

Ensuring Legal Compliance in Taiwan Employment Contracts

Establishing a compliant and well-structured employment contract is essential for any organization hiring in Taiwan. Such contracts must align with the country's legal framework while also promoting a transparent and cooperative relationship between employer and employee.

Background

When hiring in Taiwan, it is crucial to craft an employment contract that not only adheres to legal standards but also fosters a harmonious relationship between employer and employee.

Taiwan's primary legislation on employment is the Labor Standards Act (LSA), which outlines the fundamental rights and responsibilities of both employers and employees. The law is designed to provide fair working conditions, regulate wages, working hours, and occupational safety, and ensure social security benefits such as health insurance and pensions.

In addition to the LSA, the Labor Pension Act and the Occupational Safety and Health Act also play a role in shaping the terms of employment. Employers are obligated to comply with these laws when drafting employment contracts, ensuring that the terms reflect the protections laid out for workers.

Checklist

Grant Thornton Taiwan has compiled a checklist of frequently found deficiencies in employment contracts based on our past experience in order to assist employers comply with local regulations.

If you have any further questions relating to the contents of the checklist, please feel free to contact us for assistance. Alternatively, if you need us to help you implement measures to comply with these regulations, please also feel welcome to contact us.

Contact



Jay Lo

Managing Partner

T +886 2 2789-0887 ext. 1314

E jay.lo@tw.gt.com

www.grantthornton.tw

Checklist for Relevant Employment Contracts

※ Completion instruction

In order to assist employers to assess whether if they are in compliance with regulations in Taiwan, we have prepared a check list below based on commonly found issues in practice. The list is not exhaustive and should be used as a source of reference only.

Item	Items	Check	Relevant Rules
1	Employment Contract	At-will employment contracts are not recognized under Taiwan labor law. If an employment contract includes an "at-will employment" clause, that provision will be considered invalid, and the employer will still be required to comply with statutory termination procedures, including payment of severance.	LSA 9, 17; Enforcement Rules of the LSA 7.
2	Responsibilities and Location	List the scope of duties and work location. Employers must follow LSA 10-1 for reassignment of employees.	LSA 10-1.
3	Working Hours	Regular working time may not exceed 8 hours a day or 40 hours a week. Employees must get at least a 30-minute break after 4 continuous hours of work.	LSA 30, 35.
4	Extended working hours	When an employer deems it necessary for an employee to work beyond regular working hours, such extension—made with the consent of a labor union, or if none exists,	LSA 24, 32.

	(overtime)	with the approval of a labor-management conference— may be implemented, provided that the total working hours do not exceed twelve hours per day and the monthly overtime does not exceed forty-six hours, or, with such consent or approval, fifty-four hours per month and one hundred thirty-eight hours over a three-month period.	
5	Probation Period	No specific regulation in Taiwan’s labor law (probation is commonly 3 months). Any extension requires the employee’s consent.	
6	Compensation	Unless otherwise agreed by the parties or if wages are paid monthly in advance, wages shall be disbursed at least twice a month on a regular basis, and a detailed breakdown of the calculation for each wage component shall be provided.	LSA 21, 23.
7	Annual Leave	Minimum amounts of annual leave are regulated by the LSA.	LSA 38.
8	Leave (Marriage, Pregnancy, Prenatal Check-up, Paternity & Prenatal Accompanying Leave, Pregnancy Stabilization Leave, Menstrual Leave, etc.)	Employers cannot include contract clauses requiring an employee’s resignation or unpaid leave due to marriage, pregnancy, childbirth, childcare, prenatal check-up leave, paternity & prenatal accompanying leave, pregnancy stabilization leave, or menstrual leave.	Regulations of Leaves for Workers; Gender Equality in Employment Act; LSA 50.

9	Public Holidays	Most companies follow the work calendar as published by the Taiwan Government Directorate-General of Personnel. This should be included in the employment contract.	LSA 37; Enforcement Act for Memorial Days and Festivals.
10	Penalties	Employers cannot pre-deduct wages for an employee's breach of contract or damages. The employer must seek any such damages via civil procedures (no wage docking).	LSA 26.
11	Termination (Notice Periods)	Termination must follow the LSA's required notification periods. Any private contract clause altering the notice period is invalid.	LSA 16.
12	Insurance and Pension	Employers shall enroll employees in all government-mandated statutory benefits programs.	Labor Pension Act; Labor Insurance Act