



# Small and Medium Enterprise Administration (SMEA), Ministry of Economic Affairs International Startup Campus Demonstration Program

## Subsidy Program for Strategic Startups

### APPLICATION GUIDE



Organized by: Small and Medium Enterprise Administration, Ministry of Economic Affairs

Implemented by: Taipei Computer Association, China Productivity Center

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(Please note that, in the event of any change to the content of the Application Guide, the content announced on the Program Website shall take precedence.)

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**Small and Medium Enterprise Administration (SMEA),  
Ministry of Economic Affairs  
International Startup Campus Demonstration Program  
Subsidy Program for Strategic Startups**

**APPLICATION GUIDE**

**I. Program Overview**

**A. Basis of This Program**

In 2016, the Executive Yuan launched the Asia Silicon Valley Development Agency, which is focused on innovation and R&D in the internet-of-things (IoT) industry and improving the innovation and entrepreneurship ecosystem, advancing industry transformation and upgrades, and boosting innovation and entrepreneurship to further drive economic growth. On this basis, the Small and Medium Enterprise Administration set out to transform the Universiade Athletes' Village into an international startup campus with an objective of fusing together industry development, marketing communications, startup investment, and professional resources and guidance needed by entrepreneurs. Centered on the themes of "openness", "startups", and "going global", the program aims to attract international startups and R&D talent to Taiwan so as to expand and enrich the local startup ecosystem and realize a vision of "creating local startups and connecting with the world".

The Small and Medium Enterprise Administration ("SMEA") launched the Subsidy Program for Strategic Startups ("the Subsidy") in accordance with the "Subsidy Guidelines for the International Startup Campus Demonstration Program" for the purpose of attracting world-class accelerators, enterprise-based accelerators, and promising startups to establish a presence at Startup Terrace.

**B. Purpose of This Subsidy**

The purpose of the Subsidy is to encourage startups to accelerate their ability to commercialize technology, products, or service models and thereby boost their entrepreneurial success rate.

**C. Types of Subsidies Offered**

A strategic startup refers to a startup which possesses a promising technology or platform which could be economically viable or profitable.

**D. Program Duration and Subsidy Budget Itemization Principles**

1. The requested subsidy amount may not exceed 50% of the total expenditures of the program proposal or the amount of profit-seeking enterprise income tax payable in the current year.
2. The subsidy amount may not exceed NTD 10 million per case per year. The Applicant shall set its own program implementation schedule, which shall be divided into 6-month phases. The maximum total duration of the program is 2 years. In the event that an implementation period exceeds 1 year, the program shall be implemented over separate years, and program expenditures shall be reviewed and decided on a year-by-year basis.

3. The maximum subsidy amount referred to in the preceding clause shall be progressively decreased in proportion according to the number of months of implementation specified in the schedule of the program proposal.

The total expenditures of a program proposal shall be inclusive of the government subsidy and self-funded amount. The scope of budget itemization covers various categories including personnel expenses, travel expenses, consumables and raw materials expenses, equipment use and maintenance expenses, expenses for commissioning studies or authentication, and marketing and promotional expenses (see Appendix D: Accounting Categories and Budget Itemization Principles for details).

## II. Program Application

### A. Eligibility Requirements

- (A) Must be a legally incorporated or registered domestic or foreign sole proprietorship, partnership, company, or legal person which meets the following criteria:
  - 1. Enterprises applying for the Subsidy must be a startup (as defined in the "Standard for Determining the Constitution of Startup" promulgated by the Small and Medium Enterprise Administration) and may only submit one proposal.
  - 2. Possesses key innovative technologies or has verifiable innovative services; and has a product or service with a certain degree of demonstrable viability.
  - 3. The field or service implemented for the Program must be within the territory of the R.O.C.
  - 4. Has already entered into investment contract(s) with one or more investors.
  - 5. If the applicant is a foreign company, it must incorporate a company in Taiwan after its application has been approved and prior to signing the Program Agreement.
- (B) Where an identical or similar program is used in duplicate applications for relevant subsidies provided by R.O.C. government agencies, such application shall be deemed to not meet the application eligibility requirements, and the associated application documents shall be rejected.
- (C) Enterprises which receive a subsidy shall fulfill the following obligations:
  - 1. The Startup Terrace Residency Agreement (through which a discount is offered for office and housing accommodations during the residency period) must be signed prior to executing the Program Agreement. The residency period is defined as the total two years.
  - 2. Prior to executing the Program Agreement, the Applicant must employ a minimum of two R.O.C. citizens.
  - 3. Prior to conclusion of the Program, the company must change its registered address to be incorporated at Startup Terrace.
  - 4. Prior to conclusion of the Program, products or services created as a result of R&D must be manufactured or produced in Taiwan or operated in a field in Taiwan; or the startup must obtain priority investment and engage in joint marketing efforts with a company or accelerator in Taiwan. One of the above two criteria must be satisfied.

### B. Overview of the Application Process

- (A) All matters relating to the Subsidy are handled through an online platform (website to be announced), and applications will be processed on a first-come first-serve basis. The maximum program duration is 2 years.
- (B) The following information must be submitted when applying for the program:
  - 1. Basic Company Information Form (must be completed through the online application system).
  - 2. A single report in PDF format of the Overall Business Plan and 1st Year Program Plan (must be submitted through the online application system; max file size is 3 MB).
  - 3. Scanned photocopies (in PDF or JPG format) of the company registration sheet or business

registration, factory registration approval letter, and other relevant documents (all documents must be affixed with the Applicant's official company seal and signature of the responsible person) (must be submitted through the online application system). Foreign companies must provide scanned photocopies (in PDF or JPG format) of documentary proof of incorporation bearing relevant authentication (e.g., official company seal and signature of responsible person).

4. Original copy of the "Personal Information Collection Notice and Personal Information Agreement" must be signed and submitted (signed by relevant persons participating in the Subsidy including the (1) company's responsible person, (2) project lead, (3) program contact person, and (4) CPA).
5. Foreign companies sending application documents via e-mail shall provide Document No. 1 in MS Word (.docx) format; Document No. 2 shall be provided in PowerPoint format (.pptx); and Document Nos. 3 and 4 shall be provided as scanned copies (.pdf or .jpg). The subject header of all e-mail submissions must be written exactly as follows:

Subsidy Program for Strategic Startups - [NAME OF COMPANY]

(C) Application Checklist:

1. When conducting its preliminary review of a submitted application, if the Program Office discovers an omission or other error, the issue must be resolved within one (1) week after the Applicant has been notified of such omission or error. If this deadline is not met, the application will be rejected.
2. The Applicant shall submit all application documents necessary for applying for the Subsidy in accordance with these Application Guide. After a submission has been verified by the Program Office to be free of error, a notification e-mail and letter shall be issued to notify the Applicant of the official date of receipt.
3. All information submitted to apply for this program will be saved for reference purposes and shall not be returned, irrespective of whether the Applicant passes the review process or whether the Applicant withdraws its application on its own accord.

(D) Program Liaison:

After verifying that all required application information is ready to be submitted, the Applicant shall send the documents via mail or deliver them in person to the Program Liaison:

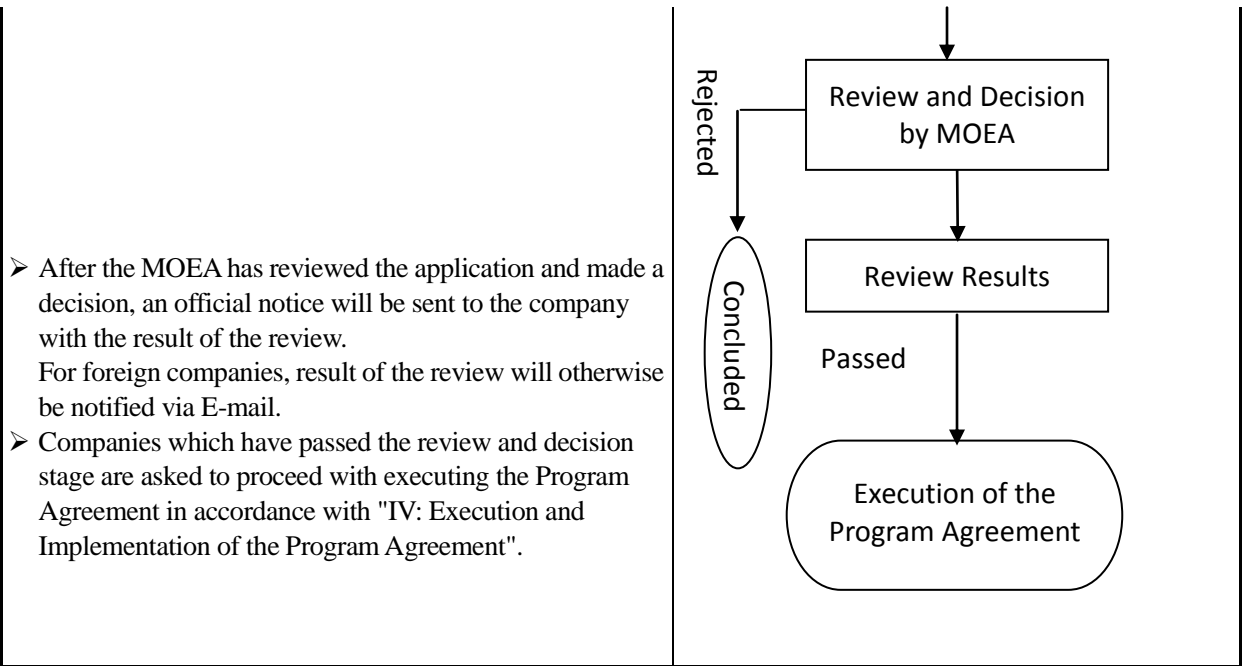
<b>Program Liaison</b>	<b>Address</b>	<b>Telephone</b>
Business Development Division Project Office of Startup Terrace of the Administration	Mailing address: 10075 3F., No.51, Sec. 2, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.). E-mail: <a href="mailto:ST@cpc.org.tw">ST@cpc.org.tw</a>	+886-2-2395-7970  Ms. Lin

### III. Program Review Process

Applications for the Subsidy shall be handled on a first-come first-serve basis. In principle, the Program Office shall complete its review of an application and notify the Applicant of the review results via letter within two (2) months from the official date of receipt; when necessary, the review process may be extended by an additional month.

#### A. Review Procedure

Application Review Procedure	Flowchart
<ul style="list-style-type: none"> <li>➤ An eligible company shall prepare information required to be submitted for the application, ensure that itemized expenditures comply with the Accounting Categories and Budget Itemization Principles, and mail the application documents to ST@cpc.org.tw</li> <li>➤ When conducting its preliminary review of a submitted application, if the Program Office discovers an omission or other error, the issue must be resolved within one (1) week after the Applicant has been notified of such omission or error. If this deadline is not met, the application will be rejected.</li> <li>➤ After required application documents are verified to be free of error, a notification e-mail and letter shall be issued to notify the Applicant of the official date of receipt.</li> <li>➤ The company shall prepare data for its report along with additional information as needed (see note below) and shall then present the report at the Program Review Meeting.  For foreign companies, reviews and presentations can be done by video conferencing.  Note: Additional information will not be accepted after the Program Review Meeting has been concluded.</li> <li>➤ The final recommendation made at the Program Review Meeting is provided to the Steering Committee for verification.</li> <li>➤ The application is re-reviewed according to the resolution reached by the Steering Committee during its verification review.</li> <li>➤ After being verified, the results are sent to the MOEA for review and decision.</li> </ul>	<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-size: small; margin-right: 10px;">Notice for submission of additional documents or rejection</div> <pre> graph TD     A([Application Submitted by Company]) --&gt; B{Review of Qualifying Documents}     B -- Rejected --&gt; A     B -- Passed --&gt; C[Application Officially Received]     C --&gt; D[Program Review Meeting]     D --&gt; E[Verification Review by the Steering Committee]     E --&gt; F[ ]     style F fill:none,stroke:none     </pre> </div>



B. Content to Undergo Review:

After it is determined that the information submitted by the Applicant complies with the "Review of Qualifying Documents", the application will undergo a two-stage review process consisting of a "Program Review" and a "Program Review and Decision", as explained below:

(A) "Program Review":

1. Key Parts of the Program Review:

- (1) Feasibility of the Applicant's commercial strategy.
- (2) Degree of market innovation and commercial applications.
- (3) Whether the commercial applications have a global competitive advantage.
- (4) Link to the industry value chain and demonstrable added value.
- (5) Offers potential benefits in market development with respect to production, value-adding, or distribution.

2. Content of Report for Program Review:

Content of Report	<ol style="list-style-type: none"> <li>1. Description of what makes the program innovative (including commercial strategy, market applications, global competitive advantages, etc.)</li> <li>2. Method for implementing the program (including steps for implementation and research methodology, intellectual property rights search and management, etc.)</li> <li>3. Framework for delegating authority during program implementation (including a description of outsourced work, where applicable).</li> <li>4. Estimated work progress and inspection points for each calendar year of the program.</li> <li>5. Overview of necessary investments of resources (e.g., personnel, time, expenditures, etc.) for each calendar year of the program.</li> <li>6. Anticipated benefits / value-added applications for the industry (explain market benefits).</li> <li>7. Reply to the Written Review Opinion.</li> </ol>
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Importance Notice	<ol style="list-style-type: none"> <li>1. A maximum of three representatives may attend the meeting (only one person from an outsourced vendor, consulting agency, or outside consultant is permitted to attend).</li> <li>2. In principle, the report shall be presented by the project lead or the responsible person of the company; if deemed necessary, R&amp;D personnel participating in the program may present the report. If an outsourced vendor, consulting agency, or consultant is needed to provide additional explanations during the Q&amp;A session, approval from the chairman must first be obtained.</li> <li>3. Report to Describe the Program:  The report does not need to be delivered in any specific format, but it should last no longer than 30 minutes. Please ensure that the page/slide count is kept to a reasonable length to accommodate this time limit. Four identical printouts of the "Report" and response to the "Summary of the Written Review Opinion" shall be provided on the day of the meeting.</li> <li>4. Personnel participating in the meeting must show relevant identification and documents proving they are a full-time employee of the company (an identity document and employee insurance policy datasheet or employee pension calculation sheet shall suffice).</li> <li>5. Please bring a laptop on the day of the meeting and arrive 10 minutes early.</li> <li>6. Please do not exchange business cards on the day of the meeting.</li> <li>7. Please present the meeting notice upon entering the location of the meeting.</li> <li>8. To avoid interruptions while the meeting is in progress, please do not take any photographs, video, or audio recordings. In addition, mobile phones must be turned off or switched to silent mode.</li> <li>9. To accommodate the government's policy of reducing the use of disposable eating utensils, meeting attendees are asked to bring their own utensils and cups.</li> </ol>
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(B) "Program Review and Decision":

The program review recommendation compiled by the Program Office is sent to the MOEA's Steering Committee for verification. After the MOEA has conducted its review and made a decision, the company will be notified of the review results.

The MOEA's Steering Committee review covers the following key points:

1. Implementation of the overall program objective.
2. Extent to which the program accommodates the aims of government policies.
3. Reasonableness of how resources are allocated as a whole.
4. Reasonableness of performance indicators such as anticipated results, effects, associated benefits to industry, etc.
5. Confirmation of the reasonableness of subsidy expenditure amounts and related rights and interests.

## IV. Execution and Implementation of the Program Agreement

### A. Execution of the Program Agreement

- (A) The commencement date of the program can begin from the date on which the program documents are submitted; however, the date of submission may not be later than the program commencement date. Where a program is extended into a new calendar year as a result of the review process, the effective date of the Program Agreement may not be dated back to the prior year.
- (B) The Applicant shall set its own program schedule, which shall be divided into 6-month phases. The maximum total duration of the program is 2 years. In the event that an implementation period exceeds 1 year, the program shall be implemented over separate years, and program expenditures shall be reviewed and decided on a year-by-year basis. In principle, the subsidy is allocated over 3 phases to cover annual program expenditures. After the agreement has been signed, the first phase of the subsidy amount will be allocated. Allocation of the second and third phases of the subsidy amount shall be determined according to the terms set out in the subsidy agreement. In the event that the program's annual implementation progress fails to reach 100%, the circumstance shall be handled pursuant to the relevant terms of the agreement. Such failure will be considered as an important reference point when conducting the review and decision process for allocating subsidy expenditures in the following year. The Applicant prepares and formally submits its report and relevant appendices amended according to the resolution made by the review committee, the agreement affixed with the company's seal, and the proof of subsidy to the Program Office in order to execute the agreement and make the requisition of funds.
- (C) The signatory company shall execute the agreement within the allotted time specified in the Notice of Review and Decision; if it is unable to execute the agreement by the deadline, the company shall submit a written explanation of the reason for applying for an extension; after approval, the deadline for executing the agreement may be extended (an extension may be no longer than **1 month**); if the company still cannot meet this deadline, it will be deemed to have forfeited its right to receive the subsidy.

### B. Allocation of Subsidy Funds

- (A) Where the "proposed program expenditures" are used as the basis for applying for the subsidy and the program's duration is  $\leq 9$  months, the program expenditures shall be divided into two phases; the subsidy amount for the first phase (50% of the subsidy) shall be allocated upon execution of the agreement; and the subsidy amount for the second phase (50% of the subsidy) shall be allocated after the work results report has passed review.
- (A) For a program with a duration of  $>9$  months, annual program expenditures shall be divided into three phases, and 15% of the total subsidy amount shall be retained as surety; the remainder of the subsidy and the company's self-funding are grouped into 6-month phases beginning from the effective date of the agreement, and in principle the amounts shall be itemized according to the scheduled number of months. If the final phase is less than 3 months, it shall be incorporated into the Periodic Work Report of the prior phase; amounts to be allocated for each phase must be reviewed and approved by the Review Committee, and the subsidy amount for the following phase may not be approved for allocation unless the cumulative spending rate on expenditures in the current phase is 75% or higher.
- (B) Where "annual business income tax payable" is used as the basis for applying for the subsidy, the subsidy will be allocated after the annual business income tax payable has actually been declared; however, the allocation amount is limited to the "annual profit-seeking enterprise income tax payable" which has already been reviewed and approved; if the "annual profit-seeking enterprise income tax payable actually declared" does not meet the amount of "annual profit-seeking

enterprise income tax payable which has been reviewed and approved", the amount of the shortage shall be deducted from the subsidy or otherwise recovered.

- (C) The subsidy shall be deposited into an earmarked account under exclusive management, and any cash surplus and all gross interest accrued before tax must be returned to the national treasury.
- (D) Where necessary due to extraordinary factors relating to a review of the MOEA's budget conducted by the Legislative Yuan, a notification may be directly made concerning an adjustment to the amount of the subsidy and/or date on which the subsidy is allocated.

#### C. Program Management and Evaluation

- (A) Pursuant to the terms of the agreement, every 6 months, the signatory company must present a work progress report and an expenditures spending report; program expenditures shall be verified and reimbursed according to the subsidy ratio. In the event that the signatory company violates any provision of the agreement, and where the violation is investigated and verified by the Program Office, if the signatory company fails to make an improvement within a specified deadline, the agreement may be terminated or rescinded pursuant to the terms stipulated in the agreement.
- (B) Pursuant to the provisions set out in the agreement, the signatory company's work progress and spending circumstances may be subject to periodic inspection, and the signatory company shall cooperate on matters relating to tracking the effects of the program and participate in related presentations and exhibits of results and similar activities for a period of five (5) years after the program is concluded.
- (C) All source documents (including documents relating to self-funding and government subsidies or donations) retained by the signatory company (recipient of the subsidy or donation) must be affixed with the official seal of the commissioning agency and bear the name of the program. Where funds are apportioned over multiple programs, the documents shall be submitted along with a Budget Apportionment Table.

## V. Other Important Information and Notices

- A. Research personnel who participate in the program must be officially employed by the company (i.e., must have labor insurance coverage administered by the company); for persons who do not meet the eligibility criteria for labor insurance coverage (i.e., a person who meets seniority requirements or has retired), relevant documentary proof (e.g., occupational injury insurance) must also be submitted; or, if the number of employees in the company is less than 5 persons, relevant documentary proof (e.g., employment insurance) must also be submitted.
- B. To comply with the regulations of the Personal Information Protection Act, all participants in the Subsidy, including the company's responsible person, project lead, program contact person, CPA, R&D personnel, and consultants must sign and submit the "Personal Information Collection Notice and Personal Information Agreement".
- C. To ensure the impartiality and confidentiality of the review process, all members of this Program Office, the Review Committee, and all other relevant personnel have signed confidentiality agreements and comply with the principles of confidentiality and avoidance of conflicts of interest. All review results shall be formally notified by the Program Office.
- D. All information provided and declared by the Applicant shall be consistent with the facts and current circumstances of the Applicant and shall not infringe upon intellectual property, including patent rights, copyrights, trademarks, or business secrets, of any third party; in the event of such infringement, the Applicant shall bear full liability and penalties accordingly.
- E. The Applicant Company must provide a description in its report of key points concerning any relevant government subsidy program(s) which were previously received, the effects of implementation thereof, how the previous case(s) relate to the present application, as well as provide content pertaining to previous program(s) including innovative content, inspection points, and a list of participating personnel.
- F. If any duties are assigned to an outsourced unit during the course of implementing the program, the official agreement entered into with the aforesaid outsourced vendor must be submitted upon executing the Program Agreement (the outsourcing contract must specify the program's implementation period, content, inspection indicators, and itemization and utilization of funds).
- G. In the case of R&D activities carried out during the course of implementing the program which involve "concerted action" as set out in the Fair Trade Act, the Applicant shall separately apply to the Executive Yuan's Fair Trade Commission (FTC) for a permit in accordance with regulations.
- H. In the event that the program for which the Applicant is applying is found to have already received a subsidy from the government, depending on the severity of the circumstances, in addition to rescinding the agreement and recovering the subsidy, the Applicant may be forbidden from applying for the Subsidy for a period of between 1 to 5 years beginning from the date of termination of the agreement.
- I. Beginning from the date of submission of its application, the Applicant may not engage in any improper association or inappropriate promotions in connection with application activities, subsidy programs, and subsidy expenditures nor engage in other conduct intended to mislead or misrepresent.
- J. The company may not, as a result of applying for the Subsidy, exaggerate the results of any research and development activities such that a third party or the general public misconstrues the MOEA as having guaranteed the results of such research and development or the quality, safety, or

functionality of any product manufactured in connection therewith.

- K. In the event that litigation involving the company arises due to a dispute or other reason which results in a circumstance where a court or administrative enforcement agency issues an enforcement order, relevant action may be taken in conjunction with the Subsidy including discontinuing the performance of the agreement or ceasing allocation of the subsidy.
- L. By accepting a subsidy pursuant to these Application Guide, the Applicant affirms that it shall protect the rights and interests of its employees, realize gender equality, and promote and guarantee employment opportunities for women. The standard for formulating salaries shall be based on academic experience, and there may not be any disparity in such specifications due to gender or physical or mental disability.
- M. In the event that an Applicant's program proposal is reviewed and approved to receive a subsidy and a circumstance is discovered involving a violation of the Program Service Agreement to which the Applicant is a signatory, or where a discrepancy is found in documentary proof used to pass the eligibility review process, the Applicant's eligibility to receive the subsidy shall be immediately revoked.