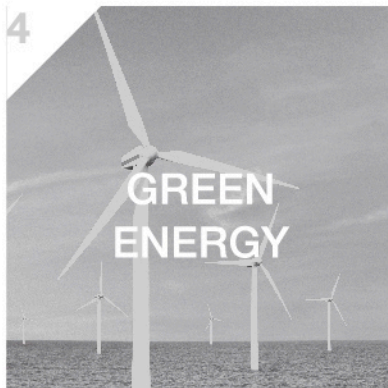
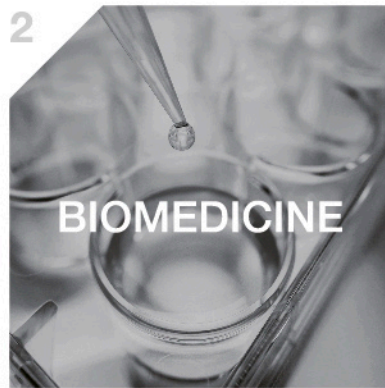
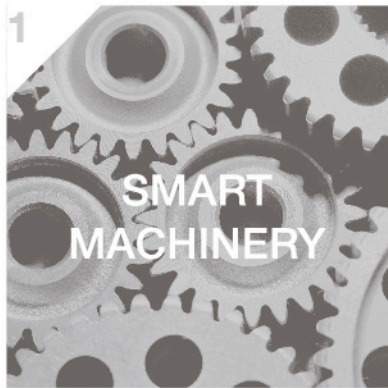


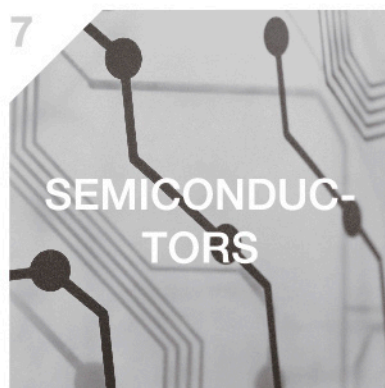
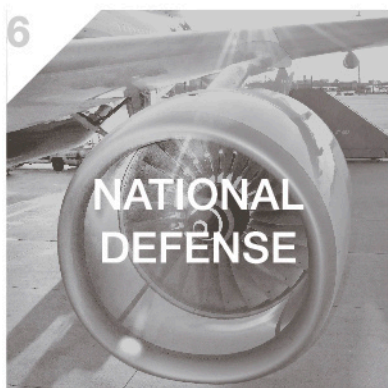


TAIWAIN

KEY INNOVATIVE INDUSTRY —
SERVICES



**KEY
INNOVATIVE
INDUSTRIES**



The government is currently implementing a number of strategies for the development of the service industry, including reinforcement of the industry’s international competitiveness, strengthening of R&D and innovation, heightening of productivity, and improvement of service-industry statistics. These strategies are designed to provide a complete service-industry infrastructure and boost the industry’s added value, especially through the innovative business model, health care, leisure living, and other key areas driven by the digital economy.

TAX AND TARIFF INCENTIVES

- Business income tax rate is **17%**.
- Up to **15%** of R&D expenses may be credited against the profit-seeking enterprise income tax payable by the company in the current year.

R&D SUBSIDIES

The MOEA offers “Service Industry Innovation Research” (SIIR) subsidies to encourage innovative research and development in the service industry. It provides a maximum of **NT\$2 million** annually in funding per project in the case of individual enterprises engaging in innovation, or a maximum of **NT\$10 million** per project in the case of alliances of at least three enterprises. Funded projects may include the following content:

New Service Products:

All-new service products or improvements to existing service content, elements, standards, specifications, or combinations thereof. For instance, the strengthening of website service content in keeping with changing times and markets, or the provision of new education and training, licensing examinations, etc.

New Business Models:

The establishment of new service operating approaches, operating procedures, and operating systems. For instance, the provision of stewed rice to meet the new demands of convenience store customers following the introduction by those stores of freshly baked bread.

New Marketing Models:

Innovative behavior relating to relationships with customers, interactive communication with customers, and product pricing and collection methods during marketing and transaction processes. For instance, the use by book stores of marketing activities involving literature and the arts to establish their positioning and image, making them new interchange platforms and channels through which consumers can come in contact with cultural/creative industries.

New Business Applications and Technologies:

The acquisition and application of new technologies, including new information, communications, systems, facilities, and equipment, in the service industry. For example, the development of a new operating model in which online platforms rely on back-end databases to help users find mutual friends online, thus facilitating the rapid development of huge online communities, together with the use of marketing activities to deepen user loyalty.



POLICY FOCUS

- **Promotion of Strategic Services Development**

For the implementation of the “Strengthen Investment in Strategic Services Promotion Plan”, the National Development Fund of the Executive Yuan has allocated US\$330 million to be invested jointly with funds from fund management companies to promote the development of strategic services. The project was kicked off in 2013 and is running for a period of 10 years. Government investment in any enterprise under this plan is limited to a maximum of NT\$100 million and may not exceed 49% of the enterprise’s capitalization. The purpose is to improve employment opportunities in the service sector, assist the service sector in internationalization and technological development, and increase export volume and production value.

Strategic service industries include information services, Chinese-language e-commerce, digital content, cloud computing, the MICE

industry, internationalization of gourmet foods, international logistics, healthcare, design services, chain store franchising, tourism operations, energy technology services, and other approved service businesses.

- **A Friendly Digital Environment Accelerates Development of the Smart Services Industry**

The government launched the “Digital Nation-Economic Innovation Development Plan (2017-2025)” (known as DIGI+) to cultivate a good economic environment for digital innovation nation-wide and to pave the way for innovative development of the services industry. Among the themes of the DIGI+ Plan is encouragement of the private sector to develop services for smart living, and to offer solutions and business models for a sharing economy.

Implementation of the “Strengthen Investment in Strategic Services Promotion Plan”



INVESTMENT ENVIRONMENT

- **Geographic Advantage**

Taiwan is a 1.5- to 5- hour flight from Shanghai, Guangzhou, Seoul, Tokyo, Bangkok, Singapore, and other major cities in Asia. This is an advantage for companies wishing to develop major Asian markets.

- **Cultural Diversity and Acceptiveness**

Taiwan is a place of diversity in its natural and human environments. This is echoed by the high degree of acceptiveness of local consumers to innovation and international content, which makes Taiwan an ideal site for pilot projects of all kinds of service businesses.

- **Ideal Location for Ethnic Chinese Market Pilot Projects**

Taiwan has an environment of Chinese culture and language, along with great culinary diversity, and its health examinations, cosmetic medicine, and medical and healthcare services are among the tops in the world. These are factors which support the development of emerging complex service industries. Taiwan is an ideal site for running pilot projects for the ethnic Chinese market.

- **Rapid Growth of Cultural and Creative Industries**

Taiwan has an edge in the creative services industry due to its high degree of freedom, cultural diversity, and regional cultural/creative industry advantage. Cultural service industries like advertising, visual communications design, conferences and exhibitions, gaming, and movies and drama have attracted signifi-

cant numbers of domestic entrepreneurs and talent.

- **Comprehensive ICT Industry and Infrastructure**

Technology development is the foundation of the technology services industry. Matched with human resources development and training services such as information services and medical services, it has an advantage in the integration of technology and hardware, a complete upstream-to-downstream industry chain, and talent.

- **A Strong Manufacturing Network Favors the Development of Peripheral Service Industries**

Taiwan's manufacturing industry enjoys widespread global deployment and plays an important role in world supply chains. It has competitive advantage in the acquisition of resources for service industries that adopt high-tech innovative operation. Further, most of Taiwan's manufacturing enterprises operate production facilities in China and Southeast Asia, and their firm footing in local markets there make it relatively easy for services to penetrate those local markets.

- **Convenient and friendly Business Environment**

According to the World Bank's "Doing Business 2017" report, Taiwan has ranked 11th in Ease of Doing Business (EoDB) for two consecutive years (2016 and 2017) among the 190 economies covered (higher than Australia, Germany, Canada, France, Japan, and China) and 4th in East Asia, after only Singapore, Hong Kong, and South Korea.

Improvement of Taiwan's International Business Environment Ranking

Ease of Doing Business (EoDB)	2016	2015	Change
Global Ranking	11	11	Unchanged
Starting a Business	19	22	+3
Dealing with Construction Permits	3	6	+3
Getting Electricity	2	2	Unchanged
Registering Property	17	18	+1
Protecting Minority Investors	22	25	+3
Paying Taxes	30	39	+9
Enforcing Contracts	14	16	+2
Enforcing Contracts	22	21	-1

INVESTMENT OPPORTUNITIES

Business Opportunities in the Digital Economy

Taiwan enjoys a healthy hardware and software infrastructure for the information and communications industry, providing international businesses with both a market and a test bed for the development of smart services for the digital economy.

- By 2020 the digital economy will grow from 20.5% (at about US\$110 billion) to 25.2% (about US\$160 billion) of GDP.
- The production value of the software sector will nearly double, from US\$30 to US\$56.7 billion.
- The digital living penetration rate for the public is projected to reach 60% by 2020, which will rank Taiwan among the top 12 in the world. By 2020 broadband service will be upgraded to 1Gbps, 10 times the current speed of 100Mbps, with service coverage at 90%. Disadvantaged families have a guaranteed bandwidth with a data transfer rate of 10Mbps. This will create a huge market for digital services.

Business Opportunity in eCommerce

The ceaseless advancement of technology blurs the boundary between the cyber world and the real world. There are more and more ways of shopping available to consumers, and the resulting business opportunities will drive the development of eCommerce at home and abroad, and will promote cross-border business cooperation.



Business Opportunities in Logistics

The rise of online shopping has triggered a huge demand for logistic services. Foreign businesses can take advantage of Taiwan's highly convenient and efficient logistics services, as well as its advantageous geographic location and industrial clusters, to strengthen their investment in logistics service networks throughout the Asia-Pacific region.



Business Opportunities in the Internationalization of Gourmet Food

Taiwan wishes to develop the food and beverage industry through industry clustering to achieve better business opportunities and build up an international marketing base for the promotion of gourmet foods from Taiwan. The world's major cities will be targeted for the promotion of cooperative investment with foreign companies.



Business Opportunities in Health Care

Taiwan has a solid foundation in semiconductor manufacturing and information and communications technology, as well as high-quality medical service personnel and professionals. Foreign firms can make use of these factors to integrate cross-industry resources and take advantage of business opportunities in smart health care together with their Taiwanese partners.



Business Opportunities in Leisure Lifestyles

LOHAS has emerged as a charming way of life for the public in Taiwan, and this has contributed to the mushrooming of facilities for shopping, pleasure, and food and beverage services. Foreign investors are welcome to invest or engage in joint ventures with Taiwanese enterprises to take advantage of business opportunities in Taiwan's new style of leisure living.



• Major Foreign Investors in Taiwan

The Germany company DHL, American Company FedEx, and UPS have set up warehouses and logistics centers in Taoyuan. Zara, a renowned Spanish firm, and H&M, a Swedish company, have established logistics centers in Taiwan to keep abreast of the opportunities available in the lucrative online shopping sector; they plan to continue establishing more bases in Taiwan. The Carrefour superstore company has spared no effort in the development of its new "Convenient Shopping" model for stores across Taiwan over the years, and Japan's Mitsui Group has also established outlets in the northern and central parts of Taiwan.



DEPARTMENT OF INVESTMENT SERVICES, MINISTRY OF ECONOMIC AFFAIRS (INVESTAIWAN SERVICE CENTER)

As the one-stop window for the promotion of FDI and the provision of investment services in Taiwan, DOIS provides investors with all necessary assistance during the investment process. Its services include information gathering, investment evaluation, partner finding and matchmaking, and access to water, electricity and land in the beginning stage of the investment process; application for permits and incentives during the investment implementation period; and the elimination of operational obstacles, assistance for the expansion of operational scale, and help for the implementation of new startup investments after the investment process is completed. For investment projects in excess of NT\$500 million, DOIS provides special courtesy services by designated project managers.

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