

Complete Guide for Foreign Individuals Investing and Establishing a Company in Taiwan

(Applicable to foreign natural persons holding a foreign passport and investing in Taiwan in their personal capacity; using a Limited Company as the example structure.)

Scope of Application

Applicable to:

Foreign natural persons holding a foreign passport and investing in Taiwan in their own name.

Not applicable to:

Residents of Hong Kong or Macau, nationals of Mainland China, or direct investment by foreign corporate entities, all of which are governed by different regulatory frameworks.

Stage 0: Pre-Investment Planning and Basic Identity

Preparation

0.1 Key Planning Points

Before filing any formal application, it is advisable to confirm the following items first in order to avoid repeated revisions later:

- **Company name:** Prepare 3 – 5 Chinese name options and 1 English name for banking and import/export purposes.
- **Business address:** Confirm that the building's approved use is legally compatible with the intended business activity, especially in Taipei City.
- **Equity structure:** Confirm the shareholder list and shareholding ratio, including the proportion between foreign and Taiwanese shareholders, if applicable.
- **Key decision-maker / responsible person:** Decide who will serve as the company's responsible person (director). A foreign national may serve in this

role, but practical issues such as personal attendance for bank account opening should be considered.

- **Capital planning:** Determine a reasonable amount of initial operating capital.
- **Work permit threshold:** If the investor intends to apply for a work permit as a foreign manager or responsible person, it is advisable to set the capital at **NT\$500,000 or above**, which generally satisfies the Ministry of Labor threshold for a newly established company and reduces first-year revenue pressure.
- **Business scope:** Confirm whether the intended business falls within a specially regulated or licensed industry, such as medical devices or travel services.

0.2 Apply for a Uniform ID Number (UI No.)

Before proceeding with company formation, the foreign investor should first apply for a **Uniform ID Number (UI No.)**, which functions as the individual's ID number in Taiwan.

- **Authority:** National Immigration Agency (NIA), local service centers.
- **Purpose:** Used for taxation, bank account opening, and registration procedures in Taiwan.
- **Method:** May be handled **in person** or **through an authorized agent**.
- **Required documents:** Original passport, passport copy, and application form.

0.3 Authorizing a Taiwan Agent (POA / Notarization / Legalization)

If the investor cannot remain in Taiwan throughout the process, it is strongly recommended to authorize a Taiwan CPA or lawyer to act on the investor's behalf.

- **Relevant authority:** TECO overseas offices or Taiwan court notarization offices.
- **Required documents:** Passport and Power of Attorney (POA).
- **Authentication options:**
 1. **If the investor is abroad:** Have the POA notarized by a local notary public and then legalized by the nearest Taiwan overseas office (TECO).
 2. **If the investor is in Taiwan:** Have the POA notarized at a district court notary office or by a private notary in Taiwan.

Stage 1: Company Name Reservation and Business Scope

Pre-Check

1.1 Company Name and Business Scope Reservation

- **Authority:** Department of Commerce, Ministry of Economic Affairs.
- **Purpose:** To confirm the availability of the Chinese company name and reserve it for **six months**.
- **Required filing items:**
 - 1 – 3 **proposed company names**
 - 2 – 10 **business items**
 - Copies of the identity documents of **all shareholders**
- **Recommendation:** In addition to the main business items, it is advisable to include “ZZ99999 – Any business not prohibited or restricted by law, except those requiring special approval” to preserve future operating flexibility.

1A. Business Venue Pre-Review (Taipei City Only)

For companies registered in Taipei City, a venue pre-review should be completed before signing the lease.

- **Authority:** Taipei City Urban Development Department / Building Administration Office.
- **Purpose:** Taipei City enforces strict controls on mixed residential-commercial use. You should verify in advance whether the **land-use zoning** and **building-use designation** allow the premises to be used as an office or store.
- **Risk warning:** Even if the company registration and tax registration are initially approved, illegal use of a residential address for commercial purposes may still result in:
 - fines ranging from **NT\$60,000 to NT\$300,000**,
 - an order to cease use, and
 - mandatory relocation.

In practice, this may also lead to renovation losses and relocation costs.

Stage 2: Foreign Investment Approval and Capital Verification

2.1 Apply for Foreign Investment Approval

- **Authority:** Department of Investment Review (DIR), Ministry of Economic Affairs.
- **Estimated timeline:** Approximately **2 – 4 weeks** for ordinary cases.
- **Core filing content:** Investment plan and related investor information.

2.2 Sign the Lease Agreement

Once the company name has been reserved and the address confirmed, the lease agreement should be signed.

- **Important drafting point:** The tenant name should generally be stated as:
“[Reserved Company Name] Preparatory Office, Representative: [Name of Director]”
- In practice, supporting landlord documents and address-use documents should also be prepared together for subsequent filings.

2.3 Open a Preparatory Office Bank Account

- **Authority:** Authorized foreign exchange banks in Taiwan.
- **Key requirement:** The responsible person / director must appear **in person** for KYC and account opening procedures.
- **Practical recommendation:** Foreign-investment-friendly foreign banks or private banks may offer a smoother process.
- **Important banking setup point:** In practice, it is advisable to open **both a foreign-currency account and a TWD account** at the same time to facilitate inward remittance and currency exchange.

2.4 Remit Capital

- **Operator:** The shareholder personally remits funds from an **overseas personal bank account** to the preparatory office account.
- **Remittance code:** Must be “310” (**Foreign Equity Investment**).
- **Strict prohibition:** Funds may **not** be remitted by a non-shareholder third party, nor transferred from within Taiwan. Otherwise, the remittance may fail the DIR review and may need to be returned and reprocessed.

2.5 Currency Exchange and Balance Certificate

After the remitted funds arrive in the preparatory office account:

- **Action:** The responsible person goes to the bank and converts the foreign currency into **New Taiwan Dollars (TWD)**, depositing the proceeds into the preparatory office’s TWD account.
- **Required documents:**
 - Foreign investment approval letter

- Bank passbook
- Company chops / seals used for account opening
- **Documents to obtain from the bank:**
 1. Incoming remittance advice
 2. Foreign exchange settlement receipt
 3. Certificate of deposit balance as of the application date

2.6 Apply for Capital Verification Approval

- **Authority:** Department of Investment Review (DIR), MOEA.
- **Action:** Submit the above banking documents to DIR to prove that the capital has been duly remitted and converted.
- **Result:** Obtain the **Capital Verification Approval Letter**.

Stage 3: CPA Capital Audit and Pre-Registration

Preparation

3.1 CPA Capital Audit Report

- **Purpose:** Under the Taiwan Company Act, the capital must be audited and certified by a CPA.
- **Explanation:** Even though the Department of Investment Review has already reviewed the inward remittance, a separate **CPA Capital Audit Report** is still required for company registration with the commerce authority.
- **Required documents:** Bank passbook and certificate of deposit balance.

3.2 Preparation and Signing of Registration Documents

The CPA firm will normally prepare the full set of incorporation documents, including:

- Articles of Incorporation
- Shareholders' Consent
- Director's Consent to Serve
- Other standard registration forms and declarations

In addition, an **anti-money laundering (AML) declaration** must be completed, and the **ultimate beneficial owner (UBO)** information must be confirmed.

Stage 4: Company Establishment Registration

- **Authority:** Department of Commerce, MOEA, or the Taipei City Office of Commerce.
- **Application:** Submit the CPA capital audit report together with the full set of registration documents.
- **Result:**
 - Company Registration Approval Letter
 - Company Registration Form
- **Milestone:** At this point, the company officially becomes a legal entity and receives its **8-digit Unified Business Number (Tax ID)**.

Stage 5: Business Tax Registration

- **Authority:** National Taxation Bureau, based on the registered business address.
- **Special note:** In some tax districts, the responsible person may be required to appear in person to sign, or an agent may handle the matter with a proper authorization letter.
- **Result:** Obtain the **Business Tax Registration Approval Letter**. Only after this step is completed may the company purchase invoices.

Stage 6: Invoice Activation (Electronic or Paper)

- **Current practical trend:** Electronic invoices are generally recommended. Although they involve some initial system setup, they are easier to manage and are aligned with Taiwan's digitalization policies.
- **For traditional paper invoices:** The responsible person should bring the company registration documents, invoice chop, company chop, and identity documents to the tax bureau to obtain the **Unified Invoice Purchase Certificate**.

Stage 7: Convert the Preparatory Office Account into the Official Company Account

- **Authority:** The bank where the preparatory account was originally opened.
- **Documents typically required:**

- Company Registration Approval Letter
- Company Registration Form
- Articles of Incorporation
- Business Tax Registration Approval Letter
- Company seals / chops
- The responsible person's two identity documents
- **Action:** Remove the words “**Preparatory Office**” from the account name and convert it into the formal company account.
- **Important note:** The bank will update the seal card and account records. From that point onward, fund usage must follow the formal company seal and banking authorization settings.

Stage 8: Post-Setup Mandatory Follow-Up Work

8.1 Basic Administration: Digital Certificate and Labor/Health Insurance

- **IC Card / Digital Certificate (工商憑證):** This is the company's digital identity and should be obtained as soon as possible, because it will be needed for online tax filing and labor/health insurance administration.
- **Labor and health insurance:** Even if the company has only one foreign responsible person, if that person receives salary in Taiwan or requires insurance coverage, the company must establish an insurance enrollment unit. In practice, the responsible person is often enrolled through their own company.

8.2 Work Permit

- **Authority:** Workforce Development Agency, Ministry of Labor.
- **Critical point:** Investment does **not** equal the legal right to work. If the foreign investor intends to actually work in the company and receive salary, a work permit must be obtained.
- **Common categories:**
 - **Category A:** Specialized or technical work
 - **Category B:** Manager of an overseas Chinese or foreign-invested enterprise
- **Practical shortcut for a manager application:** For a newly established company with paid-in capital of **NT\$500,000 or more**, it is generally easier to obtain approval during the first year, even if the revenue threshold has not yet been met.

8.3 Alien Resident Certificate (ARC)

- **Authority:** National Immigration Agency.
- **Basis for application:** Apply for an ARC using the work permit approval letter and proof of employment.
- **Typical validity period:** Usually aligned with the work permit term, commonly 1 – 3 years.

8.4 Bookkeeping, Tax Filing, and Ongoing Compliance

Taiwan's tax system is relatively complex. Businesses may need to handle:

- bi-monthly VAT filings,
- annual corporate income tax filing,
- withholding tax filing,
- and other recurring compliance obligations.

For that reason, it is strongly recommended to appoint a professional CPA firm to handle bookkeeping and ongoing tax compliance from the outset.