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| Title :       | Directions of Subsidizing Guidelines of Ministry of Economic Affairs for Taiwan Innovation City   |
| Date :        | 2018.06.14   |
| Legislative : | 1.Promulgated and taken into force from June 14, 2018  |
| Content :     | <p><b>Article 1</b></p> <p>These Subsidy Guidelines are duly stipulated by the Ministry of Economic Affairs (hereinafter referred to as MOEA) in an effort to promote the International Startup Campus Demonstration Program (hereinafter referred to as the Program), encourage strategic startups, international accelerators and entrepreneurship development organizations to settle down into the Startup Terrace to gather in innovating momentum at home and abroad to jointly set up Taiwan startup ecosystem.</p> <p><b>Article 2</b></p> <p>The Ministry of Economic Affairs may outsource juristic persons or entities to carry out the business matters set forth under these Subsidy Guidelines.</p> <p><b>Article 3</b></p> <p>Terminology as set forth under these Subsidy Guidelines:</p> <p>(1)Strategic startups: The innovating enterprises with potential science and echnology or platform economy as well as profitability.</p> <p>(2)International accelerators: The business entities and enterprises that provide spaces, equipment &amp; facilities, professional consultations, technological transfer, business operation management to help the cultivation targets launch innovation, research &amp; development and business entrepreneurship and development.</p> <p>(3)Entrepreneurship development organizations: The entrepreneurship enterprises at home and abroad that cultivate prospective &amp; forward-looking technology &amp; know-how or innovative teams with market potential.</p> <p><b>Article 4</b></p> <p>Targets for subsidy:</p> <p>The firms duly incorporated in accordance with the laws of the Republic of China in the attributes of sole proprietorship, partnership, limited partnership, company, juristic person or a foreign company duly recognized or registered as a branch company according to the Company Act.</p> <p><b>Article 5</b></p> <p>Conditions required for a subsidy:</p> <p>(1)Strategic startups</p> <p>a.An enterprise with innovating critical know-how or having completed verification of innovating services to accomplish the products or services with the least possible feasibility.</p> <p>b.The venues or services for implementation shall be within the territories of the Republic of China, Taiwan.</p> |

c. That has completed execution of investment agreement(s) with the targets of investment cooperation.

(2) International accelerators

a. With the power to attract cases at home and abroad.

b. In possession of links with international industries resource networks.

c. That provides expertise, cultivation & training programs for international laws, patents and finance.

d. That has successfully matched international investors to invest in two or more innovating enterprises.

(3) Entrepreneurship development organizations

a. In possession of the functions and mechanism for talents cultivation & development, innovating investment, international guidance and such services.

b. Having linked up with international innovating cultivation & development organizations to set up Strongholds in Taiwan and having matched with international specialists and entrepreneurial teams into Taiwan for exchanges.

#### Article 6

The amount under an application for subsidy shall not exceed 50% of the aggregate total covered in a proposed program or the amount of profit-seeking enterprise income tax payable in that year and the annual subsidy of every program shall not exceed the maximum limit of NT\$10 million.

The restrictions of time schedule of programs in various categories are enumerated below:

(1) In case of a strategic startup: Not in excess of the maximum of two years.

(2) In case of an international accelerator: Not in excess of the maximum of three years.

(3) In case of an entrepreneurship development organization: Not in excess of the maximum of three years.

The maximum limit of subsidy set forth under preceding Paragraph shall be decreased progressively based on the percentage along with the number of month(s) in execution.

The funds for the subsidies shall be budgeted by the Ministry of Economic Affairs annually.

#### Article 7

An application for a program amidst various categories shall come with the supporting documents with contents enumerated below:

(1) strategic startups

a. Application form of the company's fundamental particulars.

b. Master program of business planning and the year-by-year proposal of the first year.

c. Other supporting certificate(s).

(2) In case of an international accelerator

a. Application form of the international accelerator in fundamental particulars.

b. Master program of business planning and the year-by-year proposal of the first year.

c. Supporting certificate(s) to prove the operational performance.

(3) In case of an entrepreneurship development organization

a. Application form of the cultivation & development institution in fundamental particulars.

b. Master program of cultivation & development planning and the year-by-year proposal of the first year.

The application papers required for the second year and years thereafter:

(1) The application form of fundamental particulars as defined under the preceding paragraphs.

(2) The year-by-year proposal in that year duly updated based on the Ministry of Economic Affairs' review opinions at end of the year preceding the review, the papers regarding the

amount of subsidy under application and the fees.

An application for all categories under Paragraph 1 shall be accompanied with the declaration(s) for commitment for compliance with requirements set forth under Subparagraph 4, Paragraph 1, Article 10; Subparagraphs 4 & 5, Paragraph 2, Article 12 in the first year.

Where the documents required under the three preceding Paragraphs are found short or inconsistent with the requirements, the MOEA may demand supplementation within the specified time limit. MOEA may reject the application if the applicant fails to complete the supplementation within the specified time limit.

#### Article 8

The criteria for review are enumerated below:

(1) In case of a strategic startup

- a. The feasibility of the commercialized strategies.
- b. Innovative markets and the commercial application.
- c. Where the commercialized application should possess international competitive advantage.
- d. The links and added values with the industrial value chains.
- e. Where the market development should signify benefits in creation, added values and sound flows.

(2) In case of an international accelerator

- a. The operating mechanism and profitability.
- b. The actual performance in guidance and planning of anticipated benefits.
- c. Injection of the funds and resources into the industries.
- d. Superior sources of cases and the screening mechanism.

(3) In case of an entrepreneurship development organization

- a. The completeness and internationalism of the cultivation & training curricula.
- b. The professional expertise of members and the hands-on experiences accumulated by the instructors in the instruction guide.
- c. Momentum in the cultivation & training services.
- d. The mode of cooperation with Taiwan-based companies.
- e. Long-term operational planning

After the Program Review Committee, composed of the scholars and experts selected by MOEA, completes the review process, in response to the list and quota in the submitted subsidy program, MOEA will notify the applicant to submit the proposal which has been duly updated based on the conclusion of the review within the specified time limit. MOEA will grant the subsidy after the updated proposal is approved by MOEA. MOEA grants no subsidy if the updated proposal is not submitted within the specified time limit.

A grantee for the approved subsidy shall complete execution of the subsidy contract within the time limit specified by MOEA in the letter of approval. An grantee who fails to complete such process within the specified time limit may apply for an extension before the expiring date and may apply for extension only once, and an extension shall be within the period of one month in maximum. The timeframe may be extended only after the application is approved by MOEA. MOEA may abolish the approval of the subsidy case if the grantee fails to complete execution of the contract within the specified time limit.

#### Article 9

Application, appropriation, use and settlement of a subsidy:

(1) The granted subsidy may be used for the following purposes:

- a. As staff costs.

- b. As business travel expense.
  - c. As costs for consumable supplies and raw materials.
  - d. For use and maintenance & upkeep services of equipment & facilities.
  - e. For procurement of intangible assets.
  - f. As fees for commissioned research or verification.
  - g. As fees for marketing and business promotion: Fees for designs, production, advertising, publicity and dissemination, marketing, translation, rent for venues, enrollment fees and such purposes.
- (2) A grantee shall apply to MOEA for appropriation of the subsidy by respective stages with the contract(s) in photocopy(ies), supporting documents proving settlement down in the Terrace, report of work performance and vouchers (receipts or invoices).
- (3) After the subsidy is approved, the grantee shall execute the program based on the approved contents, work items and time schedule.
- (4) In case of a balance of the approved subsidy upon a subsidy case is closed, the balance shall be returned prorata. This same provision is applicable mutatis mutandis to the interest and deriving revenue so incurred.
- (5) The documents required to settle the granted subsidy shall be promulgated by MOEA separately.

#### Article 10

Method to store the original vouchers :

- (1) Where a grantee settles the granted subsidy upon closure, the expenditure vouchers shall be submitted based on the Government Fundamentals in Settlement of Expenditure Vouchers. The grantee shall further enumerate in detail the purposes of expenditures and the aggregate total of the entire expenditures.
- (2) A grantee shall prudentially store and destroy the stored original vouchers exactly in accordance with the Accounting Act and shall further, as required under the Government Fundamentals in Settlement of Expenditure Vouchers, enumerate the original vouchers based on the proposed items and the budget titles, serially bind them into volumes and put them into prudential custody along with the accounting vouchers.
- (3) The auditing authority and the MOEA may assign official personnel to audit the relevant documents, vouchers and account books which the grantees shall render coordination without an objection.
- (4) Where a grantee intends to destroy the vouchers beyond the store duration, it shall apply to the auditing authority c/o MOEA for approval beforehand. Where a grantee destroys the same beforehand, or damages or loses such vouchers, such a grantee shall clarify the reason and handling process and apply to the auditing authority c/o MOEA for approval. Where a grantee fails to satisfy such process, MOEA may reduce the subsequent subsidy in the subsidy case or the grantee or suspend subsidy to that grantee for a period ranging from one to five years as the seriousness of the case may justify.

An applicant for subsidy shall issue a declaration with commitment to faithful compliance with the requirements set forth under the four preceding Paragraphs. MOEA shall provide a photocopy of that declaration upon granting the subsidy.

#### Article 11

A change or termination of a subsidy program:

- (1) Where an approved subsidy program calls for an increase/decrease in items as the actual requirements may justify or in case of force majeure, such grantee shall duly apply with the

supporting documents required for the change two months before expiring date of the year-by-year proposal in that year for approval beforehand.

(2) Except force majeure, where a grantee applies for termination of a granted subsidy where MOEA abolishes the approved subsidy, MOEA may discontinue appropriation of the subsidy of the subsequent phase and may retrieve the subsidy which should be returned.

(3) In the event that the budget is slashed or such factor, MOEA reserves the right to change the subsidy contract and may straight notify the amount of adjustment and the time schedule to appropriate the subsidy.

#### Article 12

During execution of a granted subsidy program, MOEA may, at any time, assign official personnel to audit the progress, fact of the performance and use of the subsidy.

In case of any event among those circumstances as enumerated below, MOEA may notify the grantee for improvement within the specified time limit, abolish or revoke approved subsidy, and may discontinue appropriation of the subsequent subsidy and retrieve the subsidy which should be returned:

(1) Where the grantee fails to complete execution of the subsidy contract within the time limit specified under Paragraph 3, Article 8.

(2) Where the grantee fails to settle down in the Startup Terrace and hire a minimum of two employees within the specified time limit.

(3) Where the contents put into execution are found inconsistent with the approved programs in a grave offense.

(4) Where the granted subsidy is found not been disbursed based on the approved purposes, having been misrepresented, over-declared or in other unjustifiable fact.

(5) Where a submitted program is found having been granted by government with other subsidy.

(6) Where a subsidy grantee exaggerates the research & development outcome under the subsidy, leading to a misbelief by a third party that MOEA guarantees the research & development outcome or the quality, security and function of the products manufactured thereunder.

The provisions set forth under the preceding Paragraph shall be remarked onto the approval of a subsidy functioning as the auxiliary clauses to the a verified penalty.

Where a program granted for a subsidy is found falling under Subparagraphs 4 & 5 of Paragraph 2 with proven fact, MOEA may discontinue subsidy to the grantee for a period ranging from one to five years starting from the date of revocation or abolishment. An applicant of the subsidy shall issue a declaration with commitment to compliance with the provisions set forth under the preceding Paragraph. MOEA shall provide a duplicate copy of that declaration upon granting the subsidy.

The duration referred under Subparagraph 2, Paragraph 2 shall be the period of the granted subsidy in case of a strategic startup and shall be the period of granted subsidy and a period of two years thereafter in case of international accelerators and entrepreneurship development organizations.

Where a granted subsidy program is revoked or abolished from subsidy by MOEA in accordance with Paragraph 2 and where the contract is terminated, the already appropriated subsidy fund shall be returned plus interest starting from the date of appropriation at the interest rate of one-year time savings in fixed interest rate of the post savings prevalent on January 1 in the year of the applied subsidy.

#### Article 13

Any matters not adequately provided for herein shall be subject to handling in accordance with the laws and ordinances concerned. A subsidy case to a domestic juristic person and individual

shall be subject to provisions of the subsidies (donations) by the Small & Medium Enterprise Administration. For other subsidy cases, MOEA shall be mutatis mutandis applicable. Matters relevant to application for a subsidy under the program shall be promulgated separately by MOEA.

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Data Source : Ministry of Economic Affairs R.O.C.(Taiwan) Laws and Regulations Retrieving System