Content

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Content：

Chapter I General Provisions

Article 1
Accounting affairs for business entities must be handled according to the Business Entity Accounting Law (referred to as the "Law").
Accounting affairs for public-owned businesses must be handled according to the Law unless otherwise stipulated by other laws.

Article 2
The Businesses referred to in the Law refer to profit-making institutions; all business dealings must be in accordance with the Business Registration Act, Corporate laws and other laws.
The Law stipulates the accounting affairs for business entities in regards to must the recognition, measuring, recording, classification, consolidation and composition of financial reports.

Article 3
According to the Law, competent authorities for the central government refers to the Ministry of Economics, for municipalities it refers to the municipalities government, for city; city government and county; county government.
Competent Authority`s responsibilities are allocated as follows:
1. Competent Authorities in the central government:
(1) The drafting and promotion of business entity accounting laws and policies.
(2) Management of business entity accounting affairs for companies accepted after registration.
2. Municipal Competent Authorities under direct jurisdiction from the central government management of business entity accounting affairs for registrated companies delegated by the central competent authorities and companies accepted for registration.
3. County (city) competent authorities: management of business entity accounting affairs for businesses with accepted registration.

Article 4
The scope of business person-in-charge stipulated in the Laws must be in accordance with Corporation Law, Business Registration

Act and other law-related provisions.

Article 5
Accounting personnel must be assigned for the handling of accounting affairs. In regards to appointing or discharging accounting personnel, decisions with-in a limited stock holding corporation must have a majority approval with at least a majority attendance. Pertaining limited companies, the approval of a majority of all the shareholders is required; in regards to unlimited companies or partnership companies, the approval of a majority of all the unlimited-liability shareholders is required.
In regards to the appointment and release of accounting personnel, if there are standards with-in the companies that hold higher precedence over which was just stated above, then the companies standards can be implemented.
Accounting personnel must abide to all laws when dealing with accounting affairs. In the event of release or change of post, the respective job transfer must take place within five (5) days.
The handling of company accounting affairs can be delegated to certified public accountants or individuals with qualifications obtained according to law for the handling of accounting affairs on other`s behalf; procedures for delegations of business entity accounting affairs processing by businesses of corporate organizations can be in accordance with Item 2 and 3.

Article 6
The accounting period for businesses must start on January 1st of each year and end on December 31st of the same year.
However, this does not apply if laws stipulate otherwise or in the event of special needs resulting from operations.

Article 7
Businesses must use domestic currency as a bookkeeping base. If foreign currency is used for bookkeeping due to business needs, it is still required to convert the foreign currency into domestic currency in the closing report.

Article 8
Except for Arabic numerals used in numbering, all recording of business transactions must use the domestic language; If it is necessary to include remarks in or concurrently use any foreign language or local language, domestic language must be predominant.

Article 9
Business transactions above a certain amount, whether it be money order, cashier`s check, business check, appropriate transfer, telegraphic transfer, transfer of accounts or other payment tools or methods must be approved by a competent authority with payee clearly specified.
The central competent authority must announce the certain amount mentioned in the previous paragraph.

Article 10
Accrual accounting must be used as an accounting basis; if cash basis is used ordinarily, adjustment using the accrual basis at final accounting must be made.
Accrual basis must mean that entry into the account book must be made when earnings are confirmed receivable and expenses confirmed to be payable. Adjusting journal entries must be made for earnings and expenses in accordance with the year to which they belong.
Cash basis must mean that entries into accounts must be made when earnings

are received or expenses are paid in cash.

Article 11
Events leading to changes in assets, liabilities, equity, income or expenses of a business entity are accounting events.
Accounting events involve rights and obligations to parties other than the business entity are external accounting events.
Accounting events do not involve parties other than the business entity are internal accounting events.
Accounting events shall be recorded using the double-entry bookkeeping method.

Article 12
A business may establish its own accounting system based on the actual business operations, nature of accounting affairs, internal control, and management needs.

Article 13
Accounting standards set out the name, format, and method of preparation of source documents, accounting items, journals, ledgers and financial statements shall be prescribed by the Central Competent Authority.

Chapter II Source Documents

Article 14
All accounting events must have sufficient documentation provided or given.

Article 15
Business entity accounting documents are divided into the following two categories:
1. Source document: The documents which prove the course of an event, based on which bookkeeping slips are prepared.
2. Bookkeeping slip: The documents, which prove the responsibilities of the person handling accounting events and serve as the basis for account keeping.

Article 16
Categories of source documents are set as follows:
1. External document: those obtained from persons other than the business itself.
2. Outgoing document: those given to persons other than the business itself.
3. Internal documents: those prepared and kept by the business itself.

Article 17
Categories of bookkeeping slips are set as follows:
1. Receipt Slip.
2. Payment Slip.
3. Transfer Slip.
The term "transfer slip" referred to in the preceding paragraph may be classified into cash transfer slip and journal transfer slip. All the slips may be distinguished from one another by color or other means.

Article 18
Businesses must record transactions based on bookkeeping slips and prepare bookkeeping slips based on the source documents.
However, for closing adjustments and post-closing transfers, the source documents may be waived.
Where the business entity accounting affairs are simple or where the source documents have met the requirements for account keeping, the source documents may be accepted in lieu of bookkeeping slip.

Article 19
External accounting events must be supported by external or outgoing

documents. Internal accounting events must be supported
by internal documents.
If a source document cannot be obtained due to restrictions or if
such documents are damaged, destroyed, unavailable, or
lost, in addition to handling according to the procedures under
laws and regulations, a business must prepare a slip based
on the fact and amount and have its person-in-charge or a designated
person sign or seal for account keeping.
For an accounting event for which the source document cannot be
obtained, the person-in-charge of the business may order
the personnel handling and in charge of the matter to severally
or jointly prove such event.

Chapter III Account Books

Article 20
Accounting books consist of following two categories:
1. Journals: used to record accounting events chronologically.
2. Ledgers: used to accumulate accounting events according to the
accounting items.

Article 21
Journal books are divided into the following two categories:
1.General Journal Book: The journal books recording all events on a
chronological basis and/or concurrently recording the
footing of special chronological accounting items on a chronological
basis, such as daily events or journal entries, etc.
2.Special Journal Book: The journal books recording special events on
a chronological basis, such as cash book, sales journal,
purchase journal and so on.

Article 22
Ledgers consist of following two categories:
1.General Ledger: The ledger used to record all controlling items.
2.Subsidiary Ledgers: The ledger used to record all subsidiary items
of a controlling item.

Article 23
Journals and general ledgers shall be used by all business entities.
Manufacturers or entities with larger business scope
may use cost accounting books or special journals and subsidiary ledgers.
Business entities with sound accounting systems
may replace journals with daily account lists.

Article 24
Each page of the account books maintained by a business entity must need
to be serially paginated. Removed or destroyed
pages are not allowed.

Article 25
A business entity must set up a table of books to specify the name,
characteristics, first and last dates of usage, and
have both the business entity`s person-in-charge and the handling accountant
of the same to sign thereon concurrently.

Article 26
For an account recorded with the name of a person in the book of a business
entity, the real name of the person must be
specified and the address of the person must be specified in the subsidiary
account. For a joint account, the real name
and address of the representative must be specified.
For a property account recorded in the book of a business entity, the name,
category, price, quantity and location of

the property must be specified.

Chapter IV Account Titles and Financial Statement

Article 27
Accounting items shall be classified by financial statement elements.
A business entity may increase or decrease any accounting item based on actual operating needs.

Article 28
The financial statements comprises of:
1. A statement of financial position
2. A statement of comprehensive income.
3. A statement of cash flows.
4. A statement of changes in equity.
The financial statements must be supplemented with necessary notes which are an integral part of the complete set of financial statements.

Article 28-1
The balance sheet represents the financial position of the business entity as at the end of the period. The elements directly related to the measurements of financial position in the balance sheet are:
1. Assets: the resource controlled by the business entity as a result of past events and from which future economic benefits are expected to flow to the business entity.
2. Liabilities: the present obligation of the business entity arising from past events, the settlement of which is expected to result in an outflow from the business entity of resources embodying economic benefits.
3. Equity: the residual interest in the assts of the business entity after deducting all its liabilities.

Article 28-2
The statement of comprehensive income represents the financil performance of the business entity for the period.
The elements directly related to the measurement of financial performance are:
1. Income: increases in ecomomic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.
2. Expenses: decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Article 29
A business entity presents following disclosures in the notes to financial statements:
1. Statement of compliance with this Act and legal orders determined pursuant to the authorization of this Act.
2. Measurement bases used in the prepartion of financial statemnets as well as other accounting policies used that are relevant to an understanding of the financail statements.
3. The nature of the chnage in accounting policy as well as the reasons of the change and the amount of adjustments.
4. Creditors' rights on specified assets.
5. Critiria on the separate classification of current and non-current assets and liabilities.
6. Material contingent liabilities and unrecognized contractual commitments.
7. Restrictions on earnings distribution

8. Significant events affecting equity.
9. Significant subsequent events.
10. Other necessary disclosures that avoid users misinterpreting financial statements or help to achieve fair
presentation.
Business entities may include supporting information for items presented in financial statements in the notes to
the financial statements based upon the actual requirement of circumstances.

Article 30
Financial statements must be prepared based on fiscal years, provided that other periodical and non-periodical
statements may be prepared. However, such limit does not apply to various additional periodical and non-periodical statements.

Article 31
Items in financial statements shall be classified in a manner appropriate to the requirements of circumstances or
laws. Business entities shall retain the presentation and classification of items in the financial statements from
one period to the next. When business entities change the presentation or classification of items in the financial
statements, the comparative amounts shall be reclassified in addition to proper disclosure on the reclassification.

Article 32
A business, unless newly established, must prepare comparative financial statement for two consecutive years by
disclosing the amounts in both the current year and previous year.

Chapter V Handling Procedures of Accounting Affairs

Article 33
No accounting document must be prepared and no record must be entered in account books and statements unless
based on true events.

Article 34
Accounting events must be recorded in accordance with the sequence of occurrence on a daily basis no later than
two months after such occurrence.

Article 35
Slips and accounting books must be signed or sealed by the person-in-charge representing the business, its manager,
accounting personnel in-charge, and the accounting personnel handling the event. However, when bookkeeping slips are
signed or sealed by the manager, accounting personnel in-charge or accounting personnel handling the event authorized
by the person-in-charge representing the business.

Article 36
Accounting documents must be bound into volumes on a daily or monthly basis. The source documents, if any, must be
attached to the bookkeeping slips. The slips which prove the existence of authorities and responsibilities, or which
should be permanently kept, or for which separate bindings are more convenient may be separately kept; provided that
they are be dated and numbered.

Article 37
A business must keep at least one copy or stub of outgoing documents prepared by it. The abstract of the event and

the amount thereof stated in the copy or stub must not be different from those in the original.
The original or stub of the outgoing documents referred to in the preceding Paragraph must be coded in sequence,
and the copies or stubs need to be bound into volumes; In the event that there is any clerical error in the original
or that the original is recovered for cancellation, such originals can be pasted to the copy or stub with the same
number. If the original is not available or cannot be recovered, reasons thereof must be indicated on the copy or stub.

Article 38
All the accounting documents, except those which should be permanently kept or which are related to unsettled accounting
events, must be kept for at least five years after the completion of annual closing procedures.
All the accounting books and financial statements must be kept for at least ten years after the completion of annual
closing procedures; provided that there aren`t any unsettled accounting events listed within.

Article 39
If an accounting document which should be and could be obtained for an accounting event is damaged, missing, or
lost/destroyed due to the fault or willful act of the personnel handling or in charge of the matter, thus causing
damage to the business, such personnel must be responsible for compensation.

Article 40
A business may process all or part of the accounting data electronically. The rules related to the internal control,
method of authorization and signature and seal of data entered, storage, safeguarding, modification other related
events must be prescribed by the Central Competent Authority.
Articles 36 paragraph 1 and Article 37 paragraph 2 need not be applied for Individuals recording accounting data
electronically.

Chapter VI Recognition and Measurement

Article 41
Initial recognition of assets and liabilities, as a matter of principle, shall be based on the cost.

Article 41-1
An item that satisfies definition of an element of financial statements should be recognized in the balance sheet
or statement of profit or loss and other comprehensive income if:
1. It is probable that any future economic benefit associated with the item will flow to or from the business entity; and
2. The item has a cost or value that can be measured with reliability.

Article 41-2
Business entities shall select measurement bases for recognizing financial statement items in a manner appropriate
to the requirements of circumstances. Common measurement bases include historical cost, fair value, realizable value,
or other measurement bases.

Article 42
An asset acquired in exchange for non-monetary assets, a business shall measure the cost of the acquired asset at fair
value. If the fair value cannot be measured reliably, the asset’s cost

is measured at the carrying amount of the asset given up.
Donated assets must be recorded on the basis of fair value and classified as capital surplus, revenue or deferred revenue depending on their nature.

Article 43
Inventory cost may be calculated by using specific identification method, first-in first-out method or average method.
Inventories shall be measured at the lower of cost and net realizable value. If the cost of inventories is higher than net realizable value, inventories shall be written down below cost to net realizable value, and the amount of the write-down shall be recognized as cost of sales in the period the write-down occurs.

Article 44
Financial instrument shall be measured by using fair value, cost, and amortized cost depending on the nature thereof.
Long-term securities investment with power of control or major influence shall be used the equity method.

Article 45
Receivables must be measured by their amounts less the estimated allowance for uncollectible accounts, and items of allowance for uncollectible accounts must be respectively established.
Where the receivable becomes definitely uncollectible, the relevant item must be written off.
Accounts receivable and notes receivable resulting from operating activities must be separately recorded from accounts receivable and notes receivable resulting from non-operating activities.

Article 46
For re-measurement of depreciable assets, accumulated depreciation items must be established and presented as deductions of the respective assets. Assets must be depreciated on annual basis.
When depreciation of assets is computed, the salvage value must be estimated. If the salvage value can be deducted according to the depreciation method, the balance after deduction of the salvage value must be used as the basis for the computation.
If an asset can continue to be used after expiration of its duration limit, it can continue to be depreciated using the salvage value thereof.

Article 47
Assets must be depreciated by using straight-line method, fixed percentage on diminishing book value method, sum-of-years'-digits method, production method, working-hour method or other depreciation methods approved by the central competent authority.
Where the assets belong to different categories, the depreciation may be computed separately based on different categories.

Article 48
Expenditure that will benefit the subsequent periods is considered as an asset. Expenditure that benefits only the current period or has no benefit at all must be considered as an expense or loss.

Article 49
An accumulated depletion item must be established for depletion assets, and the depletion expense must be recorded for each period.

Article 50
For purchased goodwill, trademarks, patents, copyrights, franchises, and other intangible assets, the cost must be the acquisition cost.

If the intangible assets referred to in the preceding Paragraph are self-developed, only the cost for registration or
finished creative work can be recorded as acquisition cost. The research and development costs incurred must be recorded
as current expenses. However, in the event of stipulations provided otherwise by the competent authority, this limit does not apply.

Article 51
Business may revalue assets according to laws and regulations.

Article 52
The surplus incurred due to revaluation or adjustment of assets processed in accordance to the preceding Article must be
recorded as unrealized reevaluation surplus.
The revalued assets must be recorded at the revalued amount. From the year following the year of revaluation, the depreciation,
depletion, or amortization of the revalued assets must be calculated based on the revalued amount.

Article 53
Prepaid expenses are those which will bring future economic benefit and be charged to future periods. Prepaid expenses
must be measured on the basis of the portion of amount covering the unexpired period.

Article 54
Liabilities must be recorded based on the discounted value of the amount payable when due. However, liabilities incurred
as a result of operation or trade or liabilities expected to be cleared within one year can be recorded using the amount
to be paid back at maturity.
The premium or discount of corporate bonds must be recorded as an addition or deduction of the par value of the bonds.

Article 55
Capital paid by properties other than cash must be recorded on the basis of the fair value of such properties. If the
fair value is not available, an estimate may be made.

Article 56
The recording basis and processing method of accounting events must be consistent; in the event of modifications required
by justified causes, explanations with regard to the cause, modification and impact thereof must be made in the financial
statement.

Article 57
In case of mergers, spin-offs, acquisitions, dissolutions, terminations or transfers of business, as a matter of principle,
assets shall be accounted for based on fair value, carrying amount, or transaction price.

Chapter VII Calculation of Profit and Loss

Article 58
All the income generated by a business in a fiscal year less all the costs, expenses, and losses in the same period shall
be the total comprehensive income.

Article 59
Operating revenue must be recorded upon completion of a transaction. Installment sales must be recorded based on gross
profit rate method depending on their nature. Service revenue may be

recognized periodically if such service is provided
over several periods based on its nature.
"Upon completion of a transaction" referred to in the preceding Paragraph
means upon payment and receipt of cash in the
case of a business adopting cash basis and upon completion of delivery of
goods or provision of services in the case of
a business adopting accrual basis.

Article 60
Revenue and expenses that relate to the same transaction or other event
are recognized appropriately.

Article 61
A business which pays retirement pension to employees must set aside
amounts for retirement pension according to law and
recognize such as the expenses during the employment of the employees.

Article 62
All adjustments required by tax laws for income tax filing must not
affect the records in the accounting books.

Article 63
Deleted

Article 64
Distribution of earnings of a business, such as dividend and bonus,
must not be recorded as expenses or losses.

Chapter VIII Closing and Examination

Article 65
A business must close its books within two months after the close of
each fiscal year. The period may be extended by
two and a half months if necessary.

Article 66
For the annual accounting final report, a business must prepare the
following reports/statements:
1. Business Report.
2. Financial Statement.
The content of a business report must include operation policies,
general condition of implementation, result of
implementation of business plan, execution of the budget derivative
of operating revenue and expenditure, profitability
analysis, research and development, etc.
The final statements must be signed or sealed by the person representing
the business, its manager, and in-charge
accountant.ness, its manager, and in-charge accountant.

Article 67
At the end of a fiscal year, a business must consolidate the accounts
of its branches, if any, and process
the final accounting report.

Article 68
The person-in-charge of a business must submit the business` closing
report to the capital provider(s), partner(s)
or shareholder(s) for acknowledgement within six months of the end of
a fiscal year.
The capital provider(s), partner(s) or shareholder(s), in processing
the matters mentioned in the preceding paragraph,
may commission certified public accounts for examination if deemed
necessary.

Personnel in-charge of the business or acting accountant can be removed from year-end financial sheets after confirmation and finalization of sheets as mentioned in Paragraph 1. However, this does not apply in the event of illegal or inappropriate conduct.

Article 69
An accountant or bookkeeper must keep all the final statements in the main office.
If an interested party of the business requests, with justified reasons, to examine the final statements referred to in the preceding paragraph, the business accountant or bookkeeper, while keeping the business`s best interest in mind, allow such a party to make an examination.

Article 70
A party with interest in your business, having justified reasons, may apply with the court to appoint an inspector to inspect the account books, statements, and slips of the business.

Chapter IX Penalties

Article 71
The individual held responsible for company decisions, whether it be an overseeing accountant or entrusted individual who handles accounting affairs, if found guilty in any of the listed offenses below, must by law be punished by imprisonment for no more than five (5) years detention, and in lieu thereof or in addition to, a fine of no more than NT$600,000:
1. Knowingly using untrue information to prepare accounting documents or entering false information in account books;
2. Intentionally causing the loss, destruction, or damage of accounting documents, account books or statements which should be kept;
3. Forging or altering the contents of accounting documents, account books and statements, or tearing up any page thereof, with intent to acquire illegal profit;
4. Intentionally omitting accounting events and failing to record transactions thus causing financial statements to become untrue;
5. Causing accounting events or financial statements to become untrue by other improper means.

Article 72
For a business processing accounting data electronically, if the personnel referred to in the preceding article or the person related to the processing of accounting data electronically is involved in any of the following events, such personnel must be punished with imprisonment for no more than five (5) years, detention, and in lieu thereof or in addition thereto, a fine of no more than NT$600,000:
1. Intentionally entering untrue data;
2. Intentionally damaging, destroying, or altering the accounting data in the archives thus causing the financial statements to become untrue;
3. Intentionally omitting accounting events and failing to record transactions thus causing financial statements to become untrue;
4. Causing accounting events or financial statements to become untrue by other improper means.

Article 73
If the accountant or bookkeeper, or legally hired individual who processes accounting data electronically commits the offenses under the preceding two Articles, is able to show proof of refusing collaboration or rectification in avoidance of the offense, then the punishment may be reduced or removed.

Article 74
A person who handles business entity accounting affairs for another without obtaining the qualifications to handle accounting affairs for others according to law must be punished with a fine of no more than NT$100,000. If the person continues to commit the offense within 3 years, he/she must be subject to the punishment of imprisonment for no more than one year, detention, or in lieu thereof or in addition thereto, a fine of no more than NT$150,000.

Article 75
A person who handles business entity accounting affairs for another without obtaining the legal qualifications for handle accounting affairs, and who is involved in any one of the items stipulated in Article 71 and Article 72, this person must be punished according to provisions in the respective article.

Article 76
If the person-in-charge of a business, whether it be a manager or, accounting personnel, is involved in any of the following events, this person must be punished with a fine of no less than 60,000 New Taiwan Dollars and no more than 300,000 New Taiwan Dollars: of no more than NT$150,000:
1. Violating Article 23 by not establishing account books; provided that this rule must not apply if the account books are waived according to relevant regulations;
2. Violating Article 24 by tearing up any page of account books or destroying audit trail;
3. Violating Article 38 by failing to keep accounting statements and slips for the specified period;
4. Failing to prepare final report of account within the specified period under Article 65;
5. Violating Chapter 6 and Chapter 7 by preparing final reports and statements with apparently untrue content.

Article 77
The responsible person of a company who violates Paragraph 1 or Paragraph 2 of Article 5 must be punished with a fine of no less than 30,000 New Taiwan Dollars and no more than 150,000 New Taiwan Dollars.

Article 78
The person-in-charge of a business, whether it be a manager or acting accountant is involved in any of the following events, this person must be punished with a fine of no less than 30,000 New Taiwan Dollars and no more than 150,000 New Taiwan Dollars:
1. Violating Paragraph 1 of Article 9;
2. Violating Article 14 by failing to acquire source documents or to give evidences to other persons;
3. Violating Article 34 by failing to enter accounts in a timely manner;
4. Violating Article 36 by failing to bind and safeguard accounting documents;
5. Violating Paragraph 1 of Article 66 by failing to prepare statements;
6. Violating Article 69 by failing to keep final reports and statements in the head office or refusing the inspection of interest parties without justified reasons.

Article 79
The person-in-charge of a business, whether it be the manager or acting accountant, if found violating any of these following events must be punished with a fine of no less than 10,000 New Taiwan Dollars and no more than 50,000 New Taiwan Dollars:
1. Entering accounts in violation of Article 7 or Article 8;
2. Violating Article 25 by failing to establish the required list of account books;

3. Violating Article 35 by failing to sign or seal;
4. Violating Paragraph 3 of Article 66 by failing to sign or seal;
5. Violating Paragraph 1 of Article 68 by failing to submit for acknowledgement within the stipulated timeframe.
6. Evading, obstructing or refusing the inspection stipulated in Article 70.

Article 80
Accountants or persons handling accounting affairs for others violating any one of Article 76, Article 78 and Article 79 must be punished according to the respective articles.

Article 81
The fines stipulated in the Law, except for the fines set forth in Article 79 Section 6 which is imposed by courts, must be imposed by each level of competent authority.

Chapter X Supplemental Provision

Article 82
This Law may not necessarily apply to small-businesses such as partnerships or sole proprietorships.
The standards for the small-sized partnerships or sole proprietorships referred to in the preceding paragraph must be reported to the Executive Yuan for approval by the Central Competent Authority taking into consideration the economic situation in the municipalities under direct jurisdiction of the Central Government and counties (cities).
Supplementary Provisions

Article 83
This Law shall become effective from the date of issuance.
The articles of this Law amended on May 30, 2014, and shall be enforced from January 1, 2016. But a business entity may voluntarily adopt these regulations since January 1, 2014.