

With a large economy and key exports such as semiconductors and LCD panels, Taiwan is an attractive spot for foreign companies looking to expand to Asia. But when you are ready to set up your Taiwan payroll, you'll first have to understand the country's various labor laws, payroll regulations, and changing business factors to stay compliant.

Globalization Partners can change how you set up your Taiwan payroll using our Employer of Record solution. You won't have to worry about compliance, and your employees will always get paid according to local labor laws.

Payroll Taxation Laws

Employers in Taiwan have to consider taxes for both corporations and their employees. Taiwan does not have any social security taxes, but employers and employees must contribute to nominal labor insurance and national health insurance premiums. Employers contribute 6.35% to the labor insurance scheme and 5.008% to the national health insurance program.

Employees are responsible for paying progressive income tax in Taiwan depending on their salary. They also contribute to the nominal labor insurance and national health insurance premiums at a rate of 1.8% and 1.4731%, respectively.

Taiwan Payroll Options

Companies have four options for setting up their Taiwan payroll:

- **Internal:** This Taiwan payroll option is best for larger subsidiaries that have the resources to hire HR staff. This choice is the most expensive since you would need to learn all of Taiwan's payroll laws and employ additional staff.
- **Remote:** With a remote payroll, you can add your employees in Taiwan to your parent company's payroll. The subsidiary's and parent company's employees will have separate compliance laws you'll need to take into account.
- **Taiwan payroll processing company:** You can outsource with a local Taiwan payroll

processing company, which may give you more time to focus on your new branch. However, you will still be held liable for their mistakes.

- Globalization Partners: Globalization Partners offers a better Taiwan payroll outsourcing option. We will take care of your payroll and matters of compliance as well.

How to Set up Payroll in Taiwan

Once you decide on a Taiwan payroll option, you'll need to set up your payroll. However, before you can hire employees and add them to this payroll, you must establish a subsidiary or find a subsidiary alternative. You will need at least \$500,000 New Taiwan Dollars (NTD) to register your company in Taiwan. You must also submit all the necessary documentation, apply for any work permits, and set up a bank account in the country to pay employees.

Entitlement and Termination Terms to Know

It is best practice to hire employees under a strong, written employment contract that includes entitlement and termination terms.

Taiwan has set restrictions for any termination of employment, and employers are only allowed to dismiss an employee under certain circumstances. Employers must give notice of termination and pay severance to the employee if they meet the country's specific guidelines.

Taiwan Payroll Processing Company

Figuring out payroll in Taiwan can be difficult. But that's not the case with Globalization Partners. Contact us today to learn more about our Taiwan payroll outsourcing services.