

Comparison of Entity Types

	Company Limited by Shares	Limited Company	Close Corporation	Branch	Representative Office	Limited Liability Partnership
STRUCTURE & CAPITAL						
Entity Structure	Shareholders can be natural persons and/or foreign juristic persons (corporate).	Shareholders can be natural persons and/or foreign juristic persons (corporate).	Shareholders can be natural persons and/or foreign juristic persons (corporate).	The head office must be a foreign company.	Head office must be a foreign company.	At least one unlimited liability partner and one limited liability partner. Partner can be a legal person.
Minimum Required Capital Contribution (which must be remitted in full into the R.O.C. from a foreign territory)	No limit. However, it must be sufficient to pay for setup costs.	No limit. However, it must be sufficient to pay for setup costs.	No limit. However, it must be sufficient to pay for setup costs.	No limit. However, it must be sufficient to pay for setup costs.	N/A	No limit. However, it must be sufficient to pay for setup costs.
Minimum Capital Required if Recruiting an Expatriate (Work Permit is Required) (which must be remitted in full into the R.O.C. from a foreign territory)	NT\$5,000,000	NT\$5,000,000	NT\$5,000,000	NT\$5,000,000	N/A	NT\$5,000,000
Minimum Number of Shareholders/ Owners	1 juristic person (corporate) or 2 natural persons	1 juristic person (corporate) or 1 natural person	1 juristic person (corporate) or 1 natural person but not more than 50	Owned by head office (corporate)	Owned by head office (corporate)	At least two partners
Minimum Number of Key Personnel	For a solely owned subsidiary, only 1 director is needed. For multiple shareholders, at least 1 director and 1 supervisor need to be appointed.	1 director (maximum of 3 directors)	For a solely owned subsidiary, only 1 director is needed. For multiple shareholders, at least 1 director and 1 supervisor need to be appointed.	1 branch manager and 1 designated agent. They can be the same person. There is no nationality restriction, and the person does not need to reside in Taiwan.	1 designated agent. There is no nationality restriction, and the person does not need to reside in Taiwan.	A managing partner needs to be elected by the partners.
Limited Liability Protection	Yes. Shareholders are liable for the obligations of the company only with respect to the amount of capital they contributed.	Yes. Shareholders are liable for the obligations of the company only with respect to the amount of capital they contributed.	Yes. Shareholders are liable for the obligations of the company only with respect to the amount of capital they contributed.	No. Liabilities may be enforced against all the assets of the foreign head office, whether or not the assets are in Taiwan.	None	Limited liability partner is only liable for the amount of capital contributed.
Voting Rights	One voting right per share unless the voting rights are specifically prescribed otherwise in the Articles of Association.	Each shareholder shall have one voting right, unless the voting rights are specifically prescribed otherwise in the Articles of Association.	One voting right per share, unless the voting rights are specifically prescribed otherwise in the Articles of Association.	None	None	In principle, one person one vote. However, a partnership agreement can alter the voting rights of the partners.
Share Certificates	Yes. Share certificates are issued to shareholders according to their contribution.	No	Yes. Share certificates are issued to shareholders according to their contribution.	None	None	NA
ELIGIBILITY / LIMITATION						
Operate Business	Yes	Yes	Yes	Yes	No	Yes
Carry-out Importing and Exporting Activities	Yes	Yes	Yes	Yes	No	Yes
Be a Shareholder of Another Entity	Yes	Yes	Yes	No	No	Yes
Open a Bank Account	Yes	Yes	Yes	Yes	Optional	Yes
Issue Stocks to Public	Possible	No	Crowdfunding possible	No	No	NA
Conversion	Can be converted to a close corporation.	Can be converted to company limited by shares.	Can be converted to company limited by shares.	Cannot be converted to other entity types.	Cannot be converted to other entity types.	Cannot be converted to other entity types.
REPORTING REQUIREMENTS						
Company responsible person and major shareholder information declaration	Yes	Yes	Yes	No	No	No
Statutory Audit Requirement	- If the paid-in capital exceeds NT\$30 million or - If annual sales reach NT\$100 million or - If the number of employees participating in labor insurance reaches 100.	- If the paid-in capital exceeds NT\$30 million or - If annual sales reach NT\$100 million or - If the number of employees participating in labor insurance reaches 100.	- If the paid-in capital exceeds NT\$30 million or - If annual sales reach NT\$100 million or - If the number of employees participating in labor insurance reaches 100.	- If the paid-in capital exceeds NT\$30 million or - If annual sales reach NT\$100 million or - If the number of employees participating in labor insurance reaches 100.	None None None	- If the paid-in capital exceeds NT\$30 million or - If annual sales reach NT\$100 million or - If the number of employees participating in labor insurance reaches 100.
TAXATION						
Business Tax Rate (VAT)	5%	5%	5%	5%	Do not need to file VAT	5%
Income Tax Rate	20%	20%	20%	20%	N/A	Pending on applicable personal income tax bracket (Max 40%).

Withholding Tax Rate on Distributed Earnings Allocation (e.g. dividend)	21%	21%	21%	None. Profits can be remitted back to the head office without incurring withholding tax.	N/A	NA
Corporate Tax Rate on Undistributed Retained Earnings	5%	5%	5%	No additional tax	N/A	NA
Capital Gains Tax on Share Transfer/ Interest Transfer	No. However, the seller will be subject to 0.3% security transaction tax on the share transaction price. Real Estate or Securities Transaction Income Tax: Depends on the purchase agreement.	Yes. Profits from selling interests are subject to income tax.	No. However, the seller will be subject to 0.3% security transaction tax on the share transaction price. Real Estate or Securities Transaction Income Tax: Depends on the purchase agreement.	N/A	N/A	Yes, profits from selling partnership interests are subject to income tax

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Transfer of Shares / Interest	Shares can be transferred freely.	Must be approved by members.	Depends on Articles of Association	N/A	N/A	Depends on the partnership agreement.
Alternative Minimum Tax	Yes. Please refer to GT article for more information on AMT.	Yes. Please refer to GT article for more information on AMT.	Yes. Please refer to GT article for more information on AMT.	Yes, but in most cases would have no impact as a branch is not entitled to claim tax incentives.	N/A	NA
OTHER COMMENTS						
Applicable Target	Used by large, medium, and small-sized foreign enterprises. It is the most commonly used form of corporate entity.	Generally used by small- and medium-sized foreign enterprises or family-owned enterprises.	Generally used by small- and medium-sized foreign enterprises.	Most commonly used by foreign investors doing business in Taiwan who intend to gain high profits at a high level of tax savings.	Generally used by foreign enterprises that wish to undertake only promotional and liaison activities in Taiwan on behalf of the parent company without transacting any business locally.	Mostly used for setting up private equity funds.
Advantages	<ol style="list-style-type: none"> Generally, they have a better image than limited companies, and all listed and public companies are companies limited by shares. Liability of the shareholders for the company's debts is limited to the amount of their respective shareholding. May invest in the stock and real estate markets in Taiwan. No capital gains tax arising from selling shares. 	<ol style="list-style-type: none"> Only 1 natural or juristic person is required. Liability of the shareholders for the company's debts is limited to the amount of their respective capital contributions. May invest in the stock and real estate markets in Taiwan. 	<ol style="list-style-type: none"> Liability of the shareholders for the company's debts is limited to the amount of their respective shareholding. May invest in the stock and real estate markets in Taiwan. No capital gains tax arising from selling shares. 	<ol style="list-style-type: none"> The most tax-efficient form of entity to set up in Taiwan. Headquarters can allocate management overhead to Taiwan. 	<ol style="list-style-type: none"> The most efficient form of entity to set up in Taiwan - there are neither VAT nor corporate income tax filing requirements for representative offices. 	<ol style="list-style-type: none"> Can set a definite trading period. Upon the expiry of the trading period, the partnership shall dissolve. Can contribute capital in installments. Possible to use assets other than cash for capital injection up to a certain percentage. A talented person with no capital can act as a general partner. Investors can act as limited liability partners to help fund the business.
Disadvantages	<ol style="list-style-type: none"> Subject to higher tax in comparison to branch operations. Holding companies cannot charge management overhead to Taiwan. 	<ol style="list-style-type: none"> Use of a limited company should be avoided if one foresees possible future conflict among members (shareholders). Prior approval must be obtained from other shareholders before a shareholder can sell shares. Holding companies cannot charge management overhead to Taiwan. 	<ol style="list-style-type: none"> Subject to higher tax in comparison to branch operations. Holding company cannot charge management overhead to Taiwan Articles of Association may contain clauses that limit the rights of minority shareholders. 	<ol style="list-style-type: none"> Branches cannot enjoy tax incentives available to hi-tech companies. A Branch cannot claim tax benefits under double taxation agreements signed between Taiwan and other countries. Branches do not enjoy limited liability protection in Taiwan. Their liabilities may be enforced against all the assets of the foreign head office, whether or not the assets are in Taiwan. Branches often experience difficulty borrowing funds from local banks. All investments made in Taiwan by the Branch will be registered in the name of its Head Office. The head office may allocate management overhead to the Taiwan branch, but the allocation of such charges must be done based on group turnover. A CPA certificate is required. 	<ol style="list-style-type: none"> Cannot issue invoices to customers or apply for a permit to import items to Taiwan. Except for the person registered as the chief representative for the rep office, it is generally difficult to apply for work permits for other expatriates. 	<ol style="list-style-type: none"> The general partner carries unlimited liabilities. Due to high personal income tax rates, this is not an attractive option. Partners interact with each other based on the partnership agreement signed. Government Authorities are not likely to intervene in partnership disputes. Tax loss cannot be reserved. Most tax incentives in Taiwan can only be enjoyed by companies. A limited liability partnership is not considered to be a company.
ENTITY SET UP COST/PROCESSING TIME						
Approximate Processing Time Requirement (after we have received the required documentation from you)	2-3 months	2-3 months	2-3 months	2-3 months	2-4 weeks	2-3 months
OTHER SERVICES PROVIDED BY GRANT THORNTON						
Lease of Office Address (for registration purposes only)	Yes	Yes	Yes	Yes	Yes	Yes

Bookkeeping, Payroll, and Cash Disbursement Services

A separate fee proposal will be provided upon request.

Work Permit Application

A separate fee proposal will be provided upon request.

Transfer Pricing

A separate fee proposal will be provided upon request.