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Investment Incentives and Benefits of Taiwan Hsinchu Science Park

1. Tax Incentives

- (1) No import duty, commodity tax nor business tax will be imposed on machineries, instruments, raw materials, fuel, materials and semi-finished products imported by a Park enterprise for its own use. The enterprise is also excused from the off-duty, warrant, filing, or tax-mortgage process. However, in case of exporting the mentioned items to taxed regions, enterprises should pay import duty, commodity tax, and business tax according to regulations.
- (2) All products or labor outputs exported by Park enterprises are exempted from business taxation.
- (3) Corporate income tax: 17%.

2. Protection of Investors' Rights

- (1) Foreign investors enjoy the same benefits and rights as local investors.
- (2) Foreign investors can own 100% of share in Park enterprises and can seek co-investors from government sectors or local investors.
- (3) Foreign or overseas Chinese investors can apply for remittance of their investment profits, capital gains, or other capital interests.
- (4) For any enterprise with 45% or more foreign and/or overseas Chinese investors owned stock, the ROC government guarantees no expropriation will be acted upon for 20 years starting from the operation day of the enterprise.

- (5) Upon the approval of the Park Bureau, foreign investors can remit their capital investment in one transfer.
- (6) Ownership rights and intellectual property rights are protected by ROC laws.
- (7) Upon the approval of the Park Bureau, Park tenant companies can operate import and export business relevant to its own enterprise.

3. Government Investment Involvement

- (1) Investors can apply for the government's investment participation; the government investment can be as high as 49% of the total capital.
- (2) Agencies for government investment include the Scientific and Industrial Development Fund and other relevant development funds.

4. Capitalisation of Technology Know-hows

Upon certification by authentic organizations in form of technology capitalization evaluation documents, together with approvals of shareholders' board of director, a Park tenant company may apply to the Business Division of the Science Park Bureau to issue new stocks or to register modifications of new stocks regarding innovative technology know-hows.

5. Capital Raising

In case of capital raising demand, local or foreign investors may raise capital via assistances of the Taiwan Venture Capital Association. The Association includes more than 180 venture companies in Taiwan and holds regular seminars and meetings, offering useful information for mutual interaction.

6. Incentives for Research and Development

- (1) The Science Park Bureau provides Park tenants innovative technology industry-academia cooperation project grants, with a maximum grant of ten million NTD. The grant, however, could not exceed 50% of project budget.
- (3) R&D expenses can be deducted from corporate income tax up to 15% but the total deducted expenses cannot exceed 30% of the total corporate income tax.
- (3) R&D equipment can be exempted from import duties.

7. Incentives regarding the Act Governing Biotech and New Medicine Industry Development

- (1) Investment Deduction
Listed corporate shareholders investing in biotech or new medicine corporations more than three years can be exempted from corporate income tax within a period of five years up to a total of 20% of the price of stock shares gained. For entities of venture capitalists, corporate income tax can be exempted from the fourth year of stock shares gained, with the same period of five years.
- (2) R&D and Talent Cultivation Expenditure
 - (a) 35% of R&D expenditure can be deducted from corporate income tax within a period of five years since a real corporate profit gain.
 - (b) Amount of R&D expenditure exceeding the averaged amount of former two years, the exceeded portion of R&D expenditure enjoys a deduction rate of 50% from corporate income tax.
- (3) Attraction of R&D Talent
 - (a) Technology tradeoff income enjoys suspended levy of income tax, where tax levying year can be suspended to a time point when stock shares are transferred, given as presents, or distributed inherited assets, based on the real transacted price subtracting the gained cost, no limit for the suspended tax payment period.

- (b) If government employees are main providers for emerging corporate biotech or medicine technologies, the government employees can possess more than 10% of the corporate shares as the corporation starts and can act as the corporation initiators, presidents, or technology consultants, out of the confinement of the Act Governing Government Employee Services. R&D staff of academia or research institutes can act as R&D consultants in the biotech medicine corporations under mutual agreement.

Source: Hsinchu Science Park Bureau

If you wish to obtain more information or assistance, please browse the official website of Kaizen Certified Public Accountants Limited at www.bycpa.com or send email to enquiries@bycpa.com.