

# Company Act Amendment 2018

## Background

Taiwan passed a significant amendment to the Company Act which officially came into effect on 1 November 2018. Major changes brought by the Company Act amendment include the following:

- New statutory audit requirements
- Requirements for regular upload of information related to directors, supervisors, managers and shareholders to the Government's website.
- Reducing the required minimum number of directors/supervisors for a Company Limited by Shares.
- Introducing no par value shares for a Company Limited by Shares.
- Shareholders' meetings can be held via video conference for a private companies if this is prescribed in the articles of incorporation.
- A company's articles of incorporation may permit written consent in lieu of holding a directors' meeting.
- The need to appoint a litigious and none litigious agent for a Branch Office has been abolished.
- Companies are permitted to register English Names together with Chinese Names.

## New Statutory Audit Requirements

Effective from 1 January 2019, companies meeting one of the following conditions need to have financial statements audited:

- Paid in capital reaches or is in excess of TWD 30 million.
- Employs 100 people or more.
- Annual sales turnover reaches or exceeds TWD 100 million.

## Uploading information related to directors, supervisors, managers, and shareholders

In accordance with Article 22-1 of the Company Act, companies need to file information relating to its directors, supervisors, and shareholders annually. If there is a change, a special filing needs to be completed within 15 days from the date of change. Filing information includes the following for directors/supervisors/ registered managers/ shareholders holding more than 10% of shares in the company:

- Name
- Nationality
- Shareholding

## Minimum number of directors/supervisor for Company Limited by Shares

In accordance with Article 128-1 of the Company Act, a wholly owned subsidiary may choose to appoint only one director and no company supervisor.

For companies owned by multiple shareholders, at least one director and one supervisor need to be appointed (Previously at least 3 directors and 1 supervisor was needed).

### **Introducing no par value shares**

If a company's articles of incorporation permits, the company may issue no par value shares (previously all shares must have been issued with a par value of TWD 10 each). No par value shares can help a company raise additional funds.

### **Meetings held via video conference**

In accordance with Article 172-2 of the Company Act, private companies may use video conferences to hold shareholders' meeting if this is permitted by the company's articles of incorporation.

In accordance with Article 205 of the Company Act, directors' meetings can be held via video conference.

### **Written consent in lieu of meeting**

In accordance with Article 205 of the Company Act, private company boards may pass written resolutions in lieu of holding meetings, provided that (i) written board resolutions are expressly permitted by the company's articles of incorporation and (ii) all directors have agreed to the use of such written resolutions.

### **Abolishing the need to appoint a litigious and none litigious agent for a Branch Office**

Effective from 1 November 2018, a branch of a foreign company no longer needs to appoint a litigious and none litigious agent. A foreign company will only need to appoint a legal representative for its Taiwan Branch.

### **Registration of English name**

Previously companies in Taiwan could only register Chinese names. Effective from 1 November 2018, companies can now apply to register English names.

This Company Act amendment is significant. Grant Thornton Taiwan's legal and corporate services team can help companies stay compliant with related

regulations as well as capitalize on planning opportunities. If you have any questions regarding this amendment or require any help, please feel free to contact us.

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