Content

Title：	Enforcement Rules of Statute for the Establishment and Administration of Export Processing Zone Ch
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Legislative：	1.Promulgated on July 7, 1965 2.Amended on July 26, 1967 3.Amended on August 17, 1974 4.Amended on May 5, 1979 5.Amended on December 30, 1982 6.Amended on May 18, 1987 7.Amended on January 5, 1990 8.Amended on July 2, 1993 9.Amended on December 20, 1995 10.Amended on April 22, 1998 11.Amended on April 12, 2000 12.Amended on March 20, 2002 13.Amended on December 29, 2004 14.Amended on January 24, 2007 15.Amended on July 30, 2009
Content：	Article 1 These Enforcement Rules are prescribed in accordance with provisions of Article 31 of the Statute for the Establishment and Administration of Export Processing Zone (hereinafter referred to as “the Statute“). Article 2 The Ministry of Economic Affairs selects suitable sites, delimits scope depending on actual need for the establishment of Export Processing Zone and prepares four copies of location, area and plan along with drawing for the approval of the Executive Yuan. When the change is necessary in the area for the approved Export Processing Zone, the Ministry of Economic Affairs should describe the reasons and apply to the Executive Yuan for approval. Article 3 Depending on actual need, the Export Processing Zone may set up entry and exit for personnel, vehicles, and piers. Additionally the Export Processing Zone should build the wall or other proper separating facilities in its surroundings. Article 4 In accordance with Article 7 of the Statute, when the commodities are exported to non-bonded areas, they should be applicable to commodity import management measures. Except for provisions in other laws and decrees, the business entity should apply to the Export Processing Zone Administration (hereinafter referred to as “the Administration”) or its branches for import permit regarding the commodities enlisted in the list of restricted commodity for import. In the case that commodities exempted from import permit are in the list of imported commodity for check assisted by the customs, they should be handled in accordance with provisions in the aforementioned list in Customs clearance. The sale of aforementioned commodities is exempted from issuing uniform invoice. However the sale

should be included in the business income tax report in that same year.

Article 5
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Article 6
The Administration or its branches may be entrusted by the business entities to clear away their scraps
or wastes out of the Export Processing Zone in accordance with their handling measures relevant laws and
decrees of environmental protection, and Customs. The Administration may collect necessary charges.

Article 7
The so-called public property in Subparagraph 10, Paragraph 1, Article 5 of the Statute indicates the
established property belonged to or administered by the Administration or its branches in line with business requirements of the Export Processing Zone.

Article 8
The so-called license of factory and business registration in Subparagraph 12, Paragraph 1, Article 5 of
the Statute indicates the company registration, factory registration, chattel mortgage registration of business within the Export Processing Zone and its license issuing matters. The so-called construction
approval license indicates the approval and license issuing of construction, use, and demolishment of buildings within the Export Processing Zone.

Article 9
The so-called inspection of factory setup in Subparagraph 13, Paragraph 1, Article 5 of the Statute indicates the inspection and implementation supervision of safety, health, and pollution prevention for factory, warehouse, and other related facilities.
As for the implementation of the technical work in the aforementioned inspection, the Administration or
its branches may have it done by other competent authorities or corporate bodies.

Article10
The so-called industrial and commercial organization in Subparagraph 14, Paragraph 1, Article 5 of the
Statute means the organizations duly established according to the Industrial Group Act and Commercial
Group Act; The so-called labor administration means labor organization, labor condition, labor-capital
relations, labor welfare, labor education, equal opportunities of employment for men and women, labor
employment assistance, occupational training and other issues related to labor administration.

Article 11
The material exported to businesses within the Export Processing Zone is exempted from quality inspection.

Article 12
The so-called public welfare in Subparagraph 19, Paragraph 1, Article 5 of the Statute indicates that
medical care, food supply, daily commodity supply, transportation, accommodation, recreational activities,
other affairs concerning convenience for living, public safety welfare, and environmental protection are provided to employees within the Export Processing Zone.

Article 13
The Administration may set up operational unit and service station at proper location to handle the specified matters prescribed in Subparagraph 19, 8, and 7, Paragraph 1, Article of the Statute.
The aforementioned operational unit and service station should adopt self-sufficient operation, and

its
management and salary standard should be submitted to the Ministry of Economic Affairs for approval
before implementation.

Article 14
In accordance with provisions of Article 10 of the Statute, a business that applies for setup within the
Export Processing Zone shall be granted its application by the Administration within one month starting
from the application date.
The so-called relevant data in Article 10 of the Statute indicates that the data should be prepared in the setup application.
When operational activities of a business are permitted by other authorities, the Administration should
consult with the relevant competent authorities and conduct examination.
The application of business setup may be applied for in the name of an individual or business preparatory
department.

Article 15
In the event of any change, addition or deletion of the varieties of products managed, processed or manufactured by a business whose setup application has been granted, the Administration or its branches
shall review and evaluate such change, addition or deletion.

Article 16
(Deleted)

Article 17
After a business has been granted to set up, its headquarters or branches should be established within
the Export Processing Zone.

Article 18
(Deleted)

Article 18-1
The staffs of the Export Processing Zone in Paragraph 4, Article 11-1 of the Statute means the constant
staffs of administration and operation units of the Export Processing Zone, or the staffs of other business entity which is operated in the Zone, or the trade of professionals organizations which are run
by the abovementioned staffs and duly established according to the Civil Associations Act.

Article 18-2
The so-called public facility construction expense in Paragraph 1, Article 11-2 of the Statute indicates
that various expenses for site surfacing work, roads and the traffic, underground utilities, street lamps,
drainage, water & power supply, landscaping and other infrastructures paid by the Administration or its
branches.
The business entity should equally share the paid expense for the aforementioned public facility construction, or confirm the amount along with annuity converted from loan capital and interest based on
the renting area ratio in twenty years.

Article 19
Public land within the Export Processing Zone may be requested to transfer its use to the Administration
in accordance with laws.

Article 20
The so-called purchasing after negotiation in Paragraph 2, Article 12 of the Statute indicates that the value of the land or building should be evaluated and appraised by a realty appraiser appointed by the
Administration or its branches, and authenticated by experts and scholars prior to purchasing.

Article 21
The so-called use not provided to a business entity in Subparagraph 1, Paragraph 2, Article 12 of the
Statute indicates that the user is not the business entity prescribed in Paragraph 2, Article 3 of the Statute.

Article 22
The so-called improper use in Subparagraph 2, Paragraph 2, Article 12 of the Statute indicates one of the
following situations:
1.The use may endanger public safety or sanitation.
2.The use does not comply with the approved program.
3.More than half of factory or warehouse is left unused for more than six months.

Article 23
The so-called exorbitant price for sale of the building in Subparagraph 3, Paragraph 2, Article 12 of the
Statute means the selling price at that time exceeds the prime cost of the building by more than 10%.

Article 24
The business should obtain applicable tax privilege documents from competent authority, and apply to the
Administration or it branches to receive tax privilege with relevant documents.

Article 25
Products which are classified to be imposed commodity tax are exempted from commodity tax manufacturer registration.

Article 26
The machinery for own use, equipment, material, semi-finished products, and samples are exempted from
import tax, commodity tax and business tax prescribed in Subparagraph 1 and 2, Paragraph 1, Article
13 of the Statute. This includes equipment, utensils, appliances, samples for production and sale, vehicles to be used within the Export Processing Zone, and material and utensils provided for packaging. The fuel prescribed in Subparagraph 2 is restricted to production within the Export Processing Zone and trans-shipment.
The aforementioned vehicles should be painted with “this vehicle is used within the Export Processing
Zone only” in the front, back, left and right side of the vehicle with proper character and permanent paint.

Article 27
The so-called trans-shipped goods for trade and warehousing from abroad in Subparagraph 2, Paragraph 1,
Article 13 of the Statute indicates that the commodity in the original configuration upon import from abroad is resold after simple processing or re-structuring.
The aforementioned simple processing indicates the processing does not transform the commodity essence.
The aforementioned essence transformation is recognized by standard of certificate of origin for imported
commodity.
The goods in Paragraph 1 should be stored in the special warehouse or special area and prepare the ledgers
and incoming and outgoing report for auditing. The format of ledgers and incoming and outgoing report is
prescribed by the Administration after consulting with Customs.

Article 28
The commodity imported by the business entity in accordance with Subparagraph 1 and 2, Paragraph 1,
Article 13 of the Statute can be freely imported except the requirements from international treaty, trade agreement or national defense, public security, culture, sanitation, environmental, ecological protection and government policies .

Article 29
When the business entity sells the commodities or provides the services to other business within the Export Processing Zone, bonded factory, bonded warehouse, non-bonded area, business entity with free
trade port, business entity within science-based industrial park, business entity or other bonded area with agricultural biotechnology park, it should be handled according to relevant tax law.

Article 30
The so-called newly-built standard factory in Subparagraph 3, Paragraph 1, Article 13 of the Statute
exclusively means the newly-built, unused, and unsold building which is invested, approved for building-up and sale according to Article 11-3 of the Statute. The investor could be the Administration itself, or the government, or private sectors.

Article 31
The so-called trans-shipment business in Paragraph 1, Article 14 of the Statute indicates foreign imported commodities to be conducted the processing, assembly, warehousing, transportation, loading and
unloading, packaging, repair, inspection or test and to be re-sold. Additionally that commodity still does not reach the level to issue the certificate of origin after aforementioned processing. However it does not include the warehouse or equipment to be rented for other's use.
If the business is engaged in research and development or provides the consulting and technical service
that has occurred in the operation of aforementioned trans-shipment, it is classified as transshipment business as well.
If the business entity has other income beyond trans-shipment, it should be handled in accordance with
the Income Tax Law.

Article 32
In accordance with provisions prescribed in Article 16 of the Statute, if the business entity exports the tax-exempted commodity to non-bonded area for processing, the commodities exported to non-bonded
area should not be listed on the Consolidated List of Commodities Subject to Import Restriction announced by the trade competent authority.

Article 33
The business entity within the Export Processing Zone or trustee in the non-bonded area in the aforementioned article should be checked by the Administration, its branches, or Customs. The approved
commodities to be entrusted to the non-bonded area should be processed in the trustee only and cannot be
changed unless with the approval of the Administration or its branches.

Article 34
According to the provisions of Article 17 of the Statute, the commodities exported from the non-bonded
area to the Export Processing Zone are regarded as exportation, no matter they are for self-use of the
business entity in the Zone or for transit and export. The business entity shall apply for reduction, exemption or refund of import tax, commodity tax, and business tax as stipulated.
The procedures of entering the non-bonded area for the abovementioned commodities are as follows:
1.Those who apply for reduction, exemption or refund of import tax, commodity tax, and business tax

should go through customs clearance when the commodities are entering the Export Processing Zone.
The Customs should issue a certificate within ten days starting from the day after the commodities are released. When the commodities are being re-shipped to the non-bonded area, the provisions of Paragraph 3, Article 17 of the Statute should be strictly followed.
2.Those who do not apply for exemption or refund of tax are exempted from the abovementioned formalities upon entering the Export Processing Zone.
Those who are qualified and wish to apply for zero business tax for commodities listed at Point 1 should apply for a certificate of "Regarded as export products" from the Customs, or produce the receipt for tax reduction or tax credit of uniform invoice endorsed by the business entity in the Zone as a proof of purchase while going through the custom clearance.

Article 35
(Deleted)

Article 35-1
(Deleted)

Article 36
(Deleted)

Article 37
(Deleted)

Article 38
When the business entity imports commodities from abroad and handles the customs clearance within the Export Processing Zone, the Administration may request the business process alongside or airplane-side delivery for aforementioned commodities. The relevant harbor or airport cannot collect the warehousing expense.

Article 38-1
If the Export Processing Zone is adjacent to airport, and if the commodities are exported or imported from abroad through airport, then the business entity may load and unload the cargos in the apron in accordance with provisions.

Article 39
When the business entity exports the commodities from the Export Processing Zone and imports the commodities to the Export Processing Zone, if they wish to go through the customs clearance in the Zone, they should appoint a public or private stocking and transportation unit located in the Export Processing Zone or a forwarder approved by the Administration (or its branches) for carry. However, the following commodities may be sent by registered mail or carried by personnel assigned by the buyer or vendor after the commodities are inspected by the Customs stationed in the Export Processing Zone:
1.Commodities of small quantity and small amount.
2.Commodities purchased by the business entity in the Zone from the non-bonded area and being refunded or replaced owing to not-up-to-standard quality.
3.Duty paid commodities for domestic sale.

Article 39-1
(Deleted)

Article 39-2
The so-called area for employees of Zone and their families to live within the Export Processing Zone in
Paragraph 1, Article 20 of the Statute refers to the community designated in Article 11-1 of the Statute.

Article 40
The Administration or its branches may set up cleaning teams to handle the environmental sanitation and
neatness of the Export Processing Zone.

Article 41
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Article 42
The enforcement rules shall become effective as of the date of its promulgation.

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