

Globalization Partners provides PEO and employer of record services in Taiwan for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in Taiwan. Your candidate is hired via Globalization Partners' Taiwan PEO in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

## Table of Contents

- [Hiring, Negotiating and Doing Business in Taiwan](#)
- [Employment Contracts in Taiwan](#)
- [Taiwan Working Hours](#)
- [Vacation Leave in Taiwan](#)
- [Sick Leave in Taiwan](#)
- [Taiwan Maternity Leave](#)
- [Termination/Severance in Taiwan](#)
- [Taiwan Tax](#)
- [Health Insurance Benefits in Taiwan](#)
- [Additional Benefits](#)
- [Taiwan Holidays](#)
- [Why Globalization Partners](#)

Our comprehensive solution and Global PEO service enable customers to run payroll in Taiwan while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Taiwan.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in more than 185 countries around the world, quickly and painlessly.

## Hiring, Negotiating and Doing Business in Taiwan

The Taiwanese people are generally pretty easy-going and not very formal. They are hard-workers and prefer face-to-face meetings to other forms of communication. Punctuality is very important to the Taiwanese, as is establishing relationships with business partners and entertaining them. Knowing how to entertain and dine business guests will significantly increase your chances of succeeding in business negotiations and deals and should, therefore, not be taken lightly or considered wasted time. In Taiwan, patience, humility, friendliness, and respect for others are highly valued. Loud and showy behavior is discouraged. The Taiwanese are known as hard bargainers, and it is advisable to bring a team of executives to negotiations to enhance your status.

When negotiating terms of an employment contract and offer letter with an employee in Taiwan, it may be useful to keep the following in mind:

### Employment Contracts in Taiwan

In Taiwan, individual contracts have not been the norm historically, but are becoming more common. While not required, we strongly recommend that an employment contract be executed; it is best practice to put a strong, written contract in place, in the local language, which spells out the terms of the employee's compensation, benefits, and termination requirements. An offer letter and employment contract in Taiwan should always state the salary and any compensation amounts in Taiwanese Dollar (TWD/NT\$) rather than a foreign currency. The employment contract template is part of the service with Globalization Partners; there is no need to draft a separate template if you use our employer of record and PEO service in Taiwan.

Most employment law in Taiwan is covered in the Labour Standards Act (LSA). Some occupations and industries are not covered by the LSA; the Civil Code covers terms and conditions in individual contracts not covered by the LSA.

In Taiwan, there are two primary types of employment contract recognised by the LSA: fixed-

term and non-fixed-term employment. Fixed-term employment can be:

1. Temporary or short-term work of up to six months.
2. Seasonal work, of no more than nine months duration.
3. Special work, the duration of which is specified; approval is needed if such employment will last longer than a year.

Any employer who has more than 30 employees is required to have written work rules registered with the local labour authority.

In Taiwan, the total salary typically consists of basic salary plus any fixed allowances such as a meal allowance. Meal allowances can be provided for up to a maximum of NT\$1,800 per month and are exempt from individual income tax.

According to Taiwanese law, preferable consideration of Taiwanese workers must be made ahead of hiring foreign workers.

Often a 13th or even 14th month of salary is provided to Taiwanese employees, although this is not required. The 13th and 14th month salaries are typically paid before the Chinese New Year Holiday.

It is a Chinese tradition to reward employees on festival occasions. In general, more than 90% of companies provided festival bonuses to employees for Chinese New Year, the Dragon Boat Festival, and the Mid-Autumn Festival. The average cash bonus for each festival is between NT\$500 to NT\$5,000, depending on the festival, and the industry and size of the company.

## **Taiwan Working Hours**

The Taiwanese work week is normally 40 hours, with a standard work day of 8 hours.

Other than the top-level country manager of a specific entity, all other employees (including other senior managers and mid-level managers) are allowed overtime, even if they are

salaries. For the first two hours of overtime on a normal working day, the overtime rate is 133% of the pay rate. For the second two hours of overtime, the overtime rate is 166% of the pay rate. There are additional regulations and costs if overtime falls on a rest day or national holiday. It is illegal for employees to work overtime on their regular day off. While most employees will not want to ‘rock the boat’ while they are employed, the issue of non-payment of overtime may come to a head if termination is necessary. One method for maintaining control over overtime is to require prior approval from management before employees work overtime hours.

### **Vacation Leave in Taiwan**

In Taiwan, all employees are entitled to paid annual leave, which is determined based on the employee’s years of service with the company.

Years of Service	Paid Annual Leave Entitlement
More than .5 but less than 1	3 days
More than 1 but less than 2	7 days
2 or more but less than 3	10 days
3 or more but less than 5	14 days
5 or more but less than 10	15 days
10 or more	15 days + 1 additional day per year of service over 10 years, up to a maximum of 30 days

### **Sick Leave in Taiwan**

Employees are entitled to ordinary sick leave of 30 days per year, which is paid at half-pay.

In addition, if an employee is hospitalized, s/he is entitled to unpaid sick leave of up to one year.

Total sick leave cannot exceed one year in every two consecutive years.

## Taiwan Maternity Leave

Female employees are entitled to maternity leave before and after childbirth for a combined period of eight weeks.

- If the employee has more than six months of service, she is entitled to full pay during her maternity leave.
- If she has been working less than six months, she is entitled to half-pay.

A male employee is entitled to five days of paid paternity leave when the mother of his child gives birth.

## Termination/Severance in Taiwan

Probationary periods are not mandatory in Taiwan. However, even if a probationary period is included with the terms of the employment agreement, if the employer dismisses the employee during the probationary period or at the end of the period, the requirements regarding statutory cause, advance notice and severance pay still apply to the termination.

Employment in Taiwan is almost never considered to be ‘at will.’ There are set restrictions on termination of employment. Dismissal of an employee is permissible for the following reasons:

- The employer is closing the business or ownership is transferred.
- The operations of the employer are suspended for more than one month by reason of force.
- The business nature of the employer is altered, requiring a reduction in the number of employees and there are no suitable job openings for the redundant employees.
- The employee is confirmed to be incompetent to carry out the work assigned to him or her.

In each of the above situations, the employer must give notice and pay severance to the employee. Notice and severance pay is not required for more dire circumstances such as an employee misrepresenting facts at the time of signing the employment contract, violence against the employer, the employer’s family, or fellow employees, the employee is absent

from work for three consecutive days or for six days in a month without justifiable reason, or the employee causes damage purposefully.

- Where an employer or an employee is required to give notice, the following notice periods apply:
  - For an employee with more than three months but less than one year of service, 10 days notice.
  - For an employee with more than one year but less than three years' service, 20 days notice.
  - For an employee with more than three years' service, 30 days notice.

An employee is entitled to paid leave of up to two working days per week during the notice period for the purpose of finding a new job. The employer may elect to make payment in lieu of the notice period.

## Taiwan Tax

Employees pay progressive income tax in Taiwan. The top rate is approximately 45% percent and starts at a salary level of NTD 10,310,001.

Local labor law in Taiwan requires that employers provide benefits to their employees, assist their employees with enrollment in Taiwan's social security systems, and pay for:

- labor insurance (LI), 9.5% of the employee's insured grade
- employment insurance, 1% of insured grade
- health insurance, 4.69% of insured grade (60% paid by employer, 30% by employee, 10% by government)

Employers must also pay at least 6% of an employee's insured grade toward the pension plan, deposited to a specific "Individual Pension Account."

All matters related to benefits are taken care of by Globalization Partners as part of our outsourced employment service in Taiwan.

## Health Insurance Benefits in Taiwan

The National Health Insurance Act (NHIA) requires all employers to enroll and participate, ensuring comprehensive health coverage for all employees.

Additional, private health insurance is neither mandatory or standard, but also not unheard of for senior executives. If the employer elects to provide supplemental insurance benefits, this can be handled in one of two ways: either via Globalization Partners' group health care plan, which is now offered globally, or via a personal allowance that will enable the employee to purchase a plan of his/her choice. We recommend budgeting \$300 to \$500 to cover the cost of a private health insurance plan via an allowance.

Please note: employees who will travel outside of Taiwan on business must be covered by a travel insurance policy that includes global coverage for baggage, trip cancellation, evacuation, medical repatriation and emergency travel expenses. Should the employee need to travel s/he should purchase travel insurance and request reimbursement of the cost through the standard expense reimbursement process.

## Additional Benefits

Other common employee benefits include:

- leaving service benefits (LSB)
- life, accident and business travel insurance
- housing allowances
- festival bonuses, etc.

Meal allowances can be provided for up to a maximum of NT\$2,400 per month and are exempt from individual income tax. Housing allowances are mainly provided to expatriates and some senior level executives, and are included from taxation. Most multinational companies provide these enhanced benefits to attract and retain local talent.

Medical benefits are typically extended to employees' spouses and dependent children.

Generally, we recommend budgeting 20% as benefits cost on top of the gross salary to allocate the total employer's cost including benefits in Taiwan.

## Taiwan Holidays

There are 9 public holidays for which employees are given the day off, including:

- New Year's Day
- Chinese New Year
- 228 Peace Memorial Day
- Children's Day
- Tomb-Sweeping Day
- Labour Day
- Tuen Ng (Dragon Boat) Festival
- Mid-Autumn Festival
- National Day

If any of the public holidays fall on a Saturday, the preceding day will be a holiday, while if it falls on a Sunday, the following day will be a holiday.

## Why Globalization Partners

It can be challenging to figure out how to set up a subsidiary or branch office in Taiwan, which historically was the first and most complex part of hiring an employee in Taiwan. Globalization Partners' Global PEO and [Global Employer of Record solution](#) makes it easy to hire employees in Taiwan with minimal time and expense. We put your employee on our locally compliant payroll and you get a simple monthly invoice. We can also process expense reports, take care of personal income tax issues, and set up the employee's statutory local benefits in Taiwan with the streamlined ease of a company that has done it hundreds of times before, enabling you to skip the difficulty of creating a subsidiary and instead focus on your company.

If you would like to discuss how Globalization Partners can provide a seamless employee

leasing or PEO solution for hiring an employee in Taiwan, please contact us at [sales@globalization-partners.com](mailto:sales@globalization-partners.com).