

## Content

Title :	Directions of Loans for Startup Funding for Young Entrepreneurs <b>Ch</b>
Date :	2025.05.21
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><li>11.Amended on February 21,2024</li><li>12.Amended on May 21,2025</li></ol>
Content :	<p>1.Small and Medium Enterprise and Startup Administration, Ministry of Economic Affairs (hereinafter referred to as the Administration) establishes the Directions to create a favorable environment for young entrepreneurs, promote entrepreneurship, drive economic development and assist in acquiring funds for operation.</p> <p>2.This loan is funded by domestic financial institutions with their own capital, processed and approved by domestic financial institutions, which also bear the loan risks.</p> <p>3.The loan recipients are small and medium-sized enterprises as defined in Article 2 of the Standards for Identifying Small and Medium-sized Enterprises, excluding those in the financial and insurance industries or special entertainment industries, with business registration not exceeding eight years, and meeting the following conditions: (1)The registered representative or responsible person of the company, limited partnership or business must be between 18 and 45 years old, and the amount of capital contributed by the person as a natural person must account for at least 20% of the enterprise's paid-in capital. (2)If the representative or responsible person is a national with household registration in the Republic of China, he/she must have completed at least 20 hours or obtained two credits of entrepreneurship counseling courses offered by government-recognized institutions within three years. If the representative or responsible person is a national without household registration in the Republic of China, he/she must have obtained an Entrepreneur Visa, Employment Gold Card, or valid residence permit issued by the national government.</p> <p>4.Loan purposes are as follows: (1)Working capital expenditures: operating working capital. (2)Capital expenditures: a.Purchase and construction (repair) of factories, business premises (including the land when purchased together), and related facilities. b.Purchase of machinery and equipment (including transportation vehicles).</p> <p>5.The loan amount shall be determined by the lending financial institution based on the business plan or application form. The loan may be applied and be disbursed in batches, but it cannot be used on a revolving basis or to repay existing loans. The loan amount is as follows: (1)Working capital expenditures: The maximum loan amount is NT\$6 million. (2)Capital expenditures: The maximum amount is NT\$12 million, not exceeding 80% of the project budget. (3)Different enterprises with the same representative or responsible person: The total approved loan amount under this program shall not exceed the maximum amount of the previous two items combined.</p>

6.Loan terms are as follows:

(1)Working capital expenditures: The loan term is up to six years, including a grace period of up to two years.

(2)Capital expenditures:

a.Purchase and construction (repair) of factories, business premises (including the land when purchased together), and related facilities: The loan term is up to 20 years, including a grace period of up to five years.

b.Purchase of machinery, equipment (including transportation vehicles): The loan term is up to seven years, including a grace period of up to three years.

(3)The terms of the preceding two items shall be determined by the lending financial institution and may be adjusted by the lending financial institution based on individual circumstances after the loan is granted.

7.The loan interest rate shall be based on the Chunghwa Post Co., Ltd. 's two-year time deposit floating interest rate plus 0.575%, and is subject to adjustment accordingly.

8.Guarantee Conditions are as follows:

(1)The guarantee shall be processed in accordance with the lending financial institution's loan approval regulations , and may, when necessary, be referred to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan for credit guarantee in accordance with its relevant regulations.

The guarantee coverage ratios are as follows:

a.Working capital expenditure and capital expenditure: a maximum of 90% and a minimum of 80%.

b.For the portion of the newly added loan amount filed in the name of a business entity not exceeding NT\$1 million after the revision of the Directions took effect on August 1, 2020 (hereinafter referred to as "the newly added loan amount"), the guarantee coverage ratio is 95%.

For

cases handled in accordance with the Batch Credit Guarantee Guidelines of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, the guarantee coverage ratio is 100%.

(2)The guarantee fee rate during the guarantee period shall be calculated based on the lower limit of the annual guarantee fee rate range of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan's Guarantee Fee Calculation Guidelines. For cases handled in accordance with the relevant provisions of the Batch Credit Guarantee Guidelines of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, the guarantee fee rate shall be calculated based on the lower limit of the annual guarantee fee rate range specified in those guidelines.

(3)For the total loan amount not exceeding NT\$1 million filed in the name of a business entity, no guarantor other than the representative or responsible person shall be required. For the total loan amounts exceeding NT\$1 million, one guarantor is required in principle.

9.The loan application process is as follows:

(1)The applicant shall complete the business plan and submit relevant documents to the lending financial institution, which shall review and approve the loan in accordance with the general review procedures.

(2)For loan applications with an amount not exceeding NT\$1 million, effective from August 1, 2020,

an application form may be used in place of the business plan.

10.Interest Subsidy and Application Procedures

(1)Interest Subsidy

a.For the newly added loan amounts of up to NT\$1 million filed in the name of a business entity, the interest subsidies shall be provided based on the loan interest rate, with a subsidy period of up to five years. If the loan term is shorter than the subsidy period, the subsidy shall be calculated based on the actual loan term. For the newly added amounts exceeding NT\$1 million, the interest subsidy shall be calculated based on NT\$1 million.

b.Businesses with the same responsible person may only apply for an interest subsidy for one of the businesses.

c.Applicants for the interest subsidies must submit an affidavit to the lending financial institution.

d.Loans applied for between August 1, 2020, and March 31, 2022, that meet the subsidy criteria are

eligible for interest subsidies, and the loan must be disbursed in full by June 30, 2022.

(2)Subsidy Application Procedure

a.The head office of the lending financial institution shall, by the 15th of each month, compile the previous month's claim data from its branches, fill out the subsidy interest application list on a monthly basis, and submit it to the managing bank to request the disbursement of subsidy interest.

b. The claim data and the method of information transmission mentioned in the preceding paragraph shall be determined by the managing bank.

11. Interest subsidies will be suspended or denied if the loan recipient falls under any of the following circumstances:

(1) If the loan recipient ceases operations, suspends operations, or changes its responsible person, the

lending financial institution shall cease calculating interest subsidies from the date it becomes aware of such circumstances or receives notification from this Administration. However, if the loan recipient resumes operations during the original interest subsidy period after ceasing operations, he/she may apply to the lending financial institution to resume interest subsidies until the original subsidy period expires. Any overpaid amounts shall be recovered by the lending financial institution from the loan recipient.

(2) For loan recipients who make early repayments, the portion repaid early shall not be included in the interest subsidy calculation. If the loan is fully repaid early or the lending financial institution has transferred the loan to collection, the interest subsidy shall cease from that date.

(3) If the loan recipient violates the provisions of Paragraph 4 of Article 13 of the Direction by failing to submit financing effectiveness data to the designated platform by May of each year during the interest subsidy period, the interest subsidy shall be suspended starting from June of the year in which the submission was due.

(4) Once the budget for interest subsidies under this loan is exhausted, the subsidy shall cease.

If the loan recipient violates the relevant provisions of the Directions, the Administration shall not provide an interest subsidy. For those who have received an interest subsidy, the Administration may

issue a written administrative order to revoke or cancel the interest subsidy and require both the loan

recipient and the lending financial institution to return the subsidy. The loan recipient may return the interest subsidy amount to the Administration through the lending financial institution.

12. The loan funds shall be used for the start-up enterprises in accordance with the business plan and shall not be used for other purposes.

13. The audit and supervision regulations are as follows:

(1) The lending financial institution shall accurately and completely retain all relevant data concerning interest subsidies and credit assessments. The Administration and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan may dispatch personnel at any time to review the loan operations and utilization. The lending financial institution shall assist and cooperate with the audit and shall not evade, obstruct, or refuse to comply.

(2) Lending financial institutions shall document the details of the loan after disbursement. The loan recipient may not change the purpose of the loan without the consent of the lending financial institution. If the loan recipient violates this provision, the lending financial institution shall immediately cancel the loan.

(3) Managing banks shall accurately calculate the amount of interest subsidy requested by lending financial institutions and retain all relevant documents related to the interest subsidy applications.

(4) The Administration and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan may dispatch personnel at any time to review the use of the loan recipient and may require the loan recipient to submit financing effectiveness data to a designated platform by May each year during the interest subsidy period. The loan recipient shall cooperate and shall not evade, obstruct, or refuse to comply.

14. This loan is subject to the provisions of Article 19, Paragraph 2 of the Small and Medium Enterprise Development Act. All handling personnel shall be exempted from all liability for damages and corrective measures in accordance with the provisions of Article 77, Paragraph 1 of the Audit Act for bad debts that are not caused by intentional misconduct, gross negligence or fraud.

Private financial institutions may apply the same provisions accordingly.

15. Matters not covered in the Directions shall be handled in accordance with the credit guarantee regulations of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan and the relevant regulations of the lending financial institutions.