

Content

Title :	Directions of Loans for Startup Funding for Young Entrepreneurs <b>Ch</b>
Date :	2022.12.14
Legislative :	<ol style="list-style-type: none"><li>1.Promulgated and taken into force from January 2, 2013</li><li>2.Amended and changed name on November 8, 2013</li><li>3.Amended on January 25, 2017</li><li>4.Amended on July 29, 2020; and effective from August 1, 2020</li><li>5.Amended on November 19, 2020</li><li>6.Amended on July 21, 2021</li><li>7.Amended on August 9, 2021; and effective from August 3, 2021</li><li>8.Amended on January 3, 2022; and effective from January 1, 2022</li><li>9.Amended on May 11, 2022</li><li>10.Amended on December 14, 2022; and effective from January 1, 2023</li></ol>
Content :	<p><b>Article 1. Purpose</b> To create an environment that is beneficial for young entrepreneurs, promoting entrepreneurship, accelerating economic development and assisting them in acquiring the funds that they need; the Directions are hereby established.</p> <p><b>Article 2. Loan-taking Financial Institution.</b> Matters relevant to loan applications and approval are dealt with by a public or private financial institution.</p> <p><b>Article 3. Source of Funds.</b> Funds from the loan-taking financial institution are used.</p> <p><b>Article 4. Loan Applicant.</b> A business entity that has legally completed the corporate, business, or limited partnership registration or has been accredited for no more than 5 years, and has satisfied the following conditions, may apply for the loan in the name of either the person in charge of the business entity or the business entity itself. In cases whereby the person in charge of the business entity is a Nationals without registered household in the Taiwan area, then the loan shall be applied for in the name of the business entity instead. (1)The person in charge shall be aged at least 18 ~ 45. (2)In cases whereby the person in charge is a household registration in the Taiwan area should have participated, within the past 3 years, in an entrepreneurship guidance-related program provided by a government-recognized agency for at least 20 hours or have acquired 2 credits. In cases whereby the person in charge is a Nationals without registered household in the Taiwan area, he/she shall have obtained an entrepreneur visa or Employment Gold Card or a residence permit issued by the R.O.C. (3)When the loan is applied for in the name of the person in charge, then the capital contributed by the person in charge shall be more than 20% of the paid-in capital of the business entity. The aforementioned requirement is not applicable to an accredited business entity for which no capital is registered.</p> <p><b>Article 5. Applicable Scope of Loans.</b> Reserves and startup costs, expenditure on working capital or capital expenditure for business operation</p> <p><b>Article 6. Loan Amount.</b> The loan-taking financial institution evaluates based on the proposal of startup loan or the application form. Loans may be applied for separately for each start-up stage and the loan amount may be withdrawn separately. However, it shall not be withdrawn on a revolving basis and no loan shall be applied for the repayment of any existing loan. Loan limits are as follows: (1)Reserves and Startup Costs.</p>

For an application filed within 8 months after the corporate, business, or limited partnership registration has been legally completed or the accreditation has been done, the maximum loan limit shall be NT\$2,000,000.

(2) Working Capital expenditure.

For the working capital expenditure, the maximum loan limit shall be NT\$4,000,000.

(3) Capital Expenditure.

For the capital expenditure for purchase (construction) or repair of plants, premises, relevant facilities or machines, equipment and software required for business operation, the maximum loan limit shall be NT\$12,000,000.

Article 7. Loan Period and Repayment Method.

(1) Reserves, startup costs and working capital expenditure: The maximum loan period shall be 6 years, including a grace period of a year at most.

(2) Capital Expenditure.

a. Plants, premises and relevant facilities: The maximum loan period shall be 15 years, including a grace period of 3 years at most.

b. Machines, equipment and software: The maximum loan period shall be 7 years, including a grace period of 2 years at most.

(3) The principal and/or interest shall be repaid equally per month after the expiration of the grace period.

(4) Not restricted by the preceding 3 paragraphs, the loan-taking financial institution may adjust the loan period and the repayment method to meet actual needs of each case after the loan is granted.

Article 8. Interest Rate for Loans.

The interest rate for loans shall be the variable interest rate for 2-year time deposits with Chunghwa Post Co., Ltd., plus 0.575%. Interest is accrued at a variable rate.

Article 9. Guarantee Conditions.

(1) Matters shall be dealt with in accordance with the regulations of loan approval provided by the loan-taking financial institution. If necessary, the credit guarantee shall be applied in accordance with applicable regulations provided by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan. Guarantee percentages are provided as follows:

a. Reserves and startup costs: 95% at most, and at least 80%

b. Working capital expenditure and capital expenditure: 95% at most, and at least 80%

c. For a loan amount of less than NT\$1,000,000 credited to a business entity (hereinafter referred to

as the newly added loan amount) after the Directions become effective on Aug. 1, 2020, the guarantee percentage shall be 95%. In case of a guarantee applied in accordance with the Directions

for Batch-type Credit Guarantees provided by the Credit Guarantee Fund, the guarantee percentage shall be 100%.

(2) The annual guarantee fee for the period in which the guarantee for the loan is applied for shall be collected at the lower limit of the guarantee rate range stated in the Directions of Guarantee Fee Collection provided by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan. If the guarantee is applied for in accordance with the Directions for Batch-type Credit Guarantees provided by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, the annual guarantee fee shall be collected at the lower limit of the guarantee rate range stated in the Directions of Batch-type Credit Guarantee.

(3) No guarantor shall be required for a loan of less than NT\$1,000,000 applied for in the name of the person in charge; only one guarantor shall be required in principle for a loan of more than NT\$1,000,000. A loan application filed in the name of a business entity shall be dealt with in accordance with the regulations of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan and the loan-taking financial institution.

Article 10. Procedure of Application for Loans.

(1) The applicant shall complete a proposal for a business loan and submit the application together with the relevant documents to the loan-taking financial institution. The loan-taking financial institution shall evaluate and approve the application pursuant to the procedure of general review.

(2) An application form may be used in lieu of a proposal for applying for a loan of less than NT\$1,000,000 after the Directions become effective on Aug. 1, 2020.

Article 11. Interest Subsidy and Procedure of Application for Interest Subsidy.

(1)Interest Subsidy

- a. For a newly added loan amount of less than NT\$1,000,000, an interest subsidy is provided at the interest rate for the loan. The maximum subsidy period shall be 5 years. In case the loan period is shorter than the subsidy period, the interest subsidy shall be provided for the actual loan period. For a newly added loan amount of more than NT\$1,000,000, an interest subsidy is computed based on NT\$1,000,000.
- b. In cases whereby the person in charge of more than one business entity, only one business entity of them shall apply for the interest subsidy.
- c. The applicant that is applying for an interest subsidy shall issue an affidavit to the loan-taking financial institution.
- d. For loan applications that are available from August.1, 2020 until March.31, 2022, which are in compliance with the requirements for the subsidy, the loan should be completed by June.30, 2022 at the latest.

(2)Application Procedure for the Interest Subsidy

- a. The head office of the loan-taking financial institution shall collect and compile, before the 15th day of every month, the information of the interest subsidy payment requested by its branches in the previous month; and shall prepare a list of applicants for an interest subsidy, to apply to the agent bank for appropriation of the interest subsidy.
- b. The methods of delivering the data and information, etc. stated in the preceding subparagraph shall be determined by the agent bank.

Article 12. Discontinuation or Refusal to Grant Subsidies.

- (1)For a windup or a closedown of the borrower or the business entity operated by the borrower, or a change of the person in charge of the borrower or the business entity, the loan-taking financial institution shall discontinue the granting of the interest subsidy immediately after becoming aware of the matter or being informed by the Administration. But those who have resumed business operation within the original interest subsidy period may apply to the loan-taking financial institution for resumption of interest subsidy until the original subsidy period expires. The overpaid subsidy, if any, shall be recovered by the loan-taking financial institution from the borrower.
- (2)In case a borrower makes an early repayment, no interest subsidy shall be computed for such amounts repaid. The subsidy for any amount repaid ahead of time or transferred by a loan-taking financial institution to a non-accrual loan shall cease on the date of the repayment or transfer.
- (3) In case the borrower violates Article 14, paragraph 4 of the Directions, the interest subsidy shall not be granted from June of a year when the borrower does not fulfill the required information on the designated platform before May each year during the interest subsidy period.
- (4) In case the borrower violates the Directions, no subsidy shall be granted. If any subsidy has been received, it shall be returned.
- (5) Interest subsidies will cease when the budgeted fund for interest subsidies has run out.

Article 13. Notice of Application for Loans.

- (1)The loan amount shall be used for the established business entity as stated in the proposal of the startup loan, and shall not be used for any other purpose.
- (2)For the business entities that have the same person in charge, only one of them can be granted the loan. Entities that have repaid the loan shall not be subject to the above restriction.

Article 14. Audit and Supervision.

- (1)The loan-taking financial institution shall keep relevant information of interest subsidy, credit investigation and credit. The Small and Medium Enterprise Administration, Ministry of Economic Affairs and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan may dispatch officers at any time to check the loan operation and the use of the loan amount. The loan-taking financial institution shall assist and cooperate and shall not evade, obstruct or refuse such operations.
- (2)After the loan has been granted, the loan-taking financial institution shall record the granting of the loan. The borrower shall not change the purpose of the credit loan without the consent of the loan-taking financial institution. If any violations occur, the loan-taking financial institution shall recover the loan amount.
- (3)For each case concerning the interest subsidy, the agent bank shall calculate the amount required by the loan-taking financial institution for the applied interest subsidy and shall keep only the documents which are strictly relevant to applications for interest subsidy.

(4)The Small and Medium Enterprise Administration, Ministry of Economic Affairs and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan may dispatch officers at any time to check on how the borrower uses the loan amount and may request the borrower to record benefits of financing, etc. on the designated platform by the month of May of every year for the period in which the borrower receives the interest subsidy. The borrower shall cooperate and shall not evade, obstruct or refuse such requests.

Article 15. Liability for Bad Debts.

Article 19 (2) of the Act for Development of Small and Medium Enterprises is applicable to the loan.

For bad debts that are incurred due to any cause — apart from intentional, gross negligence or fraud — then the staff in charge shall be exempted from the liability of all damages in accordance with Article 77 (1) of the Audit Act and shall be discharged from taking corrective measures. For the financial institution, the foregoing provision shall be applied.

Article 16

Matters not provided for in the Directions shall be dealt with in accordance with the regulations for credit guarantees as provided by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan and any other relevant regulations provided by the loan-taking financial institution.

---

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