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Understanding Taiwan's Labour Laws and Employment Regulations

Overview

Taiwan is ranked the 21st largest economy worldwide in terms of nominal Gross Domestic Product (GDP). Taiwan was the world's 16th largest exporter of merchandise in the year 2022. There are three key industries in Taiwan; Services, Industry, and Agriculture. The Services industry accounts for 60.8% of the country's GDP, followed by the Industry at 37.8%. Finally, the Agriculture industry contributes 1.4%.

Why Invest in Taiwan

1. High Quality Human Resource
2. Strategic Economic Hub in Asia Pacific
3. Outstanding International Rankings
4. Comprehensive Infrastructure
5. Abundant Capacity for Innovation
6. Friendly and Comfortable Living Environment

Basic Country Facts



Capital
Taipei City



Population
23,264,640



Currency
New Taiwan Dollar (TWD)



GDP per Capita
USD 35,510 (as of 2022)

Taiwan's Employment Law

Labour Standards Act (LSA)

- This main regulation governs the terms and conditions of employment in Taiwan, and employers are encouraged to provide better terms and conditions than those stipulated.
- This act exists to respect and fulfil the rights of workers, which includes the working hours, rest days, overtime payment, paid leave, and minimum wage for all workers.

Act of Gender Equality in Employment (GEEA)

- This act incorporates anti-sexual-discrimination regulations and other working conditions to ensure gender equality in employment.

Occupational Safety and Health Act

- This act is enacted to protect the safety, health, and welfare of employees to prevent workplace accidents.

Employment Contract

Non-fixed Term Contracts

- A type of contract for continuous work.
- With non-fixed term contracts, the employment can only be terminated by the employee in the following circumstances: voluntary resignation, dismissal, or retirement.
- Severance pay is calculated based on the length of service when an employee is dismissed.

Fixed Term Contracts

- Typically used for temporary, short-term, seasonal, or specific work in nature.
- If the duration of employment exceeds one year, it should be approved by the competent authority.
- Employers are not required to pay severance to those who resigns upon completion of their employment contract.

Probation Period

- The Labour Standards Act has no mention of a probationary period. However, both the employer and employee can agree on the length of the probationary period, typically for three (3) months.
- The probationary period may be extended by mutual agreement. No further extension is allowed after the 1st extension.

Labour-Management Meeting

A business entity shall convene a labour-management meeting to coordinate the employer-employee relationship in accordance with Article 83 of the Labour Standards Act. The business entity is to take the following steps:

- Submit the representative members to the Ministry of Labour.
- Send the official letter and get approval from the Ministry of Labour.
- Some Topics must be approved by Labour-Management Meeting like:
 - Flexible Working Hours
 - Overtime

Termination of Employment

Voluntary Termination

- The fixed-term contract has expired.
- The employee who wishes to resign must give the required notice of resignation.

Involuntary Termination

資遣 (Article 11, LSA)

- Under the following situation:
 1. Where the employers' businesses are suspended or have been transferred.
 2. Where the employers' businesses suffer an operating loss or business contractions.
 3. Where force majeure necessitates the suspension of business for more than one month.
 4. Where the change of the nature of business necessitates the reduction of workforce and the terminated employees cannot be reassigned to other suitable positions.
 5. A particular worker is clearly not able to perform satisfactorily the duties required of the position held.
- File the terminated information to the government.
- Severance Pay: Approximate equal to one month's average wage for each year of service.

解雇 (Article 12, LSA)

- Under the following situation:
 1. Where an employee misrepresents any fact at the time of signing of a labour contract in a manner which might mislead his/ her employer and thus caused him/her to sustain damage therefrom.
 2. Where an employee commits a violent act against or grossly insults the employer, his /her family member or agent of the employer, or a fellow worker.
 3. Where an employee has been sentenced to temporary imprisonment in a final and conclusive judgment.
 4. Where an employee is in serious breach of the labour contract or in serious violation of work rules.
 5. Where an employee deliberately damages or abuses any machinery, tool, raw materials, product, or other property of the employer or deliberately discloses any technical or confidential information of the employer, thereby causing damage to the employer.
 6. Where an employee is, without good cause, absent from work for three (3) consecutive days or for a total of six (6) days in any month.
- No need to file the terminated information to the government.
- Without Severance Pay & Notice Period.

Notice Period

- During the three (3) months probationary period, employment may be terminated by either party without any notice.
- During three (3) months to one (1) year of service, employment may be terminated by not less than **10 days'** written notice or payment of salary in lieu thereof.
- During one (1) year to three (3) years of services, either party may terminate employment **20 days** in advance.
- If your years of service is more than three (3) years, either party may terminate your employment on not less than **30 days'** written notice or payment of salary in lieu thereof.

Working Hours

Non-shift Worker

- The regular working hours is **eight (8) hours a day** or **40 hours a week**.
- There should be **two (2) days of rest** every seven (7) days; one fixed day off (Sunday) and one flexible rest day (Saturday).
- The extension of working hours, combined with the regular working hours, shall not exceed 12 hours a day, and total overtime may not exceed 46 hours in a month. The employer must pay for the employee's overtime work.
- Employers shall prepare and keep attendance records for five (5) years.

Shift Worker

The implementation of flexible working hours must meet the following requirements:

- There should be **two (2) days of rest** every seven (7) days, one fixed day off and one flexible rest day.
- Compliance with the legal provisions of the industry.
- Agreement by the labour union or labour-management meeting.
- Agreement by individual employees.
- Official Announcement.

Types	Restrictions	Fixed day off + Flexible rest day	Maximum daily working hours	Maximum weekly working hours	Maximum working hours
Two weeks	Not allowed to work for more than 6 consecutive days	2 + 2	10	48	80
Eight weeks	Not allowed to work for more than 6 consecutive days	8 + 8	8	48	320
Four weeks	There should be 2 days off per week within a 14-day period	4 + 4	10	X	160

Overtime (OT)

- Overtime must be paid if the employee is required to work beyond his regular working hours.
- Overtime shall not exceed **12 hours a day** and total overtime may not exceed 46 hours in a month.

Rate	*1	*1.34	*1.67	*2	*2.67
Working Day	x	0~2 hours	>2~4 hour	x	x
Rest Day	x	0~2 hours	>2~8 hours	x	>8~12 hours
Public Holiday	<8 hours = 1 day	>8~10 hours	>10~12 hours	x	x
Day off (not allowed to work)	Unless there is a natural disaster, an incident, or an emergency that requires employees to work. If an employee does work overtime on a Day-Off, they must be paid double their regular wages and given a compensatory day off. The company must report to the authority within 24 hours.				

Leave Types

Annual Leave

Employees are entitled the following number of leave according to the years of service:

Years of Service	Leave Entitlement (No. of days)
More than 6 months but less than 1	3
More than 1 but less than 2	7
More than 2 but less than 3	10
More than 3 but less than 5	14
More than 5 but less than 10	15
More than 10	1 additional day for each year of service over 10 years up to a maximum of 30 days

Other Leave Entitlements

Employees are also entitled the following types of leave:

Leave Type	Entitlement	Content	Paid/Unpaid Leave
Marriage Leave	8 days	The employee shall be entitled to eight (8) days of marriage leave with pay; with the consent of the company, the leave application may be completed within one (1) year starting from 10 days before your marriage date.	Full Pay Leave
Compassionate Leave	8 days	On the death of parent, foster-parent, step-parent, spouse, the employee shall be entitled to eight (8) days of funeral leave with pay.	Full Pay Leave

Leave Type	Entitlement	Content	Paid/Unpaid Leave
Compassionate Leave	6 days	On the death of grand-parent, son or daughter, parent of spouse, foster-parent or step-parent of spouse, the employee shall be entitled to six days of funeral leave with pay.	Full Pay Leave
	3 days	On the death of great-grandparent, brother or sister, grand-parent of spouse, the employee shall be entitled to three days of funeral leave with pay.	
Sick Leave	30 days/year	The employee shall provide supporting documents for sick leave.	Half Pay Leave
Menstruation Leave	1 day/month for female employees	Female employee having difficulties in performing her work during menstruation period may request one day menstrual leave each month. If the cumulative menstrual leaves do not exceed three days in a year, shall not be counted toward days off for sick leave. All additional menstrual leaves shall be counted toward days off for sick leave. For menstrual leaves, whether said leaves are sick leaves or non-sick leaves as prescribed in the preceding paragraph, shall be half pay leave.	Half Pay Leave
Personal Leave	14 days/year	In the event where an employee must deal with their personal matter, they are entitled to personal leave without pay not exceeding 14 days in a year.	Unpaid Leave
Official Leave/ Public Leave	NA	Employees shall be entitled to public leave with pay according to legal regulations, the time limit of which shall be determined by actual requirements.	Full Pay Leave
Maternity Leave	8 weeks	A female employee shall be granted maternity leave before and after childbirth for a combined period of eight weeks.	Full Pay Leave
	4 weeks	In the case of a miscarriage after the first three months of pregnancy, the female employee shall be permitted to discontinue her work and shall be granted maternity leave for a period of four weeks.	
	1 week	In the case of a miscarriage after being pregnant for over two months and less than three months, the female employee shall be permitted to discontinue work and shall be granted a maternity leave for one week.	
	5 days	In the case of a miscarriage after being pregnant for less than two months, the female employee shall be permitted to discontinue work and shall be granted a maternity leave for five days.	
Hospitalisation Leave	1 year	The total of hospitalised and non-hospitalised sick leave shall not exceed one year; when an employee diagnosed with cancer (including carcinoma in situ) or pregnancy with threatened abortion by physician, out-patient treatment period shall be included to hospitalized sick leave.	Unpaid Leave

Leave Type	Entitlement	Content	Paid/Unpaid Leave
Paternity Leave	7 days	When an employee accompanies their spouse for pregnancy checkups or such spouse is in labour, their employer shall grant the employee seven days off as pregnancy checkup accompaniment and paternity leaves.	Full Pay Leave
Prenatal Exam Leave	7 days	During an employee's term of pregnancy, their employer shall grant them seven days of leave for pregnancy checkups.	Full Pay Leave
Leave of Absence - Childcare (without pay)	30 days – 1 year	After being in service for 6 months, employees may apply for non-paid parental leave before any of their children reach the age of three years old. The period of this leave is until their children reach the age of three years old but cannot exceed two years. When employees are raising over two children at the same time, the period of their parental leave shall be computed aggregately, and the maximum period shall be limited to two years in which the youngest child raised has received.	Unpaid Leave

Public Holiday

Taiwan observes a total of **17 days of paid public holidays**:

Public Holiday	Date
Foundation Day	January 1 - 2
Lunar New Year	January 20 - 27
Peace Memorial Day	February 28
Children's Day	April 4
Tomb Sweeping Day	April 5
Labour Day	May 1
Dragon-Boat Festival	June 22 (5 th day of the 5 th month of the lunar calendar)
Mid-Autumn Festival	September 29 (15 th day of the 8 th month of the lunar calendar)
National Day	October 10

Wages

Minimum Wage (as of 2022)

The salary of an employee is agreed upon by both the employer and employee but cannot be lower than the minimum wage. The salary refers to the remuneration earned by employers during regular working hours and does not include wages for overtime, incentive and other variable income.

	Minimum Wage (TWD)	Minimum Wage (TWD)
Monthly pay	TWD 26,400	USD 880
Hourly pay	TWD 174	USD 5.80

Wage to be paid based on:

- No discrimination (Gender, Race, Nationality)
- Legal Tender in Taiwan: TWD
- Payment should be made through a legal tender. Wages should be fully and directly paid to the workers.
- Wages should be paid monthly or paid twice regularly.
- The employer should provide a detailed payslip breakdown.

Statutory Contribution LI / NHI / LP

Social Insurance

Mandatory social insurance programs that employees and employers are required by law to contribute to:

Items	Calculation	Employee Contribution (%)	Employer Contribution (%)
Health Insurance	5.17% *(1+no. of dependents) * insured salary *Contribution %	30%	60%
Labour Insurance	Approximate 12% of insured salary *Contribution %	20%	70%
Employer Pension/ Employee Optional Pension	Insured salary *Contribution %	0%~Cap. 6%	Min. 6%

Withholding Tax

Mandatory to be deducted from income if the employee's income is above:

Items	Calculation	Employee Contribution (%)
Withholding Tax for resident	Above TWD 86001	5% or by Tax Table
Withholding Tax for non-resident	Below TWD 39600	20%
	(1.5 minimum wage)	6%

Visa for Expat

Work Permit | Alien Resident Certificate (ARC) | Resident Visa

Type of Visa	Description	Duration Term	Requirements	Application Process Time
Worker Permit	For a long-term employment or project	1 - 3 years subject to the duration endorsed by the Government Renewable	<ul style="list-style-type: none">A valid passport with at least 6 months of validity remaining.A job offer from a Taiwan-based employer.Proof of relevant qualifications and/or work experience.A completed application form for the work permit.Payment of the application fee (TWD 500) for the work permit.	1- 2 months

Work Permit | Alien Resident Certificate (ARC) | Resident Visa

Type of Visa	Description	Duration Term	Requirements	Application Process Time
Resident Visa	Allows foreign nationals to stay in a country for an extended period of time	Maximum 12 months Non-renewable	Obtain Endorsement prior submission to Labour Department from: <ul style="list-style-type: none">Ministry OfficeSupporting Letter from Contract Owner/Main Contractor (if applicable)	Approximately 1 month
Alien Resident Certificate (ARC)	ID card that serves as proof of their legal status in Taiwan	1 month Non-renewable	Supporting Letter from Contract Owner/Main Contractor (if applicable)	Approximately 1 week

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Singapore

2 February
NTU Virtual Career Fair 2023



7 February
Business Transformation Series,
Jointly Co-Organised with
SME Centre@SICCI



9 February
A Guide to Overseas Expansion: Singapore (Virtual)
with Felix Ji and Alex Lau



Taiwan

23 February
Understanding Taiwan's Labour Laws
and Employment Regulations with
Sabrina Chua



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About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a global payroll and people solutions provider.

Our enterprise-ready **Human Capital Management (HCM) solution** automates HR processes, simplifies workflows, and delivers actionable insights. Complemented by our **global payroll outsourcing** and **Employer of Record (EOR)** services, we support your global workforce needs through a network of 40+ offices, four R&D centres, and business partners in 100+ markets.

Connect with our experts today: hello@biposervice.com

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