation Act. The content of Regulation for Land Expropriation is as following:

- a. Before obtaining approval of business authority, promoter of undertaking should hold public hearing to collect opinions from land owners and relevant people.
- b. The approval authority should set Land Expropriation committee to consider projects of expropriation.
- c. If original owners of expropriation died, compensation would be divided to his heirs.
- d. Prior to the application of expropriation, the promoter of undertaking shall negotiate with land owners on obtaining of land by purchasing, or by any other means. Only if negotiation breaks, expropriation can be applied. When land is expropriated, original owners of expropriation may still apply to claim the land on the amount equal to the original value of compensation, or to abolish the expropriation, in accordance with Article 9 or Article 49 of the Regulation for Land Expropriation regarding to limit on promoter of undertaking.
- e. The compensation of an expropriated land shall be the current value issued at the correspondent public notice or publications. When necessary, the compensation may be raised to a reasonable level for making up for the land owners. The percentage to be raised to the compensation shall be evaluated at the time when appraising the yearly current value of land to the public by Land Expropriation Committee, which shall be a normal transaction value offered by competent authorities of city government or county city government.

More information

The Land Expropriation Act (2000), accessible from:
www.land.moi.gov.tw/law/enhtml/lawquerydetail.asp?elid=87&ntitle=Land%20Expropriation%20Act

Dept Of Land Administration: www.land.moi.gov.tw

Protection of IPRs

Chinese Taipei strives to create a sound IPR protection environment because it understands that it is crucial to foster innovation and investment.

The Intellectual Property Office in Chinese Taipei (TIPO) is the competent authority responsible for patent, trademarks, copyrights, integrated circuit layouts, trade secrets

and other IP-related matters. To develop a healthier IPR protection environment through the implementation of an adequate and effective IPR protection, TIPO has adopted the following measures:

(1) Legal aspect: IPR protection laws in Chinese Taipei consist of the Copyright Act, the Trademark Act, the Patent Act, the Trade Secrets Act, the Plant Variety and Plant Seed Act, the Integrated Circuit Layout Protection Act, the Tobacco and Alcohol Administration Act, and the Fair Trade Act. Chinese Taipei's IPR legislation has been in full consistency with the TRIPS Agreement since our accession to the WTO. However, to accommodate a highly developed science and technology and changes in international intellectual property environment, Chinese Taipei has taken a series of substantial revisions and amendments to laws and regulations governing copyright, patent and trademark. Chinese Taipei has also improved transparency and consultation process on the draft of IP laws.

(2) IP court has started functioning since July 2008. The IP Prosecutors Office of the Taiwan High Prosecutors Office has been in smooth operation since its establishment in July 1, 2008. With these judicial efforts, IP trials will be carried out more professionally in Chinese Taipei.

Chinese Taipei

(3) In January 2003, the government established the IPR Police; an "IPR Action Plan" has also been implemented since 2003 in order to coordinate IPR protection work among different agencies and departments. The Ministry of Education also started implementing its Campus IPR Action Plan since 2007. Progress is made in many areas, including campus Internet management, campus photocopying management and enhancing awareness of IPR protection. Chinese Taipei's enforcement efforts have been highly recognized internationally.

Moreover, Chinese Taipei has also put in lots of efforts in the cultivation of IP professionals and innovation assistance. For example, the Taiwan Intellectual Property Training Academy (TIPA) was established in 2005 to cultivate professional working in intellectual property-related fields. To showcase the latest inventions and technologies, Taipei International Invention Show & Technomart has been held annually since 2005.

Chinese Taipei's achievements in IPR related areas have contributed to the improvement in national competitiveness. Chinese Taipei was ranked eighth in IMD's annual World Competitiveness Report among the 58 economies covered in the rankings.

More information

Intellectual Property Office, MOEA: www.tipo.gov.tw

Flow of funds

Prior to February 1979, management of foreign exchange in Chinese Taipei was characterized by a central clearing and settlement system. Following the establishment of the Taipei Foreign Exchange Market in February 1979, a managed float exchange rate system was formally implemented.

And if managed, under what circumstances or purposes does your government/central bank intervene?

In principle, the NT dollar exchange rate is determined by market forces. However, when the NT dollar exchange rate is disrupted by seasonal or irregular factors and becomes more volatile than what can be explained by economic fundamentals, the Central Bank will step in to restore order in the foreign exchange market.

Are there any restrictions on the repatriation of funds related to a foreign investment (e.g. profits, dividends, royalties, loan payments)?

Remittances related to foreign investments approved by competent authorities are completely liberalized. That is, a company incorporated in Chinese Taipei or a foreign company registered in Chinese Taipei may freely repatriate profits, dividends, royalties

or loan payments.

Mechanisms to review decisions, and settle disputes

In case a potential investor disagrees with the decision made by the Investment Commission, MOEA, he/she may file an appeal to the "Petitions and Appeals Committee" of the Executive Yuan (the highest administrative agency). The Executive Yuan will then review the case and make ruling whether the decision made by the Investment Commission, MOEA is appropriate. The potential investor can re-submit the application where Executive Yuan rules in his/her favor, or on the other hand, if the potential investor is still not satisfied with the ruling of the Executive Yuan, he/she has the final option of seeking remedy from the "High Administrative Court".

What, if any, mechanism do you have for foreign investors to settle disputes?

Once a foreign investor has received approval to invest in Chinese Taipei all disputes are subject to the same legal framework as is afforded domestic investors. This includes access to a range of dispute resolution mechanisms, such as arbitration, mediation and conciliation. Furthermore, foreign investors have access to Civil procedure.

ICSID

Chinese Taipei

Chinese Taipei has neither signed nor acceded to the International Centre for Settlement of Investment Disputes.

More information

International investment agreements

With;

Argentina; Belize; Burkina Faso; Costa Rica; Dominican Republic; El Salvador; Gambia, the; Guatemala; Honduras; India; Indonesia; Liberia; Macedonia, FYR; Malawi; Malaysia; Marshall Islands; Nicaragua; Nigeria; Panama; Paraguay; Philippines; S Vincent & Grenadines; Saudi Arabia; Senegal; Singapore; Swaziland; Thailand; United States; Viet Nam;

Please provide a brief description of these IIAs, or your IIAs in general.

Chinese Taipei has so far signed Bilateral Investment Agreement with 29 countries. All these investment agreements cover investment promotion and protection, yet not including liberalization. Chinese Taipei is working towards signing BIAs with more countries in order to attract more foreign investments.

More information

Department of Investment Services, MOEA: www.dois.gov.tw

Movement of persons

Treatment of foreign nations or personnel of foreign firms

Foreign investors or representatives of foreign corporations, who intend to stay for more than 6 months in Chinese Taipei for business purpose, may pursuant to the following principles, and with a certificate issued by the competent authority in charge of the investment, apply to Ministry of Foreign Affairs for single entry resident visas:

(I) Approved foreign investment with a verified investment amount of more than US\$200,000 may apply for single entry resident visa for up to two persons.

(II) Approved foreign investment with a verified investment amount exceeding US\$200,000 may apply for an additional person's single entry resident visa for each US\$500,000 investment increased, the maximum number of persons for additional visa application is seven.

More information

"Regulations Governing Visits, Residence, and Permanent Residence of Aliens"
(http://law.moj.gov.tw/Eng/news/news_detail.aspx?id=3939);

"Statute Governing the Issuance of Visas in Foreign Passports"
(http://law.moj.gov.tw/Eng/news/news_detail.aspx?id=717)

Taxation

Taxation of foreign nationals and foreign firms

Company profits

Chinese Taipei's profit-seeking enterprise ("PSE") income tax is levied as follows:

Chinese Taipei

For a PSE with a head office located in Chinese Taipei, income tax is levied based on the worldwide income of the PSE. However, income tax paid on offshore income in the jurisdictions of foreign countries can be credited against the PSE's overall income tax liability. The amount of the deductible foreign tax credit is limited to the increase in Chinese Taipei income tax liability resulting from inclusion of foreign source income calculated at the applicable domestic tax rate.

For a PSE with a head office located outside Chinese Taipei generating Taiwan-source income, income tax is levied based on the Taiwan-source income of the PSE. A PSE with a fixed place of business or business agent within the territory of Chinese Taipei should file the income tax return. A PSE without a fixed place of business or business agent within the territory of Chinese Taipei but having Taiwan-source income should have the tax withheld at source by the withholding tax agent; while the income tax is not withheld, the PSE should report the income and pay the underlying tax due based on the regulated withholding rate. The income tax brackets and tax rates for profit-seeking enterprise income tax are as follows?

Tax year 2010 and after:

Bracket (NT\$)	Tax Rate
120,000 or less	None
Over 120,000	17% of total taxable income, but income tax liability may not exceed 50% of the portion of taxable income over \$120,000

Personal income/profits

The individual income tax in Chinese Taipei is taxed on the taxpayers' Taiwan-source income. Taxpayers are categorized as residents or non-residents, regardless of their nationalities. Regulations relating to residents and non-residents are as follows?

A resident is defined as a person who has a domicile in Chinese Taipei and habitually resides in Chinese Taipei, or who does not have a domicile in Chinese Taipei but stayed in Chinese Taipei for 183 days or more cumulatively in a given calendar year. Those who have Chinese Taipei source income should file individual income tax returns and pay the tax in accordance with Paragraph 1, Article 2 and Article 71 of the Taiwan Income Tax Act.

Non-residents having Chinese Taipei source income should pay the withholding tax at source in accordance with Paragraph 2, Article 2 of the Taiwan Income Tax Act.

The net taxable income of an individual is subject to the following progressive tax rates?

Tax year 2010 and after:

Brackets(NT\$)	Tax Rates	Progressive Differences (NT\$)
0 - 500,000	5%	0
500,001 - 1,130,000	12%	35,000
1,130,001 - 2,260,000	20%	125,400
2,260,001 - 4,230,000	30%	351,400
4,230,001 and above	40%	774,400

Funds for repatriation

When foreign companies come to invest in Chinese Taipei to set up representative offices or branches, they should pay income tax on income generated within Chinese Taipei. However, companies are exempt from income tax when they remit their after-tax surplus income back to their companies, because it is not considered as a dividend. As for the subsidiaries established by foreign companies, they are subject to the levy of income tax on all the consolidated income generated both inside and outside Chinese Taipei, as well as income tax on after-tax dividends.

Is the basis for taxation economy or global? If the basis for taxing is global, with whom do you have tax treaties?

Chinese Taipei

For an individual, the individual income tax in Chinese Taipei is taxed on the taxpayers' Taiwan-source income. However, individual overseas income, including income the source of which is not from Chinese Taipei and is excluded from gross consolidated income according to Article 2 of Income Tax Act, as well as the income exempt from gross consolidated income according to Paragraph 1, Article 28 of the Act Governing Relations with Hong Kong and Macau, shall be included in the amount of basic income for resident individuals as of 1st January, 2010 in accordance with Paragraph 1 and Paragraph 7, Article 12 of the Income Basic Tax Act.

For a profit-seeking enterprise ("PSE"), a PSE with a head office located in Chinese Taipei, income tax is levied based on the worldwide income of the PSE. For a PSE with a head office located outside Chinese Taipei, income tax is levied based on the Taiwan-source income of the PSE.

When the same person (individual or PSE) is taxed in respect of same object by two authorities, double taxation may occur. In order to avoid double taxation, tax evasion, and promote bilateral relations, Chinese Taipei is active in seeking to promote ties with countries with which it has close trading ties by signing tax agreements. As of 30th June, 2010, 18 comprehensive income tax treaties and 14 international transportation income tax agreements have been signed and brought into force.

Comprehensive income tax treaties which cover all income flows:

1. Asia : Indonesia, Israel, Malaysia, Singapore, Vietnam
2. Oceania : Australia, New Zealand
3. Europe : Belgium, Denmark, Macedonia, the Netherlands, Swaziland, Sweden, the UK
4. Africa : Gambia, Senegal, South Africa
5. South America : Paraguay

International transportation income tax agreements: Canada, the European Union, Germany, Israel, Japan, Korea, Luxembourg, Macau, the Netherlands (Shipping, Air Transport), Norway, Sweden, Thailand and the United States

More information

Introductory information can be obtained from "Invest in Taiwan" at <http://investtaiwan.nat.gov.tw>. More detailed information can be obtained from the Taxation Agency, MOF at <http://www.dot.gov.tw>