

“Multinational Innovative R&D Centers in Taiwan Program”

Department of Industrial Technology (DoIT)
Ministry of Economic Affairs (MOEA)

<http://innovation5.tdp.org.tw>

November. 2009



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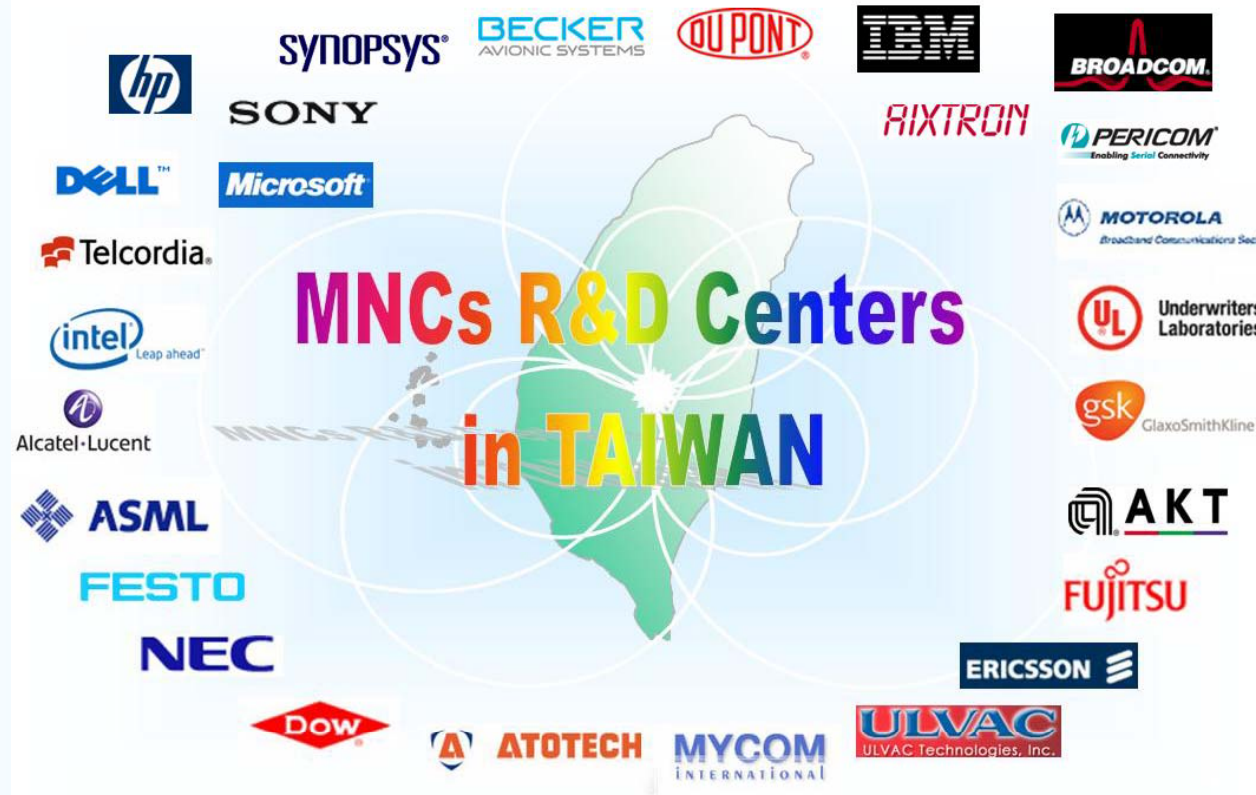
Introduction

- Since 2002, “Multinational Innovative R&D Centers in Taiwan Program” was initiated by the Ministry of Economic Affairs (MOEA) to encourage multinationals to set up their regional R&D centers in Taiwan with an aim to establish Taiwan as a global center for industrial innovation, Research and Development.
- The ultimate goal of “Multinational Innovative R&D Centers in Taiwan Program” is to create positive and complementary effects to local industries while establishing the synergy between local and multinational companies.



Current Status

There are 30 multinational enterprises have been introduced to the program and established 42 R&D centers in Taiwan to date.



- Telecom & Optoelectronics R&D Centers- 67%
- Machinery & Transportation R&D Centers- 13%
- Materials & Chemicals R&D Centers- 13%
- Biotechnology & Pharmaceuticals R&D Centers- 7%

Why TAIWAN?

- * Operations Hub in Asia-Pacific
- * Global Logistics Capabilities
- * Comprehensive Industrial Cluster
- * Intellectual Advantage
- * Superior Innovation Capability
- * Complete Infrastructure
- * Sound legal Framework
- * Comprehensive IP Protection
- * Abundant Capital Funds



Incentive Schemes

■ Subsidy for Operating Capital

1. Salaries of Local R&D personnel
2. Consultant fees
3. Remunerations of overseas R&D personnel
4. Travel expenses
5. Rent
6. Expenses for collaborations with local business, academic, and research communities
7. Expenses for collaborations with foreign companies
8. Overseas training expenses
9. Equipment use fees
10. Equipment maintenance fees

Notes:

1. The subsidy from government will cover the above items, but it won't cover the full amount of each item.
2. The MOEA Advisory review committee will give careful and overall evaluation in making funding ceiling.
3. The maximum duration for subsidy is three years.



Incentive Schemes

■ Human Resources Support

- **R&D Substitute Service personnel:**

MOEA assists approved R&D centers in recruiting staff from the R&D Substitute Services System.

- **Overseas expatriate professionals:**

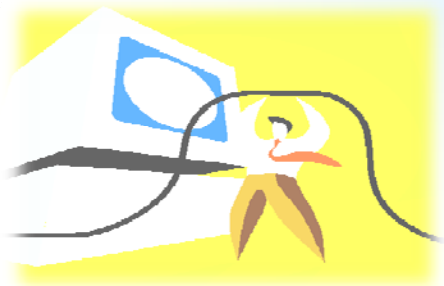
MOEA provides assistance to approved R&D centers in introducing overseas talents (including those from mainland China).



Tax Incentives for R&D

- Most tax incentives are provided in accordance with the Statute for Upgrading Industries (SUI) which was enforced in 1991, while others are also provided under other tax regulations. All of these incentives are made available to enable the enterprises reduce their tax cost.
- **Tax Deduction and Exemption :**
 - Companies set up in accordance with the Company Law of Taiwan can have a tax credit of up to 30% of the amount invested in R&D against its business income tax payable. It may amortize the credit over five years starting from the year the expenditure is made.
 - R&D expenses should be those for the company's research on new products or technologies, improvement of their production or service providing technology, and improvement of manufacturing processes. All such expenses should be incurred by the R&D department of the company.

source: <http://investintaiwan.nat.gov.tw/>



Who Can Apply?

- **Companies interested in establishing R&D centers in Taiwan must be under one of the following categories:**
 - Taiwan branches of foreign companies those have been legitimately established and continuously existed in accordance with the laws of both the local and home country.
 - Taiwan subsidiaries of foreign companies that have been legitimately established and continuously existed in accordance with the laws of Taiwan.
- **Financial requirement: The net worth of Applicant should be equal to at least one half of it's paid-in capital.**



Application Procedure

Preliminary Proposal Consultation

Preliminary conceptualization of R&D center proposals is brought to DOIT for discussion. After consultation with DOIT, the modified proposal may form part of the formal application in the next stage.



Application Submission

After receiving applications, the Project Office will review the application documents and notify the applicants of any revisions or further information required. The detailed consultation meeting will be arranged for further project review.



Preliminary Proposal Review PPT file/40Mins/20 Slides

In order to evaluate the impacts to local industries, DoIT holds an **informal discussion meeting** with representatives of related local companies prior the preliminary proposal review meeting. After that, the applicant gives presentations on the project (including **R&D management planning**) and discusses the detailed contents with R&D Center Review Committee.



Project Review

Operational Proposal
Review

Financial Status
Review



MOEA Advisory Committee Review

■ All evaluation processes usually take around 4 months.

Guidelines for Prospective Applicants

The governmental subsidy for the R&D innovation center will be evaluated by following criteria:

- The degree of beneficial impact on local industries.
- The sharing of a win-win situation in development between the program applicants and local industries.
- The degree of international resources (including manpower/technologies) introduced and the level of inward investment.
- The degree of upgrading of Taiwan's global R&D status.
- The degree of boost to local R&D levels and capabilities, especially in advanced and innovative technology and research.

Contact Window

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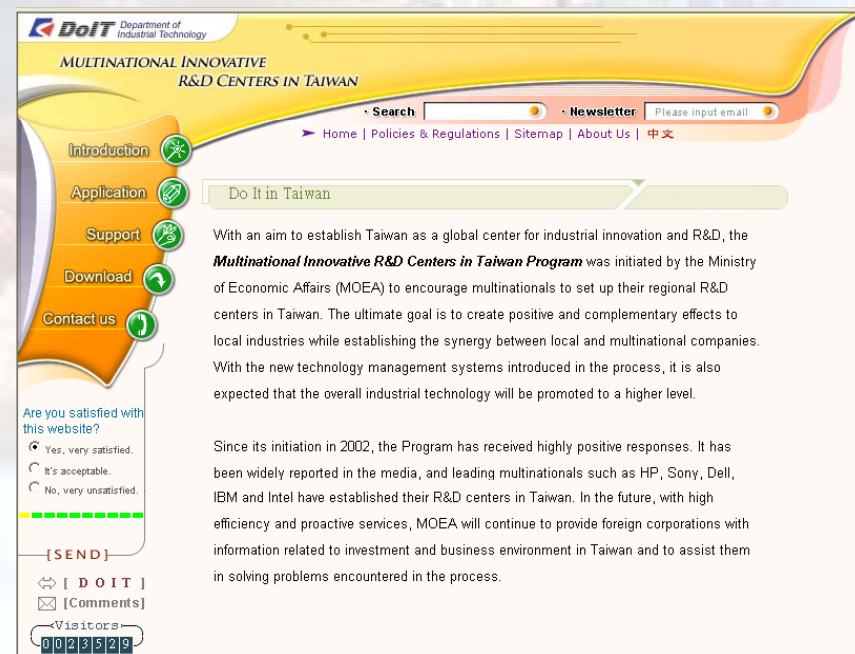
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<http://innovation5.tdp.org.tw>

Invest in Taiwan website:

<http://investintaiwan.nat.gov.tw/>



Thank you!

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Subsidy for Operating Capital

Subsidy for Operating Capital :

1. **Salaries of Local R&D personnel**
2. **Consultant fees** - Fees paid to professional personnel who hired by the project contract-signing company to perform technical guidance or consulting duties.
3. **Remunerations of overseas R&D personnel** (foreign experts and senior researchers)
4. **Travel expenses** - Travel expenses incurred when local R&D personnel and overseas R&D personnel leave or enter Taiwan to implement project tasks.
5. **Rent** - Offices & Labs rent incurred by running the R&D center project as well as the apartment rent for long-stay overseas R&D personnel.
6. **Expenses for collaborations with local business, academic, and research communities**
7. **Expenses for collaborations with foreign companies** (excluding parent company & affiliates)
8. **Overseas training expenses** - Food, lodging, transportation, and research expenses needed when local R&D personnel are sent overseas for training purpose.
9. **Equipment use fees** (Equipments in current use and newly-purchased; not exceed 10% of total program)
10. **Equipment maintenance fees**

Guidelines for preliminary proposal preparation

1. Applicant may present proposals for the establishment of R&D centers by using 10 to 20 slides in 40 minutes.
2. Project leader must be in charge of the presentation.
3. Preliminary proposal should include the description of the following items in your proposal presentation:
 - Company profile
 - Project Background, R&D center positioning & roadmap
 - R&D domains and fields, Strategies of project implementation
 - Expect results, Impact & benefits to local industries
 - Project resources allocation
 - Appendices