

2026 Regulatory Shifts: What Businesses Need to Know

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1. Labor Law Matters



Group-Wide Employment Liability in Corporate Groups

- **Taiwan High Court Judgment December 4th, 2025 (no. 114-Lao-Shang-Yi-80)**
- Concept of Substantive Identity
- The court held that if a parent company or family business has the power of command and supervision over multiple entities, the employee's seniority should be viewed as a single unit. Employee's years of service should be combined across different legal entities within the same corporate group for the purpose of calculating severance pay.
- Criteria:
 - Substantive authority over personnel: supervision, assignment, transfers, payroll;
 - Group entities operate with integrated management, finance and branding
 - Employees are not free to refuse instructions issued by another group entity

1. Labor Law Matters



Negotiations between Employers and Employees on Postponing Retirement Age and Reemployment after Retirement

- **Ministry of Labor “Reference Guidelines for Negotiations between Employers and Employees on Postponing Retirement Age and Reemployment after Retirement” (January 14th, 2026)**
- Legal Retirement Age in Taiwan: 65 years-old (mandatory for the employer but not for the employee)
- Scenarios:
 - Continued employment (after 65 yo age is reached)
 - Negotiations to postpone the retirement age
 - Reemployment after retirement
- Principles:
 - Negotiations must be in good faith, in writing (meeting minutes, and possibly with labor union’s presence)
 - During negotiations, no change shall be brought to the employment (prohibition of fixed-term contracts)
 - Pensions: contributions shall continue, even for reemployment.
 - Same for labor insurance contributions
 - Extra health checks

1. Labor Law Matters



Pension rights for foreign professionals in Taiwan

- **January 1st, 2026: amendments to the Act for the Recruitment and Employment of Foreign Professionals**
- In the past: foreigners without an APRC were under the old pension system (from 2% to 15% of salary contribution).
- Since 2026: all foreigners are under the new pension system (6%). Benefit: the contributions stay with the employee.
- Mechanism: foreign employees must write to their company no later than June 30th, 2026, if they want to stay in the old system. If they do nothing, they are switched to the new system automatically.
- The issues:
 - Do companies need to provision/accrue for the old pension? What rights do foreign employees have?
 - Companies now must contribute 6% without exception
- **Other point:** with the new Labor Pension Act effective 2026, the Ministry of Labor insisted that termination of employment during probation is still a layoff. Therefore, the employer shall pay severance pay based on the new Labor Pension System.

1. Labor Law Matters



New Rules to attract foreign talents

- **New Regulations issued by the NDC in September 2025 to hire foreign skilled workers**
- Students categorized as “overseas compatriots” can stay and work in Taiwan in the two years following their graduation.
- Foreigners who graduate from the top 200 universities can obtain a work permit without any other requirement.
- Foreigners who graduate from the top 1,500 universities can work in a specialized or technical field without work experience (currently, top 500 universities).
- Foreigners with a Master’s degree from Taiwan can waive the 3-year mandatory period of continuous residence in Taiwan to obtain an APRC.
- Highly skilled foreign professionals earning 6 million TWD or more can apply for an APRC after continuously living in Taiwan for one year.
- High-skilled workers can benefit from labor insurance.

2. Tax Matters



Income Tax for Foreign Specialist Professionals

- **Draft amendment to the “Regulations Governing Reduction and Exemption of Income Tax of Foreign Specialist Professionals”**
- Scope: Special Skilled Work Permit (SWP) or Employment Gold Card
- Current benefit: 50% exemption on annual salary exceeding 3 million TWD (if spending more than 183 days per year)
- Key changes:
 - More fields eligible: digital technology, environmental sciences, biotechnology.
 - In case of dual status (1) general work permit and (2) SWP or GC, tax benefits can be effective retroactively;
 - General rule is that tax filing shall be done by May of each year (otherwise the foreigner loses the tax benefit). New change: if the SWP or the GC is issued after May due to reasons out of control of the foreigner, one-month grace period to file tax from the date the SWP or GC was issued to benefit from the tax advantages.

2. Tax Matters



New Taiwan-Singapore tax treaty

- **New double tax agreement (DTA) Taiwan-Singapore (February 16th, 2026)**
- Scope: reduction of withholding taxes:
 - Dividends: from 21% to 10%
 - Interests: now capped at 10%
 - Royalties: from 15% to 10%
- Better definition of a Permanent Establishment: for businesses sending staff across borders for projects, a permanent establishment is now deemed to exist if services are performed for more than 183 days within any 12-month period.
- Rules clarified for capital gains (absent before).

3. Artificial Intelligence



AI and Copyright

- **TIPO guidelines (November 2025)**
- Current legal framework: Basic Act on AI (August 28th, 2025)
- Taiwan past courts: there is no copyright if AI has developed content without human assistance.
- New principles:
 - process of AI model training (data collection, preprocessing, training, and optimization) may involve reproducing the original data. Consequence: authorization of the copyright holder is required for use, except if within fair use.
 - AI Generation vs. AI Adaptation: if AI tools modify existing copyrighted material, authorization of the original right owner is required. On the contrary, if based on abstract concepts and parameterized representations learned during training (no copy, no combination), this is not an adaptation but a generation (free from authorization).

4. Personal Data Protection



PDPA and
Establishment of a
new Commission
with inspection
powers

- **Amendments to the Taiwan Personal Data Protection Act (November 11, 2025)**
- Key changes:
 - In case of data leak, loss, damage, private entities must not only inform the individual concerned, but also the new Personal Data Protection Commission (PDPC).
 - The PDPC can proceed to inspections, and private entities must keep records of measures taken.
 - The PDPC will prescribe regulations in the future for data maintenance, etc.

5. Green Energy in Taiwan



Green Energy and Fair Trade Law

- **New Green Antitrust landmark case**
- The Taiwan Fair Trade Commission (FTC) has granted for the first time the concerted purchase of renewable energy in Taiwan by a group of companies for five years (corporate PPA from December 2025 to November 2030).
- Legal basis: prohibition of “concerted actions” (cartel behavior).
- The FTC has defined a “Renewable Energy Market”.
- The first project approved is considered as not significantly distorting the supply and demand of green energy in that market.
- Strict compliance burden:
 - No sharing of sensitive procurement or operational data shall be allowed among companies;
 - The group cannot stop a member from leaving, restrict their individual purchase volumes, or forbid them from buying energy independently;
 - The FTC shall receive execution reports and signed PPAs for monitoring.

Do you have any questions?

We look forward to hearing from you.



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