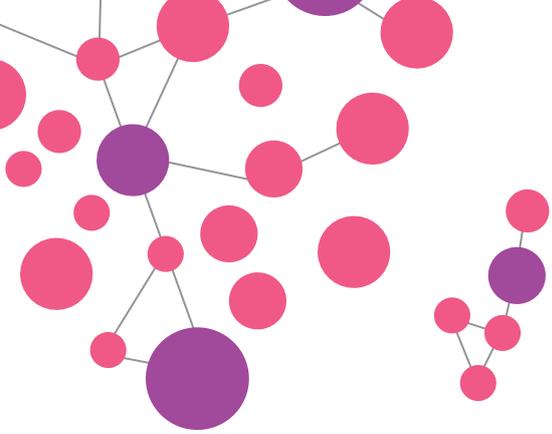


OPEN FOR BUSINESS

Gregory Buxton, Partner at Winkler Partners, says a changing investment landscape and efforts to modernise key areas such as worker protection and funding rules, means this could be the right time to choose Taiwan as the next place to do business.





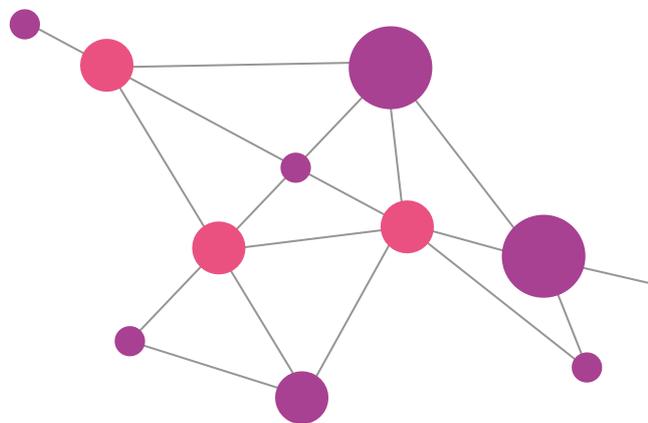
INTRODUCTION

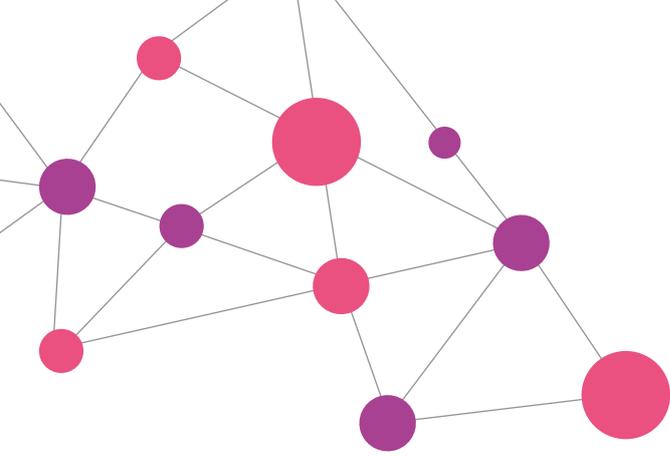
Taiwan is increasingly being viewed as a vibrant, emerging economy that offers significant business-orientated advantages for companies looking at investment opportunities.

Identified in the Morgan Stanley Capital International Emerging Market Index, Taiwan's economic performance, driven by a strong industrial manufacturing sector and healthy exports of electronics, machinery and petrochemicals, supports its \$1 trillion GDP. Together with low unemployment and inflation rates, and with nearly half of the population made up of consumers aged between 25 and 69, Taiwan's economic conditions clearly point to a country that has much to offer when it comes to leveraging business success.

To back this up, a number of significant moves have recently been made by the Taiwanese authorities to ensure that those considering business investment in the country can do so without undue regulatory or structural restriction.

They cover a number of areas.



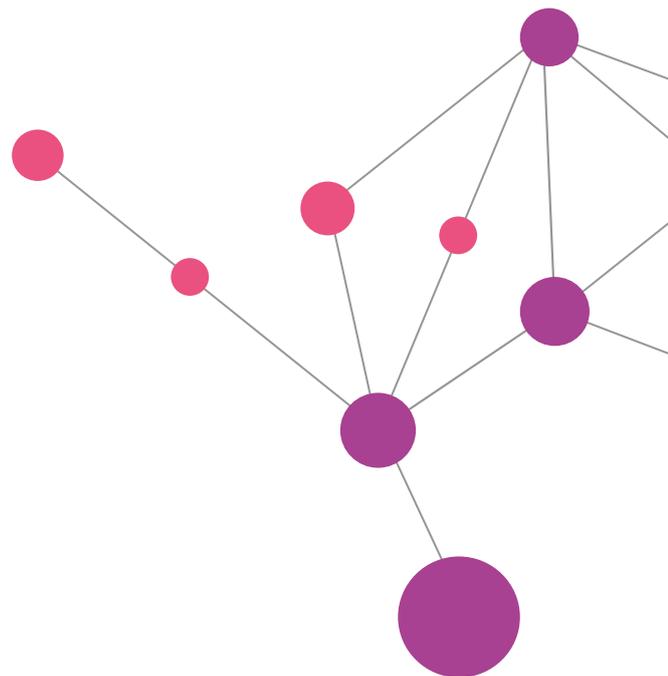


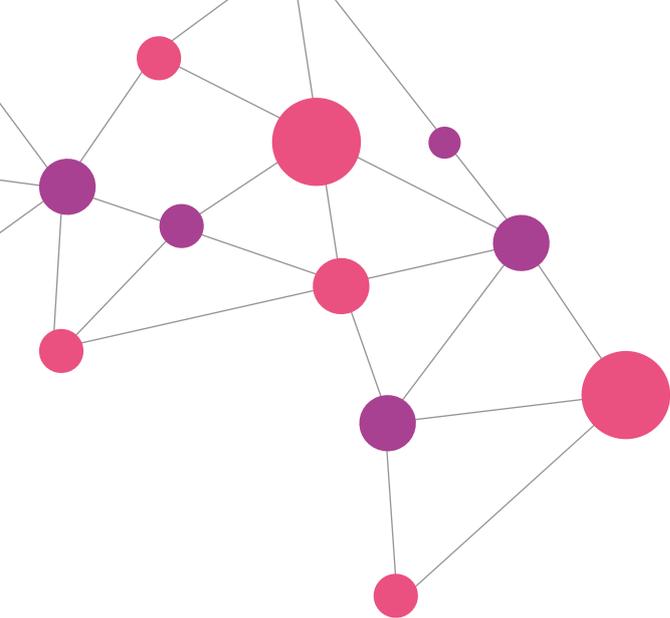
LIBERALISATION OF FOREIGN INVESTMENT RULES

Taiwan's Executive Yuan has recently approved draft bills to amend the Statute for Investment by Foreign Nationals in an effort to simplify Taiwan's foreign investment approval process.

If passed into law by the Legislative Yuan, it is expected that 85% of foreign investments in Taiwan will be subject to post-investment reporting rather than pre-investment approval. The draft bill aims to simplify review procedures, shorten the review process and strengthen the regulation of foreign investment. However, it is also anticipated that investments of over US\$1 million will still require pre-approval, whilst levels of shareholding also requiring pre-approval is still to be determined.

The good news for those waiting for regulatory approval is that the draft bills also tighten deadlines, with the Ministry of Economic Affairs required to notify investors within five days if application documents are incomplete, while also committing to a one month timeframe to rule on applications received. If other agencies are involved, this timeframe extends to two months.





WORKER PROTECTION

In another move to support and facilitate changing workplace trends, 2019 has also seen amendments made to the Taiwanese labour laws.

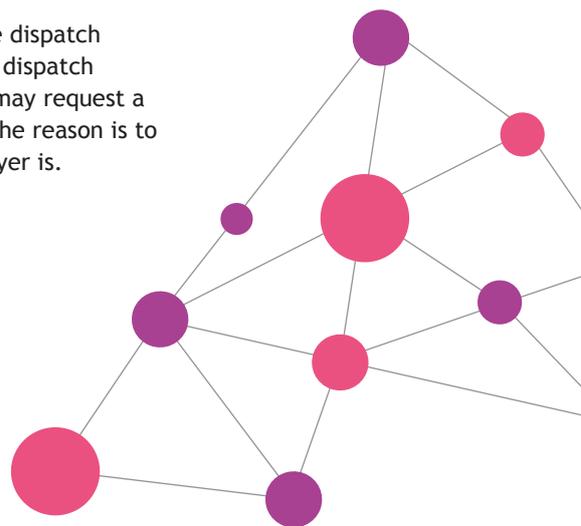
Designed to keep pace with the rise of the gig economy and an increasingly atypical workforce, the amendments provide greater protection for up to 150,000 dispatch workers that form the backbone of the labour pool.

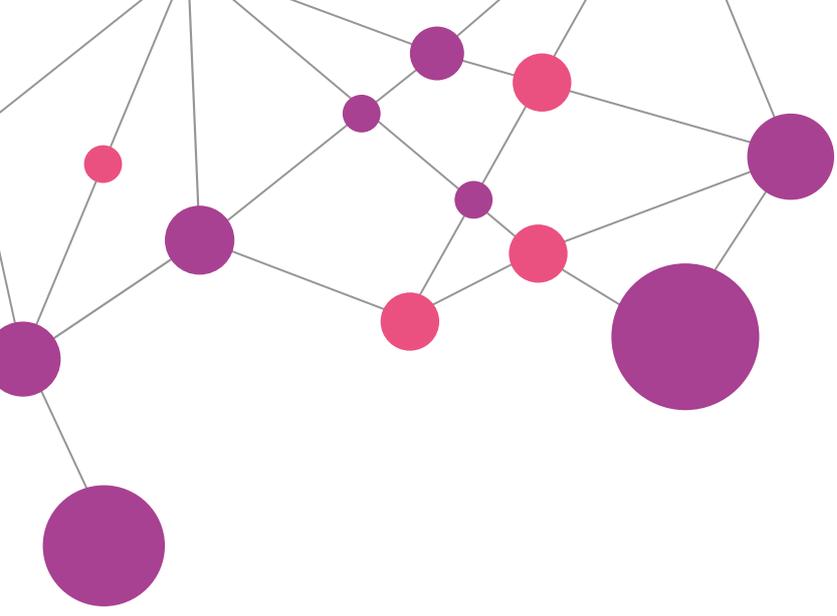
The three key provisions passed mean that dispatch agencies can now only sign permanent employment contracts with dispatch employees.

Firstly, this prevents agencies, for example, from using fixed-term contracts to circumvent obligations to provide statutory severance pay.

Secondly, if agencies do not pay wages on time, the dispatch employees can request that the client enterprise pay them instead. The client enterprise can then ask for reimbursement from the dispatch agency or deduct it from expenses payable. Ultimately, this should encourage the client enterprise to only select well operating agencies to prevent costs being incurred.

Lastly, the client enterprise cannot have an interview before the dispatch employees sign the permanent employment agreement with the dispatch agencies. If the client enterprise does, the dispatch employees may request a permanent employment agreement with the client enterprise. The reason is to prevent the dispatch employees having no idea who their employer is.



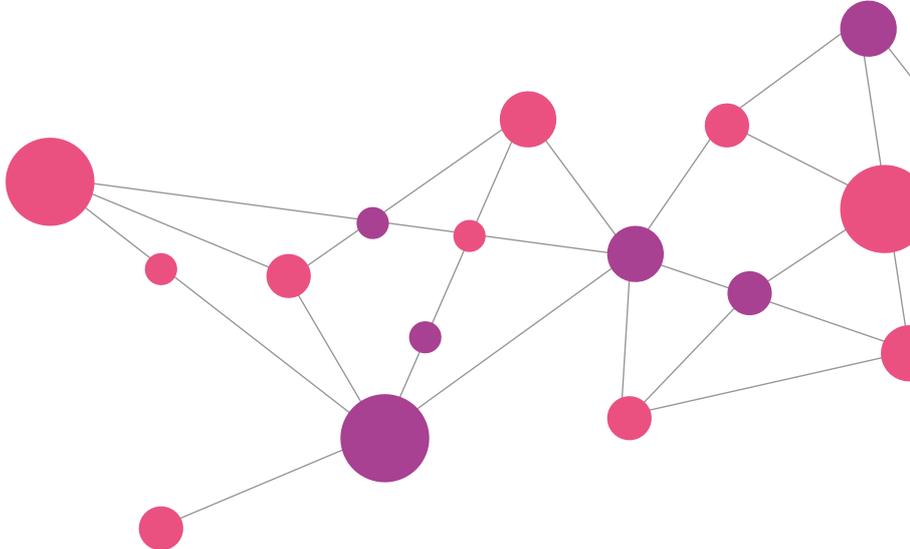


FUNDING

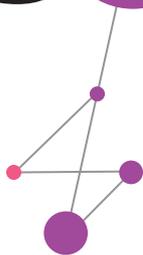
Against a background of speculation that Taiwan might allow companies to raise funds through initial coin offerings (ICO) conducted via crowdfunding channels, current indications show that the Taiwan Financial Supervisory Commission (FSC) intends to regulate such ICOs - commonly referred to as security token offerings (STO) - separately from crowdfunding.

The FSC has indicated it plans to offer investors exemption from registration requirements for SmallCap STOs that fall below the US\$1 million threshold and that only professional investors would be allowed to invest in STOs at this level. Other aspects such as permissible securities and exchange trading rules are also being examined. The general feeling is that members of the business and legislative communities will seek increases in the monetary level of SmallCap STOs, as well as the loosening of other restrictions.

With moves to shake up the rules governing foreign investment, worker rights and funding requirements, it is clear that Taiwan is promoting itself as a proactive and supportive location that is open for business. Such potential changes, in addition to sound economic indicators, makes Taiwan an increasingly attractive destination for organisations keen to capitalise on the undoubted potential of this emerging market.



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We would be delighted to discuss our unique solution with you further. To continue the conversation with regards to investing and doing business in Taiwan, please contact:

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