

## Content

Title :	Directions of Loans for Startup Funding for Young Entrepreneurs <b>Ch</b>
Date :	2013.01.02
Legislative :	1.Promulgated and taken into force from January 2, 2013 2.Amended and changed name on November 8, 2013 3.Amended on January 25, 2017
Content :	<p>1.Purpose These guidelines are hereby established to create a favorable environment for youth entrepreneurship, promote entrepreneurship, encourage economic development, and assist in acquiring funds for operation.</p> <p>2.Financial institutions providing loans These loans shall be verified by public and private financial institutions.</p> <p>3.Sources of funds Private funds of the financial institutions providing the loans</p> <p>4.Subjects A startup company or a person in charge or a contributor of the business entity which meets the following conditions may apply for a loan in either his or her own name or the name of the entity. A person in charge of an entity who is a foreigner shall apply for a loan in the name of the entity.</p> <p>(1)Individual requirements</p> <p>a.A person in charge or contributor of the business entity who is a citizen with a household registered in the Republic of China and is between the ages of 20 and 45 years old.</p> <p>b.A person in charge or contributor of the business entity who has attended related courses organized by the authorized unit of the government for at least 20 hours or acquired two credits (see attachment) within three years.</p> <p>c.The contribution amount of the person in charge or contributor of the business entity shall account for at least 20 percent of the paid-in capital of such entity, except that the registration of uninvested capital is not subject to this limit.</p> <p>(2)Business Entity requirements</p> <p>a.Business undertakings company or commercial registration or a registered entity.</p> <p>b.An initial establishment or whose registration is less than five years.</p> <p>c.If the person in charge of the entity applying for the loan is a foreigner, the foreigner must be between the ages of 20 and 45 years old and have acquired an entrepreneur visa issued by our government. A domestic person in charge must meet the regulations set forth in the first two subparagraphs of the first paragraph regarding individual requirements.</p> <p>5.Loan Purpose The preparatory funds and initial expenditure, working capital, or capital expenditure as required for operations.</p> <p>6.Credit line The financial institution providing the loan shall determine the loan amount based on the plan for the start-up loan. The loan may be applied for and appropriated during different start-up phases; however, it is not available for revolving use. The credit line is stipulated as follows:</p> <p>(1)Preparatory funds and initial expenditures The application must be filed within eight months after completing the company, commercial or other registration, and the loan may be up to NT\$2 million.</p> <p>(2)Working capital</p>

A working capital loan may be up to NT\$3 million. For businesses cultivated by a small and medium business incubation center, the loan amount be raised to NT\$ 4 million.

(3)Capital expenditure

The loan for a capital expenditure to purchase (build) or repair a plant, business office, related facilities, machines, equipment, or software required for operations may be up to NT\$12 million.

7.Term of loan and repayment method

(1)Preparatory funds and initial expenditures or working capital: The term of the loan may be up to six years, including a grace period of up to one year.

(2)Capital expenditure

a.Plant, business office, and related facilities: The term of the loan may be up to fifteen years, including a grace period of up to three years.

b.Machines, equipment, and software: The term of the loan may be up to seven years, including a grace period of up to two years.

(3)The loan principal or interest shall be equally amortized by month upon the expiration of the grace period.

(4)After the loan is appropriated, the financial institution providing the loan may adjust the term or repayment method as the case may be without being subject to the preceding three paragraphs.

8.Lending rates

The interest rate herein shall be calculated by the floating interest rate of the two-year time deposit of Chunghwa Post Co., Ltd. marked up 0.575%.

9.Guarantee

(1)The guarantee shall be managed in accordance with the loan approval procedures of the financial institution providing the loan and may be transferred to a credit guarantee in accordance with the regulations of the Small & Medium Enterprise Credit Guarantee Funds of Taiwan as appropriate. The percentage of guarantee is regulated as follows: a maximum of 95% and a minimum of 90% for preparatory funds and initial expenditures, and a maximum of 90% and a minimum of 80% for working capital and capital expenditure.

(2)The guarantee handling charge is calculated as 0.5% of the annual fee during the guarantee period.

(3)No guarantor is required for a loan amount less than NT\$0.5 million and applied for in the name of an individual, and one guarantor only is necessary for a loan exceeding NT\$0.5 million. Loans applied for in the name of an entity, are governed by the regulations of the Small & Medium Enterprise Guarantee Funds of Taiwan and the regulations of the financial institution providing the loan.

10.Loan application procedures

The applicant shall fill out a start-up loan plan and submit it to the financial institution providing the loan with related documents enclosed, and the financial institution shall determine the loan based on general procedures of review and approval.

11.Notices for loan application

(a)The loan shall only be used for the purpose of a start-up business according to the loan plan.

(b)When a contributor is the applicant, the written consent of the person in charge is required, and the loan received shall be used for the designated business purpose.

(c)The same person in charge or contributor may only receive this loan for one business until the loan is settled.

(d)If the loans are applied for by a person in charge or contributors of the same enterprise, the credit line transferred to the credit guarantee fund shall be combined for calculation and shall satisfy the regulations in item 6.

12.Audit and supervision

(a)The financial institution providing the loan shall keep the credit-related information complete and up to date. The Small and Medium Enterprise Administration, Ministry of Economic Affairs (SMEA) and Small & Medium Enterprise Guarantee Fund of Taiwan may assign personnel to understand the loan operations and application, and

the financial institution shall not evade, obstruct, or reject such personnel.  
(b)The financial institution providing the loan shall record the loan status after appropriation. The borrower shall not change the purpose of the loan without consent of the financial institution providing the loan. For any violation, the financial institution providing the loan shall take back the loan immediately.

13.Default debt liabilities

This loan is subject to paragraph 2 of Article 19 of the Act for Development of Small and Medium Enterprises. All handling persons shall be exempted from all damage compensation and correction for default debts caused by unintentional gross negligence, or fraud in accordance with paragraph 1 of Article 77 of the Audit Act. These regulations shall also be applicable to private financial institutions.

14.Any matters not mentioned herein, are governed by the regulations of the Small & Medium Enterprise Guarantee Funds of Taiwan and the regulations of the financial institution providing the loan.

15.Prior to the implementation of these guidelines, loans applied for under the “Directions for the Youth Start-Up Loans” and “Directions for Start-up Loans for Youth Dream Builders” may continue applying the guidelines in force when the loan was originally applied for.

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Attachments : [Attachment.pdf](#)

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