

Taiwan is a welcoming place for foreign investors, and government-instituted foreign investment policies make it easier than before to set up a Taiwan subsidiary. However, many companies choose to work with a local agent or distributor to gain an initial foothold in the market.

Globalization Partners is an attractive alternative to establishing a Taiwan subsidiary. We can help you start working in a matter of days instead of the months it can take for you to set up a subsidiary, hire employees, and dole out compensation and benefits. As the Employer of Record, we will be held compliant instead of you, so you can focus on growing your relationships in Taiwan.

How to Set up a Taiwan Subsidiary

Setting up a Taiwan subsidiary is not an easy task. You'll need to consider a variety of factors before you expand. Start by examining Taiwanese business practices to ensure the country is the right place for your industry. Taiwan has mostly deregulated industries, and the government offers different tax and non-tax incentives to encourage more corporate investments.

Your company should also consider any relationships or trade agreements that could impact where you want to set up your Taiwan subsidiary. Separate regions or cities can sometimes have different incorporation rules and costs that could determine the best choice for your headquarters' location.

Finally, you should consider any language requirements you will need to address. The primary language used in Taiwan is Mandarin Chinese, but other ethnic groups use Taiwanese Hokkien or Haka. English is also spoken in Taiwan, but it's a good idea to hire employees who speak Mandarin Chinese or find a translator to help during business transactions.

The Taiwanese Company Act allows you to incorporate as a subsidiary, partnership, foreign

branch, or representative office. The steps to set up a Taiwan subsidiary include applying for:

- Search and Reservation of your company name
- Foreign Investment approval
- Examination of Investment Capital
- Company Registration
- Importer/Exporter English name and registration
- Business Registration
- Factory Registration in Industrial Parks

Taiwan's Subsidiary Laws

Taiwan's subsidiary law is based on the civil law system and is similar to Germany's, Japan's, and South Korea's.

Foreign investments require Foreign Investment Approval (FIA) from the Investment Commission (IC) of the Ministry of Economic Affairs (MEA). Taiwan subsidiary laws have additional requirements based on the form you choose for your company — a limited company, unlimited company, company limited by shares, or an unlimited company with limited liability shareholders. Most companies incorporate as a company limited by shares, while unlimited companies and companies with limited liability shareholders are not used as often.

Subsidiaries that incorporate as a company limited by shares have restrictions on investments, loans of capital, and guarantees. With this type of structure, shareholders are only liable up to the amount of capital they contribute. You will need at least one shareholder to incorporate, and there are no minimum capital requirements unless you are in a sector that requires special permits or approvals.

What Do You Need?

Companies should plan to spend a good deal of time and money setting up a Taiwan subsidiary. You must travel back and forth to Taiwan throughout the process and will incur expenses during several steps in your incorporation. If no one in the company can take the

time to learn Taiwan's subsidiary laws, you'll also need to hire someone who has extensive knowledge of these laws or work with an advisor.

Benefits of a Subsidiary

Once you set up your Taiwan subsidiary, you'll be able to conduct business in the country. A company limited by shares offers additional benefits for both your new branch and your parent company. Your subsidiary can operate independently in this structure and tailor its operations to the overall culture in Taiwan. The parent company is also protected from any of the subsidiary's losses.

Globalization Partners offers even more benefits to your company. As an alternative to establishing a Taiwan subsidiary, we'll use our PEO in Taiwan to hire employees on your behalf in a few days. You be able to start work faster, and you won't have to worry about learning all of Taiwan's subsidiary laws.

Work With Globalization Partners

Globalization Partners can make any expansion easier with our Employer of Record solution and extensive knowledge of Taiwan. Contact us today to learn more.