

## Chapter 1 : Taiwan Foreign Direct Investment | | Data | Chart | Calendar

*Taiwan Investment and Business Guide: Strategic and Practical Information (World Business and Investment Library) [USA Int'l Business Publications] on theinnatdunvilla.com \*FREE\* shipping on qualifying offers.*

If you have been around for over thirty years, then chances are that you might have come across one product or the other that is made in Taiwan. Taiwan is legitimately the Republic of China and is a sovereign state in East Asia. It has its central seat of government as Taipei and this also happens to be the most populous city. Over the past centuries history has it that Taiwan experienced rapid economic growth and industrialization, and therefore is now an advanced industrial economy. This country is the 19th-largest economy in the world and its high-tech industry plays a key role in the global economy. Taiwan is rated greatly in terms of freedom of the press, public education, health care, economic freedom, and human development. For this reason, it might not be a bad idea at all to go down to Taiwan to seek business opportunities to invest in. If you think this might be a priority to you as an investor then here are some business ideas that are available might be available to you in Taiwan.

**Automotive and Car Parts Business** Without an iota of doubt, Taiwan has a robust economy that is very much capable of high technology industrial production. One business therefore you may want to invest in this country is that Auto parts business. However, this all depends on the scale you would like to start from. You may decide to set up your own manufacturing company, as well as become a distributor to other countries. This is one industry that requires huge capital and you must be able to pool the appropriate resources to start out.

**Medical Supplies and Equipment** The need to solve the problems in the health sector all over the world is such that requires good supply of equipments. Therefore this is the reason why Taiwan producers have taken it upon themselves to produce the very best of medical supplies. You too can plug into this business opportunity. Some of the things that may be considered dealing in are ; dental equipment and appliances, diagnostic instruments, hospital equipments, medical disposable items, prosthetic and orthopedic products , amongst others.

**Hardware** Taiwan is one country where the production of hardware is in abundance, if you are an IT savvy person, then you may want to consider dealing in Hardware.

**Bicycle Products** If you are such a one that has a penchant for bicycles generally. Then you may make this a business line as there are lots of bicycle products opportunities in Taiwan. You can decide to carve a niche for your business by asking yourself questions like; who are my target market? Would it be bicycle product for toddlers, teenagers or adults? These are all that you must put into consideration.

**Machinery** It is no longer news that heavy duty machineries can be found in Taiwan. Hence, it might also no longer be news to you that you could make great profit from dealing in machinery in Taiwan. This is because the market all over the world is a very vast one. You may decide to set up your business in Taiwan for the sole aim of exporting to countries from there. Types of machinery include; truck machines, generating set as well as others.

**Communication Products** Another business which you might yet want to invest in Taiwan is the communication products. Taiwan is like the one stop centre to get these products and you must be ready to take advantage of this opportunity. Some of the communication products include; fax, modems, wireless communication products, LAN card and adapter, amongst many other products.

**Consumer Electronics and Electrical Parts Business** There is a ready way to get these products supplied to your stores when you operate such a business in Taiwan. The market for consumer electronics and electrical parts is a very big one in Africa, Europe, the Caribbean, you name it. Some of the products you may want to deal in include the following; air condition equipment, audio electronic products, battery, cell chargers, modules, just to mention a few.

**Food and Agricultural Products** Much more than the electronics and the equipment industries in Taiwan, there is also the food and agricultural sector. And the truth is that there is as much profit in the food and agricultural business as there is in other sectors. Some of the products you may consider dealing in are; confectioneries, biscuits, snacks, farm products- fresh or chilled, food additives, frozen foods and what have you.

**Fashion Accessories and Household Textiles** The love for fashion is such that cuts across continents and borders. Therefore, you may also invest in the fashion business in far away Taiwan. There are lots of industries who work tirelessly to churn out quality products for fashion lovers. Some of the products that could fetch you good money in the venture include; belts, gloves, hair

ornaments, hats, hosiery, towel, handkerchiefs amongst others. Gifts and Work of Arts Business You can be rest assured that the market for gifts and work of arts is such that is vast. When you have your business well positioned in Taiwan then you can boast of good returns. Some of the products in this category that can be considered are; badges, plaques, cosmetic supplies, ceramic and porcelain ware, Christmas decoration, key chain, handicraft and what have you. However, please remember that you must play a great role in further research on the areas that are of interest to you. This is so that you are conversant with what you want to deal in, so as to avoid a fold up after you commence operation of business.

**Chapter 2 : Doing Business in Taiwan | World Business Culture**

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Air and sea transportation. Additionally, there are limits on foreign ownership and control of local firms in certain industries, such as telecommunications and wireless, television broadcasting and aviation. The ability of foreign nationals or companies to buy general residential or commercial real estate in Taiwan is based on a principle of reciprocity. Those foreign nationals whose home countries allow Taiwanese individuals and companies to buy property are eligible to buy property in Taiwan. Are there any restrictions on doing business with certain countries or jurisdictions? Investors from the PRC are subject to different rules and regulations than those from other jurisdictions. They may only invest in certain kinds of businesses, and their investment applications receive stricter scrutiny. Are there any exchange control or currency regulations? There are no foreign exchange controls on trade, insurance and authorised investment transactions, and no limit on repatriation of capital or profits from portfolio investments. What grants or incentives are available to investors? The Taiwanese Government offers a number of tax incentives to all investors including foreign investors , such as: Research and development subsidies and tax credits for qualifying businesses. Tax incentives for companies located in prescribed areas, such as export processing zones, industrial parks, and free trade zones. Tax credits to qualifying companies that invest in certain industries promoted by the government, such as the biotechnology and new pharmaceuticals sectors. Feed-in tariffs for renewable energy projects, such as onshore and offshore wind power and solar energy. Under the recently passed Act for the Recruitment and Employment of Foreign Professionals, foreign nationals who work in Taiwan for at least days in a calendar year and receive income over TWD3 million may, for their first three years in Taiwan, exclude half of that part of their salary above TWD3 million from their Taiwan taxable income. What are the most common forms of business vehicle used in your jurisdiction? The most commonly established entities in Taiwan are: Corporations companies limited by shares. In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, what are the main registration and reporting requirements? Registration and formation The most common form of business vehicle is the corporation. To incorporate in Taiwan, investors must first choose a Chinese name. Reporting requirements Private companies are not required to file periodic reports. However, there is an ongoing reporting requirement with respect to basic company information. Change of responsible person. Election or removal of directors and supervisors. Share capital Taiwan does not specify a minimum capital investment amount in connection with company formation. However, any initial investment amount must be sufficient to meet the established needs and expenses of the proposed company. TWD, is typically sufficient for these purposes. If the initial investment is less than TWD million, the company must be registered with the local municipality or the Central Region Office of the MOEA, depending on the expected business location. Non-cash consideration For corporations that are not public, investor contributions can be made in the form of IP, machinery or raw materials, but not services or debt. Rights attaching to shares Restrictions on rights attaching to shares. Automatic rights attaching to shares. Investors in a corporation are granted pre-emptive rights under the Company Act. In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, outline the management structure and key liability issues. Management structure Every corporation must have a board of directors board. This board must elect a chairman, who acts as representative of the company. The minimum number of directors on the board is three. The board is also required by law to have at least one supervisor, who monitors the board and audits the financial statements it prepares. Management restrictions There is no nationality restriction in relation to the directors or supervisor, but at least one supervisor must reside in Taiwan. However, a judgment has not yet been handed down in the courts that indicates how this provision may be construed or enforced. Employment Laws, contracts and permits What are the main laws regulating employment relationships? The major law governing employment relationships in Taiwan is the Labour Standards Act LSA , which sets a minimum standard for employee

rights. Those employment relationships not covered by the LSA, including those involving employees with substantial managerial authority, are covered by the Civil Code. Is a written contract of employment required? If so, what main terms must be included in it? Written contracts are not required by law but are commonly used. However, written contracts are necessary for obtaining work permits for foreign employees. Even when the terms of the employment relationship are not detailed in a written employment contract, the employer must meet or exceed the minimum requirements stated in the Labour Standards Act and other related labour laws and regulations. Any employment terms agreed on in a collective agreement with unions or employee representatives will automatically be incorporated into an employment agreement executed between an employer and any employees who are the subject of the collective agreement. Where an individual employment agreement contains terms different to those provided in an applicable collective agreement, the terms of the collective agreement will prevail. This is unless the: Collective agreement expressly allows otherwise. Individual employment agreement terms are more favorable to the employee. Employers are required to apply for work permits for most foreign employees. Foreign employees with work permits can apply for a residency permit that is, an Alien Residency Card. Termination and redundancy Employees are not entitled to management representation. If not consulted prior to the announcement of a planned mass redundancy, employees and their representatives have the opportunity to negotiate terms of mass redundancy layoffs once notified. How is the termination of individual employment contracts regulated? Employment in Taiwan is not at-will. Any termination must be for a good cause as defined in the Labour Standards Act. Are redundancies and mass layoffs regulated? This law defines mass redundancy and establishes rules regarding notice periods, negotiations and fines for non-compliance. Tax Taxes on employment In what circumstances is an employee taxed in your jurisdiction and what criteria are used? Taiwan and foreign nationals are each taxed in Taiwan on their Taiwan-source income. Non-tax residents are taxed via withholding made by their employer or a tax return filed on departure from Taiwan. Tax residents are obligated to file Taiwan tax returns. An employee is a Taiwan tax resident if they are a: Taiwanese national; who resides in Taiwan for more than 31 days; who resides in Taiwan for between one and 31 days and has their centre of vital interests in Taiwan. Foreign national who resides in Taiwan for more than days. What income tax and social security contributions must be paid by the employee and the employer during the employment relationship? Employers and employees are jointly responsible for social security contributions, which include: Labour Insurance LI at the following rates: Labour Pension LP at the following rate: If an employee has paid taxes overseas on their Taiwan-source income, the amount paid may be deducted from income taxes payable by the employee in Taiwan. When is a business vehicle subject to tax in your jurisdiction? Tax resident business A tax resident business, meaning any business with its head office in Taiwan, is subject to tax on the basis of its net income. Non-tax resident business A non-tax resident business is subject to tax on all Taiwan-source income. What are the main taxes that potentially apply to a business vehicle subject to tax in your jurisdiction including tax rates? All businesses in Taiwan must pay: Dividends, interest and IP royalties How are the following taxed: Dividends paid to foreign corporate shareholders? Dividends received from foreign companies? Interest paid to foreign corporate shareholders? Intellectual property IP royalties paid to foreign corporate shareholders? Groups, affiliates and related parties Are there any thin capitalisation rules restrictions on loans from foreign affiliates? In Taiwan, profit-seeking enterprises are subject to thin capitalisation rules. The debt owed to related parties with a debt-to-equity ratio of more than 3: Must the profits of a foreign subsidiary be imputed to a parent company that is tax resident in your jurisdiction controlled foreign company rules? Are there any transfer pricing rules? Taiwan has imposed rules to ensure accepted transfer pricing methods and arms-length transactions between business entities. Businesses that exceed a threshold set by the Ministry of Finance must submit transaction records for a given tax year when filing its income tax returns. Companies under investigation by the tax authorities must also submit a transfer pricing report. How are imports and exports taxed?

**Chapter 3 : Top 10 Small Business Investment Opportunities in Taiwan**

*Risks of investing in Taiwan include: Strong Exposure to China. Taiwan's economy is heavily dependent on China's growth, given that the neighbor accounts for roughly % of its exports and % of its imports, meaning that any slowdown in China could have an adverse effect.*

This is regularly updated and should be checked before planning travel. It is customary to use both hands when presenting and receiving business cards. Answer enquiries, proposals, correspondence and invitations as soon as possible and at the very least, send an acknowledgment stating that an answer will follow shortly. While traffic conditions in Taipei can cause delays, a high value is placed on punctuality and as such you should avoid arriving late at appointments. Gift giving is less practiced now as western business practices are adopted more widely in Taiwan. Foreign business visitors would not be expected to give a gift to a Taiwan business contact at a meeting and it is unlikely that a gift would be offered. Small corporate promotional items might be useful to exchange, but beware of any gift of any significant value given or received as this could be considered as an attempt to influence a business decision. Be very conscious of regulations pertaining to bribery of foreign officials. Due to historical connections between Taiwan and the United States US through defence ties and the large numbers of senior Taiwanese who have studied in America, there is often a bias towards American goods and services. However in recent years Australia has enjoyed a growing profile due to the increasing numbers of Taiwanese visiting and studying in Australia as well as the growth in trade between Australia and Taiwan. Australian business should leverage the growing interest when negotiating business in Taiwan. Forms of address Many Taiwanese have an English first name used with a Chinese family name e. Henry Wang " when this is the case, the family name is used last, as in Australia. Normally when a Chinese name is written, the family name comes first with the given name following e. It is unusual for Taiwan companies to buy anything from someone that they do not know. It is vital to spend time in Taiwan with your representative to clearly explain the product, effectively negotiate terms of business and develop networks in the market. While understanding Taiwanese culture is important, do not lose sight of the Australian characteristics of doing business which differentiate you from other foreign competitors and your Taiwanese customers. Focus on transaction details as well as cultural factors. Taiwanese have a reputation for being tough negotiators so it is essential to be well-prepared. Understand current economic conditions and government policies in Taiwan. Business entertainment Eating and drinking plays a major role in doing business in Taiwan. It is recommended you engage in small talk with business partners first before bringing up business related topics. Toasting at banquets and after-dinner activities, such as karaoke, are common business practices. When rice wine shaoshing jiu is served at a meal, the custom is for individuals to drink only after a toast is made. The glass should be held in the right hand, preferably supported by the left. Returning a toast is standard practice. Ensure that guests are invited to eat when each course is served. As a sign of courtesy, when eating a Chinese meal, the host will sometimes place some food from a new dish on the plate of that of a neighbouring guest. The guest of honour will be expected to make the first move to conclude the dinner. Having said this, Western business visitors to Taiwan should not be overly concerned with this concept so long as normal standards of politeness, punctuality and respect are shown to the people they interact with. Usually when meeting business partners it is important to defer to the more senior person by letting them speak first. Invitations to a meal should be accepted unless there is good reason that you cannot attend and allow the host to pay for the meal. Losing your cool will make you look immature to many Asian business people. While it may be frustrating, remaining patient and level-headed will boost your chances of reaching an agreement. You can always politely decline the proposed business transaction. Setting up in Taiwan While not always necessary, finding distributors, agents and local representation are an important part of an export strategy for Taiwan. The Law of Taiwan is mainly based on the civil law system, with firm and clearly defined terms in the law codes and regulations, introduced during Japanese rule. Business practices are also underpinned by American-style capitalism and it is against this backdrop that Australian businesses can expect to conduct business in Taiwan. Australian companies could consider in-market representation to enable them

to understand nuances in the market, marketing and distribution channels, buyer identification strategies, product support and relationships with key government agencies in the market. In general, agents or distributors usually function as a first port-of-call for exporters looking to engage in Taiwan. Taiwanese companies importing products need to have an import licence. However, if local agents or distributors do not have import licences, Australian companies can import through an import-export trading company. Australian exporters should confirm with their potential business partners which import approach will be used. As the business develops, consideration may be given to appointing a full-time employee in the market, most likely a locally engaged Taiwanese person. If business continues to grow and expand, consideration might then be given to posting an expatriate manager from Australia. Professional advice from an experienced lawyer or accountant on the ideal structure for your business as well as advice on local labour laws is important prior to establishing representation in Taiwan. It is particularly important to choose your local partners wisely, as these decisions can make or break your business. Identify and check the bona fides of potential in-market representation. Obtain a number of different opinions and background views on potential partners before making your decision. The key factor is to ensure you have someone who knows the market very well and can grow your business in Taiwan. It is vital that these mutual objectives be understood, agreed and monitored in an ongoing manner. Ideally, the Taiwanese partner should be in a position to provide a range of possible inputs to the business partnership: For more information on setting up an office in Taiwan, please visit the Commerce Industrial Services Portal.

*Taiwan's investment climate and deepening cooperation on trade secrets protection. The two sides recognized the need for further engagement on improving the time-to-market of medical devices, including streamlining regulatory approvals.*

What are the sources of law regulating foreign investment in Taiwan? In order to promote economic development, Taiwan has been devoted to creating a friendly investment environment welcoming foreign investors to invest in Taiwan. In order to efficiently provide services and manage foreign investments, the government has specifically established the Investment Commission under the Ministry of Economic Affairs <http://www.ica.gov.tw>. All investments made by foreign nationals within the territory of Taiwan must comply with the provisions of the Statute and receive permission from the Investment Commission, provided that in order to establish a new subsidiary located in the Export Processing Zone or Science Park or to invest in an existing company located in these areas, a foreign national is required to obtain permission not from the Investment Commission but from the Export Processing Zone Administration or Science Park Administration of the Ministry of Economic Affairs. Therefore, such company shall separately receive permission from the Investment Commission in accordance with the Regulations Governing Investment in Taiwan by the People of Mainland China. What are the various methods in which foreign investment in Taiwan is possible? According to Article 6 of the Statute, investments by foreign nationals may be made pursuant to the following methods: What is the current foreign direct investment policy? In order to encourage foreign nationals to invest in Taiwan, the government adopts an open policy in respect to the business activities in which are allowed foreign nationals to invest in Taiwan, with a few prohibitions based on considerations of national security, public policy, social morals, and national health, or based on statutory provisions or international treaties and restrictions on certain special businesses. The investments that are prohibited include businesses such as post delivery, broadcasting, television, etc. What are the circumstances under which regulatory approval is required? The type of regulatory approval required depends on the type of business organization that the foreign national wishes to establish in Taiwan. Can a foreign company set up a wholly owned subsidiary in Taiwan? Article , paragraph 1 of the Company Act. In this regard, a company limited by shares may be established by the government or by one juristic shareholder. In addition, there are no special provisions on foreign companies with respect to the application of the aforementioned provisions. In other words, a foreign company may establish a wholly owned or share-held subsidiary in Taiwan. The functional duties and power of the shareholders? Furthermore, the directors and supervisors of the aforementioned company limited by shares are not required to be elected and may be directly appointed by the government or juristic shareholder Article , Paragraph 2 of the Company Act. How long do regulatory approvals take? The procedure for setting up a subsidiary can be divided into five stages: The review of the application for registration of the company name and scope of business requires approximately four working days. The time required for the review of an application for investment permission and application for capital verification depends on the amount invested by the foreign company and the industry invested in. The review of company registration requires approximately four working days. The procedure for direct investment in an existing company can be divided into three stages-application for investment permission, capital remittance, and application for capital verification. Once this procedure is finished, if there is any change to the directors or supervisors of the company invested in, a change of registration must be applied for within 15 days. The time required for the review of an application for investment permission and application for capital verification depends on the amount invested by the foreign company. The procedure for setting up a subsidiary can be divided into four stages - application for registration of the company name and scope of business, application for foreign company recognition and branch registration, capital remittance, submission of proof of capital remittance and completion of recognition and registration procedure. The review of an application for foreign company recognition and branch registration requires approximately four working days. The review of a submission of proof of capital remittance and completion of recognition and registration procedure also requires approximately four working days. Only one stage is required - application to the Ministry of Economic

Affairs. Approximately four working days. Are there any restrictions on the land ownership by foreign nationals and foreign companies? This provision adopts the principle of reciprocity. Specifically, the investments helping major infrastructure projects in Taiwan, overall economic development, or agricultural and animal husbandry industries mentioned in 8 means the following: Investment in major infrastructure projects means investment in projects approved by the central government authorities concerned or reported to Executive Yuan which is equivalent to the Cabinet in Japan for approval. Investment in overall economic development means investments as listed below: Investment in agricultural and animal husbandry industries means investments that comply with the categories and criteria of technical intensive and capital-intensive agriculture specified and announced by the Council of Agriculture of the Executive. The same applies in the event of a change to the land usage or transfer of land other than succession. Within 14 days of receipt of the application, the municipal, county or city government must render its decision of approval or disapproval and refer the matter to the central land administration the Ministry of the Interior for recording. Previous two similar articles:

### Chapter 5 : Doing business “ Taiwan ” For Australian exporters - Austrade

*Investment Guide Taiwan. Business and Investment News along the New Silk Road, from China to Europe, from the Arctic to the Caspian Sea. Investment Guide Thailand.*

### Chapter 6 : Taiwan - Market Opportunities | theinnatdunvilla.com

*Guide to Taiwan Business Tax 1. Introduction In accordance with the relevant tax laws and regulations, all sales of goods and services in Taiwan, as well as the importation of goods into Taiwan, are subject to business tax.*

### Chapter 7 : Doing business in Taiwan | Practical Law

*Doing business in Taiwan This PwC publication is a concise guide to the key aspects of undertaking business in Taiwan, from establishing a legal presence to complying with local accounting, tax and labour requirements.*

### Chapter 8 : JLL - Investment Guide - Taiwan - Real Estate Investment Trusts

*If Yes, here are the top 10 best small business ideas & investment opportunities in Taiwan. If you have been around for over thirty years, then chances are that you might have come across one product or the other that is made in Taiwan.*

### Chapter 9 : Taiwan Investment Guide

*PKF-Doing business in Taiwan- 2 General Introduction Geography and Population Taiwan, the Republic of China (R.O.C), is an island located about 90 miles off of mainland China, about miles northeast of.*