

Company Compliance Requirements in Taiwan

Understanding Taiwan's Compliance Requirements

A Company registered in Taiwan must comply with Taiwan Regulations. This guide includes a checklist below based on commonly found issues in practice.

Background

All companies registered in Taiwan, regardless of whether they are foreign or locally owned, must comply with Taiwan's regulations. Much of the requirements come from the Labor Standard's Law, the Company Act, and related rulings issued by Government Authorities.

Complexity of Compliance Requirements in Taiwan

Even though most companies offer competitive salary packages and a good working environment to their employees, however these alone are not sufficient for meeting compliance requirements in Taiwan. In order to protect the rights of the employees, the Taiwan government has introduced various measures requiring the employer to take on more responsibilities.

For example:

Employers need to ask employees to submit time attendance records in the form of timesheets or clock cards. If employees work overtime, employers must pay overtime pay to the employees.

Penalties

Government inspectors visit businesses of all sizes in order to inspect for non-compliance. Complaints filed by disgruntled employees to government officials can also trigger an inspection. Penalties can vary, however, in the case of serious violations a government officer will disclose the name of the non-complying company on its website and this can create damage to the reputation of the company.

Checklist

Grant Thornton Taiwan has compiled a checklist of frequently found deficiencies in companies based on our past experience in order to assist companies comply with local regulations.

If you have any further questions relating to the contents of the checklist, please feel welcome to contact us for assistance. Alternatively, if you need us to help you implement measures to comply with these regulations, please also feel welcome to contact us.

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Checklist for Relevant Company Rules

※Completion instruction

In order to assist companies to assess whether if they follow regulations in Taiwan, we have prepared a check list below based on commonly found issues in practice. The list is not exhaustive and should be used as a source of reference only.

1. Labor Standards Act requirement :

Item	Independent inspection Items	Current practice	Law and Regulation	Penalty
1	Whether foreign employees have applied for work permits in accordance with the law	<input type="checkbox"/> Yes <input type="checkbox"/> No	"Unless otherwise provided for in the Act or in the Regulations, an employer shall apply with the Central Competent Authority for a permit to recruit foreign worker(s) to engage in occupations in the Republic of China." (Regulations on the Permission and Administration of the Employment of Foreign Workers Article 6)	NT\$ 150,000 and at most NT\$ 750,000; anyone with a recurrent violation of the same provision above-mentioned within five years shall be imprisoned for a term of at most three years, or detained for hard labor, and/or penalized for an amount of at most NT\$ 1,200,000.

2	Whether an employee file is kept for 5 years after termination of employment.	<input type="checkbox"/> Kept for 5 years after termination of employment. <input type="checkbox"/> Not kept for 5 years after termination of employment. <input type="checkbox"/> No employee file	<p>“An employer shall prepare and maintain a worker record card indicating the name, sex/gender, birth date, place of ancestral origin, educational background, address, national identification card number, employment starting date, wage, labor insurance starting date, merits and demerits, injury and disease and other significant facts of each worker. The worker record card referred to in the preceding paragraph shall be kept on file by the employer for at least five years after the date a particular worker ceases to be employed.” (Labor Standards Act Article 7)</p>	<p>NT\$20,000 and at most NT\$300,000. The business entity’s full company name (and owner) will be publicly disclosed along with the law violated (Labor Standards Act Article 79 paragraph 3)</p>
3	Whether an employee attendance record (clock card/ timesheet) is kept for 5 years	<input type="checkbox"/> Kept for 5 years <input type="checkbox"/> Not kept for 5 years <input type="checkbox"/> No employee attendance record	<p>“Employers shall prepare and keep worker attendance records for five years.” (Labor Standards Act Article 30)</p>	<p>NT\$90,000 and at most NT\$450,000. The business entity’s full company name (and owner) will be publicly disclosed along with the law violated</p>

4	Whether there is a worker payroll roster in accordance with law and whether it is kept for 5 years	<input type="checkbox"/> Kept for 5 years <input type="checkbox"/> Not kept for 5 years <input type="checkbox"/> No worker payroll roster	"An employer shall keep a worker payroll roster in order to record entries such as wages payable, the details of wage computation and the total sum of wages paid. This payroll roster shall be kept on file for at least five years." (Labor Standards Act Article 23)	NT\$20,000 and at most NT\$1,000,000. The business entity's full company name (and owner) will be publicly disclosed along with the law it violated. (Labor Standards Act Article 79 paragraph 1)
5	If the company employs more than 30 people, then the company needs to have its set of work rules approved by the city.	<input type="checkbox"/> Already approved <input type="checkbox"/> Not yet approved <input type="checkbox"/> Not Applicable <input type="checkbox"/> Work rules not drawn up yet	"An employer hiring more than thirty workers shall set up work rules in accordance with the nature of the business, and shall publicly display the said rules after they have been submitted to the competent authorities for approval and record. The rules shall specify the following subject matters: 1. Working hours, recess, holidays, annual paid leave of absence, and the rotation of shifts for continuous operations, 2. Standards, method of calculation and, payday of payable wages, 3. Length of overtime work, 4. Allowances and bonuses, 5. Disciplinary measures, 6. Rules for attendance, leave-taking, award and discipline, promotions and transfer, 7. Rules for recruitment,	NT\$20,000 and at most NT\$300,000. The business entity's full company name (and owner) will be publicly disclosed along with the law violated. (Labor Standards Act Article 70 paragraph 38)

			<p>discharge, severance, termination, and retirement,</p> <p>8. Compensation and consolation payment for accident, injury, or disease,</p> <p>9. Welfare measures,</p> <p>10. Safety and health regulations to be followed and observed by both the employer and the worker,</p> <p>11. Methods for communication of views and enhancement of cooperation between employer and worker, and</p> <p>12. Miscellaneous matters.”</p> <p>(Labor Standards Act Article 70)</p>	
6	<p>Whether or not employee representatives have been elected and registered with the government office, and whether or not there are labor-management meetings held every 3 months with minutes of each meeting on file.</p>	<p><input type="checkbox"/> Elected labor representatives have been registered with the government office.</p> <p><input type="checkbox"/> No elected labor representatives registered with the government office.</p>	<p>“A business entity shall hold meetings to coordinate worker-employer relationships and promote worker-employer cooperation and increase work efficiency. The regulations governing for labor-management conference shall be prescribed by the Central Competent Authority in concert with the Ministry of Economic Affairs and then reported to the Executive Yuan for approval.”</p> <p>(Labor Standards Act Article 83)</p>	<p>No Penalty. However, this can be listed as a shortcoming upon labor inspection by a government officer.</p>

7	Whether the total number of employed workers is above 30 people and whether there are measurements in place relating to the prevention, correction, complaint handling, and punishment of sexual harassment.	<input type="checkbox"/> Already openly displayed at the workplace. <input type="checkbox"/> Not displayed <input type="checkbox"/> Not Applicable	<p>“For an employer hiring over thirty employees, he/she shall set up measures relating to the prevention, correction, complaint handling, and punishment of sexual harassment in accordance with the regulations. These measures shall be openly displayed in a noticeable place in the workplace and given to all employees.” (Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace Article 2)</p>	<p>NT\$100,000 and at most NT\$500,000.</p> <p>The business entity’s full company name (and owner) will be publicly disclosed along with the law violated.</p>
8	Whether the company has a prevention and management plan for ergonomic hazards in the workplace.	<input type="checkbox"/> Reported to the government office and announced to employees. <input type="checkbox"/> Not reported to the government office but announced to employees. <input type="checkbox"/> No plan drawn up.	<p>“The employers shall adequately plan and adopt the necessary safety and health measures for the following items: To prevent musculoskeletal disorders induced by repetitive operations and related works;” (Occupational Safety and Health Act Article 6 I)</p>	<p>NT\$30,000 and at most NT\$150,000.</p> <p>NT\$30,000 and at most NT\$300,000 if leading to the occurrence of an occupational disease.</p> <p>The business entity’s full company name (and owner) will be publicly disclosed along with the law violated.</p>

9	Whether the company has a prevention and management plan for abnormal workload-triggered disorders.	<input type="checkbox"/> Reported to the government office and announced to employees. <input type="checkbox"/> Not reported to the government office but announced to employees. <input type="checkbox"/> No plan drawn up.	<p>"The employers shall adequately plan and adopt the necessary safety and health measures for the following items: To prevent ailments induced by exceptional workload, such as working shifts, working at night, and long working hours;"</p> <p>(Occupational Safety and Health Act Article 6 II)</p>	<p>NT\$30,000 and at most NT\$150,000.</p> <p>NT\$30,000 and at most NT\$300,000 if leading to the occurrence of an occupational disease.</p> <p>The business entity's full company name (and owner) will be publicly disclosed along with the law violated.</p>
10	Whether the company has a prevention and management plan in case employees break the law in the performance of their duties.	<input type="checkbox"/> Reported to the government office and announced to employees. <input type="checkbox"/> Not reported to the government office but announced to employees. <input type="checkbox"/> No plan drawn up.	<p>"The employers shall adequately plan and adopt the necessary safety and health measures for the following items: To prevent wrongful physical or mental harm caused by the actions of others during the execution of job duties;"</p> <p>(Occupational Safety and Health Act Article 6III)</p>	<p>NT\$30,000 and at most NT\$150,000.</p> <p>NT\$30,000 and at most NT\$300,000 if leading to the occurrence of an occupational disease.</p> <p>The business entity's full company name (and owner) will be publicly disclosed</p>

				along with the law violated.
11	Whether the company has a set of Measures for Protecting and Managing Maternal Health.	<input type="checkbox"/> Reported to the government office and announced to employees. <input type="checkbox"/> Not reported to the government office but announced to employees. <input type="checkbox"/> No Safety and health work rules drawn up.	<p>For female workers with maternal health hazards, measures for hazard assessment, control, and graded management of maternal health protection should be implemented to protect the health of both the mother and the fetus.</p> <p>(Occupational Safety and Health Act Articles 30-31)</p>	<p>Violation of Occupational Safety and Health Act Article 31: NT\$30,000 and at most NT\$300,000.</p> <p>Violation of Occupational Safety and Health Act Article 30: A maximum of one year imprisonment, detention, and/or a criminal fine of up to NT\$180,000.</p> <p>The business entity's full company name (and owner) will be publicly disclosed along with the law violated.</p>

12	Whether the company has a set of Safety and health work rules.	<input type="checkbox"/> Reported to the government office and announced to employees. <input type="checkbox"/> Not reported to the government office nor announced to employees. <input type="checkbox"/> No Safety and health work rules drawn up.	<p>"As long as the company is in an industry relevant to the Occupational Safety and Health Act (For example, Manufacturing, Construction industry, or any general industry) regardless of size or number of employees, should draw up Safety and health work rules." (Occupational Safety and Health Act Article 23)</p>	<p>NT\$30,000 and at most NT\$150,000.</p> <p>The business entity's full company name (and owner) will be publicly disclosed along with the law violated.</p>
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13	Whether there is a role relating to Safety and health in the company organization chart and whether a person has been designated to take care of this responsibility.	<input type="checkbox"/> Yes <input type="checkbox"/> No, as the total number of employees is less than 30 <input type="checkbox"/> No such role/person	<p>“Employers shall formulate a safety and health management plan based on the scale and characteristics of their business entities, and shall also establish safety and health organizations and personnel to implement safety and health management and self-inspections.”</p> <p>(Occupational Safety and Health Act Article 23)</p>	<p>NT\$30,000 and at most NT\$150,000. The business entity’s full company name (and owner) will be publicly disclosed along with the law violated.</p>
14	Whether the company has implemented Safety and health education and training for workers	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>“Employers shall provide laborers with all necessary safety and health education and training for perform duties and prevent accidents.”</p> <p>(Occupational Safety and Health Act Article 32)</p>	<p>NT\$30,000 and at most NT\$150,000. The business entity’s full company name (and owner) will be publicly disclosed along with the law violated.</p>
15	If the total number of employed workers is above 50 then the company needs to employ or	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>“Business entities employing 50 or more laborers shall employ or contract medical personnel to conduct health management, occupational disease prevention, health promotion, and other activities to ensure the health and protection of laborers.”</p> <p>(Occupational Safety and Health</p>	<p>NT\$30,000 and at most NT\$150,000. The business entity’s full company name (and owner) will be publicly disclosed along</p>

	contract medical staff to take care of the health of workers in accordance with the law		Act Article 22)	with the law violated
16	Whether a pre-employment physical examination has been carried out for newly recruited workers	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>“The employers shall conduct pre-employment physical examinations for laborers at the time of employment.”</p> <p>(Occupational Safety and Health Act Article 20)</p>	<p>NT\$30,000 and at most NT\$150,000.</p> <p>The business entity’s full company name (and owner) will be publicly disclosed along with the law violated</p>
17	Whether regular health checks have been carried out for currently employed workers	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>Existing employees should conduct general health checks on a regular basis as per below:</p> <ol style="list-style-type: none"> 1. Employees aged above 65: annual health check 2. Employees aged above 40 but below 65: health check every 3 years 3. Employees aged below 40: health check every 5 years 	<p>NT\$30,000 and at most NT\$150,000.</p> <p>The business entity’s full company name (and owner) will be publicly disclosed along with the law violated</p>

2. Company Act Requirement :

Item	Independent inspection Items	Current practice	Law and Regulation	Penalty
1	Whether the registered scope of business is appropriate for the current business.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>“Any category of business to be conducted by a company shall, when making the registration thereof, be identified with the Category Code applicable to the said business category as assigned in the Table of Categories of Businesses by the central competent authority. For a company that has already been registered, and the category of business conducted by it is registered with descriptive words, then, such descriptive words shall be replaced with the applicable Category Code as assigned in the foregoing Table, while applying for alteration of the entries of the existing company registration record.” (Company Act Article 18)</p>	<p>The responsible person will be fined NT\$1,500 and at most NT\$15,000. If the issue is not resolved after a notice period, the registration of the company will be revoked.</p>
2	Whether the Board of Directors’ meeting has been held annually in accordance with the law	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>“In calling a meeting of the board of directors, notice shall be given to each director and supervisor no later than 3 days prior to the scheduled meeting date. However, where there are any longer days required in the Articles of Incorporation, such longer days shall prevail.</p> <p>The time limit on giving notice to the directors and supervisors for convening a meeting of the board of directors in a public company shall be prescribed by the competent authority in charge of</p>	<p>NT\$10,000 and at most NT\$50,000</p>

			<p>securities affairs and the preceding paragraph shall not apply to a public company.</p> <p>In the case of an emergency, a meeting of the board of directors may be convened at any time.</p> <p>The notice set forth in the preceding three Paragraphs may be effected by means of electronic transmission, after obtaining prior consent from the recipient(s) thereof.</p> <p>In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting.” (Company Act Article 204)</p>	
3	<p>Whether an annual shareholders' meeting has been held in accordance with the law</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<ol style="list-style-type: none"> Shareholders' meetings need to be held at least once per year Special meetings for shareholders should be held when it is necessary. <p>The shareholders' meeting mentioned in the preceding paragraph should be held within 6 months of the fiscal year-end. However, those who have a legitimate cause and have submitted a petition to the relevant authority for approval of a late shareholder meeting are not subject to this restriction.</p>	<p>NT\$10,000 and at most NT\$50,000</p>
4	<p>Whether the financial statements have been approved at the end of each fiscal</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<ol style="list-style-type: none"> At the end of each fiscal year, the company should provide a business report, financial statements, and the proposal for surplus distribution or loss for shareholder's approval at the shareholder's meeting 	<p>NT\$10,000 and at most NT\$50,000 for all board of directors (In the event of evasion, obstruction,</p>

	year in accordance with the law		2. The board of directors shall submit a financial report prepared for the shareholders' meeting approval. Once there is approval at the shareholders' meeting, the board of directors shall distribute the financial report and the meeting minutes to shareholders.	refusal, or non-declaration, the penalty will be doubled to NT\$20,000 and at most NT\$100,000 for each Director
5	If the company meets statutory audit/ tax compliance audit requirements, whether the work has been carried out.	<input type="checkbox"/> Yes <input type="checkbox"/> No	1. Where a company's equity capital exceeds a prescribed amount or a company has reached a certain scale, the company shall have its financial statements audited and certified by a certified public accountant. (Company Act Article 20) 2. A profit-making enterprises meeting prescribed requirements shall have its income tax return audited by a Certified Public Accountant (Article 102 of the Income Tax Law)	NT\$10,000 and at most NT\$50,000,000 for all board of directors (In the event of evasion, obstruction, refusal, or non-declaration, the penalty will be doubled to NT\$20,000 and at most NT\$100,000 for each Director
6	Whether the company has reported information relating to the owner of the business/ the major shareholders annually to the government office.	<input type="checkbox"/> Yes <input type="checkbox"/> No	"The company shall on an annual basis report the information of directors, supervisors, and managers where shareholding is more than 10% of the total issued shares or total capital on the designated reporting platform. The reporting period is from March 1 st to March 31 st each year." (Company Act Article 22-1)	NT\$50,000 and at most NT\$5,000,000
7	Whether the company has kept its accounting	<input type="checkbox"/> Yes <input type="checkbox"/> No	"An accountant or bookkeeper must keep all accounting records at the main office in Taiwan." (Business Entity Accounting Act Article 69)	NT\$30,000 and at most NT\$150,000

	records in Taiwan.			
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8	Whether the company has kept accounting records in the Chinese language.	<input type="checkbox"/> Yes <input type="checkbox"/> No	“Except for Arabic numerals used in numbering, all recording of business transactions must use the domestic language [Chinese]. If it is necessary to include remarks in or concurrently use any foreign language or local language, domestic language [Chinese] must be predominant.” (Business Entity Accounting Act Article 8)	NT\$10,000 and at most NT\$50,000
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