

2023

White Paper on Small and Medium Enterprises in Taiwan



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Foreword

The decline in global economic growth in 2022 has affected Taiwan but its competitiveness remains strong. Taiwan has recently ranked first among economies with a population over 20 million for the third consecutive year in the latest World Competitiveness Ranking published by the International Institute for Management Development (IMD).

As of 2022, there were more than 1.63 million small and medium enterprises in Taiwan, a record high accounting for more than 98% of all enterprises. SMEs employed roughly 9,132,000 people, or around 80% of total employment. The total revenue for SMEs amounted to more than NT\$28 trillion, comprising more than 50% of the revenue of all businesses. SMEs generated NT\$3.6 trillion in exports, an area with an annual growth rate of over 7%. Such performance demonstrates that SMEs are the foundation for economic and social stability and backbone of Taiwan's economic development.

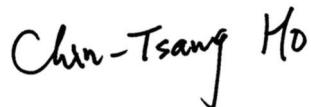
The 2023 "Small and Medium Enterprise White Paper" has been divided into two main parts, addressing both "Trends in the Operations of Small and Medium Enterprises" and "Small and Medium Enterprise Policies and Measures." The first part describes the development and financial performance of SMEs, and provides an overview of their financing and human resources. The second part describes various improvement and guidance measures proposed by the government in response to international trends and the issues and needs of SMEs. The contents include financing, technological developments, entrepreneurship and incubation, urban and rural development, and export expansion.

The first agreement of the "U.S.-Taiwan Initiative on 21st-Century Trade" was signed in June 2023. To advance and intensify the trade relations between Taiwanese and American SMEs, it included a chapter on Small and Medium Enterprises (SMEs) for information sharing, networking, and exploration of potential business opportunities between SMEs in Taiwan and the United States. The agreement also calls for official dialogue and the exchange of ideas in the

private sector to develop closer and more extensive partnerships.

The Ministry of Economic Affairs has completed a bureaucratic reorganization to respond to domestic and international economic developments and support the comprehensive and healthy development of Taiwan's economy. The "Small and Medium Enterprise Administration, Ministry of Economic Affairs" was reorganized as the "Small and Medium Enterprise and Startup Administration, Ministry of Economic Affairs" on September 26, 2023. In addition to improving the overall competitiveness of SMEs, the SMESA will also increase support for startups and continue to promote growth, transformation, inclusiveness, sustainability, and international competitiveness.

This paper provides detailed explanations of the developments in SMEs, describing key issues and important policies amid changes in the domestic and foreign environment. Apart from circulating government information and facilitating academic research and international activities, this paper also serves as a source of information for SME owners and provides additional information on SMEs in Taiwan for all sectors. We would like to thank the editors of the White Paper and all participants for their valuable input. We look forward to feedback from all audiences, as your responses will help us improve future editions of this paper.



Chin-Tsang Ho

Director-General

Small and Medium Enterprise and Startup Administration

Ministry of Economic Affairs

November 2023

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Summary

The 2023 “Small and Medium Enterprise White Paper” includes two parts. The first part focuses on the business development of small and medium enterprises (SMEs) and describes the operations and development of SMEs. The second part focuses on policies and measures. It introduces the policies and measures provided by various government authorities to SMEs which can be used as reference for SME operations and innovation.

Part One Trends in the Operations of SMEs

Part One consists of three chapters, covering the SMEs’ current state of development, finances, funding and human resources.

Chapter 1 Major Trends in the Development of SMEs

As of 2022, the total number of businesses in Taiwan was 1,652,038, which was a 2.40% increase from 2021. There were 1,633,788 small and medium enterprises, which accounted for 98.90% of all enterprises and the annual growth rate was 2.38%. Approximately eight-tenths (80.24%) were in the service sector and nearly half (45.90%) were in wholesale and retail trade.

In 2022, the revenue of small and medium enterprises amounted to NT\$28,592,007 million, which was more than half (51.58%) of the revenue of all businesses and the annual growth rate was 7.41%. The total revenue of SMEs from domestic sales amounted to NT\$24,984,763 million (61.29%) and the annual growth rate was 7.24%. The total exports of SMEs totaled NT\$3,607,244 million (24.60%) and the annual growth rate was 7.33%. Nearly nine-tenths (87.38%) of the revenue of SMEs was derived from domestic sales.

There were 109,837 new SMEs (established for less than 1 year) in 2022 and they consisted mostly of enterprises in the service sector that accounted for 82.57%. The revenue of new SMEs was mainly derived from the domestic sales market. Their domestic sales accounted for 95.86% of total sales.

As of 2022, 6.72% of all SMEs had operated for less than 1 year; 29.95% of the SMEs had operated for less than 5 years; and 48.38% had operated for less than 10 years.

SMEs owned by women in 2022 totaled 602,833, and accounted for 37.31% of all SMEs. The percentage of domestic sales of female-owned SMEs was 91.45%. Nearly half (48.17%) of them were engaged in wholesale and retail trade, with nearly six-tenths (58.90%) operating as sole proprietorships.

Chapter 2 Financial and Funding Analysis of SMEs

The financial information and ratios for SMEs are a year old because the latest information from the Fiscal Information Center, Ministry of Finance on the income tax reporting of profit-seeking enterprises is for 2021. The definitions of SMEs in related statistics on financial information and ratios for 2021 were based on the “Standards for Identifying Small and Medium-sized Enterprises” revised and promulgated by the Ministry of Economic Affairs on June 24, 2020. The data on financial institutions and SME financing are from 2022.

In terms of the assets of Taiwanese SMEs in 2021, the current assets to total assets ratio exceeded 60%. Cash holdings accounted for 20% of total assets, and receivables and inventories also accounted for more than 15%. The proportion of long-term investment in non-current assets was less than 10%, and the proportion of fixed assets was more than 20%. Land and properties accounted for the highest proportion.

In 2021, the overall debt ratio of Taiwanese SMEs was 68.17%. The current debt ratio was 55.43% and the non-current debt ratio was 12.74%.

In 2022, both public and private banks actively increased their lending to SMEs, and the total loan balance to SMEs continued to increase.

Chapter 3 SMEs: Human Resources

The number of people employed in small and medium enterprises in Taiwan in 2022 amounted to 9.132 million people, which accounted for 79.98% of the total number of people employed and was a 0.74% decrease from the previous year. The number of people employed in SMEs amounted to 6.904 million people, which accounted for 75.14% of the total number of people employed in Taiwan and was a decrease of 0.27% compared to the previous year. The top 3 industries for SMEs in terms of employment and the number of employed were, in descending order, manufacturing, wholesale and retail trade, and construction.

Based on the age structure of SME workers and employees in 2022, the proportion of the group aged 55 and above has increased each year. Based on the education structure of SME workers and employees, the top 3 groups consisted of senior high school graduates, university graduates, and junior college graduates. The percentage of those with a university or higher education was higher than for the previous year. It is evident that workers and employees of SMEs have become older and more educated.

The number of unemployed in Taiwan in 2022 was 434 thousand, which was a decrease of 37 thousand compared to the previous year (a 7.86% annual growth rate). For former employees of SMEs or government entities, the highest percentage of unemployed were in the 25 to 29 age group. Among the unemployed previously employed by large enterprises, the 40 to 44 age group accounted for the largest percentage while the 20 to 24 age group accounted for the largest percentage out of those who were first-time job seekers. Among the unemployed previously employed by SMEs, large

enterprises, or government entities and first-time job seekers, those with a university education accounted for the highest percentage. Overall, young people and those with a university degree accounted for a higher share of unemployed persons.

Part Two SME Policies and Measures

This Part provides a summary of the policies and measures for SMEs implemented by the agencies of the Ministry of Economic Affairs (MOEA), the Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), the Financial Supervisory Commission (FSC), the Ministry of Digital Affairs (MODA), the Ministry of Labor (MOL), the Council of Indigenous Peoples (CIP), and the Ministry of Education (MOE) in 5 chapters.

Chapter 4 Improving Financial and Funding Services and Strengthening Investment

The government actively implements financing counseling and related support measures to help small and medium enterprises effectively respond to changes in the internal and external environment, facilitate their stable growth, and provide small and medium enterprises with comprehensive financing support. The Small and Medium Enterprise and Startup Administration, Ministry of Economic Affairs has actively established financing service and assistance mechanisms including the one-stop service contact for financing and assistance — Instant Solution Center (0800-056-476 service hotline) and the Small and Medium Enterprises Operations and Financing Assistance Program.

In response to government policies, the Taiwan SMEG continues to support promote related credit guarantee services and assist SMEs in obtaining financing from financial institutions. Measures include the continuous implementation of the “Counterpart Guarantee Project Credit Guarantee” and the new “SME Post-Pandemic Revitalization Assistance Special Loan Credit Guarantee” and “SME Low-carbon and Digital Transformation Development and Factory and Specific Factory Infrastructure Optimization Project Loan Credit Guarantee.”

The Taipei Exchange (TPEX) established the “Go-incubation Board for Startup and Acceleration Firms (GISI)” with the support of the competent authority to strengthen the fundraising capacity of micro and innovative enterprises. The government allows the private sector to apply for the establishment of public equity fundraising platforms, and promotes the Equity Crowdfunding Program for Securities Dealers to provide start-ups with diverse access to capital.

Chapter 5 Enhancing R&D and Promoting Upgrading and Transformation

In response to the development of the digital economy and international economic and trade conditions, the government seeks to assist SMEs in their digital transformation and to enhance their digital application capacity by actively promoting a diverse range of measures. They include the “Project for Assisting Small and Micro Enterprises in Digital Transformation and Innovation Service

in the Cloud Era,” the “Project of Assistance for Micro SMEs by Using Cloud Service and Digital Transformation in Commercial Districts,” the “Micro-enterprises Digital Application Coaching Program,” and the “Small and Medium Manufacturing Enterprise Digital Transformation Project.”

The government has also organized multiple programs in environmental sustainability, and technological research and development. They include the “Respond to Net Zero Carbon Trend, SME’s Green Competitiveness Improvement Program,” the “SMEs’ Circular Economy Capacity Enhancement and Application Project,” “SME Energy Conservation and Carbon Reduction Acceleration Promotion Plan,” and the “Small Business Innovation Research Program (SBIR).” These programs are implemented to strengthen SMEs, enhance their R&D capabilities, and power the overall development of SMEs.

Chapter 6 Strengthening Start-ups and Incubation & Acceleration Mechanisms

The government has established a complete ecosystem in support of creativity, innovation, and entrepreneurship in order to continue to create a high-quality entrepreneurial environment in Taiwan. The ecosystem helps start-ups obtain resources, develop high-tech applications, and strengthen their capacity for innovation competitiveness. It also revitalizes the local economy and connects with international incubation networks to help start-ups achieve steady growth.

Key programs include the establishment of the “Startup Hubs and Website” to promote social innovation development; the continuous promotion of the “Women Entrepreneurship Promotion Program” to support female entrepreneurs; and the execution of the “Startup Terrace” and the establishment of the “Startup Terrace” and “Asia New Bay Area 5G AIoT Innovation Park” to create a world-class entrepreneurship cluster.

Chapter 7 Revitalizing Local Industries via In-depth Development, Marketing and Expansion

The government is committed to promoting the “Project for the Development of Village Industry” and the “Township Revitalization Project for Small and Medium Enterprises” to promote industry transformation in townships, create new value, and attain “township revitalization.” The “One Town One Product (OTOP)” program in Taiwan creates regional brands to promote channel expansion, marketing, and promotion to increase marketing effectiveness and expand economic benefits.

The government has provided diverse assistance channels and subsidies to help SMEs expand the export market and strengthen international development. They include the “Project for Promoting Digital Innovation and International Linkage for SMEs,” the “Project of Value Co-creation of Escalating SMEs Cross-Domain Ecosystem,” and several trade promotion projects.

Chapter 8 Other Government Supporting Measures

Funding provided by the government for assisting SMEs in 2022 included NT\$27.761 billion for related units to assist SMEs, NT\$1,085 million in special loans to SMEs, and government procurement of NT\$522.398 billion from SMEs.

The enhancement of the legal environment for SMEs focuses on the relaxation of Regulations on Investment in Security Token Offering and optimization of the Operator Tax Filing Procedures for Cross-Border Consumer E-commerce, the revision of regulations for SMEs, and regional innovations.

The government actively organizes and participates in international SME events and activities to expand the international horizons of SMEs and bilateral exchanges. They include participation in Asia Pacific Economic Cooperation conferences, organizing the New Southbound Industrial Collaboration Summit, and promoting bilateral or multilateral international collaboration for SMEs. The first agreement of the “U.S.-Taiwan Initiative on 21st-Century Trade” was signed in June 2023. It included a chapter on Small and Medium Enterprises (SMEs) which helps Taiwanese SMEs enter the US market.

The government offers many training courses to develop SME talents and enhance the competitiveness of SMEs. They include special courses on SME management, entrepreneurship, succession, manufacturing, the service sector, international business management, digital transformation, industry-academia cooperation, talent training, corporate human resource upgrades, and independent learning for workers.

The government organizes SME selection and commendation activities to enhance the product marketing campaigns and corporate image of award-winning enterprises. They include the National Award for Outstanding Small and Medium Enterprises, Rising Star Award, SMEs Innovation Award, Business Startup Award, and Model of Entrepreneurs Award as awards for outstanding business models.



Part One

Trends in the Operations of SMEs

Chapter 1 Major Trends in the Development of SMEs

Chapter 2 Financial and Funding Analysis of SMEs

Chapter 3 SMEs: Human Resources

SMEs play a pivotal role in Taiwan's economic development and its economic and social stability. They are the backbone of Taiwan's economic development and their development remains important for the country.

This Part uses the data and results of surveys published by government agencies to observe the current conditions and development of SMEs in Taiwan. In 2022, both the number of SMEs and revenue increased while the number of people employed decreased. In 2022, there were 1,633,788 SMEs, accounting for 98.90% of all enterprises. This was a rise of 2.38% compared to 2021. The number of people employed amounted to 9.132 million people, which accounted for 79.98% of the total number of people employed and was a 0.74% decrease from the previous year.

In terms of revenue, the revenue of SMEs in 2022 totaled NT\$28,592,007 million in 2022, accounting for 51.58% of all enterprises and an increase of 7.41% compared to the previous year. Revenue from domestic sales amounted to NT\$24,984,763 million, accounting for 61.29% of all enterprises and an increase of 7.42% compared to the previous year. Exports totaled NT\$3,607,244 million, which accounted for 24.60% of all enterprises and an annual growth rate of 7.33%.

CHAPTER 1

Major Trends in the Development of SMEs

Taiwan's economic growth rate in 2022 was 2.35%, which was a decrease of 4.18% compared to the 6.53% recorded in 2021. The exacerbated geopolitical crises and interest rate hikes in 2023 have led to a financial crisis and increased the cost of investment for companies. The decrease in global economic growth has reduced demand and created hardships for businesses. This chapter focuses on the business management indicators that analyze the development and changes in SMEs in Taiwan in 2022 as reference for business operations.

The Chapter is divided into 4 sections. Section I explains the overall business environment facing Taiwan's SMEs in 2022 in order to observe the changes and unique characteristics of actual business operations based on changes in the number of enterprises, revenue, domestic sales and exports, scale, industries, and sectors. Section II focuses on the characteristics of business leaders of both genders and compares the differences as well as similarities. Section III provides an overview of the business operations of SMEs with the "Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022" compiled by the Department of Statistics, Ministry of Economic Affairs. Section IV provides an overall description of the R&D investments of SMEs based on the "Indicators of Science and Technology Taiwan 2022" published by the National Science and Technology Council (NSTC).

The definitions of the scale of enterprises in related statistics in this chapter are based on the revised "Standards for Identifying Small and Medium-sized Enterprises" (hereinafter referred to as the "New Standards") revised and published by the Ministry of Economic Affairs (MOEA) on June 24, 2020. Businesses with paid-in capital of no more than NT\$100 million (the same hereafter) or which have fewer than 200 regular employees are regarded as SMEs. The number of enterprises and revenue are based on capital, and cannot be reconciled with the relevant data for categorizing enterprises based on the number of their employees. The number of employed and the number of employees are based on the number of people hired by the enterprise. As figures are rounded to the nearest number, the total may not be equal to the sum of the items, and the total of the ratios may not be equal to 100%. Readers are advised to pay attention to this detail.

I General Business Performance of SMEs

We have compiled Taiwan's public sector statistics for 2022 and observed the indicators of business operations, including the number of companies, sales, domestic sales, exports, and the number of people employed and number of employees. The description and analysis of the related information are provided below:

1. Number and Structure of SMEs and the Current Conditions and Changes in Employment

(1) Approximately 1.634 Million SMEs in 2022

As of 2022, the total number of businesses in Taiwan was 1,652,038, which was a 2.40% increase from 2021. They include 1,633,788 SMEs, which accounted for 98.90% of the total, an increase of 37,960 enterprises from 2021 and reflecting a growth rate of 2.38%. There were approximately 18,250 large enterprises (1.10%) and the growth rate was 4.57% (Table 1-1-1).

(2) SMEs Provided 9.132 Million Employment Opportunities in 2022

In 2022, the total number of people employed in Taiwan was 11.418 million and 9.132 million people (79.98%) were employed by SMEs. In 2022, the total number of paid employees in Taiwan amounted to 9.188 million and 6.904 million (75.14%) were employed by SMEs (Table 1-1-1).

(3) SMEs Accounted for Approximately 80% of Enterprises in the Service Sector

In terms of the three levels of industries of SMEs, most SMEs in Taiwan are in the service sector. In 2022, there were 1,311,022 SMEs in the service sector and they accounted for approximately 80.24% of the total. There were 311,836 small and medium enterprises in the industrial sector which accounted for 19.09% of the total. In terms of sales, the revenue of SMEs in 2022 totaled \$28,592,007 million. The industrial sector accounted for 31.89% and the service sector accounted for 67.94%. The domestic sales and exports were also mainly attributed to the service sector, which accounted for 68.85% and 61.59%, respectively (Table 1-1-2). Both the number and revenue of SMEs have increased compared to the two previous years. It may have been caused by the loosening of pandemic regulations in 2022 which benefited tourism, travel, catering, and accommodations and increased growth in these industries.

(4) Approximately 46% of SMEs Operated “Wholesale and Retail Trade”

In terms of industries, SMEs in the wholesale and retail sector accounted for the largest share of all SMEs in 2022. The industry had 749,869 SMEs, which accounted for 45.90%, or nearly half, of the total number of SMEs. They were followed by accommodation and food service activities with 188,349 SMEs, which accounted for 11.53%. The third largest industry was construction with 154,665 SMEs which accounted for 9.47%. They were followed by manufacturing (8.88%), and other service activities (maintenance, laundry, hair and beauty, funeral, and household services, which accounted for 5.80%) (Figure 1-1-1 and Appendix C Table C-1).

In terms of the ranking or relative percentages of the industries in 2022 and 2021, there were no significant changes in the top 5 industries in 2022 based on the largest number of SMEs and the relative percentages. However, the percentage of wholesale and retail trade and manufacturing enterprises decreased slightly by 0.28% and 0.18%, respectively, while the percentage of enterprises in construction increased by 0.32% (Figure 1-1-1).

Table 1-1-1 Number of Enterprises, Annual Sales, Employed Persons and Paid Employees in Taiwan by Enterprise Size, 2021-2022

Unit: Enterprises; million NT\$; thousand persons; %

Indicator	Enterprise size Year	All enterprises		SMEs		Large enterprises	
		2021	2022	2021	2022	2021	2022
No. of enterprises		1,613,281	1,652,038	1,595,828	1,633,788	17,453	18,250
Share of total		100.00	100.00	98.92	98.90	1.08	1.10
Annual growth rate		3.04	2.40	3.03	2.38	3.87	4.57
Total sales		50,693,753	55,429,805	26,619,499	28,592,007	24,074,255	26,837,798
Share of total		100.00	100.00	52.51	51.58	47.49	48.42
Annual growth rate		16.19	9.34	13.01	7.41	19.93	11.48
Domestic sales		37,749,226	40,768,096	23,258,464	24,984,763	14,490,762	15,783,332
Share of total		100.00	100.00	61.61	61.29	38.39	38.71
Annual growth rate		13.10	8.00	11.49	7.42	15.79	8.92
Export sales		12,944,528	14,661,710	3,361,035	3,607,244	9,583,493	11,054,466
Share of total		100.00	100.00	25.96	24.60	74.04	75.40
Annual growth rate		26.25	13.27	24.75	7.33	26.79	15.35
No. of employed persons		11,447	11,418	9,200	9,132	1,222	1,265
Share of total		100.00	100.00	80.37	79.98	10.68	11.08
Annual growth rate		-0.50	-0.25	-1.19	-0.74	4.62	3.52
No. of paid employees		9,169	9,188	6,923	6,904	1,221	1,263
Share of total		100.00	100.00	75.50	75.14	13.32	13.75
Annual growth rate		-0.10	0.21	-0.90	-0.27	4.63	3.44

Notes:

- SMEs in this table refer to enterprises with paid-capital of less than NT\$100 million (inclusive) in terms of the number of enterprises and revenue (including domestic sales and exports) as defined in the “Standards for Identifying Small and Medium-sized Enterprises” revised and promulgated by the Ministry of Economic Affairs on June 24, 2020. In terms of the number of people employed and the number of employees, they are defined as those with fewer than 200 regular employees.
- The number of SMEs and revenue already includes data obtained from small stores. The export value in terms of revenue is the export value reported by the company in the sales tax filing, and the results of the import and export customs clearance data from the Ministry of Finance. This may vary due to changes in the exchange rate, the scope of data, and calculation methods.
- In addition, the impact of the epidemic in 2020 created severe challenges for manufacturers in their operations. Based on operational considerations, manufacturers may adopt flexible measures (e.g., reduce business hours, shorten work hours, or cancel shifts), and may also take measures such as suspending operations or closing the business. However, the main source of the data used for the analysis in this chapter (the original data on sales tax collection were from the Fiscal Information Center, Ministry of Finance) has been stripped of identifiable business information of companies due to personal information protection requirements. It is therefore impossible to compare the changes in the operations of companies in different years. This means that we were unable to verify the changes caused by the suspension of business operations or closure of plants due to data limitations.
- The data on sales (including domestic sales and exports) are mainly based on companies’ business tax filing data. As the production process from the production of materials to product processing and the final goods may undergo layers of processing and sales in the upstream, midstream, and downstream sections of the supply chain, the business taxation calculation may contain repetitions and would be different from the value-added calculation for the final product (repeated calculations are deducted).
- The number and percentage of people employed and the number of employees of “all enterprises” in the table include SMEs and large enterprises as well as 1,021 thousand people employed by the government (public sector) and the percentage (8.94% of the number of people employed by the government and 11.12% of the total number of people employed). The number of people employed and the number of employees also include people whose household registration is in Taiwan, who are employed by SMEs in Taiwan, and are assigned to Mainland China (including Hong Kong and Macau) or a foreign country to work (for employment).

Source: 1. Fiscal Information Agency, Ministry of Finance, Value-Added Business Tax (VAT) data, 2021-2022.

2. Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

Table 1-1-2 Shares of SMEs in Taiwan by Sector, 2020-2022

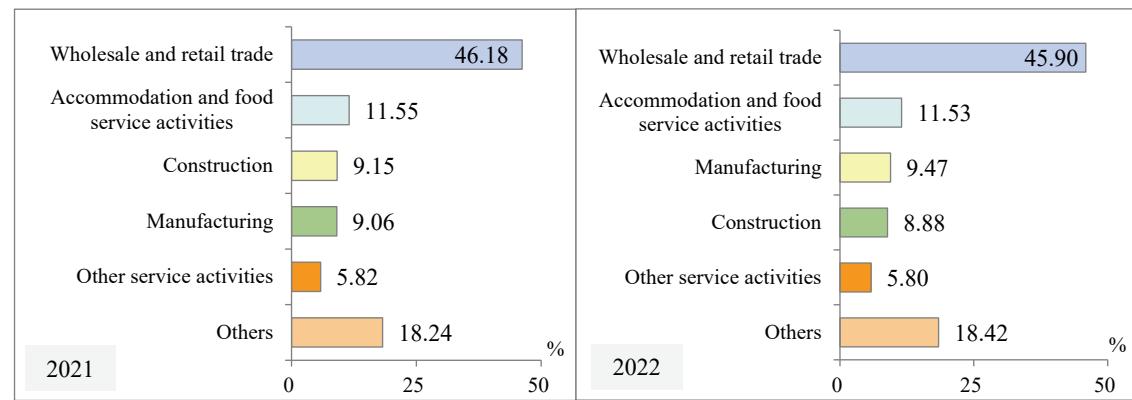
Unit: Enterprises; million NT\$; %

Sector \ Year	2020	2021	2022
All SMEs	1,548,835	1,595,828	1,633,788
Agricultural sector	0.76	0.70	0.67
Industrial sector	19.00	18.92	19.09
Service sector	80.24	80.37	80.24
Total sales	23,555,513	26,619,499	28,592,007
Agricultural sector	0.19	0.19	0.18
Industrial sector	31.00	32.11	31.89
Service sector	68.81	67.70	67.94
Domestic sales	20,861,339	23,258,464	24,984,763
Agricultural sector	0.19	0.19	0.18
Industrial sector	29.67	31.24	30.96
Service sector	70.14	68.57	68.85
Export sales	2,694,174	3,361,035	3,607,244
Agricultural sector	0.19	0.20	0.15
Industrial sector	41.30	38.11	38.27
Service sector	58.51	61.69	61.59

Notes: Sectors:

1. The agricultural sector refers to agriculture, forestry, fishing, and animal husbandry.
2. The industrial sector includes mining and quarrying, manufacturing, electricity and gas supply, water supply and remediation activities, and construction.
3. The service sector includes wholesale and retail trade, transportation and storage, accommodation and food service activities, information and communication, financial and insurance activities, real estate activities, professional, scientific and technical activities, support service activities, education, human health and social work activities, arts, entertainment and recreation, and other service activities.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2020-2022.

Figure 1-1-1 Distribution of SMEs by Industry, 2021-2022

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2021-2022.

(5) Approximately 89% of SMEs Had Capital of Less than 5 Million

In terms of the structure of the number of SMEs based on capitalization and definitions, 1,452,278 SMEs had a capital of less than NT\$5 million in 2022 and they accounted for 88.89% of all SMEs. SMEs with less than NT\$100,000 in capitalization accounted for 40.88% (667,929 SMEs).

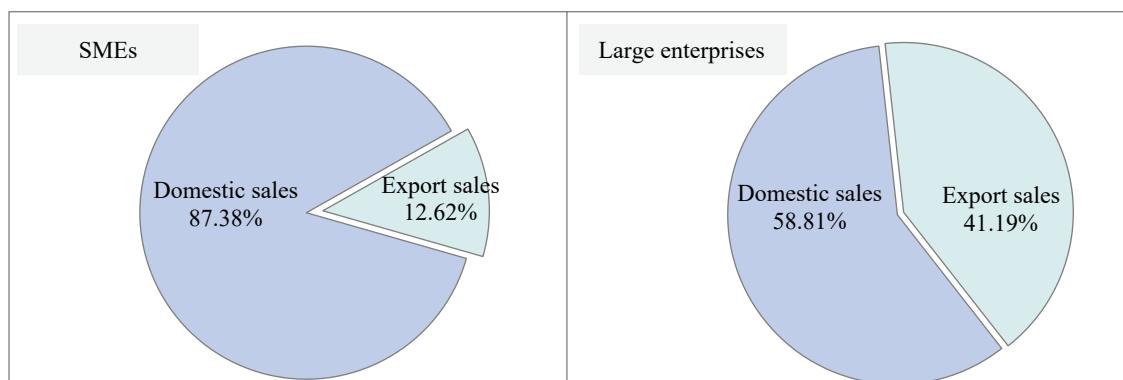
In terms of the revenue of SMEs, SMEs with less than \$5 million in capital contributed to more than half (57.51%) of the total revenue. By dividing the total revenue by the number of SMEs (i.e., the average revenue per SME), SMEs with less than \$5 million in capital had an average revenue of NT\$11.3229 million in 2022; SMEs with more than \$5 million in capital had an average revenue of NT\$66.9278 million. In terms of the number of SMEs based on capitalization, the average revenue of SMEs with a capital between NT\$60 million and NT\$100 million was approximately NT\$241.0341 million, which was the highest average revenue among SMEs of all capitalization levels.

2. Current Sales Status and Changes in SMEs

(1) Nearly 90% of the Revenue of SMEs in 2022 Came from Domestic Sales

The total revenue of all enterprises in 2022 amounted to NT\$55,429,805 million. The revenue of SMEs totaled NT\$28,592,007 million, which accounted for more than half (51.58%) of the revenue of all enterprises. Revenue from domestic sales amounted to NT\$24,984,763 million, which accounted for nearly nine tenths (87.38%) of the revenue of SMEs. The revenue of large enterprises totaled NT\$26,837,798 million. Domestic sales totaled NT\$15,783,332 million, which accounted for 58.81% of the revenue of large enterprises. The proportion of revenue shows that SMEs are relatively dependent on the domestic market compared to large enterprises and their domestic sales amounted to 87.38%. The main reason is their smaller scale and limited resources (funding, talents, etc.), which make it difficult to expand overseas markets. They thus focus mainly on the domestic market (Table 1-1-1 and Figure 1-1-2).

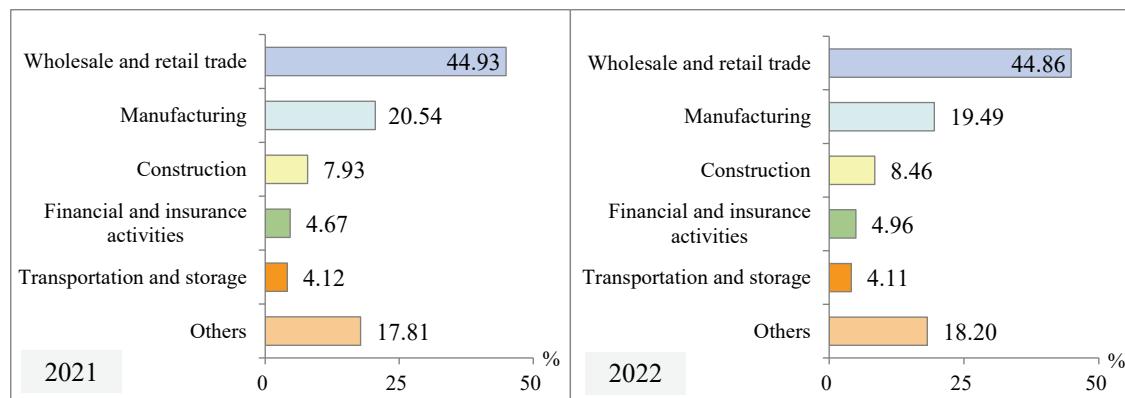
Figure 1-1-2 Shares of Domestic and Export Sales in Total Sales by Enterprise Size, 2022



Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

(2) Wholesale and Retail Trade and Manufacturing Had the Highest Revenue

In terms of overall industry sales, the top 3 industries by sales volume for SMEs in 2022 were wholesale and retail trade, manufacturing, and construction. Their revenue amounted to NT\$12,825,088 million (44.86%), NT\$5,572,416 million (19.49%), and NT\$2,418,945 million (8.46%), respectively. The revenue of all 3 industries reached 72.81%. In terms of the ranking of the industries in 2022 and 2021, the top 5 industries with the highest percentage of revenue of SMEs remained the same (Figure 1-1-3 and Appendix C Table C-2).

Figure 1-1-3 Distribution of Total Sales in SMEs by Industry, 2021-2022

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2021-2022.

Based on the domestic sales by industry and the ratio of domestic sales of all SMEs, the top 3 industries in terms of the value of domestic sales of all SMEs in 2022 were wholesale and retail trade, manufacturing, and construction. Domestic sales amounted to NT\$11,138,411 million (44.58% of total domestic sales), NT\$4,214,184 million (16.87%) and NT\$2,406,536 million (9.63%), respectively (Appendix C Table C-3).

(3) SME Exports Grew by 7.33% Year-on-Year in 2022

The total exports of all businesses in Taiwan in 2022 amounted to NT\$14,661,710 million, which was a 13.27% increase from 2021. In 2022, the total exports of SMEs amounted to NT\$3,607,244 million, accounting for 24.60% of the exports of all enterprises. This was a 7.33% growth rate compared to 2021. Exports of large enterprises totaled approximately NT\$11,054,466 million (75.40%), and the growth rate was 15.35% (Table 1-1-1).

The data showed an increase in the exports of enterprises with growth in 2021 continuing in the first half of 2022. With the competitive advantages of international products, both SMEs and large enterprises achieved spectacular growth. However, factors such as the decline in global economic growth, geopolitical conflicts, and the U.S.-China trade disputes contributed to slower growth and even a decline in the fourth quarter. Due to the high growth in the first half of the year and the decline in the second half of the year, Taiwan still achieved economic growth and the trade surplus continued to increase, which powered the growth in Taiwan's economy.

In 2022, the export contribution ratio of SMEs (SME exports as a percentage of the exports of all enterprises) was 24.60%, which was a slight decrease of 1.36% compared to the previous year. The main reason was the growth in the exports of large enterprises in the same year which caused the contribution from large enterprises to increase as compared with the previous year. The export propensity (the export value of SMEs as a percentage of their revenue) of SMEs was 12.62%, which was a slight decrease of 0.01% compared to the previous year (Table 1-1-3).

Table 1-1-3 Number and Sales Performance of SMEs, 2020-2022

Unit: Enterprises; million NTS; %

Indicator	Year	2020	2021	2022
No. of SMEs		1,548,835	1,595,828	1,633,788
Ratio		98.93	98.92	98.90
Annual growth rate		-	3.03	2.38
SME total sales		23,555,513	26,619,499	28,592,007
Ratio		53.99	52.51	51.58
Annual growth rate		-	13.01	7.41
SME domestic sales		20,861,339	23,258,464	24,984,763
Ratio		62.50	61.61	61.29
Annual growth rate		-	11.49	7.42
SME export sales		2,694,174	3,361,035	3,607,244
Ratio (Export contribution)		26.28	25.96	24.60
Export propensity		11.44	12.63	12.62
Annual growth rate		-	24.75	7.33

Notes:

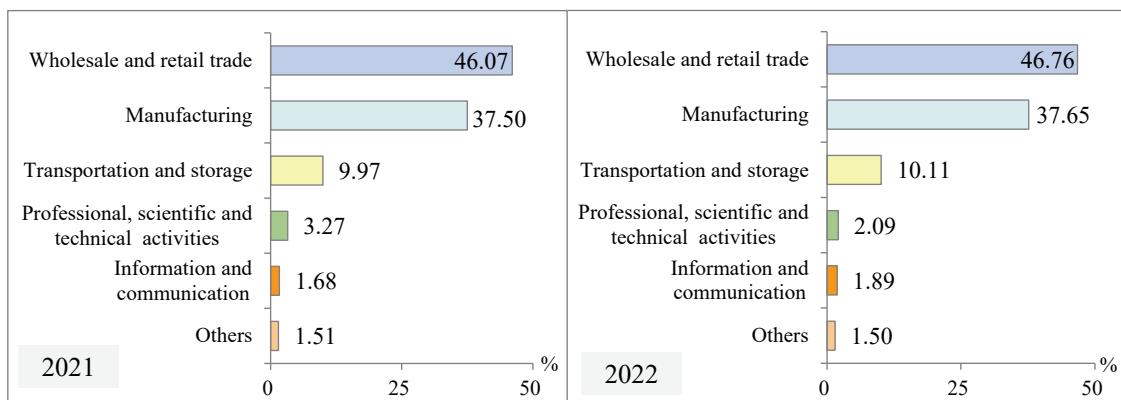
1. The export value in revenue is the export value reported by the company in the sales tax filing, and the result of the import and export customs clearance data from the Ministry of Finance. It may vary due to changes in the exchange rate, scope of data, and calculation methods.
2. According to the growth rate of Taiwan's exports released by the Customs Administration, Ministry of Finance, the total value of Taiwan's exports amounted to US\$479.44 billion in 2022 with an annual growth rate of 7.4%. If the value is calculated in NTS, the export value totaled approximately NT\$14,219,065 million with an annual growth rate of 13.74%. The export amount is the export value (denominated in NT\$) included in the revenue reported by enterprises when they file sales tax returns. The definition and scope of calculation are different from the basis of the export amount of goods cleared by customs.
3. Export contribution = (export sales value of SMEs/export sales value of all enterprises) × 100%.
4. Export propensity = (export sales value of SMEs/total sales value of SMEs) × 100%.
5. The enterprise size data from 2020 were defined based on the New Standards. The baseline is different from that for the data from 2019, which were based on the "Standards for Identifying Small and Medium-sized Enterprises" published on March 30, 2015. Therefore, the annual growth rate should not be calculated for 2020. They are specified using “-”.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2020-2022.

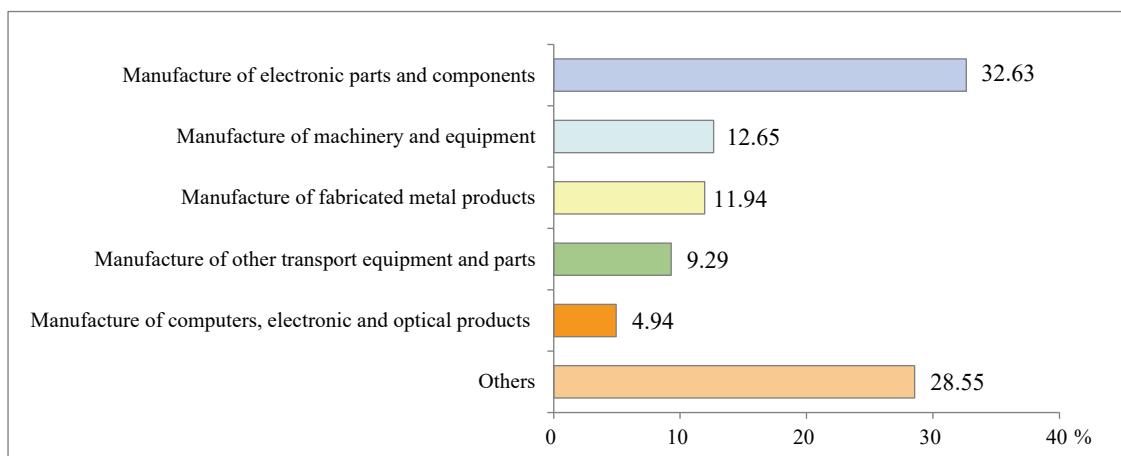
(4) Wholesale and Retail Trade and Manufacturing Had the Highest Exports

The top 3 export sectors for SMEs in 2022 in descending order were wholesale and retail trade, manufacturing, and transportation and storage. Their export values amounted to NT\$1,686,677 million (46.76%), NT\$1,358,232 million (37.65%), and NT\$364,599 million (10.11%), respectively. The top 2 industries accounted for 84.41%. In terms of the ranking of the industries in 2022 and 2021, the top 5 industries remained the same (Figure 1-1-4 and Appendix C Table C-4).

Upon closer observation, the export performance of SMEs in the manufacturing sector showed that SMEs in the manufacturing sector achieved an export value of NT\$1,358,232 million in 2022. The top 3 industries in terms of the value of exports in descending order were the manufacture of electronic parts and components (32.63%), the manufacture of machinery and equipment (12.65%), and the manufacture of fabricated metal products (11.94%). The total share of the top 3 industries was 57.22% and the concentration of export products remained relatively high (Figure 1-1-5 and Appendix C Table C-9).

Figure 1-1-4 Distribution of Export Sales in SMEs by Industry, 2021-2022

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2021-2022.

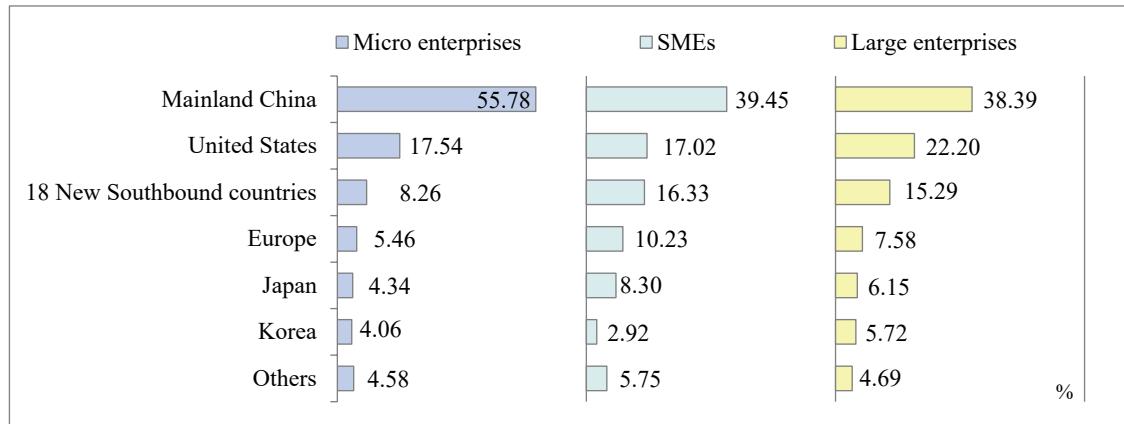
Figure 1-1-5 Distribution of Export Sales in SMEs by Manufacturing Industry, 2022

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

(5) Mainland China Ranked First in the Percentage of SME Export Value by Region in 2022, Followed by the US and 18 New Southbound Countries

In terms of the percentage of exports by region, regardless of the size of the enterprises, the top 3 export regions in 2022 were Mainland China, the United States, and the 18 New Southbound countries. The 3 regions accounted for 70% to 80% of the total export value of each category. Micro enterprises had a higher dependence on the Mainland China (including Hong Kong and Macau) markets (55.78%), while SMEs and large enterprises had a relatively lower dependence (39.45% and 38.39%, respectively) (Figure 1-1-6).

Figure 1-1-6 Shares of Regions in Export Sales by Enterprise Size, 2022



Notes:

1. The data in the figure are defined based on the New Standards.
2. Micro enterprises are those with fewer than 5 employees.
3. Regional categories: (1) Mainland China includes Hong Kong and Macau; (2) The 18 New Southbound countries include Thailand, the Philippines, Indonesia, Malaysia, Singapore, Vietnam, Cambodia, Laos, Myanmar, Brunei, India, Pakistan, Bangladesh, Nepal, Sri Lanka, Bhutan, New Zealand and Australia; (3) Others include nations other than the USA, Japan, Korea, China, the New Southbound 18 nations and Europe.

Source: The International Trade Administration, Ministry of Economic Affairs, Customs Data, 2022.

3. Current Status of Newly-established SMEs

(1) Approximately 110 Thousand SMEs Were Created in 2022 with Revenue Mainly from Domestic Sales

There were 110,032 newly-established enterprises in 2022 (those that had been established for less than 1 year). There were 109,837 SMEs which accounted for 99.82%, and a decrease of 7,275 enterprises (or 6.21%) over 2021. In terms of the sales model, the proportion of the domestic sales of all newly-established enterprises reached 95.40%, the proportion of the domestic sales of newly-established SMEs also reached 95.86%, and the difference was only 0.46 percentage points. It indicates that both newly-established enterprises and newly-established SMEs generally targeted the domestic market as their main market when they started their businesses (Table 1-1-4).

(2) Most Newly-established SMEs Were in the Service Sector

In terms of the three levels of industries, most of the newly-established SMEs in 2022 were in the service sector. They included 90,693 enterprises, which accounted for 82.57% of the total. In terms of the proportion, the sales, domestic sales, and exports of the service industries accounted for 77.05%, 76.77%, and 83.59%, respectively, of the newly-established SMEs. The percentages in terms of the industrial sales, domestic sales, and exports of newly-established SMEs were 22.47%, 22.73%, and 16.38%, respectively. The share of agriculture was below 1% (Table 1-1-5).

Table 1-1-4 Number and Sales Performance of Newly-established Enterprises, 2021-2022

Unit: Enterprises; million NT\$; %

Enterprise size Indicator	Total (1)	No. of SMEs (2)	SMEs ratio (3) = (2)/(1)	Share of SMEs total	No. of large enterprises (4)	Large enterprises ratio (5) = (4)/(1)	Share of large enterprises total
2021							
No. of enterprises	117,320	117,112	99.82	-	208	0.18	-
Total sales	241,781	236,895	97.98	100.00	4,886	2.02	100.00
Domestic sales	226,205	221,858	98.08	93.65	4,347	1.92	88.97
Export sales	15,577	15,038	96.54	6.35	539	3.46	11.03
2022							
No. of enterprises	110,032	109,837	99.82	-	195	0.18	-
Total sales	257,483	250,099	97.13	100.00	7,384	2.87	100.00
Domestic sales	245,644	239,736	97.59	95.86	5,908	2.41	80.01
Export sales	11,839	10,363	87.53	4.14	1,476	12.47	19.99

Note: “-” not applicable.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2021-2022.

Table 1-1-5 Number and Sales Performance of Newly-established SMEs by Sector, 2021-**2022**

Unit: Enterprises; million NT\$; %

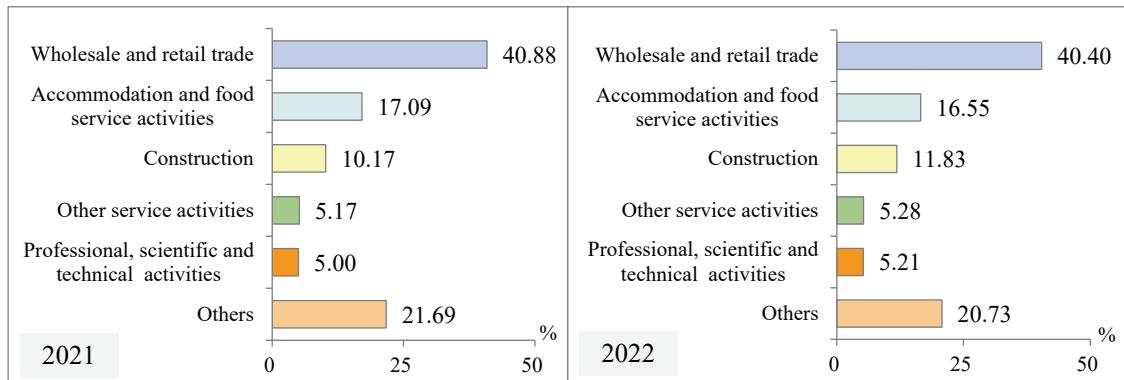
Indicator Sector	No. of enterprises	Share of total	Total sales	Share of total	Domestic sales	Share of total	Export sales	Share of total
2021								
All sectors	117,112	100.00	236,895	100.00	221,858	100.00	15,038	100.00
Agricultural sector	761	0.65	456	0.19	447	0.20	9	0.06
Industrial sector	17,422	14.88	45,253	19.10	44,411	20.02	842	5.60
Service sector	98,929	84.47	191,186	80.70	177,000	79.78	14,186	94.34
2022								
All sectors	109,837	100.00	250,099	100.00	239,736	100.00	10,363	100.00
Agricultural sector	843	0.77	1,212	0.48	1,208	0.50	4	0.03
Industrial sector	18,301	16.66	56,189	22.47	54,491	22.73	1,698	16.38
Service sector	90,693	82.57	192,699	77.05	184,037	76.77	8,662	83.59

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2021-2022.

(3) Wholesale and Retail Trade Accounted for the Highest Number of Newly-established SMEs and Revenue

In terms of the sector distribution patterns, the top 5 industries based on the number of newly-established SMEs in 2022 were wholesale and retail trade (44,377 SMEs or 40.40%), accommodation and food service activities (18,181 SMEs or 16.55%), construction (12,999 SMEs or 11.83%), other services (5,794 SMEs or 5.28%), and professional, scientific, and technical activities (5,727 SMEs or 5.21%) (Figure 1-1-7 and Table 1-1-6).

Figure 1-1-7 Distribution of Number of Newly-established SMEs by Industry, 2021-2022



Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2021-2022.

As for the revenue of newly-established SMEs, the top 5 industries in terms of newly-established SMEs in 2022 were wholesale and retail trade (NT\$120.510 billion, or 48.18%), construction (NT\$39.256 billion, or 15.70%), accommodation and food service activities (NT\$22.956 billion, or 9.18%), manufacturing (NT\$15.319 billion, or 6.13%), and professional, scientific and technical activities (NT\$11.491 billion, or 4.59%). Overall, the number of SMEs and revenue of newly-established SMEs by industry in 2022 were the same as in 2021 (Table 1-1-6 and Figure 1-1-7).

Table 1-1-6 Number of Newly-established Enterprises, Annual Sales, and Shares by

Industry and Enterprise Size, 2022

Unit: Enterprises; million NT\$; %

Industry	Indicator Enterprise Size	Number of enterprises			Annual sales		
		All enterprises	SMEs	Share	All enterprises	SMEs	Share
Total		110,032	109,837	100.00	257,483	250,099	100.00
Agriculture, forestry, fishing and animal husbandry; mining and quarrying		844	843	0.77	1,212	1,212	0.48
Manufacturing		4,433	4,399	4.01	16,856	15,319	6.13
Electricity and gas supply; water supply and remediation activities		916	903	0.82	1,624	1,614	0.65
Construction		13,002	12,999	11.83	39,299	39,256	15.70
Wholesale and retail trade		44,411	44,377	40.40	124,149	120,510	48.18
Transportation and storage		2,228	2,226	2.03	10,787	10,787	4.31
Accommodation and food service activities		18,185	18,181	16.55	22,992	22,956	9.18
Information and communication		2,440	2,435	2.22	5,696	4,638	1.85
Financial and insurance activities		1,334	1,298	1.18	3,369	3,242	1.30
Real estate activities		3,362	3,325	3.03	8,367	8,006	3.20
Professional, scientific and technical activities		5,745	5,727	5.21	11,959	11,491	4.59
Support service activities		2,418	2,415	2.20	3,262	3,211	1.28
Education		815	815	0.74	751	751	0.30
Human health and social work activities		282	281	0.26	405	401	0.16
Arts, entertainment and recreation		3,822	3,819	3.48	2,930	2,883	1.15
Other service activities		5,795	5,794	5.28	3,823	3,823	1.53

Notes:

1. Due to data restrictions, starting from 2022, the “agriculture, forestry, fishing and animal husbandry” and “mining and quarrying” industries are listed as “agriculture, forestry, fishing and animal husbandry; mining and quarrying;” “electricity and gas supply” and “water supply and remediation activities” are listed as “electricity and gas supply; water supply and remediation activities.”

2. Refer to Appendix C Table C-7 for the domestic sales and export amounts.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

4. Number of Years of Operations and Organizational Structure of SMEs

(1) The Percentage of SMEs in Business for 10 Years or Under Was Higher than for Large Enterprises

In terms of the number of years of operations, as of 2022, 6.72% of all SMEs had operated for less than 1 year; 29.95% of the SMEs had operated for less than 5 years; and 48.38% had operated for less than 10 years. By contrast, large enterprises had relatively longer operations, with only 21.28% operating for 10 years or less and 78.72% operating for more than 10 years. This shows that the number of years of operations of most SMEs was lower than that for large enterprises (Table 1-1-7).

Table 1-1-7 Number and Shares of Enterprises by Particular Ages, 2022

Age	Enterprise size Total	SMEs		Large enterprises		Unit: Enterprises; %
		Number of enterprises	Share of total	Number of enterprises	Share of total	
Total	1,652,038	1,633,788	100.00	18,250	100.00	
Less than 1 year	110,032	109,837	6.72	195	1.07	
1 – 2 years	119,925	119,596	7.32	329	1.80	
2 – 3 years	100,117	99,723	6.10	394	2.16	
3 – 4 years	84,173	83,776	5.13	397	2.18	
4 – 5 years	76,784	76,384	4.68	400	2.19	
5 – 10 years	303,286	301,117	18.43	2,169	11.88	
10 – 20 years	392,079	387,903	23.74	4,176	22.88	
20 years or more	465,642	455,452	27.88	10,190	55.84	

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

(2) Sole Proprietorships Accounted for the Highest Number of SMEs with 52%

In terms of the business type, the majority of SMEs were sole proprietorships in 2022. There were approximately 849,286 sole proprietorships (51.98%); this was followed by limited companies with 510,348 SMEs (31.24%); and companies limited by shares with 143,675 (8.79%) in 3rd place. SMEs in the three categories accounted for 92.01% of all SMEs. Large enterprises consisted mostly of companies limited by shares (89.53%), followed by limited companies (6.70%). Companies in these two categories accounted for 96.23% of the total number of large enterprises (Table 1-1-8).

Table 1-1-8 Number and Shares of Enterprises by Form of Organization, 2022

Organization	Enterprise size Total	SMEs		Large enterprises		Unit: Enterprises; %
		Number of enterprises	Share of total	Number of enterprises	Share of total	
Total	1,652,038	1,633,788	100.00	18,250	100.00	
Company limited by shares	160,014	143,675	8.79	16,339	89.53	
Limited company	511,571	510,348	31.24	1,223	6.70	
Partnership	39,285	39,284	2.40	*	*	

Enterprise size Organization	Total	SMEs		Large enterprises	
		Number of enterprises	Share of total	Number of enterprises	Share of total
Sole proprietorship	849,303	849,286	51.98	17	0.09
Subsidiary of domestic company	40,895	40,895	2.50	*	*
Others	50,970	50,300	3.08	670	3.67

Notes:

- Where the number of enterprises was 5 or under, the number would be indicated by “*” to keep the information on individual enterprises confidential.
- Due to data restrictions, the “unlimited companies” and “unlimited companies with limited liability shareholders” in the organization types are listed as “others” starting from 2021; “branches of foreign companies” are listed as “others” starting from 2022.
- “Others” refer to business entities that are not companies, sole proprietorships, and partnerships. They mainly include branch institutions of domestic companies such as “business offices (premises), stores (departments), and branch stores” that are not classified as branch companies. They also include “unlimited companies,” “unlimited companies with limited liability shareholders,” and “branches of foreign companies.”

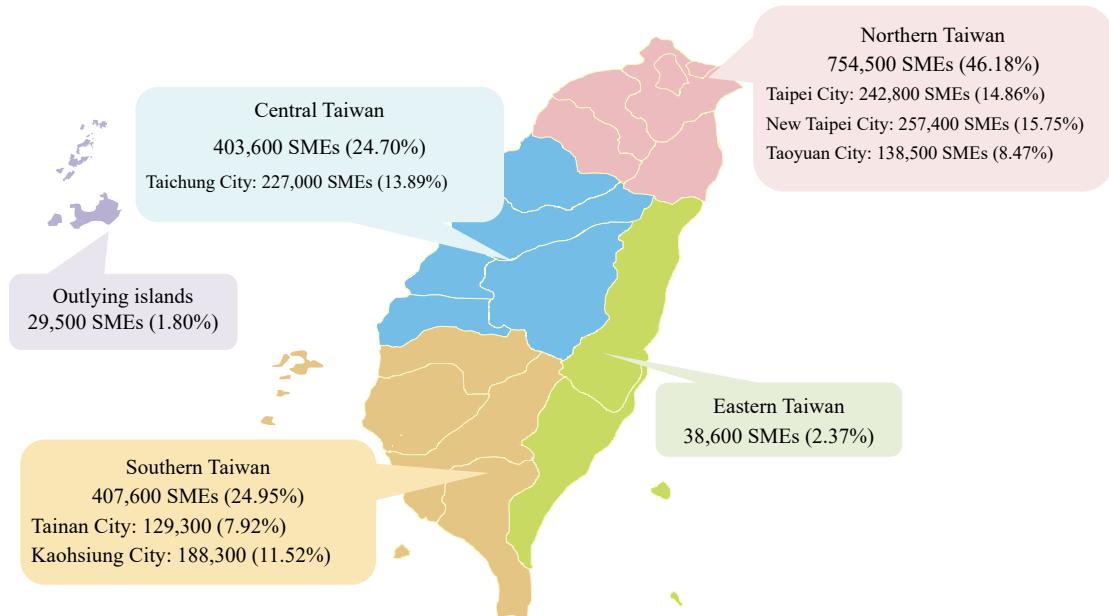
Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

5. SMEs and Regional Development

(1) About 46 Percent of SMEs Were Concentrated in Northern Taiwan

In terms of the regional distribution of SMEs, there were 754.5 thousand SMEs in Northern Taiwan in 2022, which accounted for 46.18% of the total. There were 403.6 thousand (24.70%) and 407.6 thousand SMEs (24.95%) in Central and Southern Taiwan, respectively. SMEs in Eastern Taiwan and outlying islands accounted for 4.17% (Figure 1-1-8).

Figure 1-1-8 Distribution of SMEs by Region, 2022



Notes: Due to data restrictions, the number of profit-seeking enterprises and revenue by region are adjusted as follows starting from 2021:

1. Northern Taiwan includes Taipei City, New Taipei City, Taoyuan City, Keelung City, Ilan County, Hsinchu City and Hsinchu County.
2. Central Taiwan includes Miaoli County, Taichung City, Changhua County, Nantou County and Yunlin County.
3. Southern Taiwan includes Chiayi City, Chiayi County, Tainan City, Kaohsiung City, and Pingtung County.
4. Eastern Taiwan includes Hualien County and Taitung County.
5. Outlying islands include Penghu County, Kinmen County, Lienchiang County.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

By contrast, the regional distribution of large enterprises had a more prominent geographical disparity. 70.32% of large enterprises were in Northern Taiwan, 14.37% were in Central Taiwan, 14.69% were in Southern Taiwan, and only 0.62% were in Eastern Taiwan and outlying islands (Table 1-1-9).

Table 1-1-9 Number and Total Sales of Enterprises in Taiwan's Regions by Enterprise Size, 2022

Unit: Enterprises; million NT\$; %

Enterprise size \ Region	Total	Northern Taiwan	Central Taiwan	Southern Taiwan	Eastern Taiwan	Outlying islands
Number of enterprises						
All enterprises	1,652,038	767,333	406,222	410,259	38,722	29,502
SMEs	1,633,788	754,499	403,600	407,578	38,647	29,464
Share of total	100.00	46.18	24.70	24.95	2.37	1.80
Large enterprises	18,250	12,834	2,622	2,681	75	38
Share of total	100.00	70.32	14.37	14.69	0.41	0.21
Total sales						
All enterprises	55,429,805	35,164,418	9,919,878	9,922,675	308,718	114,115
SMEs	28,592,007	16,267,347	6,191,203	5,794,940	241,044	97,473
Share of total	100.00	56.89	21.65	20.27	0.84	0.34
Large enterprises	26,837,798	18,897,071	3,728,676	4,127,735	67,674	16,642
Share of total	100.00	70.41	13.89	15.38	0.25	0.06

Note: The scope includes the number of businesses in all parts of Taiwan, Outlying islands, and their revenue.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

In terms of the distribution of SMEs in metropolitan areas, most SMEs were concentrated in the six metropolitan areas, with a total of 1.1832 million SMEs, which accounted for 72.42% of all SMEs. New Taipei City ranked first with 257.4 thousand (15.75%), while Taipei City ranked second with 242.8 thousand (14.86%) (Table 1-1-10).

Table 1-1-10 Number and Total Sales of Enterprises in Taiwan's Six Special Municipalities by Enterprise Size, 2022

Unit: Enterprises; million NT\$; %

Major cities \ Enterprise size	Total	Combined total for the six special municipalities	Taipei City	New Taipei City	Taoyuan City	Taichung City	Tainan City	Kaohsiung City
Number of enterprises								
All enterprises	1,652,038	1,198,732	250,071	260,107	139,922	228,708	130,259	189,665
SMEs	1,633,788	1,183,199	242,768	257,388	138,451	226,992	129,316	188,284
Share of total	100.00	72.42	14.86	15.75	8.47	13.89	7.92	11.52
Large enterprises	18,250	15,533	7,303	2,719	1,471	1,716	943	1,381
Total sales								
All enterprises	55,429,805	42,650,453	16,989,309	6,281,376	5,304,838	5,328,885	2,880,822	5,865,223
SMEs	28,592,007	22,965,919	7,694,157	3,864,773	2,839,310	3,729,195	1,788,595	3,049,889
Share of total	100.00	80.32	26.91	13.52	9.93	13.04	6.26	10.67
Large enterprises	26,837,798	19,684,534	9,295,152	2,416,603	2,465,528	1,599,690	1,092,227	2,815,334

Note: The scope includes the number of businesses in all parts of Taiwan, Outlying islands, and their revenue.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

(2) Most SME Industries Were Concentrated in Northern Taiwan

Northern Taiwan reported the highest number of SMEs and sales in 2022. In terms of the number of SMEs, those in Northern Taiwan accounted for approximately 46.18% of all SMEs. In terms of the regional distribution by industries, the industries in Northern Taiwan in which SMEs accounted for more than 50% were information and communication (71.97%), financial and insurance activities (65.01%), professional, scientific, and technical services (61.39%), education (53.29%), transportation and storage (52.54%), and real estate activities (50.99%). They are all part of the service sector (Table 1-1-11).

Table 1-1-11 Distribution of SMEs in Each Region by Industry, 2022

Unit: Enterprises; %

Industry	Region	Total	Northern Taiwan	Central Taiwan	Southern Taiwan	Eastern Taiwan	Outlying islands
Total		100.00	46.18	24.70	24.95	2.37	1.80
Agriculture, forestry, fishing and animal husbandry; mining and quarrying		100.00	25.44	31.78	33.46	8.46	0.86
Manufacturing		100.00	41.57	37.62	19.73	0.76	0.31
Electricity and gas supply; water supply and remediation activities		100.00	36.79	28.41	32.01	1.97	0.82
Construction		100.00	44.57	25.68	26.03	2.56	1.16
Wholesale and retail trade		100.00	46.33	23.78	25.14	2.14	2.62
Transportation and storage		100.00	52.54	18.97	25.26	1.78	1.46
Accommodation and food service activities		100.00	41.71	22.91	29.09	4.44	1.85
Information and communication		100.00	71.97	14.54	12.12	0.91	0.47
Financial and insurance activities		100.00	65.01	15.89	17.61	1.15	0.35
Real estate activities		100.00	50.99	24.47	21.41	2.05	1.08
Professional, scientific and technical activities		100.00	61.39	19.39	17.43	1.25	0.53
Support service activities		100.00	47.14	21.87	25.01	3.05	2.93
Education		100.00	53.29	19.20	24.78	2.01	0.72
Human health and social work activities		100.00	45.60	22.48	28.83	2.44	0.65
Arts, entertainment and recreation		100.00	46.08	23.35	25.85	3.62	1.11
Other service activities		100.00	39.75	25.76	31.10	2.56	0.83

Notes:

1. The scope includes the number of businesses in all parts of Taiwan, and Outlying islands.
2. Due to data restrictions, starting from 2022, the “agriculture, forestry, fishing and animal husbandry” and “mining and quarrying” industries are listed as “agriculture, forestry, fishing and animal husbandry; mining and quarrying;” “electricity and gas supply” and “water supply and remediation activities” are listed as “electricity and gas supply; water supply and remediation activities.”

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

The industry in Central Taiwan with a higher ratio in terms of numbers was manufacturing (37.62%). However, it remained lower than the ratio in Northern Taiwan. The industry in Central Taiwan with a higher ratio was agriculture, forestry, fishing and animal husbandry; mining and quarrying (33.46%). The industries in Eastern Taiwan accounted for less than 10% and agriculture, forestry, fishing and animal husbandry; mining and quarrying accounted for the highest ratio (8.46%). The industries in the outlying islands accounted for less than 3% and support service activities (2.93%) accounted for the highest ratio (Table 1-1-11).

(3) Northern Taiwan Accounted for the Highest Ratio of SME Sales with Over Half of All Sales

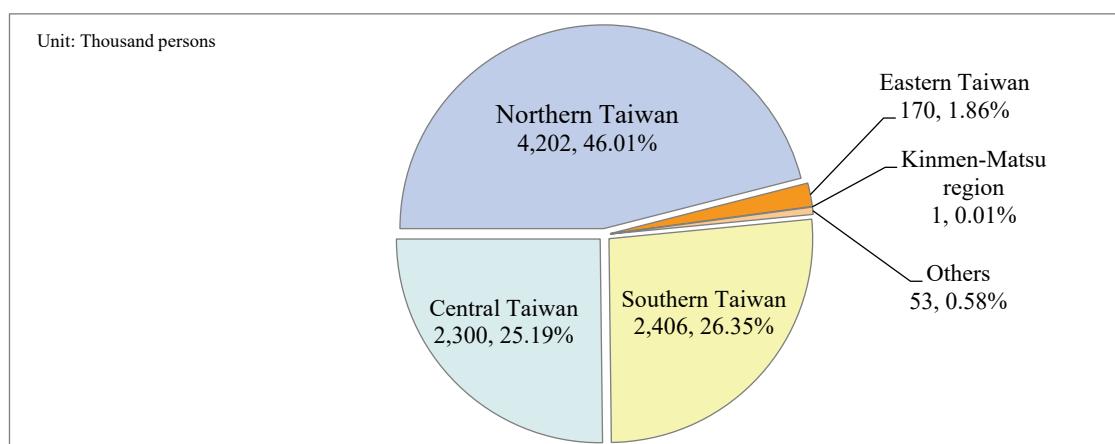
Northern Taiwan reported the highest SME sales in 2022, accounting for 56.89% of total SME sales. In terms of the regional distribution by industries, the industries in Northern Taiwan in which SME sales accounted for more than 50% were information and communication (85.89%), professional, scientific, and technical services (80.06%), financial and insurance activities (75.39%), transportation and storage (72.97%), education (65.27%), and support service activities (63.86%). They are all part of the service sector.

SME sales in Central Taiwan were more evenly distributed for each industry. The percentage of SME sales was the highest in manufacturing with 34.82%, but it remained lower than the 43.30% in Northern Taiwan. Clustering was more prominent in Southern Taiwan in human health and social work activities with SME sales accounting for 66.03%, which was higher than the ratio in Northern Taiwan (21.35%) and Central Taiwan (12.25%).

(4) The Northern Region Had about 46 Percent of SME Employees

In 2022, the number of employed persons in Taiwan's SMEs totaled 9.132 million. In terms of regional distribution, 4.202 million people (46.01%) worked in Northern Taiwan, followed by Southern Taiwan (2.406 million people, 26.35%), and Central Taiwan (2.30 million people, 25.19%). They were followed by Eastern Taiwan (1.86%), other regions (0.58%), and Kinmen and Matsu (0.01%) (Figure 1-1-9).

Figure 1-1-9 Distribution of SME Employment by Region, 2022



Notes: Number of number of people employed by region:

1. Northern Taiwan includes Taipei City, New Taipei City, Taoyuan City, Keelung City, Ilan County, Hsinchu City, Hsinchu County.
 2. Central Taiwan includes Miaoli County, Taichung City, Changhua County, Nantou County, Yunlin County.
 3. Southern Taiwan includes Chiayi City, Chiayi County, Tainan City, Kaohsiung City, Pingtung County, Penghu County.
 4. Eastern Taiwan includes Hualien County, Taitung County.
 5. Kinmen-Matsu region includes Kinmen County, Lienchiang County.
6. "Others" refer to the number of people employed whose household registration is in Taiwan, who are employed by SMEs in Taiwan, and are assigned to Mainland China (including Hong Kong and Macau) or a foreign country.

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Survey* data, 2022.

II Female-owned SMEs

In this section, the first number other than the English letter of the national ID number of the responsible person (or representative) of the enterprise is used to determine the gender. If the responsible person of the enterprise is a legal entity or a foreigner and the gender cannot be thus identified, it is not included in the statistics. Therefore, the sum of male and female-owned enterprises in this section does not equal the sum of all enterprises in Section I of this Chapter. The characteristics and differences of SME owners of both genders are compared and analyzed below.

1. Female-owned SMEs Accounted for More than 37%

The number of enterprises in 2022 for which the gender of the legal representative of the enterprise could be identified was 1,632,763. They included 605,905 enterprises owned by women and 99.49% were SMEs (602,833 SMEs). Compared to 2021, the number of SMEs owned by women increased by 16,529 (an annual growth rate of 2.82%). SMEs owned by women accounted for 37.31% of all SMEs (Table 1-2-1).

**Table 1-2-1 Number and Sales Performance of Enterprises by Sex of Business Owner,
2021-2022**

Indicator	Enterprise size Year	Total		SMEs		Large enterprises		Unit: Enterprises; million NT\$; %
		2021	2022	2021	2022	2021	2022	
No. of enterprises		1,594,301	1,632,763	1,577,962	1,615,664	16,339	17,099	
Female-owned enterprises		589,147	605,905	586,304	602,833	2,843	3,072	
Share of total ^a		100.00	100.00	99.52	99.49	0.48	0.51	
Share of total ^b		36.95	37.11	37.16	37.31	17.40	17.97	
Male-owned enterprises		1,005,154	1,026,858	991,658	1,012,831	13,496	14,027	
Total sales		44,217,569	47,478,128	24,292,305	26,050,038	19,925,264	21,428,090	
Female-owned enterprises		7,855,081	8,391,031	5,797,321	6,271,361	2,057,760	2,119,671	
Share of total ^a		100.00	100.00	73.80	74.74	26.20	25.26	
Share of total ^b		17.76	17.67	23.86	24.07	10.33	9.89	
Male-owned enterprises		36,362,488	39,087,096	18,494,984	19,778,677	17,867,504	19,308,420	
Domestic sales		34,269,694	36,923,187	21,541,715	23,125,946	12,727,979	13,797,241	
Female-owned enterprises		6,693,905	7,285,222	5,234,625	5,735,423	1,459,280	1,549,799	
Share of total ^a		100.00	100.00	78.20	78.73	21.80	21.27	
Share of total ^b		19.53	19.73	24.30	24.80	11.47	11.23	
Male-owned enterprises		27,575,789	29,637,965	16,307,090	17,390,523	11,268,699	12,247,442	
Export sales		9,947,875	10,554,941	2,750,590	2,924,092	7,197,285	7,630,849	
Female-owned enterprises		1,161,176	1,105,809	562,696	535,938	598,480	569,872	
Share of total ^a		100.00	100.00	48.46	48.47	51.54	51.53	
Share of total ^b		11.67	10.48	20.46	18.33	8.32	7.47	
Male-owned enterprises		8,786,699	9,449,132	2,187,894	2,388,154	6,598,805	7,060,978	

Notes:

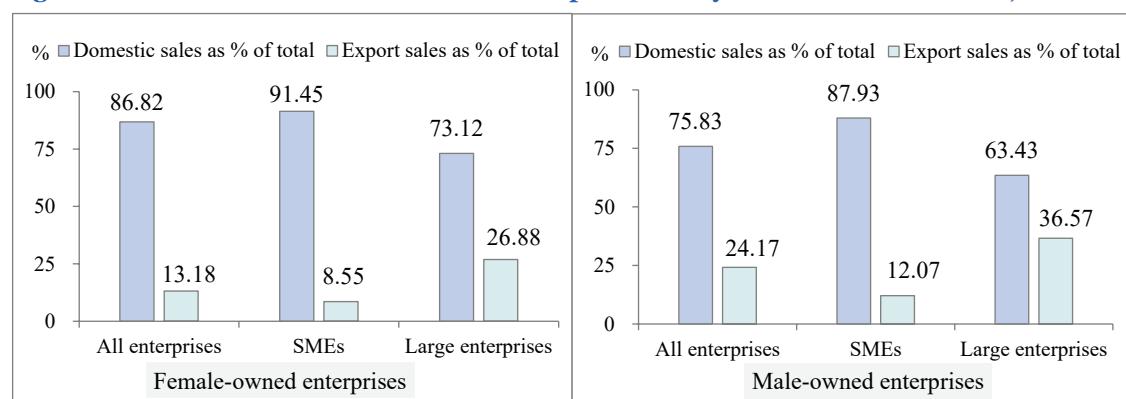
1. Whether an enterprise should be classified as male-owned or female-owned was determined using the registered identity of the business owner.
2. The totals for all enterprises given in this table do not conform to those given in Table 1-1-1 because some enterprises are registered as being owned by other enterprises or by foreigners; these enterprises were excluded from the data used in this table.
3. Share of total ^a in the table represents the percentage of SMEs (large enterprises) in all female-owned enterprises; Share of total ^b represents the percentage of female-owned enterprises in all enterprises.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2021-2022.

2. Female-owned Enterprises Focus More on Domestic Sales Compared to Male-owned Enterprises

In terms of revenue, female-owned enterprises were more dependent on the domestic market. The domestic sales rate of female-owned SMEs in 2022 was 91.45%, while the export rate was only 8.55%. Similarly, the domestic sales rate of male-owned SMEs was approximately 87.93%, while the export rate was only 12.07%. The domestic sales rate of female-owned large enterprises was 73.12%, which was 9.69% higher than the domestic sales rate of male-owned large enterprises (63.43%). It shows that female-owned enterprises focus more on domestic sales (Figure 1-2-1).

Figure 1-2-1 Shares of Domestic Sales and Export Sales by Sex of Business Owner, 2022



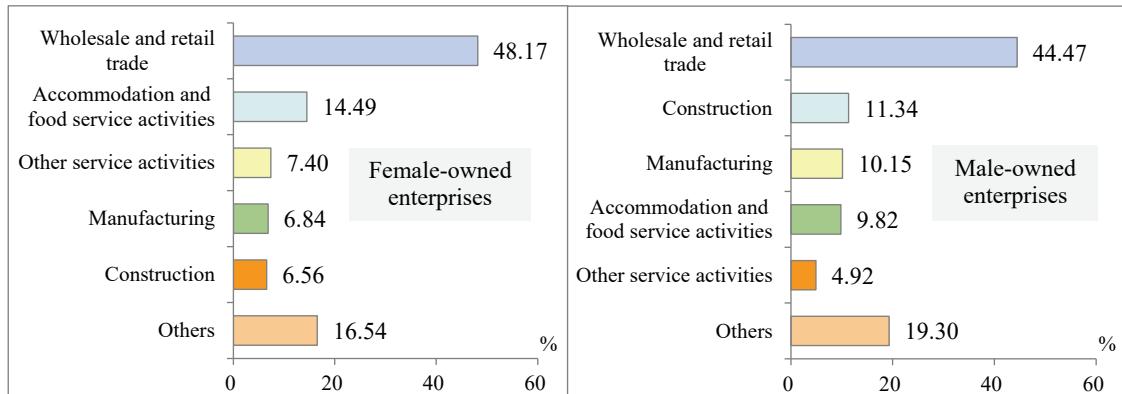
Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

3. Top 3 Industries with Female-owned SMEs: Wholesale and Retail Trade, Accommodation and Food Service Activities, and Other Service Activities

In terms of the number of male- and female-owned SMEs by industry in 2022, more than 85.60% of female-owned SMEs and approximately 76.85% of male-owned SMEs were in the service sector. The difference between the two was 8.75%. In terms of the industries, the number of female-owned SMEs, and their revenue, domestic sales, and exports in 2022 were the highest in wholesale and retail trade (48.17%, 46.28%, 45.17%, and 58.09%, respectively) (Appendix C Table C-8).

Although the top 5 industries with the highest number of SMEs owned by females were the same as those with SMEs owned by males in 2022, the sequence was slightly different. The rankings of industries with female-owned SMEs were, in descending order, as follows: wholesale and retail trade (48.17%), accommodation and food service activities (14.49%), other service activities (7.40%), manufacturing (6.84%), and construction (6.56%). Male-owned SMEs in wholesale and retail trade (44.47%) topped the list, which was the same for female-owned SMEs. This was followed by construction (11.34%), manufacturing (10.15%), accommodation and food service activities (9.82%), and other service activities (4.92%) (Figure 1-2-2).

Figure 1-2-2 Industry Distribution of SMEs by Sex of Business Owner, 2022



Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

4. The Percentage of Female-owned SMEs in Business for 10 Years or under Was Slightly Higher than for Male-owned SMEs

In terms of the number of years in business, there were 43,290 new female-owned (less than one year since establishment) SMEs in 2022, 21,940 fewer than the 65,230 male-owned SMEs. In terms of the percentage of SMEs with under 10 years in business, the percentage of female-owned SMEs (49.98%) was slightly higher than that of male-owned SMEs (47.08%), showing that female SME owners had been in business for fewer years than their male counterparts (Table 1-2-2).

Table 1-2-2 Number and Shares of SMEs by Particular Ages and Sex of Business Owner, 2022

Unit: Enterprises; %

Age	Sex of owner	Total men and women	Female-owned enterprises		Male-owned enterprises	
			No. of enterprises	Share of total	No. of enterprises	Share of total
Total		1,615,664	602,833	100.00	1,012,831	100.00
Less than 1 year		108,520	43,290	7.18	65,230	6.44
1 – 2 years		117,883	46,865	7.77	71,018	7.01
2 – 3 years		97,911	38,726	6.42	59,185	5.84
3 – 4 years		82,023	31,770	5.27	50,253	4.96
4 – 5 years		74,973	28,854	4.79	46,119	4.55
5 – 10 years		296,814	111,791	18.54	185,023	18.27
10 – 20 years		384,282	144,156	23.91	240,126	23.71
20 years or more		453,258	157,381	26.11	295,877	29.21

Note: The difference between the sum of all indicators and the sum listed in Table 1-1-7 arises because representatives of some enterprises were legal persons or foreigners and thus their gender could not be distinguished.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

5. Approximately 60% of Female-owned SMEs Were Sole Proprietorships

In terms of the organization type, sole proprietorships accounted for the largest share of both male- and female-owned SMEs, with 58.90% for female-owned SMEs and 48.71% for male-owned SMEs. They were followed by limited companies, which accounted for 28.94% and 32.45%, respectively.

Companies limited by shares accounted for the 3rd largest share, with 6.31% and 10.08%, respectively. The top 3 organization types accounted for 94.15% and 91.24% of female-owned and male-owned SMEs, respectively. This shows that the organization types of female-owned and male-owned SMEs were generally similar, but sole proprietorships accounted for a higher percentage of female-owned SMEs (Table 1-2-3).

Table 1-2-3 Number and Shares of SMEs by Form of Organization and Sex of Business Owner, 2022

Unit: Enterprises; %

Organization	Sex of owner	Total men and women	Female-owned enterprises		Male-owned enterprises	
			No. of enterprises	Share of total	No. of enterprises	Share of total
Total		1,615,664	602,833	100.00	1,012,831	100.00
Company limited by shares		140,096	38,044	6.31	102,052	10.08
Limited company		503,072	174,436	28.94	328,636	32.45
Partnership		39,250	14,516	2.41	24,734	2.44
Sole proprietorship		848,395	355,070	58.90	493,325	48.71
Subsidiary of domestic company		39,495	9,069	1.50	30,426	3.00
Others		45,356	11,698	1.94	33,658	3.32

Notes:

1. The difference between the sum of all indicators and the sum listed in Table 1-1-8 arises because representatives of some enterprises were legal persons or foreigners and thus their gender could not be distinguished.
2. Due to data restrictions, the “unlimited companies” and “unlimited companies with limited liability shareholders” in the organization types are listed as “others” starting from 2021; “branches of foreign companies” are listed as “others” starting from 2022.
3. “Others” refer to business entities that are not companies, sole proprietorships, and partnerships. They mainly include branch institutions of domestic companies such as “business offices (premises), stores (departments), and branch stores” that are not classified as branch companies. They also include “unlimited companies,” “unlimited companies with limited liability shareholders,” and “branches of foreign companies.”

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

6. Newly-established Female-owned SMEs Accounted for Nearly 40% of All New SMEs

Among the owners of new SMEs established by both genders (less than 1 year) in 2022, those owned by female owners totaled approximately 43,290 SMEs, which accounted for approximately 40% (39.89%) of new SMEs established by both genders. The number was a decrease of approximately 2,752 enterprises (or 5.98%) compared to 2021. New SMEs established by male owners totaled 65,230, and the ratio exceeded 60% (60.11%) (Table 1-2-4).

In terms of the revenue of new enterprises, the revenue of new SMEs established by female owners and male owners totaled NT\$86.129 billion and NT\$153.486 billion, respectively, and the total was NT\$239.615 billion. It accounted for approximately 0.92% of total SME revenue (NT\$26,050.038 billion), and accounted for 1.37% and 0.78% of the total revenue of SMEs owned by female and male owners, respectively. Although the ratio of revenue of newly-established SMEs with female owners accounted for a slightly higher ratio of revenue than new SMEs set up by male owners, they accounted for approximately 35.94% of the overall revenue of new SMEs, which was lower than the 64.06% for male owners. The revenue of newly-established SMEs with male owners was approximately 1.78 times that of SMEs with female owners. As the enterprises continue to operate, the gap between the revenue of male-owned and female-owned enterprises widens (Table 1-2-4).

Table 1-2-4 Number and Sales Performance of Newly-established SMEs by Sex of Business Owner, 2022

Unit: Enterprises; million NT\$; %

Indicator \ Item	Male and female combined (1)	Female-owned enterprise size (2)	Female-owned enterprise ratio (3)=(2)/(1)	Female-owned enterprise structural ratio	Male-owned enterprise size (4)	Male-owned enterprise ratio (5)=(4)/(1)	Male-owned enterprise structural ratio
Number	108,520	43,290	39.89	-	65,230	60.11	-
Sales	239,615	86,129	35.94	100.00	153,486	64.06	100.00
Domestic sales	229,948	83,627	36.37	97.10	146,321	63.63	95.33
Export sales	9,667	2,502	25.88	2.90	7,165	74.12	4.67

Notes:

1. “-”: not applicable.

2. The difference between the sum of all indicators and the sum listed in Table 1-1-4 arises because representatives of some enterprises were legal persons or foreigners and thus their gender could not be distinguished.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

In terms of domestic sales and exports, at least 87% of the revenue of all SMEs was from domestic sales. 95% of revenue of new SMEs established by owners of both genders was from domestic sales (97.10% for female owners and 95.33% for male owners). It shows that in the early stages of development, new enterprises generally focus on the domestic market and their ratio of domestic sales was significantly higher than the ratio of domestic sales of new SMEs established by owners of both genders (Figure 1-2-1 and Table 1-2-4).

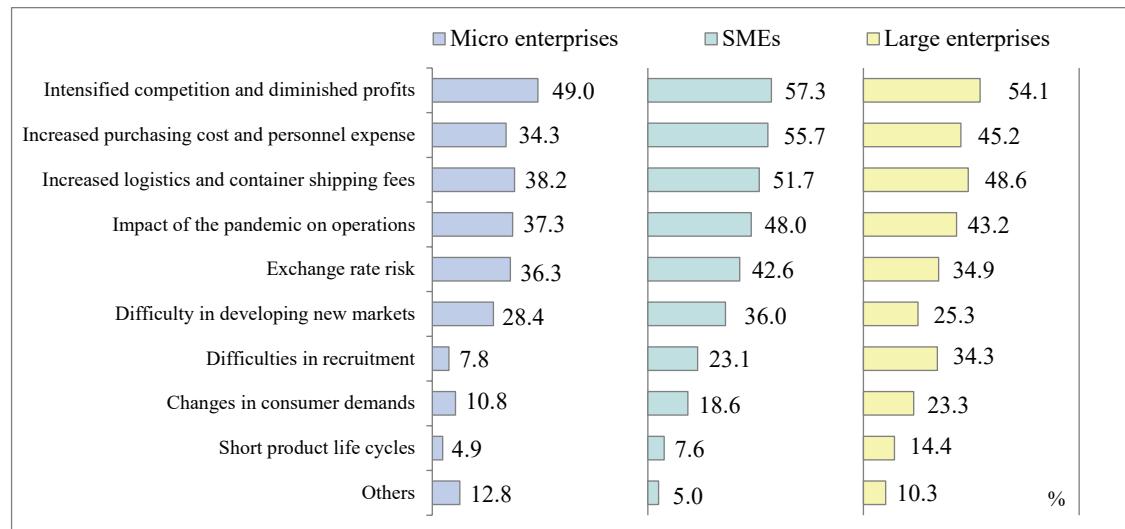
III Business Performance of SMEs

The overview of the business operations of SMEs is based on the results of the “Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022” compiled by the Department of Statistics, Ministry of Economic Affairs. The scale of enterprises is based on the definitions in the “Standards for Identifying Small and Medium-sized Enterprises” published on June 24, 2020. As a result, micro enterprises refer to those with fewer than 5 employees, small and medium enterprises refer to those with fewer than 200 employees (including those with fewer than 5 employees), and large enterprises refer to those with 200 or more employees. It must be noted that the survey questions were designed to be multiple selection questions and so the total sum of all options in the survey may often exceed 100%.

1. Wholesale Trade Business Performance

(1) The Main Business Predicaments for Wholesale Trade: “Intensified Competition and Diminished Profits”

Regardless of size, the main business predicaments for wholesale in 2022 were “intensified competition and diminished profits.” They accounted for 49% for micro enterprises and more than 50% for SMEs and large enterprises. The second and third predicaments for micro enterprises were “increased logistics and container shipping fees” (38.2%) and “impact of the pandemic on operations” (37.3%). The business predicaments for SMEs were “increased purchasing cost and personnel expense” (55.7%) and “increased logistics and container shipping fees” (51.7%) (Figure 1-3-1).

Figure 1-3-1 Wholesale Trade Business Predicaments in 2022 by Size (Multiple Selection)

Note: The sample size of the wholesale industry totaled 2,011 companies, including 102 micro enterprises, 1,865 SMEs, and 146 large enterprises.

Source: Department of Statistics, Ministry of Economic Affairs (2022, October). *Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022*.

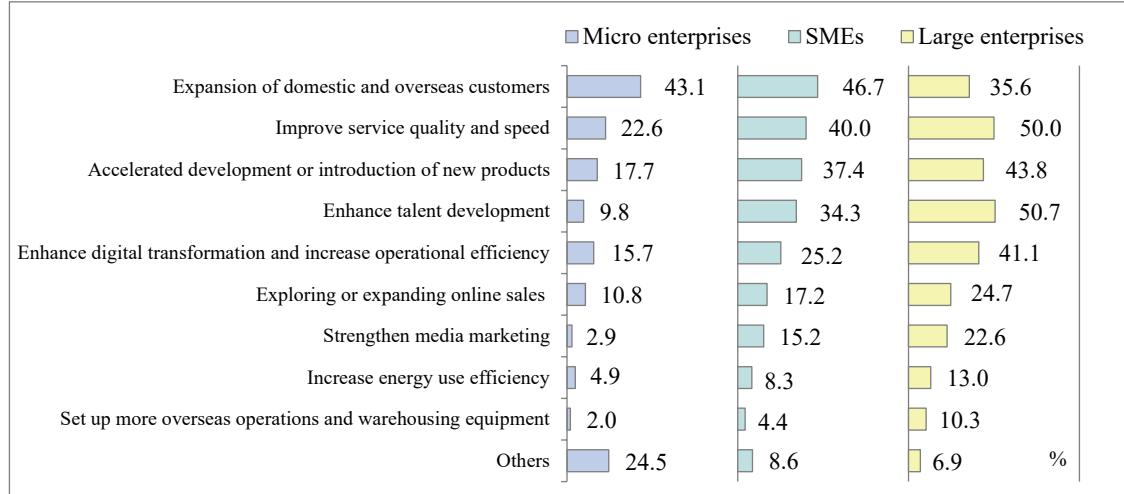
(2) Future Business Development Plans for SMEs in Wholesale Trade Focus on “Expansion of Domestic and Overseas Customers”

We asked wholesale trade enterprises of different scales regarding their future business development plan. The primary goal of micro and SME wholesalers was “expansion of domestic and overseas customers,” which accounted for more than 40%. It was followed by “improve service quality and speed.” In response to new business models and markets as well as diverse consumer preferences, “accelerated development or introduction of new products” was the third priority. Large wholesalers focused on “enhance talent development” in their future business development plans, which accounted for 50% (Figure 1-3-2).

(3) Main Target for Future Overseas Expansion is “Mainland China (including Hong Kong and Macau)”

We asked wholesale trade enterprises of different scales regarding their targets for future overseas expansion. “Mainland China (including Hong Kong and Macau)” accounted for the highest ratio with 20% to 30%. It was followed by the United States with approximately 20%. Micro enterprises targeted Japan and Vietnam as their third targets, both of which accounted for 13.7%. SMEs and large enterprises targeted New Zealand and Australia as their third targets, which accounted for 17.8% and 20.6% (Figure 1-3-3).

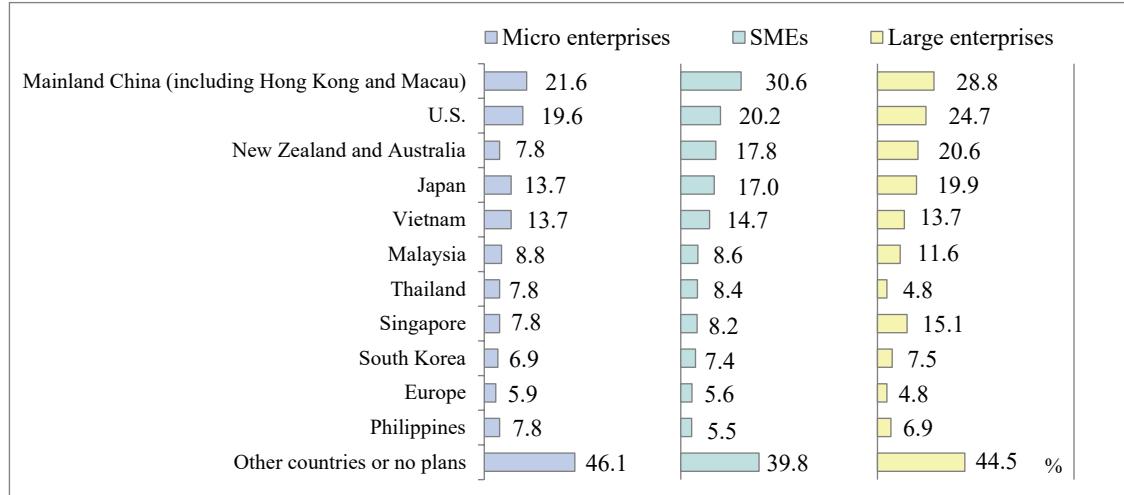
Figure 1-3-2 Future Business Development Plans of Wholesale Trade in 2022 by Size (Multiple Selection)



Note: The sample size of the wholesale industry totaled 2,011 companies, including 102 micro enterprises, 1,865 SMEs, and 146 large enterprises.

Source: Department of Statistics, Ministry of Economic Affairs (2022, October). *Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022*.

Figure 1-3-3 Overseas Markets for Enhanced Future Expansion by Wholesalers in 2022 by Size (Multiple Selection)



Note: The sample size of the wholesale industry totaled 2,011 companies, including 102 micro enterprises, 1,865 SMEs, and 146 large enterprises.

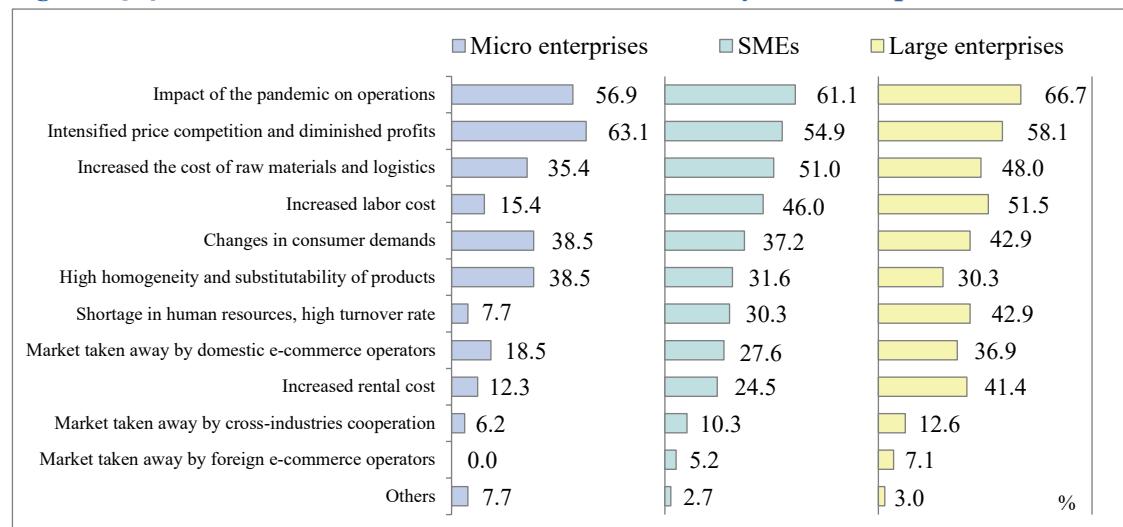
Source: Department of Statistics, Ministry of Economic Affairs (2022, October). *Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022*.

2. Retail Trade Business Performance

(1) The Business Predicaments for Retailers: “Impact of the Pandemic on Operations” and “Intensified Price Competition and Diminished Profits”

Regardless of size, the main business predicaments for retailers in 2022 were “impact of the pandemic on operations” and “price competition and diminished profits,” which accounted for 50% to 70%. The rankings were different for micro enterprises. For micro enterprises, the “changes in consumer demand” and “high homogeneity and substitutability of products” both ranked third with 38.5%. The third and fourth predicaments for SMEs were cost factors, including “increased the cost of raw materials and logistics” (51.0%) and “increased labor cost” (46.0%) (Figure 1-3-4).

Figure 1-3-4 Retail Trade Business Predicaments in 2022 by Size (Multiple Selection)



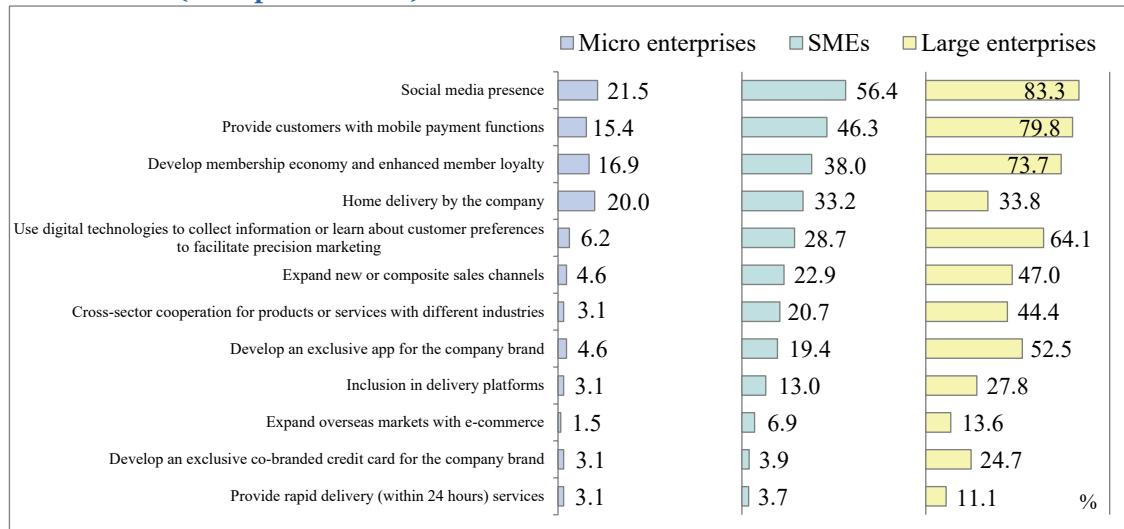
Note: The sample size of the retail industry totaled 1,116 companies, including 65 micro enterprises, 918 SMEs, and 198 large enterprises.

Source: Department of Statistics, Ministry of Economic Affairs (2022, October). *Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022*.

(2) Primary Development Strategy for Retailers is “Social Media Presence”

The primary development strategy for retailers of all sizes in 2022 was “social media presence” with 21.5% for micro enterprises, 56.4% for SMEs, and 83.3% for large enterprises. As for the second and third development strategies, micro enterprises focused on “home delivery by the company” and “develop membership economy and enhanced member loyalty.” SMEs and large enterprises focused on “provide customers with mobile payment functions” and “develop membership economy and enhanced member loyalty” (Figure 1-3-5).

Figure 1-3-5 Business Strategies for the Development of Retail Trade in 2022 by Size (Multiple Selection)



Notes:

1. The sample size of the retail industry totaled 1,116 companies, including 65 micro enterprises, 918 SMEs, and 198 large enterprises.

2. The data shown in the figure is the ratio of enterprises that currently adopt the business strategy.

Source: Department of Statistics, Ministry of Economic Affairs (2022, October). *Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022*.

3. Food and Beverage Service Activities Business Performance

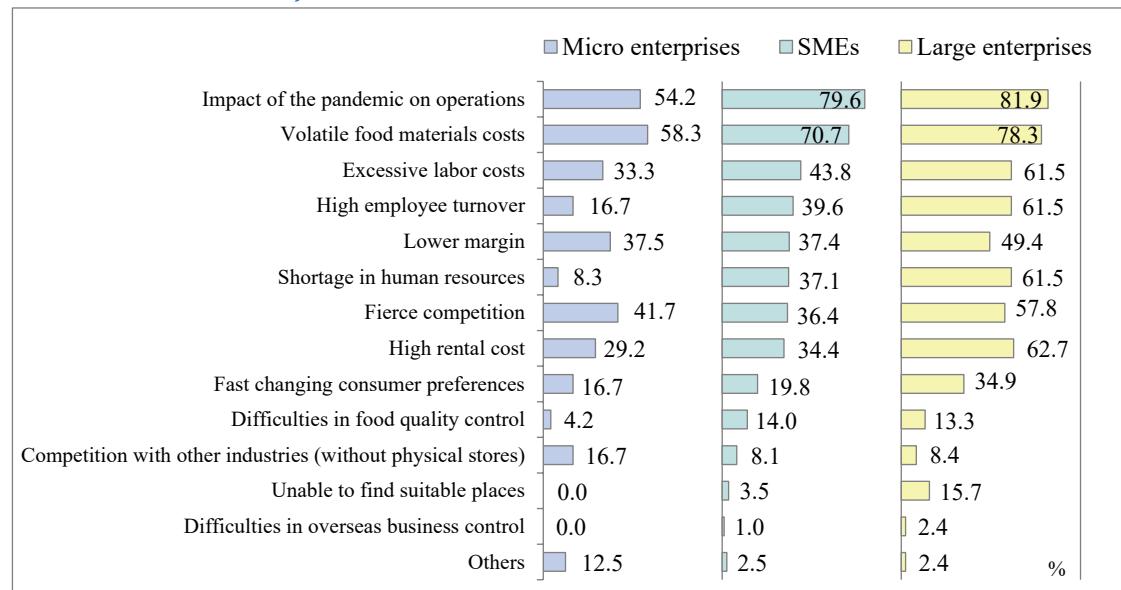
(1) Top 2 Business Predicaments for Food and Beverage Service Activities: “Impact of the Pandemic on Operations” and “Volatile Food Materials Costs”

Regardless of size, the main business predicaments for food and beverage service activities in 2022 were “impact of the pandemic on operations” and “volatile food materials costs.” These predicaments were faced by approximately 50% of the micro enterprises and 70% to 80% of SMEs and large enterprises. The rankings were different for micro enterprises. The third business predicament is “fierce competition” for micro enterprises (41.7%), “excessive labor costs” (43.8%) for SMEs, and “high rental cost” (62.7%) for large enterprises (Figure 1-3-6).

(2) Top 3 Main Business Development Plans of Micro Enterprises and SMEs in Food and Beverage Service Activities: “Lowering the Cost of Materials,” “Strengthening Food Safety Controls,” and “Reducing Labor Costs”

Due to the impact of factors such as the increase in prices of imported raw materials, increase in wages, and increase in consumer awareness regarding food safety, the top 3 future business development plans for micro and SMEs in food and beverage service activities were “lowering the cost of materials,” “strengthening food safety controls,” and “reducing labor costs” but with different rankings. The top 2 main business development plans of large enterprises in food and beverage service activities were “strengthening food safety controls” and “developing new products” (Figure 1-3-7).

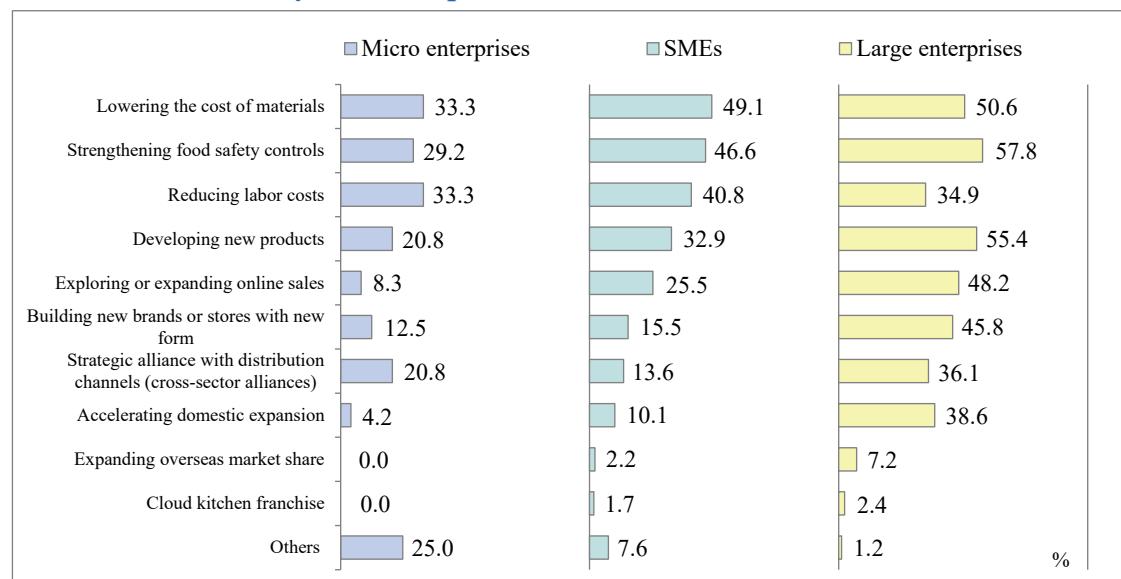
Figure 1-3-6 Food and Beverage Service Activities Predicaments in 2022 by Size (Multiple Selection)



Note: The sample size of the food and beverage service industry totaled 676 companies, including 24 micro enterprises, 593 SMEs, and 83 large enterprises.

Source: Department of Statistics, Ministry of Economic Affairs (2022, October). *Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022*.

Figure 1-3-7 Future Business Development Plans of Food and Beverage Service Activities in 2022 by Size (Multiple Selection)



Note: The sample size of the food and beverage service industry totaled 676 companies, including 24 micro enterprises, 593 SMEs, and 83 large enterprises.

Source: Department of Statistics, Ministry of Economic Affairs (2022, October). *Report of the Survey Analysis of Wholesale, Retail and Food Services in 2022*.

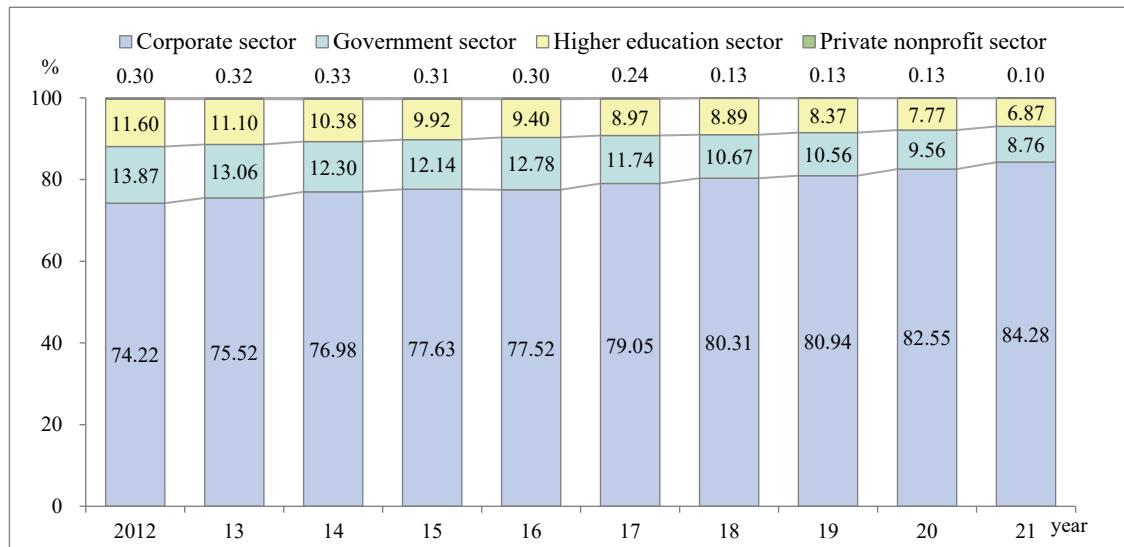
IV Overview of SMEs' Expenditure on R&D

R&D expenditures are crucial for the survival and growth of SMEs amid intense market competition and the continuous upgrading of products, technologies, and services. This section provides an overall description of the R&D investments of SMEs based on the “Indicators of Science and Technology Taiwan 2022” published by the NSTC.

1. The Corporate Sector Spearheaded R&D

Total R&D expenses in Taiwan in 2021 amounted to NT\$820.632 billion, which reflected growth of 14.26% compared with the NT\$718.191 billion in 2020. The R&D expenditures of all sectors as a percentage of all R&D expenditures in Taiwan were as follows: the corporate sector invested NT\$691.589 billion (84.28%), the government sector invested NT\$71.855 billion (8.76%), the higher education sector invested NT\$56.339 billion (6.87%), and the private nonprofit sector invested only NT\$848 million (0.10%). The corporate sector has always been the main source of R&D funding in Taiwan, and the proportion of R&D funding in the corporate sector rose from 74.22% in 2012 to 84.28% in 2021, an increase of 10.06%. In 2021, the growth rate of R&D expenditures in the corporate sector reached 16.56% (Figure 1-4-1).

Figure 1-4-1 Ratio of R&D Expenditure by Sector, 2012-2021



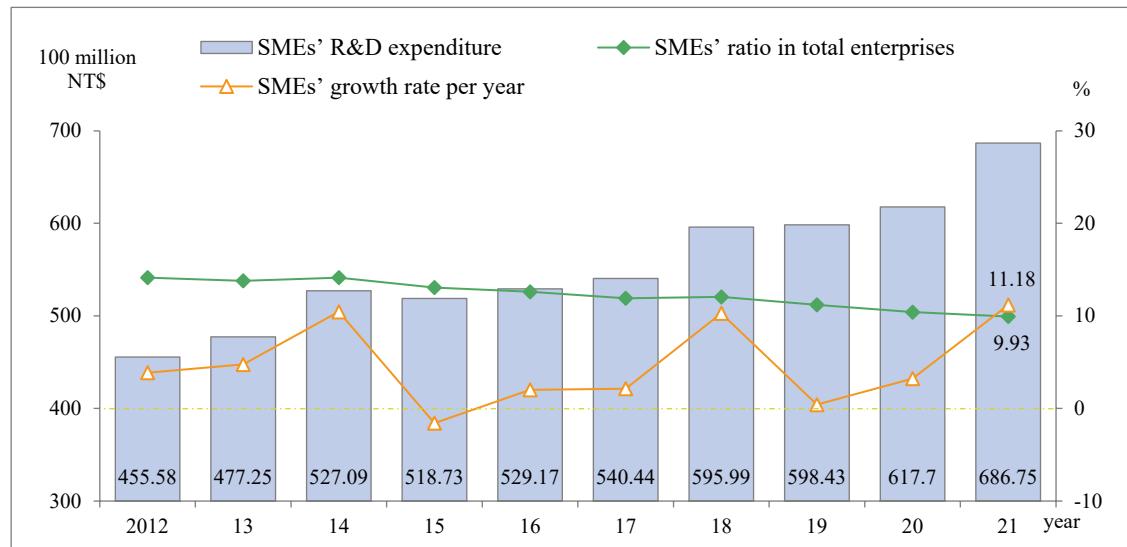
Source: National Science and Technology Council (2022, December). *Indicators of Science and Technology Taiwan 2022*.

2. 2021 R&D Expenditures of SMEs Increased Compared to 2020

Total R&D expenditures of SMEs amounted to NT\$68.675 billion in 2021, accounting for 11.18% of the total for all enterprises. During the past decade, the percentage of R&D expenditures of SMEs in the corporate sector declined from 14.14% in 2012 to 9.93% in 2021. However, the R&D expenditures of SMEs generally increased and the growth rate shifted from negative to positive in 2016. The growth rate in 2018 and 2021 exceeded 10% (Figure 1-4-2). The R&D expenditures of large enterprises rose each year from 2012 to 2021, with a growth rate of 17.18% being recorded in

2021.

Figure 1-4-2 Overview of SMEs' R&D Expenditure, 2012-2021



Note: SMEs here are those enterprises with fewer than 200 employees.

Source: National Science and Technology Council (2022, December). *Indicators of Science and Technology Taiwan 2022*.

CHAPTER 2

Financial and Funding Analysis of SMEs

SMEs are generally weaker compared to large enterprises, particularly in terms of finance. Financial analysis is therefore indispensable for learning more about the current status and development of SMEs. Furthermore, for SMEs without sufficient funding, maintaining smooth cash and financial flows is critical.

Financial indicators are used in this Chapter to understand the business management of SMEs. In Section I and Section II, we provide a financial overview of SMEs. However, as it is difficult to obtain financial data for SMEs, the basis for the analysis is the latest information from the Fiscal Information Center, Ministry of Finance on the income tax reporting of profit-seeking enterprises. The latest available information is for 2021. Therefore, the data herein are one year older than the data used in the other chapters. In Section III, we use the data from the survey conducted by the Central Bank and the Financial Supervisory Commission to review the financial transactions between SMEs and banks.

The definitions of the size of enterprises in the statistics from the financial indicators for 2020 and 2021 in this Chapter are based on the “Standards for Identifying Small and Medium-sized Enterprises” revised and promulgated by the Ministry of Economic Affairs on June 24, 2020. SMEs refer to enterprises with a paid-in capital of less than NT\$100 million. As figures are rounded to the nearest number, the total may not be equal to the sum of the items, and the total of the ratios may not be equal to 100%. Readers are advised to pay attention to this detail.

I SMEs: Consolidated Financial Analysis

In this section, the common size statement (conversion of values in the balance sheet to a common ratio of 100 based on the total assets) approach is adopted to observe the enterprise's capital utilization and asset allocation and to understand the overall financial structure of SMEs.

1. Asset Allocation Analysis

(1) Current Assets of SMEs Accounted for More than 60% of Total Assets

Overall, the current assets to total assets ratio and the debt ratio of SMEs in Taiwan increased in 2021 and the debt ratio also increased. According to the data on current assets, cash holdings increased slightly and accounted for more than 20% of total assets. Receivables and inventories also accounted for more than 15%. Non-current assets of SMEs accounted for nearly 40% of total assets. Fixed assets accounted for a higher ratio with 19.55% (Table 2-1-1).

Table 2-1-1 Consolidated Balance Sheet for Taiwanese Enterprises, 2020-2021

Item	Enterprise size Year		SMEs		Large enterprises	
	2020	2021	2020	2021	2020	2021
Current assets	60.33	61.04	48.87	48.86		
Cash	22.08	22.91	18.59	18.08		
Accounts receivable	15.21	15.62	24.71	24.65		
Inventories	18.81	18.32	4.31	4.74		
Advance payments	2.17	2.05	0.33	0.37		
Other current assets	2.06	2.14	0.93	1.03		
Non-current assets	39.67	38.96	51.13	51.14		
Long-term investment	9.70	9.71	17.03	17.32		
Fixed assets	21.45	19.55	8.79	8.56		
Land and properties	14.98	13.73	4.14	3.97		
Machinery and equipment	5.08	4.59	3.90	3.94		
Other fixed assets	1.38	1.23	0.74	0.66		
Intangible and other assets	8.52	9.70	25.31	25.25		
Total assets = Liabilities + Net worth	100.00	100.00	100.00	100.00		
Liabilities	66.72	68.17	73.15	72.15		
Current liabilities	55.42	55.43	47.24	46.90		
Short-term loans	14.48	15.71	31.51	30.65		
Accounts payable	16.41	15.80	6.95	7.05		
Income received in advance	5.31	5.40	3.10	3.26		
Other current liabilities	19.22	18.53	5.67	5.94		
Non-current liabilities	11.29	12.74	25.91	25.25		
Net worth	33.28	31.83	26.85	27.85		

Source: Fiscal Information Agency, Ministry of Finance, Business Income Tax Return data, 2020-2021.

In terms of the financial indicators in different industries, of the 16 major industries in 2021, SMEs in 10 industries had current assets in excess of 50% of total assets. They included manufacturing, construction, wholesale and retail trade, transportation and storage, information and communication, real estate activities, professional, scientific and technical activities, support service activities, education, and other service activities (Table 2-1-2).

Table 2-1-2 Consolidated Balance Sheet for Taiwanese SMEs by Industry, 2021

Item	Industry	Unit: %							
		Agriculture, forestry, fishing and animal husbandry; mining and quarrying	Manufacturing	Electricity and gas supply; water supply and remediation activities	Construction	Wholesale and retail trade	Transportation and storage	Accommodation and food service activities	Information and communication
Current assets	42.89	57.31	34.32	82.50	73.34	62.93	40.56	71.64	
Cash	18.52	21.76	16.81	21.01	26.13	23.27	20.67	33.39	
Accounts receivable	9.17	18.66	10.82	17.75	22.52	27.83	8.56	23.46	
Inventories	7.29	13.58	2.70	39.85	20.12	0.40	5.66	3.97	
Advance payments	6.08	2.04	2.62	2.35	2.86	2.62	2.23	3.92	
Other current assets	1.84	1.27	1.36	1.54	1.71	8.81	3.44	6.90	

Industry Item	Agriculture, forestry, fishing and animal husbandry; mining and quarrying	Manufacturing	Electricity and gas supply; water supply and remediation activities	Construction	Wholesale and retail trade	Transporta- tion and storage	Accommo- dation and food service activities	Informa- tion and communica- tion
Non-current assets	57.11	42.69	65.68	17.50	26.66	37.07	59.44	28.36
Long-term investment	4.65	1.78	4.15	1.64	3.36	3.01	2.25	4.90
Fixed assets	44.68	37.29	53.93	11.67	18.86	28.58	46.09	14.48
Land and properties	13.85	25.56	9.37	5.38	14.29	7.70	31.94	9.78
Machinery and equipment	25.62	10.16	32.81	5.15	3.41	19.65	5.31	2.80
Other fixed assets	5.21	1.57	11.75	1.15	1.16	1.23	8.83	1.91
Intangible and other assets	7.77	3.63	7.60	4.18	4.44	5.48	11.10	8.98
Total assets =Liabilities + Net worth	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Liabilities	75.74	68.50	67.49	73.05	69.25	59.92	87.00	81.94
Current liabilities	55.59	55.46	42.57	67.00	60.17	50.40	65.17	72.07
Short-term loans	15.92	16.95	13.38	8.41	14.91	8.19	14.62	7.30
Accounts payable	12.93	20.21	16.10	15.74	25.71	21.19	18.50	30.81
Income received in advance	1.30	3.26	1.35	32.81	2.47	0.91	0.97	6.32
Other current liabilities	25.44	15.04	11.75	10.05	17.08	20.11	31.08	27.65
Non-current liabilities	20.15	13.04	24.92	6.05	9.08	9.52	21.83	9.87
Net worth	24.26	31.50	32.51	26.95	30.74	40.08	13.00	18.05

Table 2-1-2 Consolidated Balance Sheet for Taiwan SMEs by Industry, 2021 (Continued)

Unit: %

Industry Item	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Support service activities	Education	Human health and social work activities	Arts, entertain- ment and recreation	Other service activities
Current assets	42.75	61.91	65.59	55.82	60.53	45.83	40.84	62.43
Cash	26.72	12.54	32.67	25.61	39.17	23.67	23.65	26.92
Accounts receivable	9.97	4.19	21.62	24.47	11.04	15.89	8.09	16.50
Inventories	3.73	39.80	6.22	1.81	1.26	1.04	2.51	13.40
Advance payments	0.36	2.56	2.29	1.60	4.68	3.58	3.92	2.51
Other current assets	1.98	2.82	2.80	2.34	4.38	1.65	2.67	3.09
Non-current assets	57.25	38.09	34.41	44.18	39.47	54.17	59.16	37.57
Long-term investment	32.21	5.29	10.61	10.86	2.45	2.31	2.64	5.09
Fixed assets	3.81	19.01	15.41	25.32	24.79	41.20	40.64	23.30
Land and properties	3.46	17.74	10.73	9.51	16.59	25.08	26.63	14.79
Machinery and equipment	0.29	0.63	3.27	8.88	3.39	8.45	6.38	5.65
Other fixed assets	0.06	0.64	1.41	6.93	4.82	7.67	7.64	2.86
Intangible and other assets	21.23	13.79	8.39	8.00	12.23	10.66	15.87	9.18
Total assets =Liabilities + Net worth	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Liabilities	53.86	81.89	71.41	58.62	86.94	65.27	89.72	71.25
Current liabilities	40.67	60.89	60.80	46.56	70.00	50.20	59.92	62.32

Item \ Industry	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Support service activities	Education	Human health and social work activities	Arts, entertainment and recreation	Other service activities
Short-term loans	19.74	18.09	7.87	9.90	14.79	5.32	10.94	8.46
Accounts payable	3.35	8.44	22.33	17.29	17.75	24.47	14.72	18.00
Income received in advance	0.26	5.09	7.19	2.78	12.59	3.92	3.68	10.83
Other current liabilities	17.31	29.28	23.40	16.59	24.88	16.48	30.58	25.04
Non-current liabilities	13.19	21.00	10.61	12.06	16.94	15.07	29.80	8.93
Net worth	46.14	18.11	28.59	41.39	13.06	34.74	10.28	28.75

Note: Due to data restrictions, starting from 2021, the “agriculture, forestry, fishing and animal husbandry” and “mining and quarrying” are listed as “agriculture, forestry, fishing and animal husbandry; mining and quarrying;” “electricity and gas supply” and “water supply and remediation activities” are listed as “electricity and gas supply; water supply and remediation activities.”

Source: Fiscal Information Agency, Ministry of Finance, Business Income Tax Return data, 2021.

(2) Long-term Investments of SMEs Accounted for Less than 10%

Long-term investment refers to the acquisition of shares of other companies to obtain financial or business benefits. Long-term assets, such as stocks and convertible bonds, are usually investments that are not intended to be converted to cash or disposed of within one year of operations. The long-term investments of SMEs accounted for less than 10% of total assets in 2021 when compared to 2020 (Table 2-1-1).

(3) Slight Decrease in Ratio of Fixed Assets to Total Assets

In 2021, the ratio of fixed assets to total assets decreased for both SMEs and large enterprises. In terms of the fixed assets of small and medium enterprises, the current assets to total assets ratio of SMEs was 19.55%. Land and properties accounted for the highest ratio with 13.73%. They were followed by machinery and equipment (4.59%) and other fixed assets (1.23%) (Table 2-1-1).

2. Analysis of SMEs' Financial Structure

After observing the asset allocation of SMEs, we explored their debt structure to fully understand the overall financial structure of SMEs. In 2021, the overall debt ratio of SMEs was 68.17%, which was a slight increase compared to 2020 and showed a slight increase in debt repayment stress. The current debt ratio was similar to 2020 with 55.43% and the non-current debt ratio rose to 12.74%. For large enterprises, the overall debt ratio in 2021 was 72.15%, which was higher than that for SMEs. The current debt ratio was 46.90% and the non-current debt ratio was 25.25% (Table 2-1-1).

3. Analysis of SMEs' Profit and Loss

Comprehensive income reflects the realized gains or losses incurred by an enterprise within a specific period and can be used to understand the reason for the increase and decrease in business profitability.

(1) Slight Increase in Ratio of Operating Costs

In terms of the ratio of operating cost to net operating income, the operating cost of SMEs in 2021

was 77.81%, which was a slight increase compared to 2020 (Table 2-1-3).

Table 2-1-3 Profit and Loss of Taiwanese Enterprises, 2020-2021

Item	Enterprise size Year	SMEs		Large enterprises		Unit: %
		2020	2021	2020	2021	
Net operating income		100.00	100.00	100.00	100.00	
Minus: Operating costs		77.17	77.81	87.48	84.91	
Operating gross profit		22.83	22.19	12.52	15.09	
Minus: Operating expenses		18.46	17.15	7.80	7.85	
Net operating profit		4.37	5.03	4.73	7.24	
Plus: Non-operating revenue		1.65	1.44	4.55	4.57	
Minus: Interest expenses		0.42	0.37	0.41	0.35	
Minus: Other non-operating expenses		0.59	0.47	2.24	2.30	
Current term profit		5.01	5.63	6.63	9.16	

Source: Fiscal Information Agency, Ministry of Finance, Business Income Tax Return data, 2020-2021.

(2) Reduced Ratio of Operating Expenses

Operating expenses refer to expenses derived from the business operations of enterprises such as employee salaries and rent. The operating expenses to net operating income ratio of SMEs decreased from 18.46% in 2020 to 17.15% in 2021, which was clearly higher than that of large enterprises (7.85%) (Table 2-1-3).

(3) Decrease in Operating Expenses Exceeded Increase in Operating Costs and Increased SME Profitability

Although SMEs had a lower ratio of operating costs, their ratio of operating expenses was higher than that of large enterprises. Despite a slight increase in the ratio of operating costs for SMEs, the decrease in the ratio of operating expenses was more significant. Overall, the profitability of SMEs in 2021 increased to 5.63% (Table 2-1-3).

II Analysis of SMEs' Financial Ratios

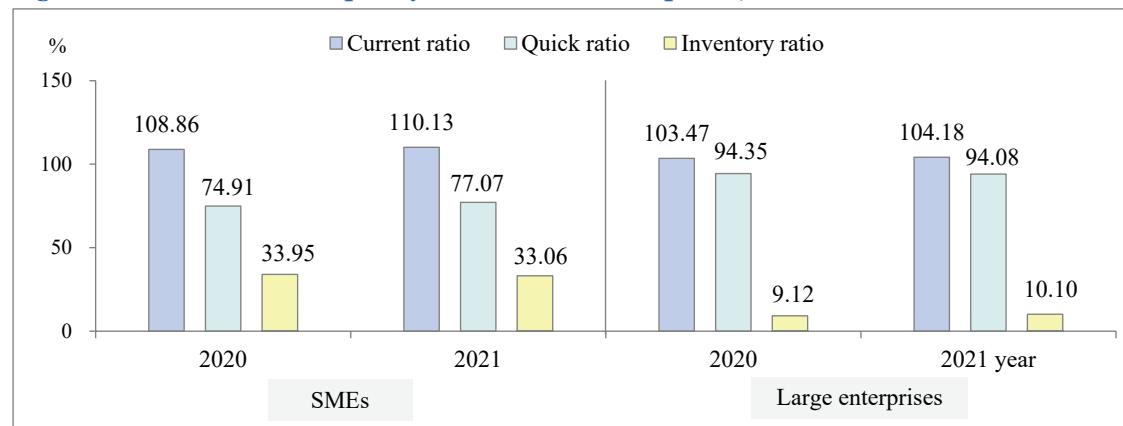
1. Increased Short-term Solvency

The short-term solvency of an enterprise can be evaluated by the current ratio and the quick ratio. The current ratio reflects the company's short-term solvency. As the quick ratio does not include inventory with lower liquidity in its calculation, it reflects a company's very short-term solvency. In terms of short-term solvency, both the current ratio and quick ratio of SMEs rose in 2021 from 108.86% and 74.91% in 2020 to 110.13% and 77.07%, which showed an increase in the short-term solvency of SMEs (Figure 2-2-1).

In terms of the inventory ratio, the inventory management of SMEs has always trailed that of large enterprises. Therefore, the inventory ratio of SMEs was significantly higher than that of large

enterprises. The inventory ratio in 2021 was 33.06% for SMEs and 10.10% for large enterprises (Figure 2-2-1).

Figure 2-2-1 Short-term Liquidity of Taiwanese Enterprises, 2020-2021



Notes: 1. Current ratio = current assets + current liabilities × 100%.

2. Quick ratio = (current assets - inventories) + current liabilities × 100%.

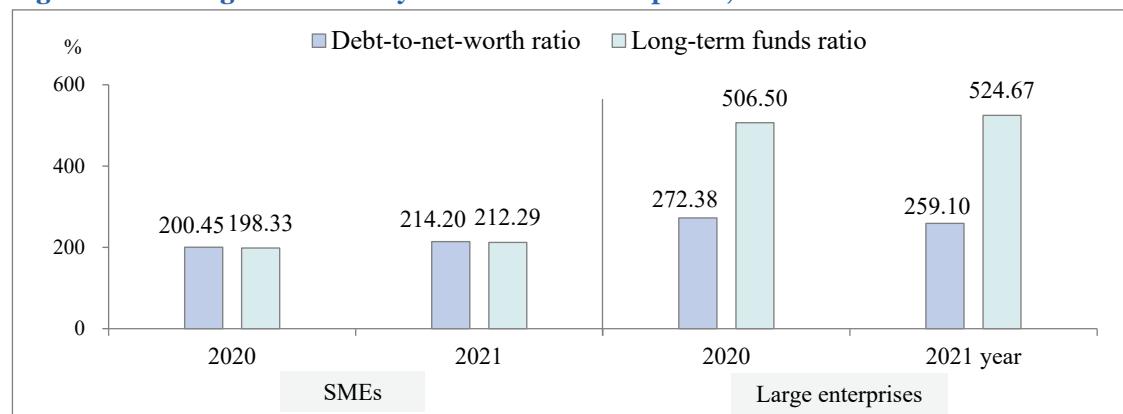
3. Inventory ratio = inventories + current liabilities × 100%.

Source: Fiscal Information Agency, Ministry of Finance, Business Income Tax Return data, 2020-2021.

2. Long-term Net Debt Ratio and Long-term Capital Ratio Were Above Standard

The general reference value of the net debt ratio is 100%. This means that every NT\$1 of capital covers NT\$1 in liabilities. A higher ratio indicates higher financial leverage. The net debt ratio in 2021 increased for SMEs but decreased for large enterprises. The net debt ratio of SMEs in 2021 rose from 200.45% in 2020 to 214.20% while the net debt ratio of large enterprises fell from 272.38% to 259.10%. However, the net debt ratio of large enterprises remained higher than that of SMEs. This shows that large enterprises still retain significantly higher financial leverage (Figure 2-2-2).

Figure 2-2-2 Long-term Stability of Taiwanese Enterprises, 2020-2021



Notes: 1. Debt-to-net-worth ratio = debt + net worth × 100% (reference value = 100; ideally, the ratio should be below the reference value).

2. Long-term funds ratio = (equity + long-term debt) + fixed assets × 100% (reference value = 100; ideally, the ratio should be above the reference value).

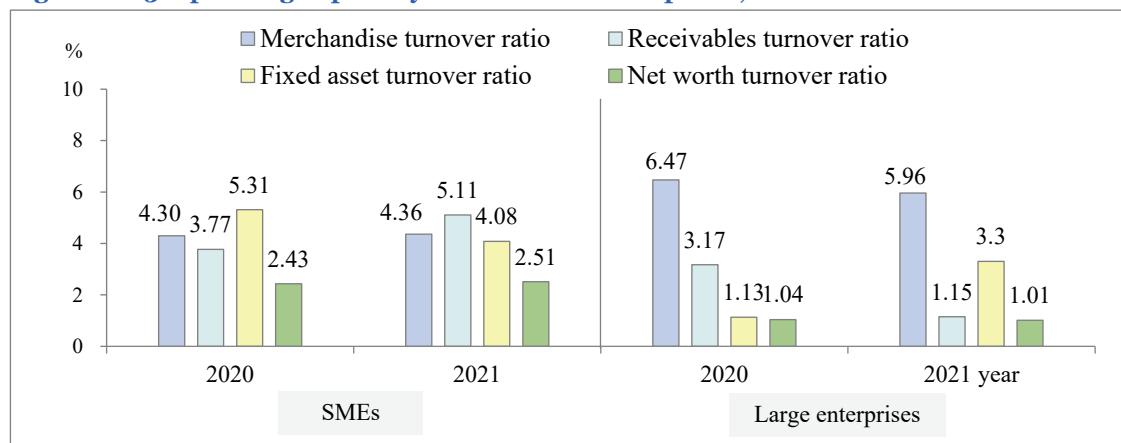
Source: Fiscal Information Agency, Ministry of Finance, Business Income Tax Return data, 2020-2021.

3. Business Capabilities of SMEs Remain Robust

Merchandise turnover ratio, receivables turnover ratio, fixed assets turnover ratio, and net worth turnover ratio are indicators that can be used to measure the efficiency of business operations. The merchandise turnover ratio is an indicator used for determining whether goods are shipped smoothly and can thus be used to determine the stability of the company's inventory and sales. The receivables turnover ratio is used to measure the effectiveness of an enterprise's credit expansion and payment collection. The fixed assets turnover ratio can be used to measure the efficiency of the use of fixed assets such as plant, machinery and equipment, and land. The net worth turnover ratio indicates the number of times the own capital is recovered. If the ratio is too high, it means that the own capital is too low and the business is less stable. If the ratio is too low, it means that the own capital is too high or the revenue is too low.

In 2021, the merchandise turnover ratio and receivables turnover ratio of SMEs increased from 4.30% in 2020 to 4.36% (the average inventory turnover days decreased slightly to 83.7 days). The receivables turnover ratio rose from 3.77 to 5.11 (the days of sales outstanding decreased significantly from 96.8 days to 71.4 days). The merchandise turnover ratio of large enterprises fell from 6.47 to 5.96 (the average inventory turnover days was approximately 61.2 days). The receivables turnover ratio fell from 3.17 to 1.15 (the days of sales outstanding rose significantly). Based on the two indicators, the sales of SMEs in 2021 became more stable and the debt recovery period was shortened (Figure 2-2-3).

Figure 2-2-3 Operating Capability of Taiwanese Enterprises, 2020-2021



Notes: 1. Merchandise turnover ratio = net sales ÷ inventories. 2. Receivables turnover ratio = net sales ÷ receivables.

3. Fixed assets turnover ratio = net sales ÷ fixed assets. 4. Net worth turnover ratio = net sales ÷ net worth.

5. Average inventory turnover days turnover = 365 ÷ inventory turnover ratio.

6. Days of sales outstanding = 365 ÷ receivables turnover ratio.

Source: Fiscal Information Agency, Ministry of Finance, Business Income Tax Return data, 2020-2021.

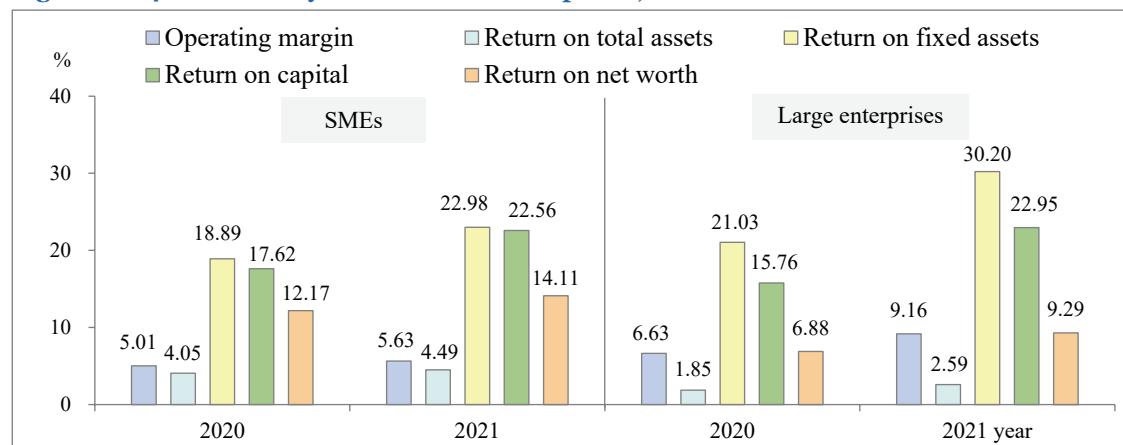
In terms of the fixed assets turnover ratio and net worth turnover ratio, the SMEs' fixed assets turnover ratio decreased from 5.31 in 2020 to 4.08 in 2021. The net worth turnover ratio rose from 2.43 to 2.51. The fixed asset utilization efficiency of SMEs decreased in 2021 while the ratio of own funds increased. The fixed asset turnover ratio of large enterprises rose from 1.13 in 2020 to 3.30 in 2021. The net worth turnover ratio decreased slightly from 1.04 to 1.01, which shows that although

large enterprises increased the fixed asset utilization efficiency, their fixed asset turnover ratio and net worth turnover ratio were both lower than that of SMEs. This shows that the business capabilities of SMEs remain robust (Figure 2-2-3).

4. Increase in Profitability of SMEs

The 5 profitability indicators include the operating margin, return on total assets, return on fixed assets, return on capital, and return on net worth. For SMEs in 2021, the operating margin was 5.63%, the return on total assets was 4.49%, the return on fixed assets was 22.98%, the return on capital was 22.56%, and the return on net worth was 14.11%. All figures increased from 2020. The performance of large enterprises in the 5 indicators of profitability also improved in 2021 compared to 2020, showing that the profitability improved for both SMEs and large enterprises in 2021 (Figure 2-2-4).

Figure 2-2-4 Profitability of Taiwanese Enterprises, 2020-2021



Notes: 1. Operating margin = current profit ÷ net operating income × 100%. 2. Return on total assets = current profit ÷ total assets × 100%.

3. Return on fixed assets = current profit ÷ fixed assets × 100%. 4. Return on capital = current profit ÷ net worth × 100%.

5. Return on net worth = current profit ÷ net worth × 100%.

Source: Fiscal Information Agency, Ministry of Finance, Business Income Tax Return data, 2020-2021.

III SME Funding and Financing

Corporate funding can be divided into internal and external funds. Internal funds include corporate earnings and reserves and the amounts are determined by the business operations of the company. External funds include private loans, business credit, loans from banks, and securities issued in the financial markets. Large enterprises have high earnings and large amounts of internal funding, but SMEs are more dependent on external capital financing.

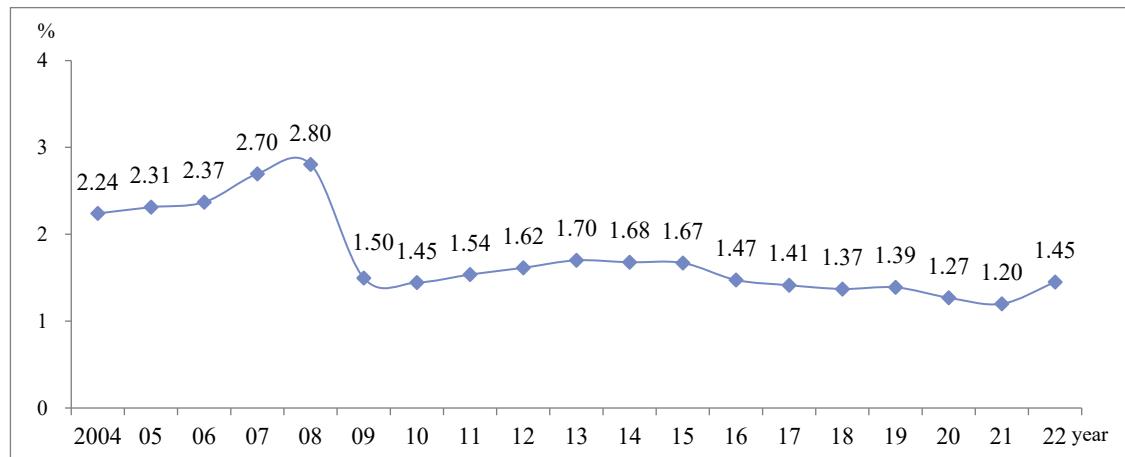
1. Corporate Financial Accommodations

(1) Slight Increase in the Borrowing Cost for Enterprises

The overall average new loan interest rate of the five major banks has fallen since 2013 (except for 2019 and 2022) and fell to 1.20% in 2021. The borrowing cost for enterprises has decreased. However, due to the continuous interest rate hikes by the United States Federal Reserve since March

2022, the average loan interest rate in Taiwan rose to 1.45% in 2022, which increased the borrowing cost for enterprises (Figure 2-3-1).

Figure 2-3-1 Average Interest Rate on New Loans by Taiwan's Five Largest Banks, 2004-2022



Notes: 1. The interest rates given in the figure are weighted averages for the month of December in each year.

2. Up until October 2008, the five largest banks in Taiwan were the Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank and Chang Hwa Commercial Bank; from November 2008 onwards the five largest banks were the Bank of Taiwan, Taiwan Cooperative Bank, First Commercial Bank, Hua Nan Commercial Bank and the Land Bank of Taiwan.

Source: Central Bank of the Republic of China (May 23, 2023). *Average Interest Rate on New Loans by Taiwan's Five Largest Banks*.

(2) Loans from Financial Institutions as Main Source of SME Funding

According to the “Report on the Results of the Survey on Funding Conditions of Public and Private Enterprises of the Republic of China” published by the Central Bank of the Republic of China in December 2022, enterprises are the main entities financed by loans and business credit (i.e., trading liabilities, payables, and advance receipts) provided by financial institutions. In terms of the ratio of loans obtained by enterprises of different sizes from financial institutions as of the end of 2021, loans for SMEs accounted for 53.14% and loans for large enterprises accounted for 35.51%. In terms of the ratio of business loans, SMEs accounted for 44.51% and large enterprises accounted for 47.14% (Table 2-3-1).

Table 2-3-1 Corporate Liability Structure as of the End of 2021

Unit: 100 million NT\$; %

Item	SMEs		Large enterprises	
	Amount	Share	Amount	Share
Total liabilities	95,381	100.00	276,333	100.00
Borrowings from financial institutions	50,682	53.14	98,124	35.51
Government loans	23	0.02	81	0.03
Borrowings from firms and individuals	1,340	1.40	2,795	1.01
Overseas borrowings	43	0.05	1,886	0.68
Transactions with repurchase clause	-	-	-	-
Short-term bills	458	0.48	8,163	2.95
Domestic corporate bonds	78	0.08	17,173	6.21

Item	SMEs		Large enterprises	
	Amount	Share	Amount	Share
Overseas securities	-	-	1,131	0.41
Commercial credit (Trading liabilities)	42,450	44.51	130,258	47.14
Provisions and other liabilities	307	0.32	16,722	6.05

Notes:

1. “-” denotes no data available or data uncertain.

2. Data may not sum to the total due to rounding.

3. An enterprise with total assets of NT\$100 million or more is classified as a large enterprise; a small-sized enterprise: less than NT\$100 million.

Source: Central Bank of the Republic of China (2022, December). *Report on the Results of the Survey on Funding Conditions of Public and Private Enterprises of the Republic of China*.

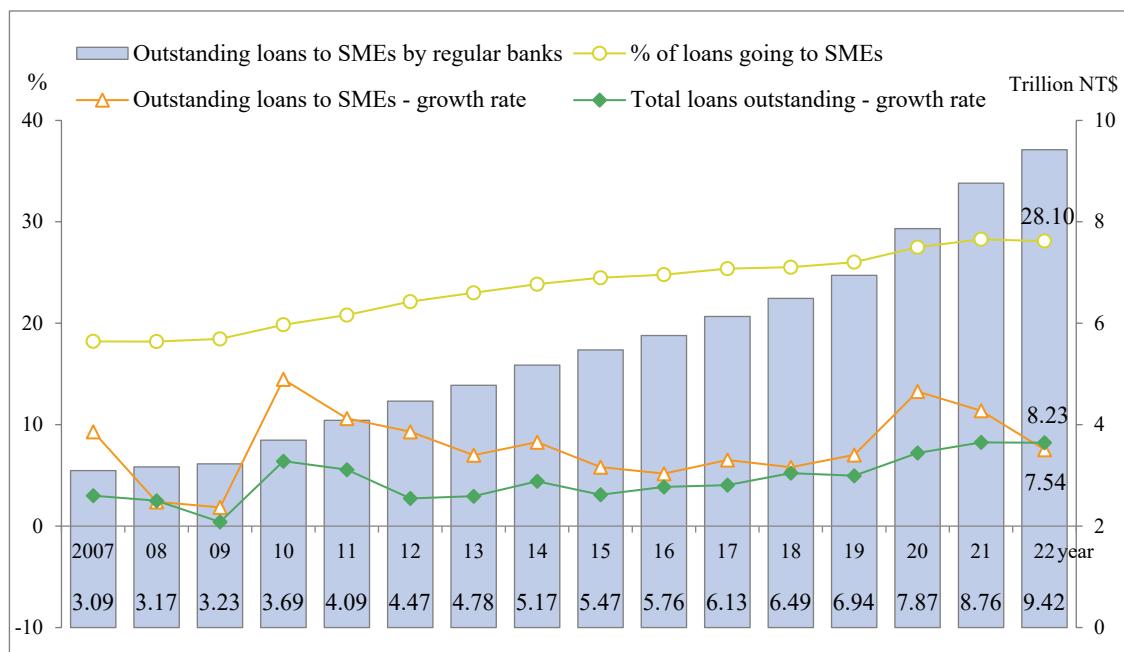
2. Overview of Bank Loans to SMEs

As bank loans are the main channel of financing for SMEs, we analyze the capital flow between SMEs and banks below.

(1) SME Loan Balance from Banks Remained High

As of the end of 2022, the SME loan balance from general banks (including branches of foreign banks in Taiwan and branches of Mainland Chinese banks in Taiwan but excluding overseas loans) continued to increase and reached a record high of approximately NT\$9.42 trillion. The SME loan balance as a percentage of the total loan balance decreased slightly from 28.28% as of the end of 2021 to 28.10%. The total loan balance as of the end of 2022 was 8.23%, which was higher than the 7.54% growth rate of the total balance of loans to SMEs (Figure 2-3-2).

Figure 2-3-2 Changes in Bank Loans to SMEs by Regular Banks, as of the End of 2007-2022



Note: Total loans outstanding = (regular banks' outstanding loans to SMEs, overdue loans included) ÷ (loans to SMEs as a percentage of total loans).
Source: Banking Bureau, Financial Supervisory Commission, “Database Inquiry System.”

(2) Top 10 Banks Based on SME Loan Balance

First Commercial Bank was ranked first among the top 10 banks based on the SME loan balance in 2022. Taiwan Cooperative Bank, Taiwan Business Bank, and Hua Nan Commercial Bank were ranked second to fourth. The top 10 banks by loan balance held a combined market share of 66.64%, slightly lower than the 68.22% as of the end of 2021 (Table 2-3-2).

Table 2-3-2 Top 10 Banks by Amount of Loans to SMEs as of the End of 2022

Bank	Loans outstanding	Market share	Loans to SMEs as percentage of total loans
			Unit: 100 million NT\$; %
Total	62,774.72	66.64	-
First Commercial Bank	9,300.41	9.87	48.13
Taiwan Cooperative Bank	8,294.82	8.81	35.01
Taiwan Business Bank	7,319.43	7.77	56.99
Hua Nan Commercial Bank	6,931.89	7.36	38.55
Mega International Commercial Bank	6,216.54	6.60	40.32
Land Bank of Taiwan	6,106.86	6.48	28.43
Chang Hwa Commercial Bank	5,701.33	6.05	38.61
E.Sun Commercial Bank	5,072.30	5.38	31.44
Bank of Taiwan	4,575.32	4.86	13.94
CTBC Bank	3,255.82	3.46	15.61

Note: “-”: not applicable.

Source: Banking Bureau, Financial Supervisory Commission (2023, February). *Statistics of Banking Business*.

(3) Top 10 Banks Based on SME Loan Balance as a Percentage of Total Loans Averaged Over 47% of Loans to SMEs

As of the end of 2022, among the top 10 banks in terms of SME loan balance as a percentage of total loans compared to those at the end of 2021, Hua Nan Commercial Bank was replaced by the Bank of Kaohsiung and there were minor changes in rankings. The SME loan balance as a percentage of total loans of the top 10 banks averaged 47.72%. For individual banks, King's Town Bank had the highest SME loan balance as a percentage of total loans of the bank with 64.14%. The top 10 banks with the highest SME loan balance ratio as of the end of 2022 included 4 public banks and 6 private banks (Table 2-3-3).

(4) Private Banks Actively Continued Bank Loans to SMEs

As of the end of 2022, the top 10 private banks in terms of the SME loan balances were the same as those at the end of 2021. The private bank with the highest loan balance as of the end of 2022 was E.Sun Commercial Bank with NT\$507.23 billion. There was a significant increase in the SME loan balance of the top 10 banks. For instance, the SME loan balance of CTBC Bank increased by 18.95% from the previous year with the highest growth rate. Bank SinoPac, Cathay United Bank, and Taishin International Bank also achieved growth rates of 18.50%, 12.57%, and 11.50%, respectively (Table 2-3-4).

Loans from foreign banks to SMEs in Taiwan remained low and only accounted for 0.76%. In terms of the balance of loans, the foreign bank with the highest balance of loans as of the end of 2021 was Mizuho Bank (NT\$61.215 billion) with an annual increase of 294.78%. It was followed by Sumitomo Mitsui Banking Corporation (NT\$40.093 billion) with an annual increase of 20.68% and MUFG Bank (NT\$25.749 billion) with an annual increase of 25.91% in third place (Table 2-3-5).

Table 2-3-3 Top 10 Banks Based on SME Loan Balance Ratio as of the End of 2021-2022

Unit: 100 million NT\$; %

As of the end of 2021			As of the end of 2022		
Bank	Loans outstanding	Loans to SMEs as percentage of total loans	Bank	Loans outstanding	Loans to SMEs as percentage of total loans
King's Town Bank	1,260.01	64.39	King's Town Bank	1,486.40	64.14
Taiwan Business Bank	7,092.52	58.76	Taiwan Business Bank	7,319.43	56.99
First Commercial Bank	8,664.51	50.27	Bank of Panhsin	864.20	48.68
Sunny Bank	1,969.37	48.96	Sunny Bank	2,120.23	48.30
Hwatai Bank	532.47	47.66	First Commercial Bank	9,300.41	48.13
Bank of Panhsin	772.94	44.51	Hwatai Bank	630.91	47.30
Taichung Commercial Bank	1,885.74	41.22	Bank of Kaohsiung	719.42	44.88
Shanghai Commercial & Savings Bank	2,496.18	39.72	Mega International Commercial Bank	6,216.54	40.32
Mega International Commercial Bank	5,965.66	39.28	Taichung Commercial Bank	1,932.54	39.56
Hua Nan Commercial Bank	6,921.93	38.84	Shanghai Commercial & Savings Bank	2,704.62	38.87

Source: Banking Bureau, Financial Supervisory Commission (2023, February). *Statistics of Banking Business*.**Table 2-3-4 Top 10 Private Banks by Amount of Loans to SMEs as of the End of 2021-2022**

Unit: 100 million NT\$; %

Bank	Loans outstanding as of the end of 2021	Loans outstanding as of the end of 2022	Annual growth rate
E.Sun Commercial Bank	4,697.05	5,072.30	7.99
CTBC Bank	2,737.23	3,255.82	18.95
Cathay United Bank	2,702.02	3,041.66	12.57
Bank SinoPac	2,557.63	3,030.79	18.50
Taipei Fubon Bank	2,556.46	2,715.75	6.23
Shanghai Commercial & Savings Bank	2,496.18	2,704.62	8.35
Taishin International Bank	2,310.49	2,576.19	11.50
Sunny Bank	1,969.37	2,120.23	7.66
Taichung Commercial Bank	1,885.74	1,932.54	2.48
Yuanta Bank	1,701.02	1,719.95	1.11

Source: Banking Bureau, Financial Supervisory Commission (2023, February). *Statistics of Banking Business*.

Table 2-3-5 Top 3 Foreign Banks Based on SME Loan Balance as of the End of 2021-2022

Unit: 100 million NT\$; %

Bank	Loans outstanding as of the end of 2021	Loans outstanding as of the end of 2022	Annual growth rate
Mizuho Bank	155.06	612.15	294.78
Sumitomo Mitsui Banking Corporation	332.22	400.93	20.68
MUFG Bank	204.51	257.49	25.91

Note: Foreign banks refer to foreign banks' branches in Taiwan.

Source: Banking Bureau, Financial Supervisory Commission, "Database Inquiry System."

CHAPTER 3

SMEs: Human Resources

The COVID-19 pandemic continued to affect domestic industries and the economy and also impacted the labor force and labor market in Taiwan in 2022. According to statistics from the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan, the labor force averaged 11,853 thousand people in 2022, a decrease of 66 thousand or 0.55% from 2021. The number of employed persons decreased by 29 thousand or 0.25%. The labor force participation rate rose to 59.18% in 2022, a 0.16% increase from the previous year. The increase in the labor force participation rate may be attributed to two factors. The first is the level 3 alert in 2021 which decreased the labor force participation rate to a relatively low point in recent years and reduced the baseline. The second is the significant increase in the population over the age of 15 who remained outside Taiwan due to the pandemic (the population over the age of 15 is the denominator for calculating the labor force participation rate). In addition, the annual average number of unemployed people was 434 thousand in 2022, which was a decrease of 37 thousand or 7.86% from the previous year. The average unemployment rate was 3.67%, which was also a decrease of 0.28% from the previous year.

This Chapter contains two sections on the overview of human resources in SMEs in Taiwan in 2022. Section I focuses on the use of the labor force in SMEs. The characteristics of the employed and unemployed (including age, gender, education level, and regional distribution in counties and cities) are evaluated based on size and industry with a comparison of changes. It also describes the SMEs' use of migrant workers, part-time workers, temporary workers, or dispatched labor. Section II focuses on the labor conditions in SMEs with a particular focus on the weekly work hours and salary levels by industry. It also provides a summary of recent manpower demand in Taiwan.

In terms of data processing, the related statistics on employment and the number of employed in this Chapter are based on the "Standards for Identifying Small and Medium-sized Enterprises" revised and promulgated by the Ministry of Economic Affairs on June 24, 2020. SMEs are defined as those enterprises with fewer than 200 regular employees. As figures are rounded to the nearest number, the total may not be equal to the sum of the items, and the total of the ratios may not be equal to 100%. Readers are advised to pay attention to this detail.

I Labor Utilization by SMEs

The distinguishing characteristics of the employed persons, paid employees, and unemployed of SMEs, the characteristics of owners and self-employed, the demand for and use of foreign laborers by SMEs, and the use of full-time workers, part-time workers, temporary or dispatched labor illustrate the unique characteristics of labor utilization by SMEs. They are described as follows.

1. Reduced Number of Employed Persons in SMEs but SMEs Remained the Main Source of Domestic Job Opportunities

The pandemic began to peak in Taiwan in May 2022 and it impacted the labor force and labor market. In 2022, the total number of employed persons in Taiwan (including employers and persons who are self-employed, government-employed, privately-employed, and unpaid family workers) totaled 11.418 million, which was a decrease of 29 thousand people (0.25% decrease) compared to 2021 (Table 3-1-1).

Table 3-1-1 Employed Persons and Paid Employees in Taiwan by Enterprise Size, 2021-2022

Unit: Thousand persons; %

Indicator	Enterprise size Year		All enterprises		SMEs		Large enterprises		Government employment	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
No. of employed persons	11,447	11,418	9,200	9,132	1,222	1,265	1,026	1,021		
Share of total	100.00	100.00	80.37	79.98	10.68	11.08	8.96	8.94		
Annual growth rate	-0.50	-0.25	-1.19	-0.74	4.62	3.52	0.20	-0.49		
No. of paid employees	9,169	9,188	6,923	6,904	1,221	1,263	1,026	1,021		
Share of total	100.00	100.00	75.50	75.14	13.32	13.75	11.19	11.11		
Annual growth rate	-0.10	0.21	-0.90	-0.27	4.63	3.44	0.20	-0.49		

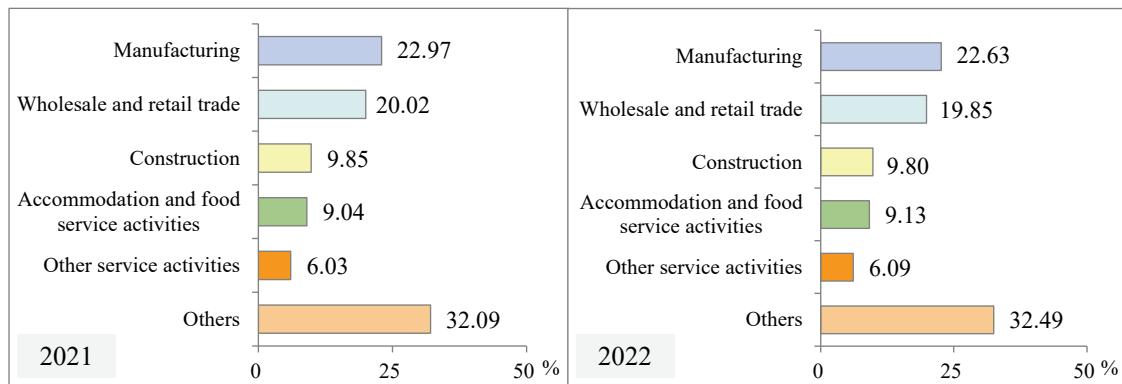
Notes:

1. The SMEs in terms of the number of employed and number of employees in the table are based on Article 2 of the “Standards for Identifying Small and Medium-sized Enterprises” revised and promulgated by the MOEA on June 24, 2020. They include businesses in all industries that hire fewer than 200 regular employees.
2. The number of employed persons includes employers, persons who are self-employed, government-employed, privately-employed, and unpaid family workers. Paid employees include employees of the government and the private sector.
3. The number of people employed and the number of employees also include people whose household registration is in Taiwan, who are employed by SMEs in Taiwan, and are assigned to Mainland China (including Hong Kong and Macau) or a foreign country to work (for employment).

Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

The number of employed persons in SMEs totaled 9.132 million in 2022, which was a decrease of 68 thousand (a 0.74% decrease) from the previous year. However, the number of people employed by SMEs accounted for 79.98% of all people employed in Taiwan. Although the ratio decreased from the previous year (80.37%), SMEs remained the main source of domestic job opportunities. In addition, 1.265 million people were employed by large enterprises (11.08% of the total employed), which was an increase of 43 thousand (a 3.52% increase) compared to the previous year. The number of government-employed persons totaled 1.021 million (8.94%), which was a slight decrease of 5 thousand (0.49%) compared to the previous year (Table 3-1-1).

In terms of the rankings of the number of employed persons in SMEs by industries, manufacturing topped the charts with 2.067 million, totaling 22.63%. It was followed by wholesale and retail trade with 1.813 million, totaling 19.85%. Construction ranked third with 895 thousand, totaling 9.80%. Overall, the number of people employed by SMEs by industry in 2022 was similar to that in 2021 (Figure 3-1-1 and Appendix C Table C-5).

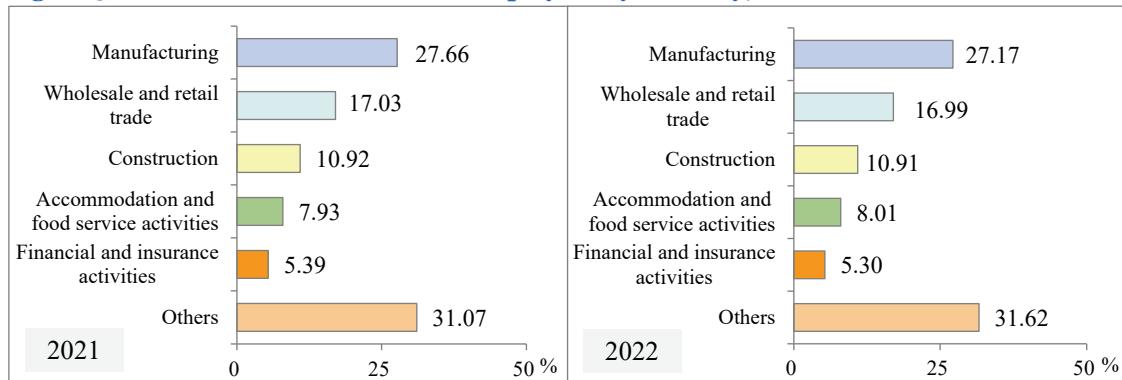
Figure 3-1-1 Breakdown of SME Employees by Industry, 2021-2022

Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

2. The Number of Paid Employees Working in SMEs in 2022 Decreased

The number of paid employees in Taiwan (including those employed by the government and private sector) totaled 9.188 million, which was an increase of 19 thousand persons compared to 2021 (a 0.21% increase). The number of paid employees in SMEs was 6.904 million, which accounted for 75.14% of the total number of paid employees in Taiwan and a decrease of 19 thousand compared to the previous year (a 0.27% decrease). In addition, 1.263 million people were employed by large enterprises and accounted for 13.75% of the total employed. It was an increase of 42 thousand (a 3.44% increase) compared to the previous year (Table 3-1-1).

In terms of the rankings of the number of paid employees in SMEs by industries in 2022, manufacturing topped the charts with 1.876 million, totaling 27.17%. It was followed by wholesale and retail trade with 1.173 million, totaling 16.99%. Construction ranked third with 753 thousand, totaling 10.91%. Overall, the number of paid employees in SMEs by industry in 2022 was similar to that in 2021 (Figure 3-1-2 and Appendix C Table C-6).

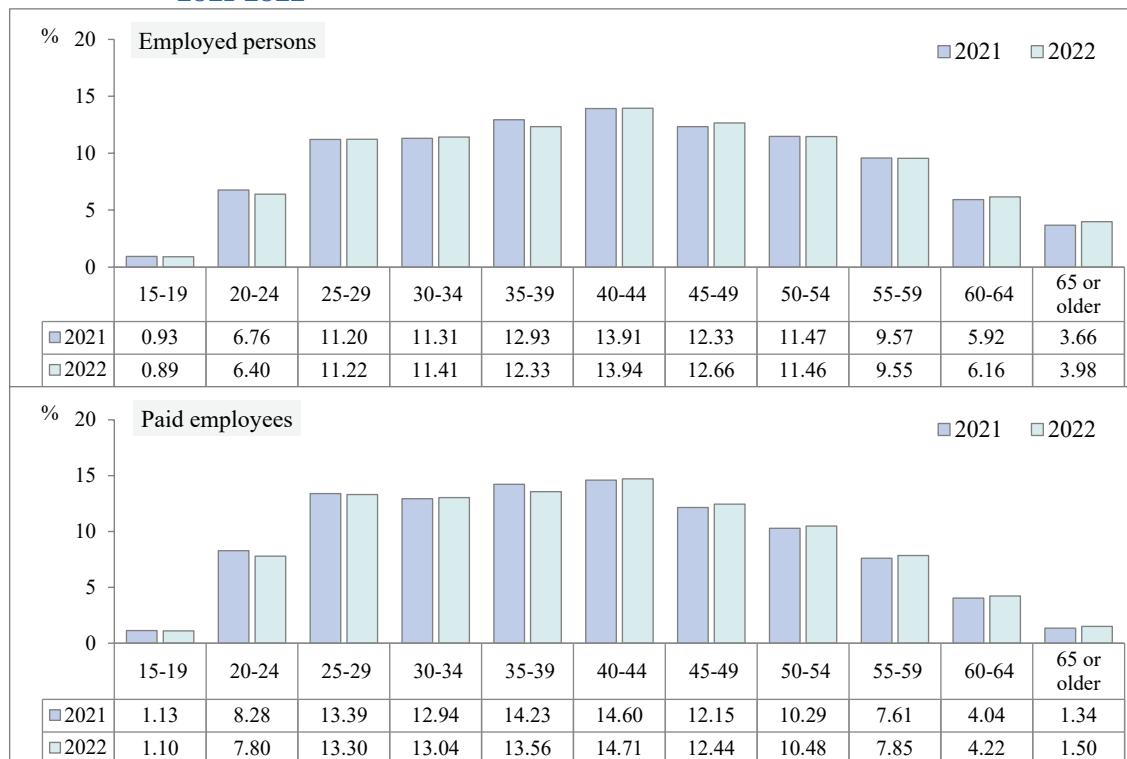
Figure 3-1-2 Breakdown of Paid SME Employees by Industry, 2021-2022

Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

3. SME Manpower Structure Continued to Rise in Age and Education

In terms of the age structure of paid employees in SMEs in 2022, the top 3 age groups were the 40 to 44, 45 to 49, and 35 to 39 age groups, which accounted for 13.94%, 12.66%, and 12.33%, respectively, of the total. As for the age distribution of paid employees of SMEs in 2022, of the top 3 groups, those aged 40 to 44 accounted for the highest percentage of paid employees at 14.71%; they were followed by those aged 35 to 39 which accounted for 13.56%; the third group was those aged 25 to 29 with 13.30% (Figure 3-1-3).

Figure 3-1-3 Age Structure of Employed Persons and Paid Employees Working in SMEs, 2021-2022



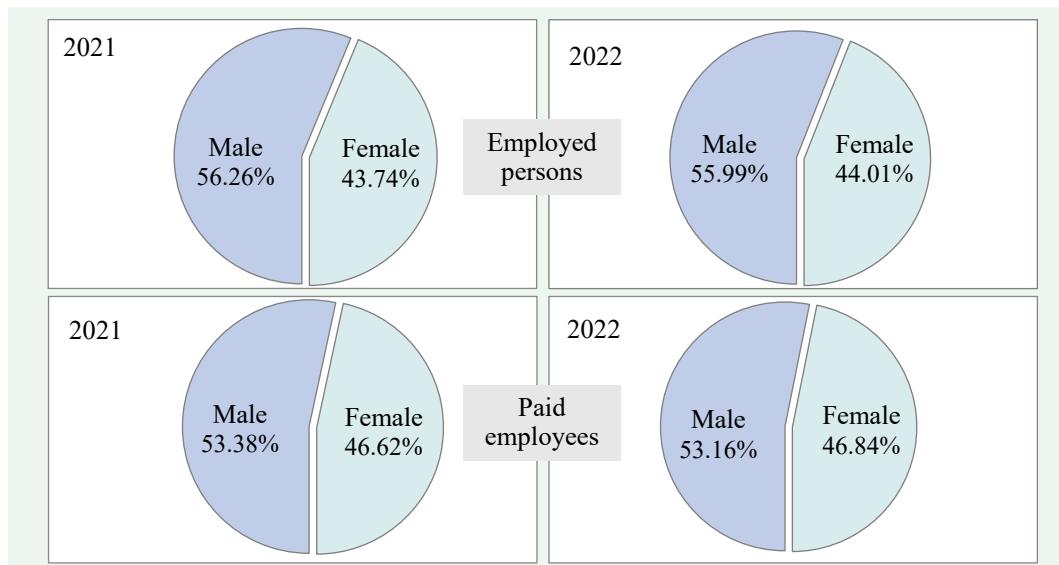
Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

In terms of the age structure, we can see that the percentage of employed persons and paid employees resulted in an inverted U-shaped distribution. The percentages of the employed persons and paid employees increased with age at the beginning, but the percentage fell with age after reaching the peak. In 2022, the share of both the employed persons and paid employees in SMEs peaked at 40 to 44 years old. In addition, the percentage of middle-aged and elderly employed persons and paid employees over the age of 55 in SMEs increased each year. The ratio of employed persons aged 55 and above in the last 3 years was 18.41%, 19.15%, and 19.69%, respectively. The ratio of the paid employees aged 55 and above in the last 3 years was 12.15%, 12.99%, and 13.57%, respectively, which indicates that the labor force in Taiwan has gradually aged (Figure 3-1-3).

In terms of the gender composition, the percentage of males in SMEs was higher than the percentage of women in terms of both the number of employed persons and paid employees in 2022.

Male and female employed persons accounted for 55.99% and 44.01%, respectively; Male and female paid employees accounted for 53.16% and 46.84%, respectively. It is worth noting that the percentage of both female employed persons and paid employees has increased slightly each year in the past 3 years (Figure 3-1-4).

Figure 3-1-4 Male/Female Ratio of Employed Persons and Paid Employees Working in SMEs, 2021-2022



Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

As for education, the top three groups in terms of the level of education of SME employees in 2022 were senior high school (including senior high school and vocational school), university, and junior college, which accounted for 34.64%, 28.63%, and 14.81%, respectively. The top 3 groups of paid employees in SMEs in terms of education level in 2022 were the same as those employed by SMEs. They were, in descending sequence, senior high school, university, and junior college, which accounted for 33.53%, 32.85%, and 14.90%, respectively (Figure 3-1-5).

Figure 3-1-5 Educational Structure of Employed Persons and Paid Employees Working in SMEs, 2021-2022

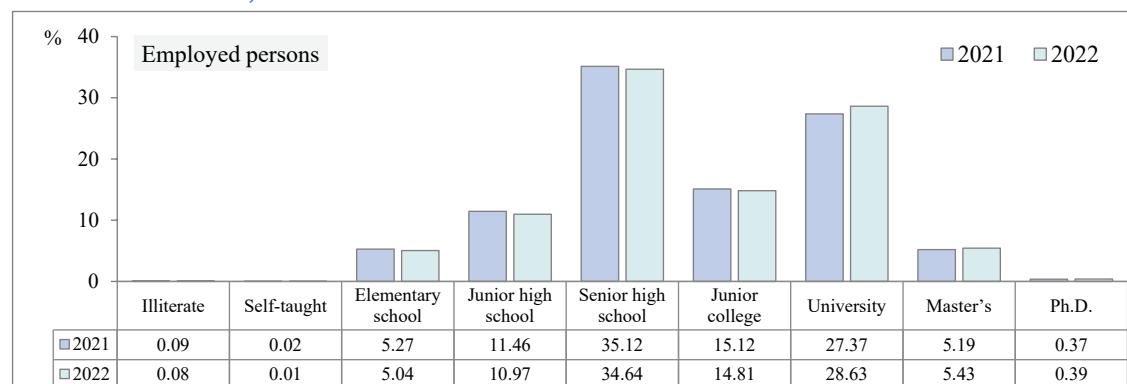
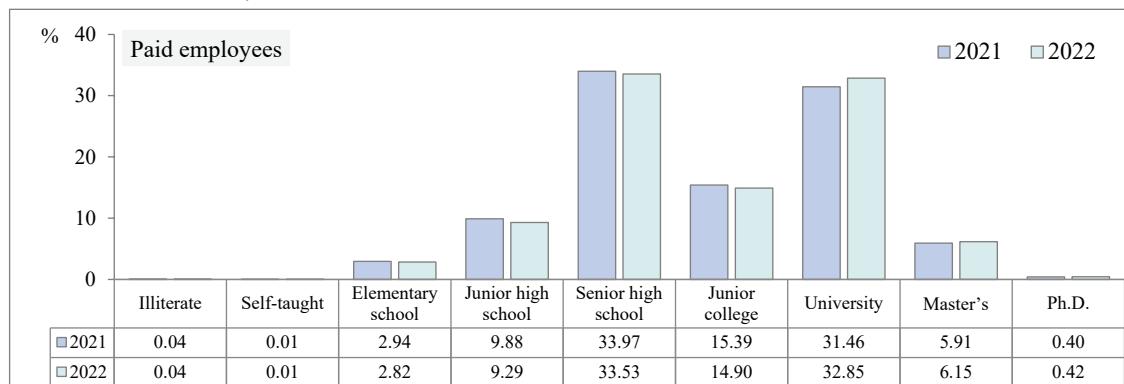


Figure 3-1-5 Educational Structure of Employed Persons and Paid Employees Working in SMEs, 2021-2022 (Continued)



Note: Senior high schools and vocational high schools were integrated into senior high schools starting from 2020.

Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

In terms of the changes in the education levels of the employed persons and paid employees, the ratio of employed persons and paid employees of SMEs with a college degree or above (including university, master's, and PhD degrees) in 2022 increased from 2021. The percentage of employed persons with a university degree or higher increased from 32.93% in 2021 to 34.45% in 2022. The percentage of paid employees with a university degree or higher increased from 37.77% in 2021 to 39.42% in 2022. It is evident that the employed persons and paid employees of SMEs have become more educated (Figure 3-1-5).

4. Most Human Resources of SMEs Were Concentrated in the Six Metropolitan Areas

72.42% of SMEs were concentrated in the six metropolitan areas and the SME workforce was also mainly concentrated in the six metropolitan areas. According to the distribution of the SME workforce in Taiwan in 2022, 74.20% of employed persons in SMEs were concentrated in the six metropolitan areas. New Taipei City and Taipei City had the highest number of employed persons with 1.475 million and 1.345 million people, respectively (16.15% and 14.73%, respectively). Large enterprises with higher numbers of employed persons were mostly in Taoyuan City and Taipei City with 245 thousand and 188 thousand, respectively (19.37% and 14.86%, respectively) (Table 3-1-2).

As for the number of paid employees in SMEs in 2022, 77.77% were concentrated in the six major metropolitan areas. New Taipei City and Taipei City had the highest number of paid employees in SMEs. They included 1.19 million and 1.162 million people, respectively (17.24% and 16.83%, respectively). Large enterprises with higher numbers of paid employees were mostly in Taoyuan City and Taipei City with 245 thousand and 188 thousand, respectively (19.40% and 14.89%, respectively) (Table 3-1-3).

Table 3-1-2 Number of Employed Persons by Region, 2022

Unit: Thousand persons; %

Enterprise size City or Country	Total	SMEs	Large enterprises		Government employment		
			Share	Share	Share	Share	
Total	11,418	9,132	100.00	1,265	100.00	1,021	100.00
Taipei City	1,755	1,345	14.73	188	14.86	222	21.74
New Taipei City	1,673	1,475	16.15	88	6.96	111	10.87
Taoyuan City	1,136	808	8.85	245	19.37	83	8.13
Taichung City	1,543	1,306	14.30	123	9.72	114	11.17
Tainan City	950	765	8.38	117	9.25	67	6.56
Kaohsiung City	1,341	1,077	11.79	149	11.78	115	11.26
6 cities combined	8,398	6,776	74.20	910	71.94	712	69.74
Other cities combined	3,020	2,356	25.80	355	28.06	309	30.26

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Survey* data, 2022.**Table 3-1-3 Number of Paid Employees by Region, 2022**

Unit: Thousand persons; %

Enterprise size City or Country	Total	SMEs	Large enterprises		Government employment		
			Share	Share	Share	Share	
Total	9,188	6,904	100.00	1,263	100.00	1,021	100.00
Taipei City	1,572	1,162	16.83	188	14.89	222	21.74
New Taipei City	1,388	1,190	17.24	87	6.89	111	10.87
Taoyuan City	986	657	9.52	245	19.40	83	8.13
Taichung City	1,228	990	14.34	123	9.74	114	11.17
Tainan City	739	555	8.04	117	9.26	67	6.56
Kaohsiung City	1,079	815	11.80	149	11.80	115	11.26
6 cities combined	6,992	5,369	77.77	909	71.97	712	69.74
Other cities combined	2,196	1,535	22.23	354	28.03	309	30.26

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Survey* data, 2022.

5. The Number of SME Employers Decreased in 2022 with Younger Employers and a Lower Education Level Compared to Large Enterprise Employers

Employers refer to employed persons who operate or jointly operate businesses with partners and hire others to assist in work. The number of SME employers totaled 436 thousand in 2022, which was a decrease of approximately 5,150 from 2021 with a decrease of 1.17%. The number of employers of large enterprises totaled 1,190 which was an increase of 23 persons or 2.59% compared to the previous year (Table 3-1-4).

In terms of the age composition, employers of SMEs under the age of 45 in 2022 accounted for 28.15% of all employers of SMEs, but all employers of large enterprises were above the age of 45. This shows that owners of SMEs are relatively younger than those of large enterprises (Table 3-1-4).

Table 3-1-4 Characteristics of Employers by Enterprise Size, 2021-2022

Unit: Thousand persons; %

Item	Enterprise size Year	2021		2022	
		SMEs	Large enterprises	SMEs	Large enterprises
No. of employers		440.77	1.16	435.62	1.19
Share of total		99.74	0.26	99.73	0.27
Age		100.00	100.00	100.00	100.00
15 – 19		-	-	-	-
20 – 24		0.30	-	0.51	-
25 – 29		2.32	-	2.38	-
30 – 34		5.61	-	5.45	-
35 – 39		8.19	-	6.98	-
40 – 44		12.78	-	12.83	-
45 – 49		15.76	9.94	15.76	8.89
50 – 54		17.61	23.04	17.46	11.02
55 – 59		18.08	32.23	16.80	25.58
60 – 64		11.97	13.68	13.73	16.74
65 or older		7.39	21.10	8.10	37.77
Sex		100.00	100.00	100.00	
Male		79.98	85.92	79.11	84.23
Female		20.02	14.08	20.89	15.77
Education		100.00	100.00	100.00	100.00
Illiterate		-	-	-	-
Self-taught		-	-	0.01	-
Elementary school		4.77	-	4.55	-
Junior high school		10.95	-	11.03	0.84
Senior high school		37.01	34.58	36.98	18.42
Junior college		19.09	12.86	19.74	15.90
University		20.60	31.33	19.85	54.48
Master's		6.89	16.46	7.07	5.28
Ph.D.		0.68	3.82	0.78	5.09

Notes:

1. Senior high schools and vocational high schools were integrated into senior high schools starting from 2020.

2. “-”: not applicable.

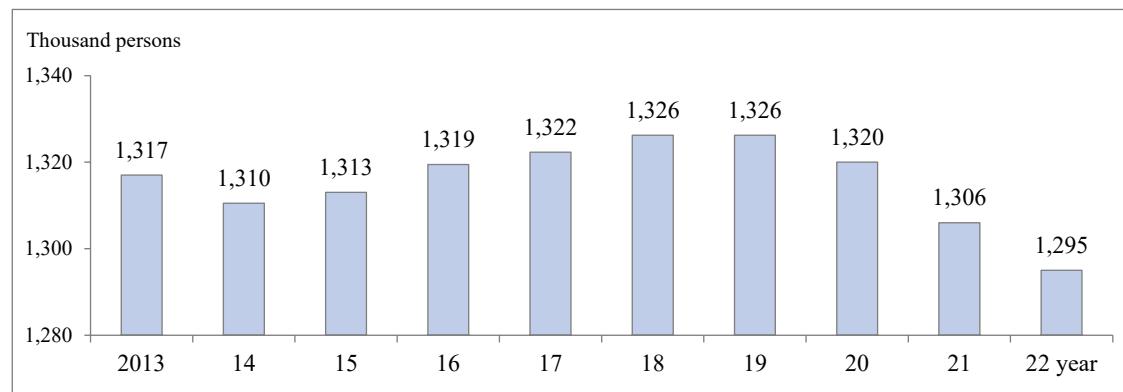
Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2021-2022.

As for education, the top three groups in terms of the level of education of SME employers in 2022 were senior high school, university, and junior college, which accounted for 36.98%, 19.85%, and 19.74%, respectively. Those with a university degree or higher accounted for 27.70%. More than half of the employers of large enterprises had a degree from a university or above with 64.85% being recorded. Overall, the distribution of the education level of SME employers in 2022 was more diverse than that of employers of large enterprises, who generally have more education than SME employers (Table 3-1-4).

6. The Number of Self-employed Persons Fell Slightly; the Share of Self-employed with a University Education Increased in 2022

Self-employed persons refer to those who are independently engaged in labor or technical work in return for payment and those who do not have any paid employees to assist in work. As for self-employed who operate small-scale businesses, they are all considered to be SMEs. The number of self-employed persons in Taiwan has increased since 2015 but has fallen since 2020 due to the impact of the pandemic. The number of self-employed persons totaled 1.295 million in 2022, which was a decrease of 11 thousand or 0.84% compared to 2021 (Figure 3-1-6).

Figure 3-1-6 Changes in the Number of Self-employed Persons, 2013-2022



Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2013-2022.

In terms of age structure, the largest number of self-employed persons in 2022 consisted of those aged 55 to 59 (15.43%). They were followed by those aged 50 to 54 (14.32%) and those aged 65 or older (13.41%) (Table 3-1-5).

In terms of the distribution of education, the highest percentage of self-employed persons in 2022 consisted of those with a senior high school education with 38.01%. They were followed by those with a junior high school education (17.73%), and those with an elementary school education (14.35%). Compared to 2021, the percentage of self-employed persons with a university degree or higher increased to 16.26% in 2022, up from 14.94% in 2021 (Table 3-1-5).

Table 3-1-5 Characteristics of Self-employed Persons, 2021-2022

Item	Year	Unit: Thousand persons; %	
		2021	2022
No. of self-employed persons		1,306	1,295
Age		100.00	100.00
15 – 19		0.08	0.08
20 – 24		1.47	1.38
25 – 29		3.66	4.06
30 – 34		5.75	6.04
35 – 39		8.56	8.29
40 – 44		11.43	11.35
45 – 49		12.16	12.95
50 – 54		15.28	14.32
55 – 59		16.15	15.43

Item	Year	2021	2022
60 – 64		12.80	12.69
65 or older		12.66	13.41
Sex		100.00	100.00
Male		73.71	72.53
Female		26.29	27.47
Education		100.00	100.00
Illiterate		0.25	0.20
Self-taught		0.05	0.04
Elementary school		15.49	14.35
Junior high school		18.40	17.73
Senior high school		37.89	38.01
Junior college		12.99	13.41
University		12.47	13.53
Master's		2.27	2.50
Ph.D.		0.20	0.23

Note: Senior high schools and vocational high schools were integrated into senior high schools starting from 2020.

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Survey* data, 2021-2022.

7. SMEs Increased the Hiring of Part-time Workers in 2022 but Still Employed More Part-time Workers Compared to Large Enterprises and Government Agencies

SMEs had a higher demand for part-time workers compared to large enterprises and government agencies in 2022. SMEs employed approximately 374 thousand part-time workers in 2022, an increase of 9 thousand compared to 2021. Large enterprises employed approximately 5 thousand part-time workers, which was a decrease of 4 thousand compared to 2021. Government agencies employed 37 thousand part-time workers which was an increase of 1 thousand compared to 2021 (Table 3-1-6).

A comparison of the full-time and part-time workers in 2022 shows that the SMEs' use of part-time workers accounted for 4.12% of overall hiring, a 0.12% increase compared to the previous year. The numbers of part-time workers employed by large enterprises accounted for 0.39% of their overall hiring. The percentage of part-time workers in government agencies was 3.63% (Table 3-1-6).

In terms of the industry type, the highest number of part-time workers hired by SMEs were in wholesale and retail trade, and they were followed by accommodation and food service activities. They totaled 89 thousand and 87 thousand, respectively (Table 3-1-6). In terms of the employment ratio of part-time workers to the total workers in the industry, the education sector had the highest percentage, followed by accommodation and food service activities and arts, entertainment and recreation in third place, accounting for 11.83%, 10.80%, and 7.07%, respectively.

Table 3-1-6 Full-time and Part-time Manpower Utilization by Industry and Enterprise Size, 2021-2022

Unit: Thousand persons; %

Industry	Enterprise Size Item	2021						2022					
		SMEs		Large enterprises		Government agencies		SMEs		Large enterprises		Government agencies	
		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Total		8,771	365	1,229	9	985	36	8,701	374	1,272	5	982	37
Share		96.00	4.00	99.27	0.73	96.47	3.53	95.88	4.12	99.61	0.39	96.37	3.63
Agriculture, forestry, fishing and animal husbandry		525	8	-	-	3	-	519	11	0	-	2	-
Mining and quarrying		2	0	-	-	1	-	3	-	0	-	-	-
Manufacturing		2,031	38	915	1	21	-	2,011	36	943	0	16	-
Electricity and gas supply		12	-	0	-	20	-	3	-	1	-	31	-
Water supply and remediation activities		37	0	-	-	45	1	39	-	0	-	43	1
Construction		862	37	7	-	5	-	854	33	9	-	9	-
Wholesale and retail trade		1,731	87	30	-	11	1	1,724	87	24	-	6	-
Transportation and storage		365	10	34	-	48	1	363	10	42	0	55	3
Accommodation and food service activities		745	84	6	1	0	-	735	89	7	0	-	-
Information and communication		233	4	35	-	0	-	222	3	44	-	-	-
Financial and insurance activities		378	2	41	-	13	-	370	5	43	-	14	-
Real estate activities		102	2	2	-	-	-	100	1	1	-	1	-
Professional, scientific and technical activities		334	6	27	1	23	1	334	9	23	-	23	-
Support service activities		269	19	5	0	1	-	268	15	8	-	1	-
Public administration and defense; compulsory social security		0	-	-	-	365	10	1	-	-	-	362	10
Education		248	29	23	5	320	17	246	33	24	3	309	20
Human health and social work activities		280	13	101	1	90	5	290	11	102	0	98	2
Arts, entertainment and recreation		86	6	1	-	16	1	92	7	1	0	11	1
Other service activities		531	22	1	-	2	-	526	24	1	-	2	-

Notes:

1. “-” denotes no available data; “0” denotes a figure that is less than one unit (one unit=1,000 persons).

2. Surveys for the “Report on the Manpower Utilization Survey” are conducted in May each year. Therefore, the data shown in this table consist of data from May of each year as the timing for comparison.

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Utilization Survey* data, 2021-2022.

As for the changes in the temporary or dispatched manpower of SMEs, the number of temporary or dispatched workers of SMEs in 2022 totaled 553 thousand, which was a decrease of 5 thousand compared to 2021 and a reduction of 0.90%. Large enterprises employed 5 thousand temporary or dispatched workers in 2022, a decrease of 1 thousand compared to 2021. The number of temporary or dispatched workers of government agencies employed increased by 3 thousand or 5.77% in 2022 compared to 2021 (Table 3-1-7).

Table 3-1-7 Utilization of Temporary or Dispatched Labor by Industry and Enterprise Size, 2021-2022

Unit: Thousand persons; %

Industry	Year Enterprise Size	2021			2022		
		SMEs	Large enterprises	Government agencies	SMEs	Large enterprises	Government agencies
Total		558	6	52	553	5	55
Share		90.58	0.97	8.44	90.21	0.82	8.97
Agriculture, forestry, fishing and animal husbandry		91	1	8	17	-	-
Mining and quarrying		21	-	-	-	-	-
Manufacturing		0	-	0	34	3	-
Electricity and gas supply		35	2	0	-	-	-
Water supply and remediation activities		-	-	0	-	-	2
Construction		4	-	2	277	0	1
Wholesale and retail trade		272	0	-	74	-	-
Transportation and storage		59	-	1	13	0	3
Accommodation and food service activities		8	0	1	54	-	-
Information and communication		73	1	-	3	-	-
Financial and insurance activities		4	-	-	3	-	-
Real estate activities		4	-	-	0	-	-
Professional, scientific and technical activities		-	-	-	2	-	-
Support service activities		3	-	-	37	0	-
Public administration and defense; compulsory social security		37	0	-	-	-	13
Education		-	-	14	11	1	32
Human health and social work activities		15	2	27	7	0	3
Arts, entertainment and recreation		8	1	5	3	0	1
Other service activities		3	-	1	16	-	0

Notes:

1. “-” denotes no available data; “0” denotes a figure that is less than one unit (one unit=1,000 persons).

2. Surveys for the “Report on the Manpower Utilization Survey” are conducted in May each year. Therefore, the data shown in this table consist of data from May of each year as the timing for comparison.

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Utilization Survey* data, 2021-2022.

8. The Number of Unemployed Persons Decreased by 37 Thousand in 2022, Mostly from SMEs in Their Previous Jobs

After more than 2 years of the pandemic, people have gradually become accustomed to coexisting with the pandemic. As the pandemic subsided and the related epidemic prevention measures were lifted in the second half of 2022, the annual average number of unemployed people was 434 thousand in 2022, which was a decrease of 37 thousand or 7.86% from 2021. The average unemployment rate was 3.67%, which was also a decrease of 0.28% from the previous year.

In terms of the sizes of the enterprises in which the unemployed persons previously worked, the number of unemployed persons who previously worked in SMEs before 2022 was 298 thousand. It was a decrease of approximately 39 thousand people or 11.57% from 2021. The number of unemployed persons who previously worked in large enterprises totaled 24 thousand in 2022, which

was the same as in 2021. The number of unemployed persons who previously worked in government entities totaled 17 thousand, which was an increase of 1 thousand (or 6.25%) compared to 2021. In addition, 95 thousand of the unemployed were first-time job seekers, which was the same as in 2021 (Table 3-1-8).

Table 3-1-8 Characteristics of the Unemployed by Enterprise Size, 2021-2022

Unit: Thousand persons; %

Item	Year Enterprise size	2021			2022			First time job-seekers	
		Previous job		First time job-seekers	Previous job				
		SMEs	Large enterprises		SMEs	Large enterprises			
No. of the unemployed		337	24	16	95	298	24	17	
Share of total		71.40	5.08	3.39	20.13	68.66	5.53	3.92	
Age		100.00	100.00	100.00	100.00	100.00	100.00	100.00	
15 – 19		0.89	0.60	0.39	5.73	0.77	0.19	0.03	
20 – 24		11.77	5.86	8.51	64.21	10.63	7.36	11.56	
25 – 29		17.51	21.78	31.48	24.47	18.35	14.41	27.86	
30 – 34		13.24	14.99	14.08	3.24	13.74	20.00	16.06	
35 – 39		11.95	20.35	10.73	1.81	12.74	12.96	7.27	
40 – 44		12.43	17.27	12.24	0.34	12.10	21.90	5.83	
45 – 49		10.89	9.21	9.06	-	10.84	14.86	9.90	
50 – 54		9.48	6.22	3.17	-	9.09	6.99	4.38	
55 – 59		7.05	1.84	6.62	0.20	7.16	1.33	11.18	
60 – 64		3.98	1.89	2.79	-	3.86	-	5.44	
65 or older		0.82	-	0.93	-	0.73	-	0.49	
Sex		100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Male		57.00	56.05	51.50	51.88	56.93	65.79	48.16	
Female		43.00	43.95	48.50	48.12	43.07	34.21	51.84	
Education		100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Illiterate		-	-	-	-	-	-	-	
Self-taught		-	-	-	-	-	-	-	
Elementary school		3.05	-	0.93	0.22	2.76	-	2.47	
Junior high school		10.71	2.94	1.81	2.22	10.01	0.28	6.56	
Senior high school		36.24	22.87	18.67	11.68	34.52	19.77	18.89	
Junior college		12.48	16.25	11.86	3.34	11.94	19.19	8.63	
University		33.44	43.11	54.85	68.81	36.20	48.87	54.49	
Master's		3.88	14.23	11.81	13.66	4.55	11.58	8.94	
Ph.D.		0.21	0.60	0.06	0.07	0.02	0.31	0.03	

Notes:

1. Senior high schools and vocational high schools were integrated into senior high schools starting from 2020.

2. The categories in the table are the sizes of the former employers of the unemployed.

3. “-” denotes no available data.

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Survey* data, 2021-2022.

In terms of the age structure, those aged 25 to 29 accounted for the largest percentage (18.35%) of those whose previous employers were SMEs. They were followed by those aged 30 to 34 (13.74%). Those aged 40 to 44 accounted for the largest percentage (21.90%) of those whose previous employers were large enterprises. They were followed by those aged 30 to 34 (20.00%). Those aged 25 to 29 accounted for the largest percentage (27.86%) of those whose previous employers were

government entities. Those aged 20 to 24 accounted for the largest percentage (64.55%) of those who were first-time job seekers. In terms of gender, men accounted for a higher ratio than women in all categories in SMEs and large enterprises. However, among the unemployed previously employed by government entities and first-time job seekers, women accounted for a higher ratio than men (Table 3-1-8).

In terms of the education level of the unemployed, the highest percentage of the unemployed who were previously employed in SMEs had a university education and were followed by those with a senior high school education, their percentages being 36.20% and 34.52%, respectively. Among the unemployed previously employed by large enterprises, those with a university education accounted for the highest percentage and were followed by those with a senior high school education with percentages of 48.87% and 19.77%, respectively. Among the unemployed previously employed by government entities and first-time job seekers, those with a university education accounted for the highest percentage with 54.49% and 68.59%, respectively (Table 3-1-8).

Overall, the age and education composition of unemployed persons in 2022 showed that the number of unemployed in the domestic labor market was relatively high among young people between the ages of 25 and 29 and those with a university degree (Table 3-1-8).

As for the reasons for leaving their previous jobs, the largest number of those previously employed by SMEs had left their jobs in 2022 due to “reduced or suspended business operations” with 44.21%. For the unemployed previously employed by large enterprises, the largest number of unemployed people who voluntarily left their jobs in 2022 were those who were “dissatisfaction with previous jobs,” with these accounting for 66.00%. For those who were previously employed by government agencies, the main reason for their unemployment was the “end of seasonal or temporary jobs” (53.74%) (Table 3-1-9).

Table 3-1-9 Reasons for Leaving Previous Jobs by Enterprise Size, 2021-2022

Item	Year Enterprise size	2021			2022			Unit: %
		SMEs	Large enterprises	Government	SMEs	Large enterprises	Government	
Reduced or suspended business operations		46.66	26.99	6.50	44.21	25.06	9.11	
Dissatisfaction with previous jobs		41.08	62.76	32.21	43.04	66.00	31.69	
Poor health		2.48	3.81	0.54	2.83	3.81	1.03	
End of seasonal or temporary jobs		7.44	2.11	53.43	7.37	2.20	53.74	
Women: marriage or giving birth		0.25	0.00	0.00	0.33	0.21	0.00	
Retired		0.08	0.00	5.31	0.02	0.00	1.82	
Housework too much		0.97	1.74	0.69	1.20	0.65	0.25	
Taking care of children under the age of 12		0.26	0.14	0.41	0.35	0.00	0.00	
Taking care of elderly family members over the age of 65		0.41	0.63	0.00	0.48	0.17	0.00	
Housework		0.30	0.97	0.28	0.37	0.48	0.25	
Others		1.03	2.60	1.32	1.00	2.08	2.37	

Notes: The categories in the table are the sizes of the former employers of the unemployed.

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Survey* data, 2021-2022.

9. Taiwan Reopened Borders in 2022 and the Number of Migrant Workers Increased Significantly with Nearly 57% in SMEs

As the pandemic subsided, Taiwan reopened its borders to foreign migrant workers in 2022 and the number of migrant workers hired by domestic enterprises increased significantly. According to statistics compiled by the Ministry of Labor, there were approximately 728 thousand migrant workers in Taiwan as of the end of December 2022. The number of migrant workers in manufacturing and construction totaled 492,418, which was an increase of 59,785 people (or 13.82%) compared to 2021. Regardless of the size of the enterprises, the number of migrant workers in Taiwan in 2022 increased from the previous year with an increase of 30,361 people in SMEs and 29,424 people in large enterprises. The number of migrant workers in SMEs in Taiwan in 2022 amounted to 279,467 people, which accounted for 56.75% of all migrant workers (Table 3-1-10).

Table 3-1-10 Number of Migrant Workers by Enterprise Size, 2018-2022

Year	Enterprise Size	Total	SMEs	Unit: Persons; %	
				Share	Large enterprises
2018		436,118	250,155	57.36	185,963
2019		444,110	256,654	57.79	187,456
2020		445,576	257,714	57.84	187,862
2021		432,633	249,106	57.58	183,527
2022		492,418	279,467	56.75	212,951

Notes:

1. Figures only include foreign workers in both the manufacturing and construction industries.

2. Hence, an SME here is defined as an enterprise with fewer than 200 regular employees in the manufacturing and construction industries.

Source: Figures were provided by the Workforce Development Agency, Ministry of Labor.

II Labor Conditions in SMEs

This section provides information on the labor conditions for employed persons of SMEs in 2022 and focuses on two labor conditions including the average weekly work hours and salary. It includes analyses by sector and provides an overview of the overall manpower demand in Taiwan in 2022.

1. The Average Weekly Work Hours of SME Employed Workers in All Industries Rose in 2022

After more than 2 years of the pandemic, people in Taiwan have gradually become accustomed to coexisting with the pandemic and related epidemic prevention measures were lifted in the second half of 2022. The average work hours of employed workers in SMEs rose to 40.10 hours in 2022, which was an increase of approximately 3.64 hours compared to 2021. Except for “accommodation and food service activities” in which weekly work hours decreased by 0.26 hours per week, the weekly work hours of SMEs in all industries increased in 2022 compared to 2021.

In terms of the industries, the top 3 industries with the longest weekly work hours in 2022 included public administration and defense; compulsory social security in first place (45.31 hours), followed by mining and quarrying with 42.10 hours, and real estate activities in third place (41.77 hours)

(Table 3-2-1).

Table 3-2-1 Working Hours per Week and Number of Employed Workers by Enterprise Size and Industry, 2022

Unit: Thousand persons; %; hours / per week

Industry	Item Enterprise Size	No. of employed workers			Weekly working hours		
		SMEs	Share	Large enterprises	Government agencies	SMEs	Large enterprises
Total		8,938	100.00	1,264	1,005	40.10	41.95
Agriculture, forestry, fishing and animal husbandry		530	5.93	0	2	37.86	48.00
Mining and quarrying		3	0.03	0	0	42.10	40.00
Manufacturing		2,019	22.59	933	16	40.26	42.14
Electricity and gas supply		3	0.03	1	30	41.68	40.00
Water supply and remediation activities		38	0.43	0	44	41.72	40.00
Construction		869	9.72	9	9	38.71	41.67
Wholesale and retail trade		1,784	19.96	24	6	40.86	40.89
Transportation and storage		365	4.08	41	58	41.32	39.72
Accommodation and food service activities		810	9.06	8	0	40.15	40.08
Information and communication		224	2.51	43	0	40.53	40.79
Financial and insurance activities		367	4.11	43	14	40.45	41.87
Real estate activities		100	1.12	1	1	41.77	40.00
Professional, scientific and technical activities		341	3.82	23	21	40.06	41.37
Support service activities		280	3.13	8	1	41.38	42.37
Public administration and defense; compulsory social security		1	0.01	-	365	45.31	-
Education		265	2.96	27	325	36.29	37.63
Human health and social work activities		301	3.37	101	98	40.45	43.41
Arts, entertainment and recreation		98	1.10	1	12	37.93	36.80
Other service activities		542	6.06	1	2	41.06	44.01
							40.49

Notes:

- Employed persons with non-zero main working hours are classified as employed workers. Hence the figure for the sum of employed workers in each industry is different from the number of employed persons based on enterprise size as noted in Figure 3-1-1.
- “-” denotes no available data; “0” denotes a figure that is less than one unit (one unit=1,000 persons).

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Survey* data, 2022.

As regards the number and percentage of employed workers in SMEs in each industry, the manufacturing industry accounted for the highest share with 2.019 million (22.59%) and approximately 40.26 weekly work hours. It was followed by wholesale and retail trade with 1.784 million (19.96%) and 40.86 weekly work hours (Table 3-2-1).

2. The Average Monthly Income for SME Paid Employed Persons Fell Slightly in 2022

The average monthly salary of paid employees in SMEs in 2022 was NT\$39.1 thousand, a slight decrease of NT\$1 thousand compared to 2021. In terms of individual industries, the industry with the highest average monthly income for paid employees of SMEs in 2022 was financial and insurance activities with NT\$48.8 thousand. It was followed by NT\$48.4 thousand for professional, scientific and technical activities and NT\$47.4 thousand for information and communication in 3rd place (Table 3-2-2).

Table 3-2-2 Number of Paid Employed Persons and Average Wage of Main Work by Enterprise Size and Industry, 2022

Unit: Thousand persons; %; thousand NT\$ / per month

Industry	Item Enterprise Size	No. of paid employed persons			Average wage of main work			
		SMEs	Share	Large enterprises	Government agencies	Total	SMEs	Large enterprises
Total		8,559	100.00	1,277	1,019	41.5	39.1	49.8
Agriculture, forestry, fishing and animal husbandry		404	4.72	0	2	29.3	29.3	40.9
Mining and quarrying		3	0.04	0	0	43.5	42.9	41.0
Manufacturing		2,006	23.44	943	16	42.1	39.3	48.0
Electricity and gas supply		3	0.04	1	31	53.5	42.2	62.3
Water supply and remediation activities		37	0.43	0	44	39.8	39.2	35.0
Construction		862	10.07	9	9	41.8	41.7	46.7
Wholesale and retail trade		1,648	19.25	24	6	38.5	38.3	52.9
Transportation and storage		368	4.30	42	59	41.1	39.2	49.7
Accommodation and food service activities		727	8.49	8	0	33.3	33.2	39.3
Information and communication		224	2.62	44	0	49.5	47.4	60.0
Financial and insurance activities		375	4.38	43	14	50.5	48.8	60.3
Real estate activities		99	1.16	1	1	45.2	45.4	41.0
Professional, scientific and technical activities		331	3.87	23	23	49.8	48.4	60.8
Support service activities		283	3.31	8	1	32.8	32.6	38.7
Public administration and defense; compulsory social security		1	0.01	-	372	50.4	36.6	-
Education		277	3.24	27	329	47.7	38.7	62.0
Human health and social work activities		299	3.49	102	99	47.7	43.2	53.9
Arts, entertainment and recreation		97	1.13	1	12	35.7	35.0	27.8
Other service activities		517	6.04	1	2	36.2	36.2	34.4
								31.4

Notes:

1. Employed persons with working hours of 15 or more are classified as paid employed persons here. Hence the figure for the sum of paid employed persons in each industry is different from the number of employed persons by enterprise size as noted in Figure 3-1-1.

2. “-” denotes no available data; “0” denotes a figure that is less than one unit (one unit=1,000 persons).

3. Surveys for the “Report on the Manpower Utilization Survey” are conducted in May each year. Therefore, the data shown in this table consist of data from May of each year as the timing for comparison.

Source: Directorate-General of Budget, Accounting and Statistics, *Manpower Utilization Survey* data, 2022.

As regards the number and percentage of employed persons in SMEs in each industry, the number of employed persons in the manufacturing industry totaled 2.006 million people (23.44%) with an average monthly salary of NT\$39.3 thousand. It was followed by wholesale and retail trade with 1.648 million people (19.25%) and an average monthly salary of NT\$38.3 thousand (Table 3-2-2).

Overall, SMEs increased average weekly work hours by 3.64 hours in 2022 compared to 2021. The average monthly income for SME employees fell slightly by NT\$1 thousand in 2022.

3. Demand for Labor Remained High in July 2023

According to the “Report of the Manpower Requirements Survey 2023 (2nd)” published by the Ministry of Labor, despite the global economic downturn and lower demand in 2023 which limited Taiwan’s foreign trade, the domestic economy has gradually recovered and consumption has been significantly restored. During the summer peak holiday season, companies were still required to increase manpower. Despite a decline in certain sectors, the overall demand for labor remained high.

Compared to the end of April, 29.3% of the companies expected manpower demand at the end of July 2023 to increase, 3.4% to fall, 63.1% to remain unchanged, and 4.3% to be unable to be forecast. In terms of the demand in numbers, 68 thousand workers were expected to be added and 8 thousand cut with a net total increase of 60 thousand (Table 3-2-3).

Table 3-2-3 Anticipated Changes in the Number of Personnel Employed by Business Enterprises during the Period from April 30 to July 31, 2023

Unit: Persons

Industry	Item	Net increase in no. of employees	Change in manpower demand		Top 4 occupational categories			
			New positions	Positions eliminated	Skilled labor, equipment operators and assembly workers	Technicians and professional assistants	Service and sales representatives	Professionals
Total		60,147	67,779	7,632	15,975	15,971	11,919	6,189
Manufacturing		19,808	23,082	3,274	10,475	5,407	63	2,160
Construction		3,450	3,713	263	970	2,418	-	22
Wholesale and retail trade		8,927	9,212	285	2,423	2,027	2,222	780
Transportation and storage		2,676	3,158	482	1,281	230	290	185
Accommodation and food service activities		7,292	8,384	1,092	140	157	5,181	1,074
Information and communication		3,520	3,935	415	104	2,470	301	70
Financial and insurance activities		1,731	1,803	72	-13	724	90	-7
Real estate activities		669	717	48	-1	472	49	12
Professional, scientific and technical activities		2,507	2,705	198	-74	1,397	141	10
Support service activities		4,521	5,527	1,006	599	292	1,391	1,725
Human health and social work activities		3,247	3,744	497	28	102	944	-
Arts, entertainment and recreation		1,250	1,250	-	-	257	927	38
Other service activities		549	549	-	43	18	320	120

Source: Ministry of Labor (2023, May). *Report of Manpower Requirements Survey 2023 (2nd)*.

A look by sector shows that compared to the end of April, the expected demand for manpower at the end of July 2023 rose by 23 thousand in the industry sector and by 37 thousand in the service sector. The net increase in manufacturing of 20 thousand was the highest (including a net increase of 4 thousand in the manufacture of electronic parts and components, a net increase of 3 thousand in the manufacture of fabricated metal products, and a net increase of 2 thousand in the manufacture of machinery and equipment). It was followed by wholesale and retail trade with 9 thousand and accommodation and food service activities with 7 thousand (Table 3-2-3).

A look by occupation shows that compared to the end of April, the expected demand for manpower at the end of July 2023 rose most of all by 15,975 in terms of the demand for skilled labor, equipment operators and assembly workers, followed by 15,971 in the demand for technicians and professional assistants, and 12 thousand in the demand for service and sales representatives (Table 3-2-3).



Part Two

SME Policies and Measures

- Chapter 4 Improving Financial and Funding Services and Strengthening Investment**
- Chapter 5 Enhancing R&D and Promoting Upgrading and Transformation**
- Chapter 6 Strengthening Start-ups and Incubation & Acceleration Mechanisms**
- Chapter 7 Revitalizing Local Industries via In-depth Development, Marketing and Expansion**
- Chapter 8 Other Government Supporting Measures**

To provide small and medium enterprises with support for their businesses, the Ministry of Economic Affairs established the “Small and Medium Enterprise Counseling System” in accordance with Article 12 of the “Act for Development of Small and Medium Enterprises” and Article 2 of the “Regulations for the Establishment of the Small and Medium Enterprise Counseling System and Counseling Services” to provide counseling for all aspects of the development of small and medium enterprises. This paper summarizes the policies and measures implemented for small and medium enterprises by related authorities each year. The specific measures and results are collected and presented for all sectors and owners of small and medium enterprises to learn more about channels of the government’s diverse counseling resources.

The government has proposed various improvement and guidance measures in response to international trends and the issues and needs of SMEs. It has continued to expand the actions and strategies for value-added innovation, net zero emissions, digital transformation, and local partnerships to help SMEs increase their overall competitiveness in 2023. The key measures have included programs for responding to net zero emissions, helping SMEs with low-carbon sustainability, and implementing measures to increase green competitiveness. It has also implemented programs to help SMEs gain business opportunities and implemented accelerated digital transformation to enhance digital application capacity for SMEs. The government has strengthened start-up incubation and industrial innovation and development by creating the “Startup Terrace” and “Asia New Bay Area 5G AIoT Innovation Park” as an international start-up cluster.

CHAPTER 4

Improving Financial and Funding Services and Strengthening Investment

The government actively implements financing counseling and related support measures to help small and medium enterprises effectively respond to changes in the internal and external environment, facilitate their stable growth, and provide them with comprehensive financing support.

This Chapter is divided into three sections. Section I discusses measures to improve financial and funding services. Section II focuses on SME credit guarantees. Section III covers government measures to strengthen investment in SMEs.

I Improving Financial and Funding Services

1. Providing SME Financing Counseling and Value Added Service

(1) One Contact for Financing Assistance—Instant Solution Center

In 1996, the Small and Medium Enterprise and Startup Administration (SMESA), Ministry of Economic Affairs (MOEA) created the “Instant Solution Center” and started providing consulting services via the toll-free hotline, 0800-056-476, to better help SMEs overcome challenges in running a business. Relevant assistance programs, coordination and service mechanisms are connected to assist SMEs in effectively overcoming challenges in operating a business, especially by offering financing-related consulting and assistance. (<https://0800056476.sme.gov.tw>)

(2) Small and Medium Enterprises Operations and Financing Assistance Program

To help SMEs succeed in obtaining funding for business development by having a strengthened financial structure and sound business practices, the SMESA continued to implement the “Small and Medium Enterprises Operations and Financing Assistance Program” in 2018. Strategies for 2023: 1. Using the Instant Solution Center to connect the assistance teams of the MOEA, the SME service centers in different counties and cities, and the Central and Southern Taiwan Joint Services Centers of the MOEA to help SMEs deal with issues in business operations; and 2. Professional consulting services and in-depth diagnostic services. (<https://0800056476.sme.gov.tw/>)

(3) Optimized Early Investment Knowledge Sharing and Innovative Applications Platform Program

To eliminate the funding and knowledge gaps in the early stages and encourage innovative startups to seek funding, the SMESA started the “Innovation and Fundraising Intelligent Support Program” in 2019. The program was renamed the “Optimized Early Investment Knowledge Sharing and Innovative Applications Platform Program” and continued in 2023. The Administration used the early funding database “Platform for Financing Data and Innovative Trends (FinDIT),” funding matchmaking activities, and theme-based startup seminars to help startups increase their funding preparedness and opportunities for obtaining investments. (<https://findit.org.tw/>)

(4) Project for Improving Financial Capabilities of SMEs

To help SMEs enhance financial capabilities for business operations and gradually create digital financial management, the SMESA launched the “Project for Enhancing the Financial Capabilities of SMEs” in 2021. It continues to provide assistance measures for 3 major areas including “financial and accounting knowledge cultivation,” “financial and accounting digitalization improvement,” and “optimization of financial capabilities” in 2023 with the aim of helping SMEs improve their financial and accounting systems and optimize business health. (<https://0800056476.sme.gov.tw/>)

(5) SME Intelligence Fundraising Program

To support new fundraising channels in response to the FinTech and online financing development trends, the SMESA launched the “SME Intelligence Fundraising Program” and used the FinTech blockchain platform experience and technologies to study and implement related applications for SME supply chain financing, reduce the risks of repeated financing, and increase the efficiency of financial services. The SMESA aims to accelerate the funding matchmaking for the SME supply chain, complete financial measures for SME supply chains, and help enterprises obtain funding more quickly.

2. SME Financing Services Platform

The “SME Financing Services Platform” was established by the SMESA to make it easier for SMEs to secure bank loans by providing financial diagnosis and clear, transparent details about SME operations that banks can use as a basis for decision-making when determining whether or not to grant loans to SMEs. If banks have a clearer picture of the business models that SMEs are using and of what their funding needs are, they are more likely to expand the provision of loans to SMEs, creating a win-win situation for SMEs and their creditors.

(https://www.jcic.org.tw/main_member/docDetail.aspx?uid=308&pid=285&docid=148)

3. Special Policy Loans for SMEs and Startups

The government provides SMEs with various types of policy loans, either directly or through collaboration with banks. What distinguishes these loans from ordinary ones is that the loans are granted for specific purposes, and have preferential interest rates. The policy loans currently available to SMEs and startups (2023) include startup, innovation, overseas expansion, industry categories,

sustainable development, disaster relief, and others. Other similar policy loans include credit financing for tourism revival by the Tourism Administration (TA), Ministry of Transportation and Communications (MOTC), and loans from the Comprehensive Development Fund for Indigenous Peoples under the Council of Indigenous Peoples (CIP).

4. Plan for Increasing Loans to SMEs by Domestic Banks

To encourage the development of a long-term partnership relationship between SMEs and banks, and thus help SMEs obtain working capital, the Financial Supervisory Commission (FSC) decided that the implementation of the “Plan for Increasing Loans to SMEs by Domestic Banks” should continue into the seventeenth stage in 2023 with a plan target of NT\$380 billion. In 2022, domestic banks extended loans to SMEs amounting to a net increase of NT\$594.6 billion over 2021.

(<https://www.banking.gov.tw/ch/home.jsp?id=591&parentpath=0,590>)

5. Green Finance Action Plan

The FSC launched the “Green Finance Action Plan” to help the financial industry and enterprises pay closer attention to climate change issues and sustainable development. In September 2022, it launched Action Plan 3.0 with 5 major categories including deployment, funding, data, empowerment, and ecosystem. The key measures included the call for financial institutions to implement GHG inventory and climate risk management, develop the Taiwan Sustainable Taxonomy; integrate ESG and climate-related information; enhance sustainable finance training; and establish cooperation mechanisms in the financial industry to form a consensus. Its aim was to intensify sustainable development in Taiwan and complete the net zero transformation by enhancing the climate resilience of financial institutions and industries and utilizing the resources of the financial market. (<https://www.fsc.gov.tw/ch/home.jsp?id=616&parentpath=0,2>)

II SME Financing and Credit Guarantees

1. SME Credit Guarantee Fund: Operating Mechanism and Application Process

To help strengthen the provision of credit guarantees to SMEs, the government established the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) in 1974. The main purpose in establishing this fund was to provide credit guarantees to SMEs, and to work closely with financial institutions in the development of financing guidance services for SMEs, helping SMEs obtain the funding needed from financial institutions and thereby contributing to the healthy development of Taiwan’s SME sector and promoting Taiwan’s economic growth and social stability. The SME Credit Guarantee Fund’s main functions are as follows:

- (1) Helping SMEs overcome the difficulties that they experience when trying to provide the collateral needed to secure loans.
- (2) Making financial institutions more willing to provide loans to SMEs.
- (3) Maximizing the efficacy of guidance projects undertaken by other SME guidance organizations.

The mechanisms for the establishment and operation of the Taiwan SMEG involved the allocation of a supporting budget by the government and the signing of contracts with financial institutions, whereby they agree to provide additional funding to boost the Fund's ability to provide credit guarantees, and to share some of the potential loss, thereby enabling the Fund to continue providing guarantees and helping SMEs that have significant development potential but lack sufficient collateral to secure the financing they need from financial institutions.

Application for a credit guarantee can be made either via a financial institution, or directly to the SME Credit Guarantee Fund, or a dedicated window, depending on the requirements of the individual enterprise making the application. (<https://www.smeg.org.tw/>)

2. Benefits Achieved through the Credit Guarantee Fund

(1) Helping SMEs Secure Funding

As of the end of December 2022, the Taiwan SMEG had provided credit guarantees in 8.28 million cases through funding provided by the government and contracted financial institutions to SMEs. It had helped SMEs obtain loans totaling NT\$22.6417 trillion from financial institutions and provided NT\$17.0211 trillion in guarantees. The guarantees provided in recent years are shown in Table 4-2-1.

Table 4-2-1 SMEG Guarantees - SME Fund, 2018-2022

Unit: Recipients; items; million NT\$

Year \ Item	No. of credit guarantee recipients	No. of credit guarantee applications accepted	Combined value of credit guarantees	Total amount of financing secured	Outstanding credit guarantees at year-end	Outstanding financing at year-end
2018	100,714	329,775	1,001,024	1,301,778	602,386	790,077
2019	118,767	347,904	1,023,956	1,305,446	628,137	809,446
2020	131,536	306,499	910,570	1,149,962	591,007	751,027
2021	170,887	315,180	926,536	1,161,326	602,287	753,712
2022	186,953	288,273	1,003,846	1,261,769	650,521	809,425

Note: The number of guarantee service accounts refers to the number of accounts with any transaction record, balance of guarantees, or advance payment of repayment reserve in the current year.

Source: Taiwan SMEG, 2023.

If the credit guarantees provided in individual funding projects by the Taiwan SMEG are included, as of the end of December 2022, the Taiwan SMEG had provided credit guarantees in 10.39 million cases, helped SMEs obtain loans totaling NT\$24.0015 trillion from financial institutions, and provided NT\$18.1765 trillion in guarantees. The guarantees provided in recent years are shown in Table 4-2-2.

(2) Having a Great Impact on the Growth of SMEs

The vast majority of SMEs that received credit guarantees from the SME Credit Guarantee Fund have found that, within a few years, they have been able to raise money on the capital markets or obtain loans directly from banks. Furthermore, as of 2022, 2,650 of the SMEs that had been granted credit guarantees in the past have since grown sufficiently large to be classified as “large enterprises,” and 1,021 have secured a stock market, OTC, or GISA listing.

Table 4-2-2 SMEG Guarantees - All Cases, 2018-2022

Unit: Recipients; items; million NT\$

Year \ Item	No. of credit guarantee recipients	No. of credit guarantee applications accepted	Combined value of credit guarantees	Total amount of financing secured	Outstanding credit guarantees at year-end	Outstanding financing at year-end
Year						
2018	113,018	334,789	1,006,592	1,308,104	614,174	803,281
2019	130,742	352,814	1,029,377	1,311,731	639,903	822,740
2020	1,188,784	1,457,182	1,405,787	1,711,438	1,086,682	1,312,862
2021	1,926,766	1,140,632	1,296,420	1,584,632	1,370,509	1,627,279
2022	1,869,510	324,206	1,123,198	1,407,508	1,354,176	1,615,296

Notes:

1. The number of guarantee service accounts refers to the number of accounts with any transaction record, balance of guarantees, or advance payment of repayment reserve in the current year.
2. The number of cases from 2020 to 2022 included worker relief loans.

Source: Taiwan SMEG, 2023.

3. Government Policy Measures Being Implemented and Supported by the Credit Guarantee Fund

(1) Counterpart Guarantee

The Taiwan SMEG launched the “Counterpart Guarantee Project” in 2006. 1. The SMEG worked with central and local government agencies. Earmarked funds were allocated by relevant government agencies, and these funds were then matched by the SMEG. By working together to provide credit guarantees and consolidate the government’s guidance policies and credit guarantee schemes, the program provided a means to jointly aid SMEs and micro enterprises as well as individual entrepreneurs to secure funds from financial institutions needed to found new startups and maintain current operations, expanding and intensifying the use of financing and support resources. 2. The SMEG worked with key leading enterprises and established an earmarked fund. The SMEG then provided corresponding financial support for fund matching services in the form of credit guarantees to upstream, midstream, and downstream enterprises, third-party vendors, distributors, and other SMEs determined by donors as having the potential for development.

As of the end of 2022, the Taiwan SMEG had 1. collaborated with the central government on a total of 11,551 loans, amounting to a total of NT\$17.174 billion; 2. collaborated with local governments on a total of 10,001 loans, amounting to a total of NT\$7.343 billion; and 3. collaborated with companies on a total of 48,193 loans, amounting to a total of NT\$39.333 billion.

(<https://www.smeg.org.tw/basic/?node=10249>)

(2) Credit Guarantee for Special Post-Pandemic Revitalization Loan for SMEs

The MOEA launched the “MOEA Special Post-Pandemic Revitalization Loan for SMEs” in 2023 to support post-pandemic revitalization, increase competitiveness, and restore the prosperity of SMEs. It provides up to NT\$35 million in loans for working capital or capital expenditures and Taiwan SMEG provides a minimum credit guarantee of 80% for each loan. The annual fee for the credit guarantee is fixed at 0.1%. For SMEs with fewer than 5 employees or businesses with only taxation registration, the maximum loan is NT\$4 million with a maximum guarantee of 100% and minimum

guarantee of 95%. (<https://0800056476.sme.gov.tw/plus/index.php>)

(3) SME Low-carbon and Digital Transformation Development and Factory and Specific Factory Infrastructure Optimization Project Loan Credit Guarantee

The MOEA launched the “MOEA SME Low-carbon and Digital Transformation Development and Factory and Specific Factory Infrastructure Optimization Project Loan Credit Guarantee” in 2023 to help SMEs achieve low-carbon and high-intelligence development, help factories under management and specific factories meet environmental protection and public safety requirements for compliance in operations. It provides up to NT\$35 million in loans for working capital and no more than 80% of the capital expenditures for project funding and Taiwan SMEG provides a minimum credit guarantee of 80% for each loan. The annual fee for the credit guarantee is fixed at 0.1%. The credit guarantee is 90% for factories under management and specific factory operators.

(<https://0800056476.sme.gov.tw/plus/index.php>)

(4) Preferential Guarantee Measures for National Development

In coordination with the government’s Forward-looking Infrastructure Development Program and national policies for the development of key industries, the Taiwan SMEG launched the “Preferential Guarantee Measures for National Development” in 2017 to provide preferential guarantee measures for SMEs that participate in procurement projects of the Forward-Looking Infrastructure Development Program, are engaged in key startup industries, or are certified as high-quality companies. The Taiwan SMEG provides an additional \$100 million in guaranteed financing for the same enterprise with a maximum guarantee ratio of 95%. The guarantees are provided to support industrial development, increase job opportunities for citizens, and help companies attain sustainable development. It aims to support the development of related industries, attract domestic and foreign investment, and increase employment. (<https://www.smeg.org.tw/basic/?mode=detail&node=361>)

(5) Small and Medium Enterprise Billion Credit Guarantee Project

To help startups and micro enterprises obtain financing from financial institutions to facilitate smooth upgrading, transformation, and succession and ease their financial burdens, the Taiwan SMEG launched the Small and Medium Enterprise Billion Credit Guarantee Project in 2019. The Project provides “expanded small loan guarantee measures,” and “expanded batch guarantee measures” with up to NT\$6 million in credit guarantees for SMEs with a paid-up capital of NT\$30 million or under. (<https://www.smeg.org.tw/basic/?mode=detail&node=362>)

(6) COVID-19 Relief Credit Guarantee

To help companies affected by COVID-19 manage their businesses during the pandemic, the Taiwan SMEG has adopted a free-for-all approach to relief application and launched the “Guarantee Fee Waiver for Extension or Renewal.” Furthermore, the Taiwan SMEG follows the relief measures taken by various competent authorities, and provides credit guarantees in the form of special purpose funds. The Taiwan SMEG is fully committed to supporting businesses and individuals and contributing better health preparedness capabilities during the pandemic. The acceptance of applications for relief programs was suspended as of the end of April 2023.

(7) Credit Guarantee for Small Enterprise Loans

To make it easier and more convenient for small businesses to access financing in the form of small advances of working capital from financial institutions, the SMESA has continued to implement the “Small Enterprise Loans” program, wherein participating financial institutions independently formulate the loan rates but handle collections of loans guaranteed by the Taiwan SMEG based on the individual guarantee percentages of each case. In addition, the Taiwan SMEG provides a minimum credit guarantee of 90% for loans to startups established for less than 5 years, which helps the startups gain working capital.

(<https://www.smeg.org.tw/basic/?mode=detail&node=397>)

(8) Credit Guarantee for Young Entrepreneur Dream Building Financing Loans

The MOEA integrated the “Young Entrepreneur Dream Building Financing Loans” and the “Young Entrepreneur Loans” into the “Loans for Young Entrepreneurs and Start-ups” in 2014. To create a friendly environment for young entrepreneurs and provide assistance for young startups, funding is provided for startups in the preparation and launch stages to meet the needs of growth after the launch. The Taiwan SMEG provides a maximum credit guarantee of 100% and a minimum credit guarantee of 80% for loans up to NT\$18 million. The loan is limited to the reserve required by the business, registration fees, working capital, and capital expenditures.

(<https://www.smeg.org.tw/basic/?mode=detail&node=392>)

(9) Credit Guarantee for SME Innovation Development Project Loans

In order to shore up the innovative capabilities of SMEs, provide SMEs with the funds they need to achieve innovative management and spur development, and help SMEs employ innovation and advanced technology service models to expand into international markets, the MOEA launched the “SME Innovation Development Project Loan” in 2014. The program facilitates the provision of loan facilities to eligible applicants of up to NT\$20 million for working capital and up to NT\$80 million for capital expenditures. In addition, the Taiwan SMEG provides a minimum credit guarantee of 80% for each loan, thereby increasing the willingness of banks to make such loans. In addition, the Taiwan SMEG provides a minimum credit guarantee of 90% for loans to startups established for less than 5 years, which helps the startups gain working capital. If an aforementioned startup receives a specific award or program, an additional 5% is provided, up to NT\$5 million.

(<https://www.smeg.org.tw/basic/?mode=detail&node=377>)

(10) Direct Guarantee Project to Promote Business Innovation

The Taiwan SMEG began providing the “Direct Guarantee Project to Promote Business Innovation” in 2017. Eligible targets include projects that received subsidies or assistance related to MOEA innovation and research projects and SMEs recommended by the MOEA. The financing limit is within 80% of the approved innovation and R&D project minus the project subsidies or the amount after subsidies or assistance funding. The guarantee amount is 95% and the annual guarantee service fee rate is fixed at 0.375%. (<https://www.smeg.org.tw/basic/?mode=detail&node=353>)

(11) Export Loan Preferential Credit Guarantee Project

Starting in 2016, the Taiwan SMEG and the International Trade Administration (ITA), MOEA began jointly implementing the “Export Loan Preferential Credit Guarantee Project.” This provides additional guarantees for loans and credit guarantees of up to 90%, helping SMEs gain the capital required for exports. Depending on the region exported to, the Taiwan SMEG provides a guaranteed commission exemption or reduction for loan periods of less than one year. The additional guarantee was also increased from NT\$60 million to NT\$100 million for SMEs exporting to countries targeted by Taiwan’s New Southbound Policy (hereafter, ‘New Southbound countries’).

(<https://www.smeg.org.tw/basic/?mode=detail&node=360>)

(12) Helping SMEs Acquire Financing Guarantees for Investments in New Southbound Countries

In order to accommodate the government’s New Southbound Policy and help SMEs secure the funds they need to make investments in New Southbound countries, beginning in 2017, the Taiwan SMEG appropriated a sum of NT\$2 billion, the Agricultural Credit Guarantee Fund (ACGF) appropriated a sum of NT\$1 billion, and the Overseas Credit Guarantee Fund (OCGF) appropriated a sum of NT\$2 billion, resulting in a total of NT\$5 billion in earmarked funds. The maximum guarantee amount of NT\$100 million and up to 90% of loans is provided for SME investment plans in New Southbound countries or those approved by or registered with the MOEA. The guarantee service fee is calculated at a fixed ratio of 0.1%.

(<https://www.smeg.org.tw/basic/?mode=detail&node=399>)

(13) Preferential Guarantee Measures for Small and Medium Enterprise Investment in Taiwan

To encourage SMEs to invest in Taiwan, the Taiwan SMEG launched the “Preferential Guarantee Measures for Small and Medium Enterprise Investment in Taiwan” in 2019 to provide credit guarantees for capital expenditures for new plants (expansion) or additional machinery or equipment of NT\$100 million and up to 95% of the loans. For example, the minimum guarantee will be 80% of the amount and guarantee fees will be capped at 0.3% p.a. for funds spent on factory construction/expansion in industrial parks overseen or developed by the government, industry clusters created according to the “Statute for Industrial Innovation,” or science parks created according to the “Act for Establishment and Administration of Science Parks.”

(<https://www.smeg.org.tw/basic/?mode=detail&node=359>)

(14) Welcome Taiwanese Businesses’ Investment to Taiwan Project Loan Guidelines

In collaboration with the government assistance for Taiwanese businesses to return to Taiwan and invest, the Taiwan SMEG began providing credit guarantees for loans organized in accordance with the “Welcome Taiwanese Businesses’ Investment to Taiwan Project Loan Guidelines” in 2019. The maximum guarantee amount is 90% and the minimum annual guarantee service fee rate is 0.375% (<https://www.smeg.org.tw/basic/?mode=detail&node=374>).

(15) Small and Medium Enterprise Accelerated Investment Loan Credit Guarantee

To encourage SMEs to accelerate investments, the Taiwan SMEG began implementing the “Small and Medium Enterprise Accelerated Investment Loan Credit Guarantee” in 2019 to provide an additional credit guarantee of up to NT\$100 million for capital and medium-term financing loans. The maximum guarantee amount is 95% and the minimum annual guarantee service fee rate is capped at 0.3%. (<https://www.smeg.org.tw/basic/?mode=detail&node=403>)

(16) Social Innovation Enterprise Project Loan Credit Guarantee

To help social innovation enterprises obtain funding, the Taiwan SMEG began organizing the “Social Innovation Enterprise Project Loan Credit Guarantee” in 2019 to provide social innovation enterprises and type B enterprises with credit guarantees for short-term financing, medium-term financing, and capital expenditures. The maximum guarantee amount is 90% and the annual guarantee service fee is calculated based on the size of the enterprise, as shown below: a fixed rate of 0.375% for SMEs and a fixed rate of 0.5% for non-SMEs. The Guarantee ended in 2022.

(17) SME Secure Revitalization Program

The SMEG launched the “SME Secure Revitalization Program” in 2022 to support domestic economic development and help SMEs obtain the necessary funding for operations in the post-pandemic era. It provides SMEs that need short-term working capital for operations, procurement of materials, and exports with additional credit guarantees of up to NT\$10 million. The minimum guarantee amount is 80% and the annual guarantee service fee is fixed at 0.25%.

(<https://www.smeg.org.tw/basic/?mode=detail&node=3433>)

III Strengthening Investment in SMEs

1. Plan for Promoting Investment in SMEs

To stimulate investment in the SME sector by venture capital firms and other private-sector companies, in 2007 the National Development Fund (NDF) approved the “Plan for Promoting Investment in SMEs.” The SMESA selected a total of 21 venture capital firms to make collective investments in domestic SMEs, helping SMEs gain capital in the early stages. The SMESA also assigned designated personnel to provide investment services, including investment advice, diagnosis, and guidance, and organizing investment courses, business meetings, and investment fairs. (<https://findit.org.tw/StartupFundingApply.aspx>)

2. Service Project for Enhancing Investment in SMEs in the Hualien and Taitung Area

To support the growth of SMEs in Hualien and Taitung, accelerate their growth, and attain the balanced development of different regions, the government activated the “Service Project for Enhancing Investment in SMEs in the Hualien and Taitung Area” in 2020. The SMESA will work with local industry associations and incubation centers in Hualien and Taitung to help manage the sources of projects and track and manage companies that have received investments. They will

enhance post-investment management to help SMEs in Hualien and Taitung connect resources of the government and private sector, technologies, and talents to promote the growth of SMEs in Hualien and Taitung and accelerate business growth. (<https://invest-huatung.org.tw/>)

3. Implementation of Project for Strengthening Investment in Strategic Manufacturing Industries

In order to copy the successful model of venture capital firms investing in high-tech industries, enhance the competitiveness of manufacturers, and accelerate industrial transformation and enhancement, in 2015 the NDF assigned the Industrial Development Administration (IDA), MOEA to realize the “Implementation Project for Strengthening Investment in Strategic Manufacturing Industries.” The Phase 1 investment period expired on May 19, 2022. Phase 2 is expected to be activated in the second half of 2023 with NT\$3.5 billion invested in the key manufacturing industries designated by the government. The investment ratios and incentives for administrative expenses will also be increased to encourage venture capital to invest in key manufacturing industries currently supported by the policies of the Executive Yuan. (<https://www.psism.org.tw/cht/index.php>)

4. Plan for Promoting Investment in Strategic Service Industries

To stimulate investment in the strategic service industries to promote service industries and employment, service exports, and the financing of SMEs in service industries, in 2012 the NDF assigned the IDA to realize the “Plan for Promoting Investment in Strategic Service Industries.” The Phase 1 investment period expired on January 31, 2023. Phase 2 is expected to be activated in the second half of 2023 with NT\$4 billion invested in the key manufacturing industries designated by the government. Governmental and private venture capital engage in joint investment and adjust the performance reward distribution mechanisms to increase incentives and encourage venture capital to actively engage in investment. (<https://www.issip.org.tw>)

5. Angel Investors Tax Deduction

To help startups obtain working capital and increase investments in small and medium enterprises, Article 23-2 of the Statute states that where an individual invests at least NT\$1 million in cash in one year in domestic innovative startups that have been incorporated for less than two years and identified by the central authority in charge of relevant enterprises as high-risk innovative startups, and acquires and holds the new shares issued by the company for two years, up to 50% of the investment may be excluded from the individual's consolidated income for the year in which the second anniversary of such shareholding falls. The aggregate amount excludable from an individual's consolidated income each year in accordance with this paragraph shall not exceed NT\$3 million.
(<https://www.ida.gov.tw/ctlr?PRO=application.redApplicatonView&id=1614>)

6. Project to Increase Investment in the Cultural and Creative Industry

The Ministry of Culture (MOC) began implementing the “Project to Increase Investment in the Cultural and Creative Industry” in 2010, and allocated NT\$10 billion to invest in the domestic cultural and creative industry. The funds were invested in proportion to private investments to find suitable cultural and creative companies to provide guidance on a corporate scale, thus giving cultural and creative companies greater market value. In 2022, the government also included project investments in cultural and creative industries as eligible recipients of investments from the NDF. The government takes the lead in investments to enhance the production and circulation of cultural content and thereby support the development of the creative industries.

(https://www.df.gov.tw/Content_List.aspx?n=D613789622E34576)

7. Fundraising Guidance Mechanism – GISA

The Taipei Exchange (TPEX) launched the Go Incubation Board for Startup and Acceleration Firms (GISA) in 2014. The GISA offers fundraising guidance mechanisms and equity fundraising that is untradable to innovative micro-enterprises and SMEs that have creative ideas and development potential but which have not yet gone public. It thereby provides micro-enterprises and SMEs with a low-cost method for raising the funds they need to sustain and grow their operations and increase their brand awareness. This will help them recruit outstanding talent, expand their marketing channels, and further enhance their competitiveness to maintain corporate sustainability. The standard listing requirement is for paid-up capital reaching a minimum threshold of NT\$50 million; in contrast to this, the GISA does not set any requirements on the company’s paid-up capital. In addition, such companies are exempted from various other requirements such as having to undergo an initial public offering or comply with profitability requirements.

(https://www.tpex.org.tw/web/regular_emerging/creative_emerging/Creative_emerging.php?l=zh-tw)

8. Equity Crowdfunding Program for Securities Dealers

In order to help more young people engage in entrepreneurial activities, the FSC began allowing securities dealers to implement equity crowdfunding services in 2015 for joint-stock companies which (1) have paid-up capital of less than NT\$50 million and (2) have not yet gone public. Such companies are permitted to utilize an approved crowdfunding platform to raise funds, wherein total funding may not exceed NT\$30 million within a one-year period. General investors’ total investments on a single platform may not exceed NT\$150,000 within a 1-year period. In addition to giving startup teams another outlet to obtain the funding they need, these rules also serve to protect the rights and interests of investors. (<https://www.tpex.org.tw/web/option/index.php?l=zh-tw>)

CHAPTER 5

Enhancing R&D and Promoting Upgrading and Transformation

The government promotes the digital transformation of SMEs, increases SMEs' digital application capabilities, and helps enterprises achieve development as well as green growth with net zero transformation. It also upgrades technologies and increases innovative R&D capacity to empower the upgrading and transformation and green sustainability of SMEs to respond to international trends and improve the overall competitiveness.

This Chapter is divided into four sections. Section I explains several measures taken to accelerate the digital transformation of SMEs; Section II covers actual and virtual integration and various network resource applications for SMEs; Section III explains measures for improving green competitiveness in response to international net zero emission trends, and Section IV discusses measures to promote up-, mid-, and downstream cooperation and innovation, in the pursuit of the high-value transformation and upgrading of SMEs.

I Promoting the Digital Transformation of SMEs

1. Project for Assisting Small and Micro Enterprises in Digital Transformation and Innovation Service in the Cloud Era

The Small and Medium Enterprise and Startup Administration (SMESA), Ministry of Economic Affairs (MOEA) began implementing the “Project for Assisting Small and Micro Enterprises in Digital Transformation and Innovation Service in the Cloud Era” in 2021 to support small and micro enterprises in shopping malls, shopping districts, or specific industrial clusters that have 9 or fewer employees. In 2023, the SMESA has adopted 4 major strategies including “local digital empowerment,” “value-added digital services,” “market channel expansion,” and “digital business opportunities” and has used highlight case studies and digital transformation education materials and models to help small and micro enterprises join the ranks of digital optimization.

(<https://www.cloudsme.com.tw/cloudsme/>)

2. Project of Assistance for Micro SMEs by Using Cloud Service and Digital Transformation in Commercial Districts

The SMESA began implementing the “Project of Assistance for Micro SMEs by Using Cloud Service and Digital Transformation in Commercial District” in 2021. The project targeted shopping districts and assisted small and micro enterprises in shopping districts that have 9 or fewer employees.

The SMESA employed 3 major strategies including “digital transformation assistance,” “digital marketing and channel expansion,” and “seed talent training” to help small and micro enterprises in shopping districts use digital tools and cloud services, achieve digital transformation, and create local employment opportunities in 2023. (<https://microcloud.sme.gov.tw/>)

3. Industry Digital Transformation in the Cloud Era - Digital Transformation of Indigenous Businesses

The Council of Indigenous Peoples (CIP) began promoting the “Industry Digital Transformation in the Cloud Era - Digital Transformation of Indigenous Businesses” in 2021 with the aim of using digital tools such as mobile payment in the industries of indigenous peoples. In 2023, the Project aims to use smart consumption to expand the scope of sales, improve business efficiency, and increase the satisfaction rate of the services provided by indigenous businesses. The Council will also match reputable online digital platforms and online marketing resources to invigorate the e-commerce market for products of indigenous peoples and increase the recognition of companies and products of indigenous peoples.

4. Micro-enterprises Digital Application Coaching Program

The SMESA began implementing the “Micro-enterprises Digital Application Coaching Program” in 2021. In 2023, the Program has been continued to help small and micro enterprises with fewer than 9 people adopt necessary cloud services or digital applications and satisfy basic operating requirements. The Program focuses on special themes or connected industries and uses integrated cloud services to provide innovative services, optimized operations, and data-driven innovative services. Main action plans for 2023: (1) promoting local digital empowerment; (2) promoting and supporting digital applications; and (3) increasing the value and diffusion of project results.

5. Small and Medium Manufacturing Enterprise Digital Transformation Project

The Industrial Development Administration (IDA), MOEA has established the basic environment and common capabilities required for the digital transformation of SMEs in the manufacturing sector since 2021 to help domestic SMEs in the manufacturing sector overcome the challenges of digital transformation brought about by changes in the supply chain and technological advancements. In 2023, the IDA has prioritized industries in Central and Southern Taiwan to promote the Project. Industries include metal products, food processing, textiles, rubber, and plastics. The Administration helps companies use digital technologies such as cloud services and AI to obtain market information, provide feedback for production, achieve rapid responses to customer needs, and develop new products or new business models based on the demand.

(<https://www.citd.moeaidb.gov.tw/CITDWeb/Web/ATotal.aspx>)

6. Establishment of the Retail and Service Sector Data Sharing Innovation Service Project

The Administration of Commerce (AOC), MOEA began implementing the “Establishment of the Retail and Service Sector Data Sharing Innovation Service Project” in 2021 to help retail, food and beverage, recreation, and general service providers respond to new consumption patterns brought about by the epidemic and the development of the digital economy. The major implementation items in 2023 include: (1) using government subsidies and resources to promote digital transformation case studies in the retail and service sector; and (2) providing NT\$30,000 in subsidies to encourage companies to choose cloud solutions and accelerate the digitalization of the retail and service sector. (<https://www.smebiz.org.tw/>)

7. Strategic Project for Facilitating Digital Transformation of the Micro, Small and Medium Enterprises

The Ministry of Digital Affairs (MODA) has continued to implement the “Strategic Project for Facilitating Digital Transformation of the Micro, Small and Medium Enterprises.” The Project also created the first online government-subsidized platform “Tcloud Marketplace (<https://www.tcloud.gov.tw/>),” which collects the cloud solutions for all medium, small, and micro enterprises and uses a points-based subsidy system to encourage medium, small, and micro enterprises to adopt appropriate cloud solutions and strengthen their digital operation capacity.

II Measures Related to Actual / Virtual Integration and Network Resource Applications for SMEs

1. SME Digital Cluster Promotion Plan

The SMESA launched the “SME Digital Cluster Promotion Plan” to build a solid foundation for the digital transformation of SMEs. The Plan leverages cooperation between local business groups to improve the operational health and capacity for the transformation of businesses and attain the transformation targets. Main action plans for 2023: (1) increasing the digital application capacity of SMEs; (2) promoting the development of digital clusters for SMEs and supporting innovative business models for local economies with diffusion across different regions; and (3) increasing the momentum for the sustainable development of digital clusters and creating sustainable mechanisms with mutual benefits and autonomous operations. (<https://www.198.org.tw/>)

2. SMEs 5G Innovative Application Development Program

To encourage SMEs to adopt 5G applications and services, the SMESA launched the “SMEs 5G Innovative Application Development Program” in 2020. The Administration has been working with advanced digital content providers, solution providers, site operators, and telecommunications operators in 2023 to launch mature 5G applications in business applications for verification and accelerate their adoption and application by SMEs.

3. Smart Technology-Driven Upgrade of the Manufacturing Sector Program

The IDA has continued to implement the “Smart Technology-Driven Upgrade of the Manufacturing Sector Program” to respond to market demand for customization and rapid product development and to effectively and rapidly expand the development of smart manufacturing in the domestic manufacturing sector. In 2023, the IDA has completed the site feasibility verification of the proof of concept (POC) to help the manufacturing industry adopt the smart technologies and service systems with system integration (SI) capacity. It is innovating the industrial production process and boosting productivity to rapidly spread the development of smart manufacturing in the domestic manufacturing industry.

(http://idbevent.testsite.tw/Home/idbproject/Project/project_more?id=0b737d1d129f487395d0943fd387ac54)

4. Smart Circulation Service Promotion Project

To increase the overall competitive advantages of commercial services in Taiwan, the AOC launched the “Asia Silicon Valley 2.0 Project” in 2021 and executed the “Smart Circulation Service Promotion Project” to use AIoT technologies for the development of smart business and smart logistics services and empower the upgrading and transformation of logistics services. The main tasks in 2023 include: (1) the development of innovative circulation service models and solutions; (2) the promotion of the integrated demonstration of smart circulation service solutions; and (3) the expansion of smart circulation service solutions and export of services.

(<https://www.sblpo.org.tw/CMS/>)

5. Multi-Applications and Value-Added Service of the Mobile Payment Program

The MODA has continued to implement the “Multi-Applications and Value-Added Service of the Mobile Payment Program” to popularize the use of mobile payment tools and develop people’s habits. Main measures in 2023 include the joint establishment of diverse application services, joint creation of local partnerships, joint promotion of partnerships between different government agencies and institutions, and transfer of paradigm applications for common prosperity. The Ministry encourages SMEs to incorporate diverse applications of mobile payment to trigger increased business opportunities across different sectors, and help people experience digital payment services that increase convenience.

III Supporting the Net Zero Emissions Transformation to Promote Green Growth

1. Respond to Net Zero Carbon Trend, SME's Green Competitiveness Improvement Program

The SMESA began implementing the “Respond to Net Zero Carbon Trend, SME’s Green Competitiveness Improvement Program” in 2022 to help SMEs learn about international trends for net zero emissions. The main work items 2023 include: (1) organizing net zero carbon reduction conferences and courses; (2) setting up the green knowledge and systematic online education materials; (3) setting up carbon estimation tools suitable for SMEs and providing consulting and diagnostic services; and (4) industry eco-system assistance, etc.

(<https://green.sme.gov.tw/index.php?lang=tw>)

2. SMEs' Circular Economy Capacity Enhancement and Application Project

The SMESA continued to execute the “SMEs’ Circular Economy Capacity Enhancement and Application Project” to help SMEs attain green sustainable value, innovation, and development. Action plans for 2023 include: (1) promoting sustainable materials and the circular economy; (2) promoting innovative applications in a green circular economy; and (3) exploring global supply chain opportunities for the SME circular economy. (<https://green.sme.gov.tw/index.php?lang=tw>)

3. SME Energy Conservation and Carbon Reduction Acceleration Promotion Plan

To help SMEs with energy conservation and carbon reduction strategy planning and inventory, accelerate low-carbon transformation, and align with international standards, the SMESA launched the “SME Energy Conservation and Carbon Reduction Acceleration Promotion Plan” with the following action plans for 2023: (1) awareness campaigns and knowledge cultivation; (2) diagnosis and potential analysis; (3) carbon reduction strategy planning and assistance; (4) accelerating connections and expanding business opportunities; and (5) consolidating new knowledge and innovative applications, etc. (<https://green.sme.gov.tw/index.php?lang=tw>)

4. Assisting SMEs in Manufacturing in Building Carbon Management Capacity

To help SMEs respond to requirements of international brand companies for net zero emissions in the supply chain and to increase their capacity for carbon inventory, carbon footprint calculation, and carbon reduction, the IDA continued to organize carbon inventory and carbon footprint courses, share the case studies for net zero emissions at industrial associations, and provide assistance for carbon inventory, carbon footprint calculation, and carbon reduction in 2023.

(<https://ghg.tgpf.org.tw/CVHome/>)

5. Green Technology Advancement Program

The IDA launched the “Green Technology Advancement Program” to help various industries develop green technologies and comply with environmental regulations and standards. Action plans for 2023 include: (1) guidance to help various industries upgrade and reinforce their environmental protection policies; (2) studying and formulating response measures to the latest trends in environmental regulations; (3) investigating and examining relevant environmental issues; and (4) advocacy and promotion. (<https://proj.ftis.org.tw/eta/>)

6. Promoting Commercial Energy Conservation and Carbon Emissions Reduction Guidance

The AOC began promoting commercial energy conservation and carbon emissions reduction guidance in 2008 to help commercial service providers implement energy conservation measures and use improvements in energy efficiency to increase the competitiveness of the industry. Action plans for 2023: (1) providing guidance on energy conservation and carbon reduction measures for the service sector; (2) service site low-carbon business model and transformation applications; (3) establishment of low-carbon transition capacity of the industry and dispersion of results; (4) promotion of green actions for commercial services; and (5) formulation and communication of carbon reduction strategies for the commercial sector. (<https://www.business-netzero.tw/>)

IV SMEs: R&D Enhancement and Technology Upgrading

1. Small Business Innovation Research Program (SBIR)

To encourage SMEs to engage in innovating industrial technologies, products and services, Taiwan’s government has continually promoted the “Small Business Innovation Research (SBIR) Program” which it launched in February 1999. In 2008, the “Promotion of Innovative R&D for Local Industries Program (Local SBIR)” was implemented, which seeks to assist in funding so that each municipal, county, and city government can allocate more funds for R&D that addresses the needs of industries with local characteristics.

The SBIR Program processes applications by SMEs for conducting innovative research on industry technologies and products; businesses can file applications with the MOEA’s SBIR Program office to participate.

Local SBIR uses supportive funding provided by the MOEA to promote an innovative R&D program aimed at local cultural industries; businesses can file applications with their respective municipal, county, and city governments to participate.

The SMESA launched the “Small Business Innovation Research Program (SBIR)” incentives in 2017 to encourage domestic startups to create and commercialize new ideas. 149 proposals were passed in the Stage 1 Creativity Selection Plan in 2022 and 27 proposals were selected for the Stage 2 Innovation Selection Plan with total government subsidies amounting to NT\$27 million.

(<https://www.sbir.org.tw/>)

2. Industrial Safety Smart Assistance Project

To reduce accidents and disasters in domestic industry and overall operational risks, the IDA has helped industries improve their work environment with industrial safety and health technology support teams since 1990. In response to the rapid development of AI technologies, the Project was renamed the “Industrial Safety Smart Assistance Project” in 2021. Action plans for 2023 include: (1) technical guidance to achieve baseline improvement; (2) technical guidance on risk management; (3) smart assistance of industrial safety; and (4) regulatory discussions, training, and promotions.

(<https://sets.org.tw/>)

3. Conventional Industry Technology Development (CITD)

The IDA launched the “Conventional Industry Technology Development Assistance Plans” in 1991 to provide subsidies to traditional industries for research and development and encourage enterprises to conduct independent research and development, enhance the capabilities for the innovation and R&D of traditional industries in Taiwan, accelerate upgrading and transformation, and improve competitiveness. The 2023 priorities are: (1) product development, and (2) R&D alliances. (<https://www.citd.moeaidb.gov.tw/CITDweb/Web/Default.aspx>)

4. Industrial Upgrading and Innovation Platform Counseling Program

In order to help industries upgrade and transform, the IDA has launched the “Industrial Upgrading and Innovation Platform Counseling Program” and an industry promotion measure to help firms to develop competitive products and services, and further increase the added value of industries to help firms connect with international markets.

In 2023, the Program can be divided into four types of programs: (1) the High-end Products Program (for improving added value and shaping the high-value product image), (2) the Innovation and Optimization Program (for encouraging firms to own core technologies and products and build up systematic solution methods), (3) the New Industry Development Program (for encouraging firms to develop new products and services), and (4) the Theme-based Development Program (themes initiated by the IDB). (<https://tiip.itnet.org.tw/>)

5. A⁺ Industrial Innovation R&D Program

The Department of Industrial Technology (DOIT), MOEA launched the “A⁺ Industrial Innovation R&D Program” in 2014 to encourage enterprises to invest in the development of valuable forward-looking industrial technologies and facilitate industry chain integration. It also helps companies establish R&D organizations and teams, create R&D management systems, and develop core technical capabilities or unique business models. The Project helps companies build up their R&D capacity and enhance talent development to improve domestic industrial development.

In 2023, the A⁺ Industrial Innovation R&D Program can be divided into four types of programs: (1) the Industrial Technology Foresight Research Program, (2) the Program for Encouraging Domestic Companies to Set Up R&D Centers, (3) Special Programs, and (4) the Global R&D

Innovation Partner Program. (<https://aiip.tdp.org.tw/>)

6. Methods for Promoting Technical Innovation in Traditional Industries

The DOIT implemented the “Methods for Promoting Technical Innovation in Traditional Industries” in the form of a project which integrates relevant research institutions, combines resources from industry, academic, and research sectors, and helps traditional industries complete technical developments and upgrades. Action plans for 2023: (1) the Promotion of Local Industrial Technology Value-added Innovation by Legal Persons; and (2) the Promotion of Local Industrial Technology Value-added Innovation by Academia.

7. Service Industry Innovation Research Program (SIIR)

The AOC began promoting the “Service Industry Innovation Research (SIIR)” Program in 2012. It provides subsidies to encourage service providers to actively invest in new services and products, new business models, and new commercial applications to create competitive advantages. The categories of subsidies in 2023 include “individual innovation” (including “preliminary innovation” and “transformational innovation”) and “collaborative innovation” (including “service ecosystems” and “chain franchise systems”). They encourage commercial service businesses to focus on “digital applications, experience scenarios, and low-carbon circulation” and propose innovative R&D programs. (<https://gcis.nat.gov.tw/neo-s/Web/Default.aspx>)

8. Business Innovation Startup Assistance Program — Assistance for Innovation and R&D

The CIP began promoting the Innovation and R&D Assistance Program in 2018 and uses innovative methods to strengthen operational health. It helps companies owned by indigenous peoples achieve technical or service innovation, use products (services) to create innovative strategies with customers, and focus innovation activities on optimizing existing products, new markets, new products, and new businesses. (<https://startup.cpc.tw/>)

CHAPTER 6

Strengthening Start-ups and Incubation & Acceleration Mechanisms

To continue to build a high-quality environment for innovation in Taiwan, the government is establishing a comprehensive ecosystem for creativity, innovation, and entrepreneurship and actively implementing entrepreneurship incubation and assistance programs.

This Chapter consists of three sections. Section I discusses the incorporation of online-offline systems into the innovation incubation ecosystem; Section II focuses on strengthening the Incubation Support System; and Section III covers strategy optimization to meet international standards.

I Incorporation of Online-Offline Systems into the Innovation Incubation Ecosystem

1. Startup Hubs and Website

The Small and Medium Enterprise and Startup Administration (SMESA), Ministry of Economic Affairs (MOEA) established a physical location (Taiwan Startup Hub) to provide start-ups with comprehensive resources and support services, based on the concept of a one-stop service. The Startup Hub website (<https://sme.moeasmea.gov.tw/startup/>) provides information on entrepreneurship and plays the government's role as a medium for promoting innovation and start-ups via an online platform. Concrete methods in 2023: (1) Taiwan Startup Hub, the top site for operations and entrepreneurship, and the toll-free entrepreneurship consulting hotline (0800-589-168) help entrepreneurs take their first steps; (2) maintenance and optimization of the International Entrepreneur Initiative Taiwan and Startup Hub fan page and the International Entrepreneur Initiative Taiwan YouTube channel to provide entrepreneurship resources across time and spatial barriers and reduce the information gap; (3) continuous analysis of development of the domestic entrepreneurship ecosystem; and (4) organization of the Business Startup Award to promote the exchange of ideas between start-ups and enterprises.

2. Social Innovation and Cooperation Project

The SMESA used the “Social Innovation and Cooperation Project” to connect cross-agency, industrial, and business resources to create a friendly social innovation and development environment and help social innovation enterprises increase their capacity for operations and expand business opportunities in the market. Concrete methods in 2023: (1) providing exhibitions and performance venues and team residence services; (2) diverse assistance and social networks to enhance business

health; (3) encouraging the social innovation registration database to disclose their social missions and increase exposure; (4) implementing the “Buying Power” Social Innovation Product and Service Procurement Incentive and “Accountable Business” brand marketing; and (5) connecting with the international social innovation network. (<https://si.taiwan.gov.tw/#mainContent>)

II Strengthening the Incubation Support System

1. Start-up Demonstration Development Program

The SMESA began implementing the “Start-up Demonstration Development Program” in 2018 to drive the development of start-ups and guide them into the government market; procurements from start-ups have been made under the Program using common supply contracts. The Program provides convenience, and increases the government authorities’ willingness to experience innovative products and services. Work items in 2023 include: (1) assisting start-ups in acquiring common government supply contracts; and (2) site verification and problem-solving for co-creation: SMEs or government authorities propose difficulties in the industry to be resolved. The SMESA publishes and solicits solutions and implementation methods proposed by start-ups across Taiwan to help start-ups expand markets and facilitate the implementation and verification of innovative ideas. Innovative solutions produced in the verification may be included as procurement targets of subsequent innovative joint supply contracts and made available for use by government agencies.

(<https://www.spp.org.tw/spp/>)

2. SME Incubator Institutions

To help SMEs get established, innovate and grow at various stages, strengthen start-ups and incubation, and accelerate forward-looking SMEs’ global connections, since 1997 the SMESA has been working with other government agencies, research institutions, universities and private-sector companies to implement the government’s incubation center policy and encourage the establishment of new incubation centers. The following sections describe the current state of incubation center operation in Taiwan.

(1) Current Status of Incubators

Incubators are entities that nurture new businesses, new products, and new technologies and help SMEs with upgrading and transformation. Their core mission is to help new businesses grow and thrive. They provide space, instruments, equipment, R&D technology, funding, commercial services and consulting to effectively combine hardware and software resources for reducing the cost and risk of business start-ups and R&D, creating an excellent incubation environment, and increasing the chances of business success.

The needs of start-ups have changed due to domestic and international innovation policies, industry trends, and new technology development. Incubators have also continuously improved and adjusted their positioning and the resources and services they provide. In 2023, the SMESA is continuing to establish connections in the industry ecosystem through incubators and Local Youth Entrepreneurs Incubator Programs to connect industrial enterprises, venture capitalists, industry

associations, and other industry partners to provide customized incubation consulting for new ventures, and create local innovation and development opportunities. It also facilitates the connection of technical talents between start-ups and large and medium enterprises, as well as opportunities for cooperation and the co-creation of products and services in the supply chain or enterprise channel markets. In addition, the SMESA continues to encourage large enterprises from diverse private sectors to support start-ups and encourage large enterprises to set up their own accelerators or work with incubators to set up accelerators and become strategic investors of start-ups. The SMESA thus helps start-ups connect with the supply chain and market channels of large enterprises, accelerates funding matchmaking, provides opportunities for rapid entry into domestic and foreign markets, and effectively helps start-ups expand new business opportunities.

As of the end of 2022, the SMESA had provided subsidies to 155 incubators, which have provided SMEs with support in 3,152 cases, and facilitated increased investments totaling NT\$26.5 billion, and has maintained or added approximately 40 thousand employment opportunities in the last three years. It has also helped incubated companies in obtaining 169 patents or technology transfers, and has facilitated 36 co-creation collaboration projects between enterprises and start-ups.

(<https://incubator.sme.gov.tw/>)

(2) Incubation Centers Operated Directly by the SMESA

The SMESA began the establishment of incubation centers such as the Nangang Software Incubator in 2002 to focus on the incubation of key technology industries and provide SMEs with comprehensive incubation services for different development stages.

3. Construct Eco-system for International Incubation and Start-ups Acceleration Program

The SMESA focuses on innovation and start-ups and fully utilizes the capacity of various industries to support the development of the startup system in Taiwan. It has implemented the “Construct Eco-system for International Incubation and Start-ups Acceleration Program” in 2023 with the following concrete methods: (1) encouraging co-creation collaboration between enterprises and start-ups; and (2) promoting international cooperation in incubation.

“G Camp”: <https://www.facebook.com/gcamptaiwan>

4. Women Entrepreneurship Promotion Program

The SMESA began implementing the “Women Entrepreneurship Promotion Program” in 2013, which provides customized and integrated services to female entrepreneurs based on their needs at different stages to enhance women’s economic strength and competitiveness. Concrete methods in 2023: (1) women entrepreneurship knowledge, international branding, and digital marketing courses and entrepreneurship consultation; (2) Women Entrepreneurship Award and elite gathering events; and (3) working with the American Institute in Taiwan (AIT) in organizing the Academy for Women Entrepreneurs (AWE) and the creation of the first AWE Accelerator. (<https://woman.sysme.org.tw/>)

5.Next-generation Industrial Innovation Program

The SMESA implemented the “Next-generation Industrial Innovation Program” to cultivate new start-ups with potential, achieve co-creation with enterprises, and participate in international exhibitions to help start-ups achieve large-scale growth and overseas implementation. Concrete methods in 2023: (1) focusing on 4 major industries including smart IoT, health care, green technologies, and aerospace technologies to develop start-ups with potential in Taiwan; (2) promoting co-creation collaboration between enterprises and start-ups; (3) participating in international contests and exhibitions to accelerate the development of international markets by start-ups; and (4) recruiting international aerospace start-ups to set up operations in Taiwan.

6.Business Startup Phoenix Plan for Microenterprises

The Ministry of Labor (MOL) has promoted the “Business Startup Phoenix Plan for Microenterprises” since 2007 to create a friendly environment for entrepreneurship and resolve challenges in business management. Action plans for 2023 include: (1) organizing entrepreneurship courses and providing people with free comprehensive entrepreneurship consultation and assistance services before, during, and after starting their businesses; and (2) targeting businesses set up by women aged 18 to 65, citizens aged 45 to 65, residents aged 18 to 65 with household registration in outlying islands, the jobless covered by employment insurance, and unemployed middle-aged and elderly persons and providing up to NT\$2 million in low-interest entrepreneurship loan and interest subsidies. A nationwide toll-free service hotline at 0800-092-957 and the Business Startup Phoenix Plan for Microenterprises website (<https://beboss.wda.gov.tw/>) are provided for people to access more information.

7.Entrepreneurship Studies, Consultation, and Guidance

To encourage people to start businesses and stabilize business management, the MOL has promoted entrepreneurship studies and consultation and guidance that encompass the following in 2023: (1) providing beginner courses, advanced courses, and improvement courses for entrepreneurship as well as online marketing courses; (2) establishing digital entrepreneurship courses on labor development digital service platforms to provide people with methods for learning across different points in time, places, and platforms; and (3) organizing entrepreneurship consultants to provide people with free entrepreneurship consultation and assistance services before, during, and after starting their businesses.

“Labor Development Digital Service Platform” website: <https://portal.wda.gov.tw/mooc/index.php>

8.Angel Investor Program

The National Development Fund (NDF) approved the Angel Investment Program in 2017, under which the NDF and angel investors jointly invest in start-ups registered in Taiwan or foreign start-ups whose business activities are mainly in Taiwan. The Program provides start-ups with working capital during the early stages, and also utilizes the investment experience of angel investors to provide start-ups with subsequent guidance, consultation, and networking. (<https://www.df.gov.tw>)

9. U-start Innovation and Startup Program

The Ministry of Education (MOE) has implemented U-start to create a culture of innovation and entrepreneurship on campuses, encourage universities to optimize the campus entrepreneurship environment, integrate school incubation and assistance resources, provide young entrepreneurs with space and resources for experiments, cultivate talents with entrepreneurial capabilities, and assist young students in entrepreneurship and implementation. The project provides entrepreneurship teams with two stages of subsidies (rewards). (<https://ustart.yda.gov.tw/>)

10. U-start Plan for Indigenous Innovation and Entrepreneurship

To take advantage of the resources under the U-start Innovation and Startup Program, support is given to help young indigenous people start new businesses or propose and implement innovations based on tribal traditions, cultures, local produce and social relationships. The aim is to empower young indigenous people as entrepreneurs and facilitate economic development for the tribes. The Council of Indigenous Peoples (CIP) and the MOE are teaming up for the first time in 2020 to launch the U-start Plan for Indigenous Innovation and Entrepreneurship, which offers start-ups subsidies/prizes in two stages. (<https://ustart.yda.gov.tw/p/412-1000-122.php>)

11. Lean Startup Guidance Program — Million Dollar Entrepreneurship Program

The CIP began implementing the Lean Startup Guidance Program for Indigenous People of Taiwan in 2015 to encourage young people to develop and innovate indigenous industries, increase the success rate of new businesses, and revitalize indigenous ethnic industries to achieve sustainable development. The plans for 2023 include the supply of startup subsidies, assistance for indigenous start-ups to use innovative business models, improve their knowledge in business and financial management, and organize onsite visits to business locations. Business diagnosis is conducted to understand gaps in the market. (<https://startup.cip.gov.tw/>)

III Strategy Optimization to Meet International Standards

1. Entrepreneur Visa

The Executive Yuan ratified the “Entrepreneur Visa” in 2015 to attract outstanding foreign entrepreneurs to Taiwan, and to inject new energy into the innovation and startup environment. Foreign entrepreneurs and entrepreneurs from Hong Kong and Macau with capacity and technology for innovation will be eligible for a 2-years residency after meeting certain requirements determined by the Department of Investment Review (DOIR), MOEA. Once they establish a company and provide evidence of business activity, they will be eligible to extend their residency by an additional 2 years. Foreign entrepreneurs and entrepreneurs from Hong Kong and Macau who legally reside in Taiwan for 5 consecutive years, provided that they are physically present in Taiwan for over 183 days each year, will be eligible to apply for permanent residency or for registered permanent

residency.

2. Startup Terrace

To combine startup resources in the domestic and international markets, the SMESA set up the “Startup Terrace” and “Asia New Bay Area 5G AIoT Innovation Park” as world-class startup clusters. In 2023, it focuses resources on startup assistance and development and connected medium and large enterprises to provide demonstration sites for start-ups for product and service certification. It also helps start-ups participate in international exhibitions, matchmaking and the exchange of ideas, and bilateral training programs to win international market opportunities and improve Taiwan’s innovative entrepreneurial ecosystem.

“Startup Terrace” website: <https://www.startupterrace.tw>

“Asia New Bay Area 5G AIoT Innovation Park” website: <https://www.yawan-startup.tw/>

3. Taiwan Tech Arena (TTA)

To help start-ups in Taiwan to grow and adopt international standards, the National Science and Technology Council (NSTC) created the Taiwan Tech Arena (TTA) at the Taipei Arena in 2018 and created the Taiwan Tech Arena South in Shalun, Tainan at the end of 2021. Action plans for 2023: (1) directing international resources to intensify assistance for academic research and start-ups; (2) selecting start-ups to attend overseas training and strengthening startup personnel; (3) leading Taiwan’s start-ups in participating in international exhibitions to strengthen international connections and win business opportunities; and (4) the continuous implementation of resource sharing between Northern and Southern Taiwan and improving the innovative startup ecosystem in Northern and Southern Taiwan. “TTA” website: <https://www.taiwanarena.tech/>

CHAPTER 7

Revitalizing Local Industries via In-depth Development, Marketing and Expansion

To stimulate local economic development, create more local job opportunities, improve urban and rural marketing performance, and gain insights into domestic and foreign market opportunities, the government has adopted diverse assistance measures to help local industries and SMEs as a whole establish their niches and expand into domestic and overseas markets.

This Chapter is divided into three sections. Section I discusses plans to promote the development of local industrial clusters; Section II focuses on measures to help local industries build marketing capabilities; and Section III covers SME business matchmaking and export expansion.

I Promoting the Development of Local Industrial Clusters

1. Township Revitalization Project for Small and Medium Enterprises

The Small and Medium Enterprise and Startup Administration (SMESA), Ministry of Economic Affairs (MOEA) began implementing the “Township Revitalization Project for Small and Medium Enterprises” in 2018 to help SMEs apply the concepts of the circular economy, the digital economy, and the experiential economy. The Program uses local revitalization, the creation of local culture, the development of unique industries, and business model innovation to improve the health of companies, create local paradigms, maximize the impact, accelerate local industrial transformation, create local job opportunities, and encourage people to return to their home towns. It has adopted 2 types of proposals for individual businesses and collaboration between businesses and implemented the urban-rural creative development plan. (<https://share.sbtr.org.tw/>)

2. Village Startup Industry Development Project

To support the innovation and upgrading of village industries, improve the environment for entrepreneurial clusters, and bring vibrancy to the economic development of local special venues and creative urban and rural industries, the SMESA began providing subsidies in 2021 to county and city governments to optimize industry innovation, connect startup industries for demonstration sites, and invest in resources for supporting youth entrepreneurship to promote the development of village startups.

3. Program for Promoting Factory Transformation and Cluster Industrial Technology Advancement

The Industrial Development Administration (IDA), MOEA has continued to implement the “Program for Promoting Factory Transformation and Cluster Industrial Technology Advancement” to help transform traditional factories into “tourism factories” and help unique factories improve their educational and entertainment tourism value and new business model. Contents of the plans for 2023: (1) tourism factory evaluation and promotion; (2) the selection of high-quality tourism factories and tourism factories with an international appeal; and (3) inter-regional integration, value-added assistance, etc. (<https://www.taiwanplace21.org.tw/>)

4. Creative Life Industry Development Program

In order to help businesses combine creative and cultural elements into the development of creative products and services encompassing merchandise, locations, services and events, as well as go on to create innovative new business models which lead to greater value-added economic activity and more business opportunities, the IDA launched the “Creative Life Industry Development Program.” Action plans for the program in 2023 include evaluating and selecting companies in the creative lifestyle sector, organizing and providing guidance on improving customer experiences, and jointly implementing promotional efforts for industry-specific marketing. (<https://www.creativelife.org.tw/>)

II Helping Local Industries Build Marketing Capabilities and Regional Brands

1. OTOP Marketing and Promotion—Enhancement of Domestic Channels

The SMESA launched the One Town One Product (OTOP) in 1989 to respond to changes in domestic and foreign markets, meet market development trends in the new era, and enhance the ideas behind products and services. It has organized the National University Story Marketing Contest in 2023 to cultivate potential talents with diverse training models and develop local youth talents. The Administration continues to operate the Sun Moon Lake OTOP Specialty Center and has authorized OTOP channels and work with cross-sector channels and community e-commerce platforms to plan OTOP product design awards, provide channels and promotion resources, improve local industrial development, and increase the value-added of industries. “OTOP” website: <https://www.otop.tw/>

2. Counseling Project for Internationalization of Local Cultural Industries—Development of International Markets

The SMESA has promoted the “Counseling Project for Internationalization of Local Cultural Industries” since 2007. To help companies gain overseas market access, the Administration has provided assistance for product localization and innovation and expanded international channels to

enhance companies' capacity for internationalization and provide them with channel expansion mechanisms. The Administration has organized matchmaking events with foreign channels and theme-based exhibition activities in the United States, Canada, Singapore, Malaysia, the Philippines and Hong Kong in 2023 to help companies monitor demand in the international consumer markets. It also continues to expand markets in Japan. "OTOP" website: <https://www.otop.tw/>

III SME Business Matchmaking and Export Expansion

1. Project for Promoting Digital Innovation and International Linkage for SMEs

The SMESA has promoted the "Project for Promoting Digital Innovation and International Linkage for SMEs" since 2019 to target the domestic market demand of New Southbound Countries, help SMEs incorporate digital innovation tools, and build new business models to accelerate expansion in international markets and obtain digital business opportunities. Main action plans for 2023: (1) organizing alliances for industrial business opportunities and constructing an international collaboration network; (2) professional consulting and international market diagnostic services; and (3) organizing events for business opportunities for companies in New Southbound Countries. (<https://info.sme.gov.tw/masterpage-wpi>)

2. Project for Assisting SMEs in Business Opportunity Cooperation and Award Selection

The SMESA began implementing the "Project for Assisting SMEs in Business Opportunity Cooperation and Award Selection" in 2021 to help SMEs continue to make the best use of their abilities to create value and expand domestic and international business opportunities amid the intense competition. In 2023, the Administration has organized international marketing events, large-scale exhibitions, precision matchmaking, and technical exchanges based on the advantages and matchmaking requirements of SMEs. It has increased the exposure, matchmaking, and value enhancement opportunities of SMEs in Taiwan and accelerated the expansion of domestic and foreign business opportunities. (<https://technomart.sme.gov.tw/masterpage-technomart>)

3. Project of Value Co-creation of Escalating SMEs Cross-Domain Ecosystem

The SMESA implemented the "Project of Value Co-creation of Escalating SMEs Cross-Domain Ecosystem" to help SMEs in Taiwan connect supply to demand, create feasible solutions, quickly verify ideas in the market, and develop benchmark pilot programs in ecosystems to facilitate subsequent innovation and sustainable development. In 2023, it has focused on 3 major strategies including "creation" with co-creation of value by industry, government, academia, and research institutions, "innovation" with strengthened applications of emerging technologies, and "high growth" with enhancements for corporate business development to power the high-speed growth of SMEs,

and help them attain high profitability. (<https://smefuture.org.tw/masterpage-smeecosystem>)

4. Trade Promotion Working Plan

The International Trade Administration (ITA), MOEA has launched the Trade Promotion Working Plan to promote export market diversification, with a particular focus on increasing Taiwan's export share in emerging markets. Related activities are taking place online instead in response to COVID-19.

(1) Strengthening Trade Promotion

The ITA also organizes trade activities to help companies with global expansion, increase the international competitiveness of domestic products, and promote economic and trade development. Main tasks in 2023 have included: 1. organizing frequent overseas exhibition events, inviting foreign buyers to make purchases in Taiwan, and providing customized project services; 2. providing business opportunity information services through diverse channels and maintaining and operating Taiwan's portal website for trade — “Taiwantrade” (<https://info.taiwantrade.com/>); 3. providing services for overseas operations and branches; and 4. cultivating talent in international marketing.

(2) Integrating Private Sector Resources for Market Development

The main activities of the ITA in 2023 have included forming delegations for expanding trade in foreign countries, participating in commercial exhibitions, inviting foreign trade associations to visit, and organizing and/or attending international economic and trade conferences. The Administration has also provided individual companies or businesses with subsidies for participating in international exhibitions in response to the export expansion requirements of individual companies.

(<https://tpsp.trade.gov.tw/tppo/home/notice/front>)

(3) Launching Various Projects and Programs

A. New Southbound Market Innovation Marketing Development Project

To help companies grasp business opportunities in consumer markets in ASEAN, South Asia, New Zealand and Australia, the ITA implemented the “New Southbound Market Innovation Marketing Development Project.” Specific approaches in 2023 have included: (1) providing business opportunity information services through diverse channels; (2) promoting cross-industry cluster guidance alliances for “commercial channels” to provide related professional consultation and guidance; and (3) assisting companies in using digital technologies and new media for online product tests and social media marketing promotion, and organizing precision buyer matchmaking events. (<https://mvp-plan.cdri.org.tw/>)

B. Helping Companies Win Green Business Opportunities Across the Globe

To help companies win green business opportunities across the globe, the ITA has continued to operate the “Taiwan Greening Your Life” network in 2023 (<https://www.greentrade.org.tw/>). The “Net Zero Emissions” section provides information on carbon, collects international news, developments, and business opportunities, and offers the “Carbon Consultant” online consultation services. The “EU CBAM” section provides key points of legislation and Q&A, while the “Export

Carbon Reduction” section provides the “Database of Global Brand Carbon Reduction Business Opportunities” and “Business Carbon Reduction Export Capacity Evaluation System” to increase businesses’ carbon reduction ability and export competitiveness. It also organizes large-scale carbon inspection activities, company success story sharing events, and small-scale workshops in Taiwan. It provides counseling on international green certification and carbon issues and organizes exhibitions to expand sales.

C. Taiwan Industrial Image Promotion Project

To enhance the recognition and favorable image of Taiwanese products and high-quality industries for target markets and consumers and thus improve the international image of Taiwan’s industries and promote export growth, the ITA continuously promotes the “Taiwan Industrial Image Promotion Project.” The main projects in 2023 have consisted of diverse and integrated marketing and promotional activities including: (1) selection and promotion of Taiwan Excellence products; and (2) adopting virtual/physical exhibition marketing, digital marketing, and localized integrated marketing campaigns for target markets. (<https://www.taiwanexcellence.org/tw>)

D. Securing Business Opportunities in Global Government Procurement

To help companies win direct procurement projects or subcontract business opportunities from foreign governments, the ITA continued to organize seminars on business opportunities, form delegations for developing business opportunities, invite buyers for consultation, and perform other promotional activities in 2023. (<https://gpa.taiwantrade.com.tw/zh/home>)

E. Smart Machinery Overseas Promotion Project

To support domestic smart machine manufacturers in securing opportunities overseas, the ITA has continued to implement the “Smart Machinery Overseas Promotion Project.” The Project was implemented in the United States, Germany, and Japan in 2023. The contents include: (1) promoting Taiwan’s smart machinery through multiple digital marketing methods in conjunction with professional exhibitions in foreign countries; (2) using product launch events, trade delegations, and matchmaking events to connect Taiwanese companies with buyers; and (3) digital business analysis and information diffusion. (<https://zh.twmt.tw/>)

F. International Market Development Subsidy Plan

The ITA has continued to promote the “International Market Development Subsidy Plan” to encourage manufacturers to apply diversified, innovative and integrated marketing to international market expansion through special project subsidies. Subsidies have been provided in 34 cases in 2023, including 28 SMEs which accounted for 82%. (<https://www.imdp.org.tw/>)

G. Textile Export Promotion Project

To help Taiwan’s textile companies expand in foreign markets, the ITA has continued to promote the “Textile Export Promotion Project.” The range of assistance being provided in 2023 includes: (1) integrated marketing and opportunity development; (2) international marketing consulting and other services; and (3) international marketing assistance. (<https://export.textiles.org.tw>)

CHAPTER 8

Other Government Supporting Measures

To optimize the business environment for SMEs, the government continues to promote related support for SMEs including government aid for various SME guidance fees, improvements to the legal system for SMEs, participation in international exchanges, talent cultivation for SMEs, and the organization of various selection and commendation activities for SMEs.

This Chapter comprises five sections that will discuss other SME-supporting resources and measures not covered in previous chapters. Section I presents the utilization of government resources to assist SMEs, such as government procurement and SME financing. Section II examines the government's regulatory flexibility related to SMEs to help create a first-class legal environment for SMEs. Section III outlines the active role of government agencies in organizing and participating in international affairs and activities of SMEs. Section IV focuses on manpower cultivation in SMEs. Finally, Section V covers national SME awards from the Ministry of Economic Affairs.

I Government Resources Allocated to SMEs

It is explicitly stated in the Act for the Development of SMEs that the government should clearly specify in the SME White Paper the amount of resources allocated to SMEs. In addition to the resources expended by the government on SMEs, this section also includes statistics pertaining to the government's procurement of property, public works or labor from SMEs as well as special loans made available to SMEs. However, statistics on government guidance resources and financing are limited to those from agencies at the central government level.

1. Assistance to SMEs Totaled NT\$27.761 Billion

The statistics on resources allocated by the government for SME guidance purposes include funding to government agencies that have a significant relationship with SMEs, e.g., the Small and Medium Enterprise and Startup Administration (SMESA), MOEA, Industrial Development Administration (IDA), International Trade Administration (ITA), Administration of Commerce (AOC), Department of Industrial Technology (DOIT), and financial institutions and credit cooperatives that make donations to the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), as well as training expenses of the Ministry of Labor (MOL).

Based on the final budget for MOEA units, a budget totaling NT\$34.33 billion was approved for 2022 and NT\$24.68 billion was allocated to SMEs. It accounted for 71.89% of the final budget. The funding used for assistance to SMEs in 2022 increased by NT\$1.671 billion compared to 2021 mainly due to the increase in funding of the ITA, IDA, and SMESA used for SMEs in 2022, which increased by 15.52%, 7.17%, and 5.09%, respectively. The top 3 providers of funding for supporting SMEs

were: the DOIT (NT\$8.656 billion), the SMESA (NT\$6.423 billion), and the IDA (NT\$5.244 billion) (Table 8-1-1).

Table 8-1-1 Ministry of Economic Affairs Resources and Funding Allocated to SMEs, 2021-2022

Organizer	Annual funding		Fiscal year final accounts		Total amount allocated to SMEs 2021①	Increase (decrease) ③=②-①	Unit: 100 million NT\$; %
	2021	2022	2021	2022②			
SMESA (SME Development Fund included)	61.12	64.23	61.12 (100.00)	64.23 (100.00)		3.11	
IDA (Industrial technology guidance and Industrial Park Development and Management Fund included)	79.31	84.83	46.75 (58.95)	52.44 (61.81)		5.69	
ITA (Trade Promotion Fund included)	37.18	42.29	32.26 (86.75)	38.03 (89.94)		5.77	
AOC (Promotion of trade modernization and commercial technology development included)	7.78	7.17	5.43 (69.83)	5.54 (77.28)		0.11	
DOIT	129.71	144.78	84.53 (65.17)	86.56 (59.79)		2.03	
Total	315.10	343.30	230.09 (73.02)	246.80 (71.89)		16.71	

Notes: Figures in parentheses represent the percentages in the final accounts.

Source: Various agencies of the MOEA, 2023.

In 2022, in addition to the relevant government resources allocated to SMEs by agencies such as the MOEA, 36 financial institutions and 6 credit cooperatives also contributed a total of NT\$2.699 billion to the Taiwan SMEG to enhance the Fund's strength. Training expenses of the Workforce Development Agency (WDA), MOL for SMEs totaled NT\$0.382 billion. Therefore, government guidance resources allocated to SMEs totaled NT\$27.761 billion in 2022.

2. Providing SMEs with Special Loans Totaling NT\$1.085 Billion

Eligible SMEs in Taiwan have access to the following various types of special loans: Small and Medium Enterprises Development Fund Supported Export Loans, Overseas Investment Loans, Overseas Construction Project Loans, SME Development Fund Special Loans, Micro-Business Start-up Phoenix Loans and Employment Insurance Startup Loans for the Jobless, SME Sports Services Industry Loans and Indigenous Integrated Development Fund Loans. A total of NT\$1.085 billion in government-funded SMEs loans were excluded in 2022 (Table 8-1-2).

3. Government Procurement from SMEs Reached NT\$522.398 Billion

According to Government Procurement System statistics on awarded contracts published in 2023, in 2022 the total amount of government procurement totaled NT\$601.518 billion, while the total amount contracted or subcontracted by SMEs in government procurement totaled NT\$522.398 billion. The share of government procurement from SMEs in 2022 was 86.85%.

Table 8-1-2 Special Loans to SMEs Funded by the Government, 2022

Unit: 100 million NT\$

Name of loan	Eligible applicant	Structure	Status	
			Total loan amount	Government funding
Small and Medium Enterprises Development Fund Supported Export Loans Overseas Investment Loans Overseas Construction Project Loans	SMEs	SME Development Fund	5.00	5.00
Special Loan Assistance for SMEs to Take Root	SMEs	Supported with long-term special funding allocation of the National Development Council or banks with proprietary funds	0.08	0.00
Micro-Business Start-up Phoenix Loan Employment Insurance Startup Loans for the Jobless Startup Loans for Unemployed Middle-aged and Elderly Persons	Women aged 18-65, residents aged 18-65 with household registration in outlying islands, and citizens aged 45-65 The jobless covered by employment insurance Unemployed middle-aged and elderly persons	Loans provided by banks' own funds and interests subsidized by the Ministry of Labor	3.53	0.10
SME Sports Services Industry Loans	SMEs	Supported with credit guarantee funds set up by the Sports Development Fund and Credit Guarantee Fund	8.49	0.00
Indigenous Integrated Development Fund Loans (Indigenous Youth Business Loans, Indigenous Economic Industry Loans, Indigenous Micro-Business Activities Loans included for production use)	Indigenous people aged 18-65	Fully funded by the Council of Indigenous Peoples	5.75	5.75
Total			22.85	10.85

Source: Various government agencies, 2023.

II Regulatory Flexibility to Create a First-class Legal Environment for SMEs

1. Regulatory Affairs Concerning Small and Medium Enterprises

(1) Amendment of the “Official Criteria for Designation as a Business Start-up with Innovation Capability”

To assist start-ups affected by the pandemic, the National Development Council (NDC) published the “National Development Council Additional Relief for Assisting Startups” on June 24, 2022. The MOEA also amended the “Official Criteria for Designation as a Business Start-up with Innovation Capability” on July 12, 2022 and relaxed the regulation for determining start-ups from less than 5

years to 8 years after establishment. It also added provisions to include start-ups or their legal representatives that have won benchmark startup awards in Taiwan or overseas or won design contests as having met the criteria for innovation capability so that government agencies can help start-ups obtain the necessary funding with greater flexibility.

(2) Promulgation of the “Ministry of Economic Affairs Criteria for Determining Violations of Environmental Protection, Labor, or Food Safety Laws and Severity in Accelerated Investment Loans for Small and Medium Enterprises”

The MOEA promulgated the “Ministry of Economic Affairs Criteria for Determining Violations of Environmental Protection, Labor, or Food Safety Laws and Severity in Accelerated Investment Loans for Small and Medium Enterprises” to encourage SMEs to comply with environmental protection, labor, and food safety laws in their business development. The MOEA issues official letters to the competent authorities of legal affairs to review whether there were violations of laws of such enterprises in the previous year. Where relevant enterprises are deemed as having committed major violations of laws by the review meeting, the MOEA shall immediately notify related entities to suspend the payment and request the repayment of service fees in order to promote the upgrade and transformation of SMEs and fulfill their corporate social responsibility.

2. Helping SMEs Adapt to Critical Regulatory Frameworks

(1) Relaxation of Regulations on Investment in Security Token Offering

Due to the development of FinTech, Security Token Offering (STO) has gradually matured but the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals did not allow the entry of foreign funding. It reduced the source of funding with virtual assets and reduced the fundraising channels for SMEs. The SMESA of the MOEA issued an official letter to the Financial Supervisory Commission (FSC) to relax certain regulations. The FSC issued an order on January 19, 2022 to include “debt-based STOs” into the scope of investment for overseas Chinese and foreign nationals. This measure will increase foreign capital investments and enrich the fundraising channels for SMEs.

(2) Optimization of the Operator Tax Filing Procedures for Cross-Border Consumer E-commerce

According to Article 6 of the Directions on the Levying of the Income Tax on Cross-Border Electronic Services Transactions, where a cross-border e-commerce operator sells electronic services to a domestic operator, the income tax calculation can be based on either “actual costs” or the “standard net profit ratio and the domestic profit contribution ratio.” As the results of the calculations are different and as the tax rate information disclosure is insufficient, it is difficult for companies to calculate the correct tax rate for payment. The SMESA issued an official letter to the Ministry of Finance on December 16, 2021 to relax certain regulations. The Ministry issued an order to allow business to apply for the correct tax rate from taxation authorities and clarified the procedures, which will reduce the tax burden on SMEs and ensure their legal compliance.

3. SME Regional Innovation

The SMESA activated innovative regulation consultation mechanisms in 2021 to help clarify questions regarding SMEs' development of innovative applications. The mechanisms also strengthen local connections and provide diverse support models such as recommendations for amendments of regulations to bridge the divide between regulations related to SME regional innovative developments to create a friendly innovative legal environment.

Taiwan is set to become a “hyper-aged society” in 2025. By incorporating technologies into the long-term care industry, we can create a comprehensive smart health industry ecosystem that can increase the long-term care quality and resolve issues of insufficient manpower for providing care. The regulatory model in the current long-term care regulations does not provide sufficient support for SME innovation and measures should be taken to provide industries with greater flexibility. Therefore, the SMESA convened meetings to discuss individual cases from May 2021 to December 2022 to collect opinions from all sectors. It also compiled recommendations for amendments of regulations in December 2022 and issued an official letter to request that the Ministry of Health and Welfare evaluate the relaxation of payment regulations for long-term care institutions, and the feasibility of standard flexible mechanisms for the manpower allocation of long-term care institutions. These measures accelerate the clarification of regulations and meet requirements in industrial development.

III Participating in International SME Meetings and Events

1. Participating in APEC

(1) Attending the 28th APEC Small and Medium Enterprises Ministerial Meeting

Chern-Chyi Chen, Vice Minister of Economic Affairs, attended the 28th “APEC Small and Medium Enterprises Ministerial Meeting” held in Phuket, Thailand on behalf of Taiwan from September 9 and 10, 2022. He shared Taiwan’s experience in implementing policies for digital tolerance and development of an influential ecosystem for SMEs in recent years as well as the initiatives for SMEs promoted by Taiwan in APEC. The contents included: 1. Taiwan created the TCloud platform through a public-private partnership to actively promote cloud carbon reduction applications; 2. Startup Terrace helps start-ups achieve development by partnering with large enterprises; 3. Helping female entrepreneurs with the necessary customized assistance in all stages from starting a business to scaling up and expansion.

(2) Organization of the “APEC SMEs New Paradigm of Digital Resilience Forum”

The SMESA organized the “APEC SMEs New Paradigm of Digital Resilience Forum” from July 5 to 6, 2022. The event was based on the themes of “upgrade the manufacturing process and improve management efficiency,” “improve the service model and monitor market demand,” and “support operations with small and micro digital solutions.” It discussed how micro, small, and medium enterprises in each sector can develop digital applications for use in internal management and

external connections to create new paradigms in the economic recovery of the post-pandemic era. The event also included an online exhibition in which more than 30 companies that have achieved best practices in 8 APEC member economies including Taiwan were invited to showcase their digital products and business models and communicate their development experience.

2. New Southbound Industrial Collaboration Summit

The Chinese National Federation of Industries (CNFI) and the IDA began co-organizing the New Southbound Industrial Collaboration Summit in 2017. SMEs can use this platform to gain information on ASEAN markets, and create new business opportunities. The Administration has continued to use the collaboration platforms with the six nations in 2023 to focus on the bilateral industrial needs and facilitate concrete cooperation. To attain net zero emissions, Taiwan invites experts to speak on the low carbon transition and provide consultation in forums organized in different countries.

3. Promoting SME International Exchange and Collaboration

(1) Promoting Bilateral and Multilateral Cooperation and Cross-border Exchange and Collaboration

- A. Taiwan promoted bilateral SME cooperation with key partner countries including the Philippines, Malaysia, India, Japan, the United States, Turkey, and Poland.
- B. Taiwan attended bilateral ministerial meetings with Singapore, Malaysia, Japan, the Philippines, New Zealand, Thailand, India, and Lithuania.
- C. Taiwan cooperated with the World Trade Organization (WTO) in organizing informal working groups on MSMEs and other multilateral issues.

(2) Important Results in SME International Exchanges

- A. India:** We organized the “1st Taiwan-India SME Work Group Meeting” for both sides to exchange ideas on policies. We also organized the first “Taiwan-India SME Cooperation Forum” to promote connections and cooperation for the medical supply industries in both countries.
- B. Malaysia:** We organized the 7th meeting of the “SME Development Working Group” (SMEDWG) and facilitated the exchange of information between the two countries, cooperation in incubator and accelerator networks, and capacity building. We also helped 32 Taiwanese and Malaysian companies with online business discussions and facilitated the discussions for preliminary cooperation between Taiwanese and Malaysian companies in 4 cases.
- C. Japan:** We organized the “5th Taiwan-Japan SMEs Collaboration Meeting” and shared official information on digital transformation, the latest support policies for startup SMEs, cooperation in the Asia Pacific, and case studies of results. We also organized 10 events for Taiwanese and Japanese businesses on food, smart medicine, start-ups, and SDGs for more than 350 Taiwanese, Japanese, and foreign companies.

D. Turkey: We organized the signing of the “Memorandum of Understanding for SMEs between the Republic of China and Turkey” and organized the “Taiwan-Turkey SME Smart Medicine Business Opportunities Matchmaking Seminar” with the Small and Medium Enterprises Development Organization of Turkey (KOSGEB). We invited 9 Turkish SMEs and 17 Taiwanese SMEs for 43 sessions of one-on-one business discussions.

E. Poland: We organized to the signing of the “Memorandum of Understanding for Innovation and Startups between the Republic of China and Poland” and organized the online “Taiwan-Poland SME Cooperation Forum” with the Polish Agency for Enterprise Development (PARP). We invited 38 companies in the Southern Taiwan Science Park Medical Supply Cluster and the Lublin Medicine Cluster in Poland to share their ideas on clusters and corporate partnerships, international networks and connections, and business opportunities.

F. U.S.: The first agreement of the “U.S.-Taiwan Initiative on 21st-Century Trade” was signed in June 2023. It included a chapter on SMEs which helps SMEs enter the US market. Taiwan and the United States shall establish SME dialog mechanisms and employ measures such as the sharing of resources, mutual support on common issues, and business interactions to support SME development and connections.

IV Manpower Cultivation in SMEs

1. SME Management and Entrepreneur Talent Cultivation

The SMESA established the Great Entrepreneurship Academy in 2003 to strengthen the knowledge necessary for each development stage of SMEs and increase the capacity for talent development for professionals. The Academy is an integrated portal for e-learning and physical courses, and operates a one-stop charging station for SMEs in Taiwan to attain the target of lifelong learning for all citizens. In 2023, it has provided more than 800 free online courses, corporate organization learning, digital diverse learning services, and lifelong learning electronic passport services. It also offers SME leadership and succession training courses and other diverse digital and in-person courses. “SME Learning” website: <https://www.smelearning.org.tw/>

2. SME Succession Talent Cultivation

The SMESA established the NexTech Academy to accelerate the establishment of corporate succession and digital transformation concepts in SMEs, strengthen transformation capacity, and increase competitive advantages. In 2023, it has continued to use the NexTech Academy to customize the resources necessary for digital applications in enterprises and promote digital learning, community learning, and counseling. (<https://ntacademy.sme.gov.tw/>)

3. Talent Training Programs in the Manufacturing Industry

To train talents necessary for industrial upgrading and transformation and construct a professional talent training environment, the IDA continues to promote the “Professional Talent Development Programs for Industries.” The key points in 2023 include the industry training courses and the establishment of cooperation connections between the industry, academia, and research institutions

with the aim of promoting the cultivation of professional talents through diverse training models. (<https://idbtrain.stpi.narl.org.tw/>)

4. Talent Training Programs in the Service Industry

The AOC has planned courses on big data analysis, digital marketing, and the Internet of Things for retail and integrated service industries (e.g., logistics and information and technology services) since 2017. It has also leveraged resources of trade associations to offer courses for training talents required for the promotion of smart business services and to establish a foundation for large-scale domestic smart business services. Due to the importance of the digital transformation to the service sector, the AOC has launched the “Business Service Digital Transformation Leadership Talent Cultivation Program” since 2021 to provide smart business analysis, digital marketing, and e-commerce courses necessary for the digital transformation to mid-level and senior leaders and talents in the catering, retail, and logistics industries. It continues to organize leadership training courses in 2023 (10 courses).

5. International Business Management Talent Cultivation

(1) International Business Management Talent Training Program

In response to the industry's demand for foreign trade talents, the ITA began training talents for foreign trade. In addition to providing pre-job and on-the-job training courses, it is also committed to helping businesses create customized course solutions to provide the most suitable training solutions for specific business needs and improve their workplace competitiveness. In 2023, the ITA has continued to organize international business management courses, professional on-the-job training courses, special talent development courses in Eastern Taiwan, New Southbound Policy talent pool courses, as well as courses to enhance the diversity of online business English, and to provide businesses with talent matchmaking services. (<https://www.iti.org.tw/>)

(2) Cultivation and certification of MICE talents

The ITA has promoted the training and certification of MICE talents since 2009 to provide training for the professional skills of MICE talents in Taiwan. The program includes 3 parts:

- A. **MICE talent cultivation:** The IDA accepts recommendations from experts and the industry and focuses on 5 areas including on-the-job training, campus training, exhibition internships, talent matchmaking, and the establishment of comprehensive exhibition certification mechanisms.
- B. **Certification of MICE talents:** The IDA promotes domestic and international exhibition certification and combines knowledge obtained in foreign countries with domestic experience to cultivate international MICE talents.
- C. **International exchanges for MICE talents:** The IDA assists MICE professionals in participating in international MICE events to learn from the MICE advantages of other countries and share results with domestic MICE operators to create a positive cycle for international exchanges. (<https://mice.iti.org.tw/>)

6.Digital Talent Cultivation

The Ministry of Digital Affairs (MODA) has implemented the “Digital Youth Transformation Seed Empowerment Project” (Training Talent Transformation T Ambassador Project) in 2023 in response to industrial digital transformation and digital economy development trends. Government agencies and private companies work together to use competency cultivation, business venues, mentorship, and digital transformation solutions for advance preparation of digital talents needed by SMEs. They jointly cultivate digital transformation seed talents for the industry and help young people connect to the future employment market.

“Digital Youth Transformation Seed Empowerment Project” website: <https://www.3t.org.tw>

7.Cooperating with Industries and Academia for Talent Cultivation

(1) Industrial Technology Graduate Program

The Ministry of Education (MOE) has offered the “Industrial Technology Graduate Program” since the spring of 2011. Enterprises and schools jointly submitted program applications based on industry needs, and the programs were offered after gaining approval from the Ministry of Education, thereby increasing the supply of the master’s-level talent needed by enterprises. In 2023, the Ministry approved spring and fall programs for 19 schools totaling 42 programs with 507 students.
(<https://imaster.moe.gov.tw/home>)

(2) Industries and Academia Collaboration Project 2.0

The MOE, MOEA and MOL expanded the “Industries and Academia Collaboration Project 2.0” in 2021 to cultivate technical talents with the technical universities and colleges and the industry so that students can work as official employees of companies when they start school and engage in on-the-job studies in the technical universities and colleges. (<https://iacp.me.ntnu.edu.tw>)

(3) Industry College Program

To encourage technical and vocational colleges to focus on the key industries of the country, and to provide job matching, the Guidelines for the Implementation of an Industry College were revised in 2020 to adjust the categories of programs eligible for subsidies. The Industry College Cooperation and Talent Development Platform of the MOE is used to provide talent development programs through customized models to help students find employment immediately after graduation and enhance the capacity for industry-academic cooperation. (<https://iac.twaea.org.tw/>)

(4) Cross-Sector Digital Talent Accelerator and Jumpstart Plan

The MODA launched the “Cross-Sector Digital Talent Accelerator and Jumpstart Plan” to help students that did not major in information and communication develop cross-sector digital skills. It develops cross-sector digital talent practical training models by establishing cooperation connections between the industry, academia, and research institutions. It selects students in universities with potential for digital economy training to proceed with practical projects and training under the guidance of mentors in research institutions to cultivate cross-sector digital talents based on the needs of the industry. “DIGI⁺ Talent”: <https://www.digitalent.org.tw/>

8. Enterprise Talent Improvement and Independent Studies for Workers

(1) Enterprises Human Resource Upgrading Plan and Small Enterprises Talent Skill Progressive Program

The WDA, MOL has promoted the “Enterprises Human Resource Upgrading Plan” since 2004 to help business units plan and provide training for their employees in accordance with their organizational and operational strategies, or in conjunction with business units with operational connections, and provide subsidies for part of the cost of training. The Agency also activated the “Small Enterprises Talent Skill Progressive Program” in 2014 to provide small enterprises with fewer than 50 employees with professional and customized assistance and consultation services, and assist in the execution of training programs. (<https://onjobtraining.wda.gov.tw/>)

(2) Industrial Human Resource Investment Plan

The Plan has been implemented since 2005 to improve the knowledge, skills, and attitude of on-the-job workers. It works with private training organizations to provide a diverse range of practical training courses and provides up to NT\$70,000 in training fees per person over 3 years. It encourages workers to learn independently and accumulate human capital to increase the overall human capital of the country. (<https://ojt.wda.gov.tw/>)

V National SME Awards from the Ministry of Economic Affairs

1. National Award for Outstanding Small and Medium Enterprises

The MOEA and the National Association of Small & Medium Enterprises, R.O.C. (NASME) established the “National Award for Outstanding Small and Medium Enterprises” in 1992 for the purpose of selecting SMEs with outstanding performance in management, innovation, branding, quality, and image as well as specific contributions to society as models of industry. Such SMEs receive public commendation to promote the establishment of SME benchmark models to create a model for all SMEs in Taiwan to learn from each other’s successes, help inspire each other, and accelerate business upgrades. 12 SMEs are expected to win the Award in 2023. As of the end of 2022, 333 SMEs had won the award. (<https://smeaward.sme.gov.tw/masterpage-smea>)

2. Rising Star Award

The SMESA established the “Rising Star Award” in 1998 to use selection and commendation activities to select outstanding SMEs with high levels of competitiveness, outstanding export performance, and comprehensive management systems that make them role models for other domestic enterprises. The SMESA also hopes to use related events to disperse the role model effect and continue to promote cooperation within and between industries and encourage more SMEs that mainly operate in Taiwan to expand into international markets. As of the end of 2022, 359 SMEs had

been recognized as “Rising Stars.” (<https://award.sme.gov.tw/masterpage-rsa>)

3. SMEs Innovation Award

The SMESA has organized the “SMEs Innovation Award” since 1993 to continue to reward outstanding SMEs with specific performance in innovation and research through organized and systematic methods. The Award encourages enterprises to continue to accumulate R&D capacity to achieve local technological development and attain the goals for industrial upgrading and healthy development. Innovative products from a total of 30 SMEs are expected to be selected in 2023. As of 2022, a total of 989 innovative SME products had been selected and 47 enterprises that had won awards had been listed on the Taiwan Stock Exchange or Taipei Exchange, 19 enterprises had been listed on the emerging markets, and 10 SMEs were listed on GISA.

(<https://tsia.sme.gov.tw/masterpage-tsia>)

4. Business Startup Award

The SMESA began the “Business Startup Award” in 2002. The Award seeks start-ups with innovative technologies, products, services, or business models to develop start-ups with high-quality operating models, establish successful cases for success, and invigorate domestic innovation and entrepreneurship. As of 2022, a total of 313 enterprises had won the award and at least 38 enterprises had been listed on the Taiwan Stock Exchange or Taipei Exchange, or had become public companies. (<https://sme.moeasmea.gov.tw/startupaward/>)

5. Model of Entrepreneurs Award

In 2005, the SMESA began providing subsidies to the “Model of Entrepreneurs Award” organized by the National Innovation and Entrepreneurship Association to encourage the private sector to organize events that recognize model entrepreneurs, encourage entrepreneurs to pursue their passions and take courageous steps, promote positive cycles for the sustainable development of society and enterprises, and improve Taiwan’s competitiveness. A total of 703 individuals have won the award since 1978 including 479 winners in the country and 224 winners overseas.

(<https://www.careernet.org.tw/modules.php?name=kaimo>)

Appendix

Appendix A Act for Development of Small and Medium Enterprises

Appendix B Standards for Identifying Small and Medium-sized Enterprises

Appendix C SME Statistics by Industry

APPENDIX A

Act for Development of Small and Medium Enterprises

Publically announced in accordance with the Presidential Decree dated February 4, 1991.

Revised in accordance with the Presidential Decree dated May 21, 1997.

Revised in accordance with the Presidential Decree dated January 21, 1998.

Revised in accordance with the Presidential Decree dated December 27, 1990.

Revised in accordance with the Presidential Decree dated December 21, 2001.

Revised in accordance with the Presidential Decree dated December 17, 2003.

Revised in accordance with the Presidential Decree dated November 25, 2009.

Revised in accordance with the Presidential Decree dated June 4, 2014.

Revised in accordance with the Presidential Decree dated January 6, 2016.

Chapter 1 General Principles

Article 1

This Act is enacted for the furtherance of sound development of small and medium enterprises by helping them improve their operation environments, promoting mutual cooperation, and assisting them in striving for growth with their own efforts. With regard to matters not provided for in this Act, the provisions of other relevant acts and regulations shall apply.

Article 2

The term “small and medium enterprises” used in this Act shall refer to the enterprises which have legally completed company registration or commercial registration under the Act and conform to the standards for identifying small and medium enterprises.

The standards referred to in the preceding paragraph shall be drawn up by the central competent authority according to the category, capital stock, amount of operating revenue and the number of regular employees and shall be submitted periodically to the Executive Yuan for approval.

Other government authorities, which administer small and medium enterprise assistance and guidance may, in accordance with their respective operational requirements, formulate separate criteria with loose requirements for objects of assistance and guidance.

Article 3

The term “competent authority” used in this Act shall be the Ministry of Economic Affairs at the central government level, the provincial (municipal) government at the province (municipality) level, and the county (city) government at the county (city) level.

Where any of the matters set forth in this Act involves the functional duties of an authority in charge of a particular enterprise, the competent authority referred to in this Act shall handle such matters in coordination with the said authority in charge of such enterprise.

For enforcement of this Act, government at various levels shall set up or designate a government agency to provide assistance and guidance.

Article 4

For achieving the objectives of this Act, the competent authority concerned shall take appropriate assisting or encouraging measures in respect of the following:

1. Market research and development;
2. Furtherance of rationalization of business operations;
3. Promotion of mutual cooperation;
4. Acquisition and securing of production factors and technology;
5. Education and training of competent personnel; and
6. Other matters relating to the establishment or sound development of small and medium enterprises.

In formulating the policy, acts and regulations, and measures in the preceding paragraph, the competent authority concerned shall aim the contents at the furtherance of improvement and development of the business operations of small-scaled enterprises without unfair treatment in respect of financial and taxation systems and other related matters.

The central competent authority shall publish a white paper, at the end of each fiscal year, on small and medium enterprises given the enforcement status, the review results and the prospective development of the provisions of the preceding two paragraphs.

Article 5

For furthering small and medium enterprises to conduct market research and development activities, the assistance and guidance provided by the competent authority to small and medium enterprises shall be emphasized on the provision of information services, the creation of exclusive brands for their own products, arrangement of marketing channels and/or development of potential market.

Article 6

For furthering small and medium enterprises to rationalize their business operations, the assistance and guidance provided by the competent authority shall be emphasized on the following:

1. Research and development and development of new products;
2. Modernization and renovation of production facilities and improvement of production technology;
3. Improvement of the methods of operational management;
4. Expansion of market and acquisition of necessary information;
5. Conversion and adjustment of the field of business; and
6. Acquisition of resources and technical know-how for business operation.

Article 7

For encouraging mutual cooperation between small and medium enterprises, the assistance and guidance to be provided by the competent authority shall be emphasized on the following:

1. Vertical amalgamation of businesses of the trade and establishment and promotion of the satellite-factory system;
2. Horizontal amalgamation of businesses of the trade and establishment and promotion of joint production and marketing system;
3. Mutual fund or cooperative enterprise;
4. Technical cooperation and development of common technology;
5. Procurement of common equipment; and
6. Establishment of strategic marketing points.

Article 8

For assisting small and medium enterprises to acquire and secure production resources and technology, the assistance and guidance to be provided by the competent authority shall be emphasized on the following:

1. Formation and accumulation of capital;
2. Capital accommodation;
3. Acquisition of land, plant building, equipment, business site and business information;
4. Personnel training and upgrading of labor productivity;
5. Securing the sources of agricultural and industrial raw materials and technical know-how;
6. Assisting small and medium enterprises to obtain fund from capital market; and
7. Upgrading of the level of services and technical skill.

Article 9

The central competent authority shall set up small and medium enterprise development fund, with the use thereof to be confined to the following:

1. To finance the operating expenses required for carrying out assistance plans,
2. To take part in investment and development projects or provide financing assistance and guaranty jointly with financial institutions under the condition that such financial institutions or credit guarantee institutions can not provide financing or guaranty under normal terms and conditions,
3. To make investment in small and medium enterprise development companies, or to take part in investment in small and medium enterprise with small and medium enterprises development companies, financial institutions and identified investment institutions.
4. To provide financial support to the juridical persons institutions that are incorporated to conduct the activities specified in Article 4 , and
5. Other purposes relating to the furtherance of sound development of small and medium enterprises and as specified in this Act.

For the income-expenditures, safeguarding and utilization of the small and medium enterprise development fund, a small and medium enterprise development fund management committee shall be formed, with its organization structure and the regulations for income and expenditure, safeguarding and utilization of the fund to be stipulated by the Executive Yuan.

Article 10

The small and medium enterprise development fund shall be derived from the following sources:

1. Appropriation from the annual budget programmed by the central government,
2. Appropriation from other special-case funds,
3. Donation from individuals or public and private business organizations or groups,
4. Interests accrued on the fund, and
5. Other associated income.

The donation referred to in item 3 the preceding paragraph may, when certified by the competent authority, be deductible from the total income of the current year, free from any restriction on the amount, in accordance with the Income Tax Act.

Article 11

The provincial (municipal) and the county (city) competent authority (henceforth referred to as “local competent authority”) may, taking into account of the specific development requirements of small and medium enterprises, under its jurisdiction, draw up assistance plan and formulate budget, and shall be responsible for the execution.

To carry out the assistance plan referred to in the preceding paragraph, the local competent authority may apply to the small and medium enterprise development fund for subsidy or assist the small and medium enterprises to obtain capital accommodation under special projects.

Article 12

The competent authority may, taking into account of actual requirements, cooperate with or consign to public and/or private research and service institutions, financial institutions, credit guarantee institutions, trade promotion institutions, industrial and/ or commercial organizations or other agencies for execution of the assistance activities under this Act; and shall set up separate assistance systems in connection with respectively the operations including financial accommodation, operational management, production technology, research and development information management, industrial safety, pollution control, marketing, mutual cooperation, and quality reinforcement, etc.

The regulations governing establishment up and supervision of the assistance systems shall be drawn up by the central competent authority and submitted to the Executive Yuan for approval.

Article 12-1

In enacting or adjusting acts related to small and medium enterprises, governments at various levels shall review the operation scales or characteristics of small and medium enterprises to facilitate observance by small and medium enterprises.

The central competent authority shall periodically review the acts related to small and medium enterprises on term, and judge the adapt ability of small and medium enterprises, and the influence to small and medium enterprises, and take a review report to the Legislative Yuan yearly.

Chapter 2 Financing Facilities and Guaranty

Article 13

In order to meet the capital requirements for small and medium enterprises, the central competent authority shall coordinate with financial institutions and credit guarantee institutions to enhance their respective functions of providing financing and guaranty to small and medium enterprises.

In order to meet the capital requirements for small and medium credit guarantee institutions, the central competent authority shall allocate budget for donation to such credit guarantee institutions for the maintenance of their guarantee capacity. Financial institutions which contract with such credit guarantee institutions shall also cooperate with the donation whereas and the central competent authority may also solicit donation from private businesses.

The total amount of donation from various financial institutions mentioned in the preceding Paragraph, taking into account the actual requirements, may be adjusted upward annually until reaching 35% of the total donation amount and be determined by the central competent authority according to the safekeeping amount, overdue ratio, substitute pay off amount, credit remainder, net value, profit and loss status, and the donated amount.

The central competent authority shall actively help small and medium enterprises get the loan from banks, and report the review results of each fiscal year to the Legislative Yuan.

Article 14

All banks throughout the Republic of China shall, within the scope of their respective business, elevate the ratio of financing facilities provided to small and medium enterprises and shall set up small and medium enterprises assistance center in order to enhance the provision of relevant services.

Article 15

The competent authority shall coordinate various agencies to make ample budget available for providing special loans to small and medium enterprises, and instruct sponsoring banks to provide special or emergency financing facilities or to extend loans to meet with the requirements of enterprises implementing business converting projects or adapting to the change of economic situation; and to elevate, when necessary, the ceiling of such financing, loans and guaranty.

Article 16

The term “special financing” used in the preceding Article shall refer to the financing provided to small and medium enterprises carrying out any of the following projects:

1. Operational project for reinforcement of competitiveness;
2. Research and development, pollution control or market expansion project;
3. Project for creation of new product(s) or upgrading the quality of product(s);
4. Factory relocation project which must be carried out so as to meet with the requirements of environment protection, urban planning, or road construction or other infrastructural projects sponsored by the government;
5. Any other special projects as approved by the competent authority.

Article 17

The term “emergency financing facilities” as used in Article 15 shall refer to the following financing provided to small and medium enterprises:

1. Loan provided as revolving fund in support of production and sales during the period of significant economic crisis;
2. Loan required for recovery of significant natural disaster;
3. Other loan as required to cope with emergency events.

Article 18

The term “loans to meet with the requirements of enterprises implementing business converting projects or adapting to the change economic situation” used in Article 15 shall refer to any of the following loans extended to small and medium enterprises:

1. Loan provided as revolving fund in support of production and sales during the period of economic recession;

2. Loan required for procurement of replacement or additional machinery and equipment in the course of business conversion; or
3. Loan required for procurement of automation equipment for improvement of productivity.

Article 19

Funds appropriated from the small and medium enterprise development fund for participate in the loans or guaranties sponsored by financial institutions or credit guarantee institutions in accordance with the preceding three Articles; the ratio of such appropriations may be determined by the competent authority in accordance with the actual requirements.

With regard to the bad debts resulted from causes which are not attributable to the intentional act, gross negligence or malpractice of the personnel handing the relevant matters set forth in the preceding Paragraph, they shall be fully indemnified from damage liabilities and exempt from disciplinary measures, according to the provisions of item 1, Article 77 of the Audit Act.

Article 20

The competent authority concerned may coordinate the financial institutions and/or credit guarantee enterprises to give priority to small and medium enterprises, which have sound management, financial and accounting systems and have paid up all taxes due, in providing financing facilities and guaranties.

Article 21

Where the operation of a small or medium enterprise is affected or it has to move to another place in order to meet with the requirements of environmental protection, urban planning, or road construction or other projects sponsored by the government, the competent authority shall assist it to apply for operating revolving loan or relocation loan from financial institution, and assist it to acquire the land required for factory relocation, when it is deemed necessary.

Article 22

Where a small or medium enterprise suffers great damages caused by natural disaster, the competent authority shall coordinate the financial authority for tax exemption or reduction or other remedies.

Article 23

In order to prevent small and medium enterprises from involvement in domino effect resulted from the close-down of their respective related enterprises, the competent authority may coordinate and assist industrial associations to establish, either separately or jointly, mutual guaranty fund(s) for prevention of chain close-down of small and medium enterprises so as to provide credit guarantee in respect of special financing facilities for the small and medium enterprises having financial or operational difficulties in such cases.

The small and medium enterprise development fund may, when necessary, contribute to such mutual guaranty fund(s) at the initial stage upon its (their) establishment.

Chapter 3 Operation Management, Market and Product Development

Article 24

The competent authority may establish or assist the private sector to establish a small and medium enterprise guidance and service center, and may cooperate with relevant public and private institutions to provide small and medium enterprises with the following guidance and services:

1. Business operation diagnosis;
2. Improvement of the marketing and production technology, operation management and financial structure of small and medium enterprises;
3. Training of management or technical personnel of small and medium enterprises;
4. Production and market information and consultation services; and
5. Other relevant businesses activities.

Article 24-1

The competent authority may set up funds to assist in the development of local culture industries for local economic prosperity.

Article 25

For improvement of the operating efficiency and reinforcement of the competitiveness of small and medium enterprises, the competent authority may assist small and medium enterprises to jointly engage in activities such as production, marketing, procurement, transportation, cooperation in technology development, and research and development.

Article 26

The central competent authority may work jointly with relevant institutions, universities and colleges in the training of professionals in the fields of operation diagnosis and business administration so as to provide small and medium enterprises with guidance and services.

Article 27

The competent authorities may provide necessary assistance to various industrial associations or industrial and commercial organizations which have a dedicated service unit responsible for providing services to small and medium enterprises.

Article 28

For encouraging small and medium enterprises to manufacture quality and/or high value-added products or service, and to expand export market, the competent authority shall provide, in conjunction with institutions concerned, technical and marketing guidance and assist medium and small enterprises to participate in overseas exhibition, acquire market information, make joint advertising activities, trademark

registration, patent application, or establish joint distribution warehouses abroad.

Where the plan of a small or medium enterprise for manufacturing quality and/or high value-added products or service planning has been evaluated and approved by the competent authority in conjunction with authorities concerned, the said small or medium enterprise may apply to the small and medium enterprise development fund to subsidize the expenses incurred in product and market developments.

Article 29

For upgrading the level of production skill of small and medium enterprises, the competent authority may entrust technical service institutions or retain technical experts to make research and development for new products or to acquire advanced technology for providing relevant guidance and services to various industries.

For transfer of new products or advanced technology, the competent authority may collect reasonable charges for amortization of costs incurred; If necessary, these charges may also be partly subsidized by the small and medium enterprise development fund.

Article 30

In order to assist small and medium enterprises for research and development, the competent authority may cooperate with appropriate technology research institutes in the establishment of institutes or places for exclusive use by small and medium enterprise conducting research , testing and development of technical skill and/or new products.

Small and medium enterprises may apply for use, by paying necessary charges, the equipment and facilities of the institutes or places set forth in the preceding to conduct experiment and research activities.

Article 31

The competent authority may, when it deems necessary, negotiate with public or private enterprises for appointment of their respective technical personnel, and support and assistance system to provide guidance in the fields of production skill or service know-how as required by small and medium enterprises.

Article 32

The central competent authority may establish or assist in the establishment of small and medium enterprise development companies to invest directly or indirectly in the small and medium enterprises having development potential and to provide consulting services and other relevant services in connection with domestic and/or overseas technical cooperation, market and product development or investment.

The central competent authority shall provide assistance to the institutes and juridical persons established for carrying out the activities specified in Article 4 of this Act.

The central competent authority may coordinate with the competent authority in charge of banking business under the Banking Act for approval of the participation of banks in the said small and medium enterprise development company so as to enable them to directly provide services referred to in the

preceding paragraph.

The small and medium enterprise development fund may take part in the investment for capital formation of small and medium enterprise development companies.

The regulations governing the establishment and operation of the small and medium enterprise development companies and the standard and proportion of investment made by the small and medium enterprise development fund shall be stipulated by the Executive Yuan.

Chapter 4 Tax Remittance

Article 33

Where an investor provides a parcel of land in an industrial zone as his capital investment in a small or medium enterprise, and the said medium or small enterprise agrees to allow the investor to furnish the stock(s) of the said small or medium enterprise acquired by the said investor as the security for his payment of taxes, then the land value increment tax payable by the said investor may be paid in five equal installments in five consecutive years from the year in which the said parcel of land is committed to the investment.

The land to be invested under the preceding paragraph shall be used only by the said small or medium enterprise for its own. If the land is not used by the said small or medium enterprise for its own or is transferred to any other person, the outstanding land value increment tax shall be paid, in a lump sum, by the investor.

Article 34

Where a small or medium enterprise has moved, on account of any of the following causes, its factory or plant into an industrial zone, an industrial zone under an urban plan, or an industrial land designated in accordance with the act for Encouragement of Investment prior to the enforcement of this Act, the land value increment Tax payable on the sale or transfer of its original factory or plant site (land) shall be levied at the lowest tax rate:

1. Where the original factory land does not meet with the zoning requirements upon implementation of the urban planning or zoning plan;
2. Where the relocation of factory or plant is applied by the said small or medium enterprise and is approved by the competent authority due to the difficulties in making necessary improvement to meet with the requirements for pollution control, public safety or maintenance of natural landscape; and
3. Where the relocation of factory or plant implemented under the initiative assistance of the government.

Where the new factory land of a small or medium enterprise is transferred to another party (or other partied) within three years after the factory relocation made under the preceding paragraph, the reduced portion of land value increment tax reduced while assessing such tax on the original factory land sold or transferred prior to the factory relocation shall be assessed supplementarily in accordance with the act.

Article 35

This article is enacted to promote innovation and research and development of small and medium enterprises. A small and medium enterprise, by investing in research and development, may select to get the amount of tax credit up to 30% of the current year profit-seeking enterprise income tax payable between the following two methods. No change of the method is allowed once the choice is made.

1. Tax credit up to 15% of the research and development expenses, applied to the current year profit-seeking enterprise income tax payable.
2. Tax credit up to 10% of the research and development expenses, applied to the annual profit-seeking enterprise income tax payable for three years, starting from the current year.

For any instrument and equipment used for research and development, experiment or quality inspection purposes, if its service life is more than two years, the depreciation thereof may be accelerated by one half (1/2) of the number of years applicable as listed in the table of service life of fixed assets annexed to the Income Tax Act. Balance of service life in a length of less than one year after the depreciation acceleration shall not be taken into account.

The standards referred to the tax credit from investment in this Article, regarding scope, application deadline, application procedure, approving authority, applicable period, tax credit rate and other related matters shall be stipulated by the Executive Yuan.

Article 35-1

To promote circulation and application of innovation and R&D results, new shares of stock issued to a small and medium enterprise in exchange of its intellectual property rights, by an enterprise that is not listed in the Taiwan Stock Exchange, OTC, or the Emerging Stock Board, shall be excluded from the current year profit-seeking enterprise taxable income of the said small and medium enterprise.

New shares of stock issued to an individual in exchange of her (his) intellectual property rights, by an enterprise that is not listed in the Taiwan Stock Exchange, OTC, or the Emerging Stock Board, shall be excluded from the current year taxable consolidated income of the said individual.

When shares of stock mentioned in preceding Paragraph 1 and 2 are transferred through an actual transaction, stock gift, or inheritance, the total stock value shall be included in the current year taxable income of the recipient(s), calculated based on the actual transaction price or the fair market value of the stock at the time of the transfer, minus the related expenses or cost, incurred but not recognized yet, in obtaining the stock.

The above mentioned enterprise that issues new shares of stock to obtain intellectual property rights should report to the local tax authority within 30 days from the day after the date of the stock transfer. The said enterprise is subject to a 20% fine based on the actual transfer amount and required to resubmit the report with voucher(s) in required format if it fails to meet the reporting deadline, to report the fact, or to report with voucher(s) in required format.

In case the said small and medium enterprise or the individual who receive the shares of stock through intellectual property transfer is unable to provide the cost basis of the transfer for income calculation, a default 30% of the transaction price shall be applied to the cost basis of obtaining the stock.

Article 36

A small and medium-sized enterprise may retain and withhold from distributing a surplus earning in an amount not exceeding double the amount of its paid-in capital. In case the retained and undistributed earnings exceed the aforesaid limit, any additional surplus earning retained in each year thereafter shall be free from the restriction stipulated in the Income Tax Act after as profit seeking enterprise income tax at the rate of 10% has been surcharged.

The retain and withhold from distributing a surplus earning after 1998 until then, shall obey the Income Tax Acts, and not apply to the preceding paragraph.

Article 36-1

Small and medium enterprises development companies may raise the preparation to investment loss, under 20% of the investment amount, so as to compensate for actual loss. If there is no actual loss situation within 5 years, they shall turn the raising preparation to be the benefit of the 5th year.

When corporations calculate the clearing accounts income due to cancellation, rescission, revocation, emergence, or transference with Article 75, of the Income Tax Act, the accumulate remaining amount from the investment loss preparation within the preceding paragraph, shall turn to be the benefit of the same year.

Article 36-2

This article is enacted to respond to changes in the international economic situation and promote the willingness of domestic small and medium enterprises to invest and raise the domestic employment rate. During the period when the Composite Leading Indicators are above certain levels, a newly created small and medium enterprise or an existing small and medium enterprise that commits certain amount of capital expansion, hires certain number of additional people and increases its aggregate gross salary payments, it can deduct up to 130% of the annual gross salary payments to the additional domestic hires from its current year profit-seeking enterprise income.

Of the additional domestic hires mentioned in the preceding Paragraph who are 24 years old or younger, the small and medium enterprise can deduct up to 150% of the annual gross salary payments to these young domestic hires from its current year profit-seeking enterprise income.

During the period when the Composite Leading Indicators are above certain levels, if a small and medium enterprise raises the average salary paid to the domestic junior employees, it can deduct up to 130% of the incremental annual gross salary payments, excluding statutory basic wage adjustment, to the junior employees from its current year profit-seeking enterprise income. However, the additional salary paid to the new hires shall not be deducted here as it has been used for tax benefit applied to the provisions in the preceding two Paragraphs.

During the applicable period of this Article, if the said small and medium enterprise fails to meet the preceding three key requirements in a year, it shall calculate its profit-seeking enterprise income and income tax payable based on the provisions of the Income Tax Act, starting from that year.

The standards referred to Paragraph 1, 2 and 3 of this Article, regarding levels of the Composite Leading Indicators, applicable period, investment amount, number and types of additional people hired, aggregate gross salary payments, the range of junior employees, calculation of the average salary paid, approving authority, application deadline, application procedure, and measures of other related matters, shall be stipulated by the central competent authority and the Ministry of Finance.

The amendment as stipulated in Paragraph 2, 3, 4 and 5 on December 18, 2015, shall be effective on January 1, 2016 until May 19, 2024. The proviso in Article 40 of the Act shall not be applied.

Article 36-3

In case a small and medium enterprise is qualified for the tax benefit of the same nature in the Act for Industrial Innovation, it can only select one Act for this tax benefit.

Chapter 5 Public Procurement Projects or Public Works

Article 37

Governments at various levels and government-owned enterprises shall assist small and medium enterprises to acquire business opportunities in making public announcements for procurement projects or construction of public works.

Article 38

For making public announcement for procurement projects, construction of public works or for entrustment of research and development tasks, government at various levels and government-owned enterprises shall, based on actual requirements, establish qualification requirement and registration system in respect of small and medium enterprises eligible for acting as a supplier or bidder.

Chapter 6 Supplementary Provisions

Article 39

The Executive Yuan may form a Small and Medium Enterprise Policy Deliberation Committee to be in charge of planning and reviewing the small and medium enterprise development policy. The organizational rules shall be stipulated by the Executive Yuan.

Article 40

This Statute shall come into force from the date of promulgation. However, Article 35, Article 35-1, and Article 36-2 come into force for 10 years from May 20, 2014.

APPENDIX B

Standards for Identifying Small and Medium-sized Enterprises

Approved by Executive Yuan Order Tai (80) Jing #33054 on October 19, 1991.

Promulgated by Ministry of Economic Affairs Order Jing (80) Chi Tzu #059364 on November 25, 1991.

Revision approved by Executive Yuan Order Tai (84) Jing #32284 on September 4, 1995.

Revision promulgated by Ministry of Economic Affairs Order Jing (84) Chi Tzu #84029087 on September 27, 1995.

Revision approved by Executive Yuan Order Tai (89) Jing #10056 on April 8, 2000.

Revision promulgated by Ministry of Economic Affairs Order Jing (89) Chi Tzu #89340202 on May 3, 2000.

Revision approved by Executive Yuan Order Yuan Tai Jing #0940022741 on June 14, 2005.

Revision promulgated by Ministry of Economic Affairs Order Jing Chi Tzu #09400561550 on July 5, 2005.

Revision approved by Executive Yuan Order Yuan Tai Jing #0980048943 on August 17, 2009.

Revision promulgated by Ministry of Economic Affairs Order Jing Chi Tzu #09800639470 on September 2, 2009.

Revision approved by Executive Yuan Order Yuan Tai Jing #1040008378 on March 4, 2015.

Revision promulgated by Ministry of Economic Affairs Order Jing Chi Tzu #10404601530 on March 30, 2015.

Revision approved by Executive Yuan Order Yuan Tai Jing #1090015419 on June 11, 2020.

Revision promulgated by Ministry of Economic Affairs Order Jing Chi Tzu #10904602890 on June 24, 2020.

Article 1

The Standards have been drawn up in accordance with the provisions of Paragraph 2, Article 2 of the Small and Medium-sized Enterprise Development Statute (hereinafter referred to as the “Statute”).

Article 2

The term “Small and Medium-sized Enterprise (SME)” as referred to under the Standards shall mean an enterprise which has completed company registration or business registration in accordance with relevant laws, and whose paid-in capital is no more than NT\$100 million, or which hires fewer than 200 regular employees.

Article 3

The term “small-scale enterprise” as used in Paragraph 2, Article 4 of the Statute shall mean a SME with less than 5 regular employees.

Article 4

Deleted

Article 5

The number of regular employees under the Standards refers to the average monthly number of insured employees that an enterprise has registered with the Bureau of Labor Insurance, Ministry of Labor in the most recent 12 months.

Article 6

An enterprise shall be deemed to be a SME if any of the following is applicable:

1. In the case of a SME which has received guidance for expansion, where after expansion the size of the enterprise exceeds the standards listed in Article 2, such enterprise shall continue to be deemed to be a SME for two years immediately after the date of expansion.
2. In the case of a SME which has received guidance for merger, where after the merger the size of the enterprise exceeds the standards listed in Article 2, such enterprise shall continue to be deemed to be a SME for three years immediately after the date of the merger.
3. Where a guidance agency, guidance system or relevant agency undertakes the provision of collective guidance for SMEs in a given industry, if some of the enterprises exceed the standards listed in Article 2, and if the guidance agency, guidance system or relevant agency determines that there is good reason for providing joint guidance, such enterprises shall be deemed to be SMEs during the period of collective guidance.

Article 7

The Standards shall come into effect on the date of promulgation.

APPENDIX C

SME Statistics by Industry

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Table C-1 Number of SMEs by Industry, 2022

Unit: Enterprises; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Total		1,652,038	1,633,788	98.90	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying	12,107	11,997	99.09	0.73	
Manufacturing	150,607	145,133	96.37	8.88	
Electricity and Gas Supply; Water Supply and Remediation Activities	11,292	10,971	97.16	0.67	
Construction	155,678	154,665	99.35	9.47	
Wholesale and Retail Trade	753,872	749,869	99.47	45.90	
Transportation and Storage	37,063	36,725	99.09	2.25	
Accommodation and Food Service Activities	188,814	188,349	99.75	11.53	
Information and Communication	28,235	27,632	97.86	1.69	
Financial and Insurance Activities	24,246	22,151	91.36	1.36	
Real Estate Activities	48,767	46,137	94.61	2.82	
Professional, Scientific and Technical Activities	63,384	62,656	98.85	3.84	
Support Service Activities	35,704	35,516	99.47	2.17	
Education	6,290	6,262	99.55	0.38	
Human Health and Social Work Activities	1,868	1,842	98.61	0.11	
Arts, Entertainment and Recreation	39,220	39,093	99.68	2.39	
Other Service Activities	94,891	94,790	99.89	5.80	

Note:

1. SMEs refer to enterprises with capital of less than NT\$100 million (inclusive) as defined in the "Standards for Identifying Small and Medium-sized Enterprises" revised and promulgated by the Ministry of Economic Affairs on June 24, 2020.
2. The industries are defined in accordance with the "Standard Industrial Classification System of the Republic of China. (Rev. 10)" of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan.
3. Due to data restrictions, starting from 2022, the "agriculture, forestry, fishing and animal husbandry" and "mining and quarrying" industries are listed as "agriculture, forestry, fishing and animal husbandry; mining and quarrying;" "electricity and gas supply" and "water supply and remediation activities" are listed as "electricity and gas supply; water supply and remediation activities."
4. "(2)/(1)" refers to the ratio of SMEs among all enterprises; "Share" refers to the ratio of individual industries of SMEs among all SMEs.

Source: Fiscal Information Agency, Ministry of Finance, Value-Added Business Tax (VAT) data, 2022.

Table C-2 Total Sales Value of SMEs by Industry, 2022

Unit: Million NT\$; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Total		55,429,805	28,592,007	51.58	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying	138,400	93,783	67.76	0.33	
Manufacturing	20,100,861	5,572,416	27.72	19.49	
Electricity and Gas Supply; Water Supply and Remediation Activities	1,434,445	1,082,880	75.49	3.79	
Construction	3,597,278	2,418,945	67.24	8.46	
Wholesale and Retail Trade	18,707,526	12,825,088	68.56	44.86	
Transportation and Storage	1,943,627	1,174,563	60.43	4.11	
Accommodation and Food Service Activities	808,852	695,994	86.05	2.43	
Information and Communication	1,671,055	854,209	51.12	2.99	
Financial and Insurance Activities	3,139,012	1,419,316	45.22	4.96	
Real Estate Activities	1,762,954	993,830	56.37	3.48	
Professional, Scientific and Technical Activities	1,014,443	665,892	65.64	2.33	
Support Service Activities	635,061	374,504	58.97	1.31	
Education	29,255	26,006	88.89	0.09	
Human Health and Social Work Activities	39,924	36,054	90.31	0.13	
Arts, Entertainment and Recreation	133,672	114,018	85.30	0.40	
Other Service Activities	273,440	244,510	89.42	0.86	

Note:

1. SMEs refer to enterprises with capital of less than NT\$100 million (inclusive) as defined in the "Standards for Identifying Small and Medium-sized Enterprises" revised and promulgated by the Ministry of Economic Affairs on June 24, 2020.
2. The industries are defined in accordance with the "Standard Industrial Classification System of the Republic of China. (Rev. 10)" of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan.
3. Due to data restrictions, starting from 2022, the "agriculture, forestry, fishing and animal husbandry" and "mining and quarrying" industries are listed as "agriculture, forestry, fishing and animal husbandry; mining and quarrying;" "electricity and gas supply" and "water supply and remediation activities" are listed as "electricity and gas supply; water supply and remediation activities."
4. "(2)/(1)" refers to the ratio of SMEs among all enterprises; "Share" refers to the ratio of individual industries of SMEs among all SMEs.

Source: Fiscal Information Agency, Ministry of Finance, Value-Added Business Tax (VAT) data, 2022.

Table C-3 Domestic Sales Value of SMEs by Industry, 2022

Unit: Million NT\$; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Total		40,768,096	24,984,763	61.29	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying	131,205	88,201	67.22	0.35	
Manufacturing	9,847,076	4,214,184	42.80	16.87	
Electricity and Gas Supply; Water Supply and Remediation Activities	1,403,048	1,073,439	76.51	4.30	
Construction	3,547,149	2,406,536	67.84	9.63	
Wholesale and Retail Trade	15,366,370	11,138,411	72.49	44.58	
Transportation and Storage	1,352,628	809,964	59.88	3.24	
Accommodation and Food Service Activities	806,915	695,735	86.22	2.78	
Information and Communication	1,489,716	785,906	52.76	3.15	
Financial and Insurance Activities	3,125,697	1,411,104	45.15	5.65	
Real Estate Activities	1,759,156	992,551	56.42	3.97	
Professional, Scientific and Technical Activities	846,409	590,338	69.75	2.36	
Support Service Activities	626,007	366,912	58.61	1.47	
Education	28,970	25,766	88.94	0.10	
Human Health and Social Work Activities	38,997	35,223	90.32	0.14	
Arts, Entertainment and Recreation	132,922	113,410	85.32	0.45	
Other Service Activities	265,832	237,085	89.19	0.95	

Note:

1. SMEs refer to enterprises with capital of less than NT\$100 million (inclusive) as defined in the "Standards for Identifying Small and Medium-sized Enterprises" revised and promulgated by the Ministry of Economic Affairs on June 24, 2020.
2. The industries are defined in accordance with the "Standard Industrial Classification System of the Republic of China. (Rev. 10)" of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan.
3. Due to data restrictions, starting from 2022, the "agriculture, forestry, fishing and animal husbandry" and "mining and quarrying" industries are listed as "agriculture, forestry, fishing and animal husbandry; mining and quarrying;" "electricity and gas supply" and "water supply and remediation activities" are listed as "electricity and gas supply; water supply and remediation activities."
4. "(2)/(1)" refers to the ratio of SMEs among all enterprises; "Share" refers to the ratio of individual industries of SMEs among all SMEs.

Source: Fiscal Information Agency, Ministry of Finance, Value-Added Business Tax (VAT) data, 2022.

Table C-4 Export Sales Value of SMEs by Industry, 2022

Unit: Million NT\$; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Total		14,661,710	3,607,244	24.60	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		7,195	5,582	77.58	0.15
Manufacturing		10,253,784	1,358,232	13.25	37.65
Electricity and Gas Supply; Water Supply and Remediation Activities		31,397	9,441	30.07	0.26
Construction		50,129	12,409	24.75	0.34
Wholesale and Retail Trade		3,341,156	1,686,677	50.48	46.76
Transportation and Storage		590,999	364,599	61.69	10.11
Accommodation and Food Service Activities		1,937	259	13.37	0.01
Information and Communication		181,340	68,303	37.67	1.89
Financial and Insurance Activities		13,316	8,213	61.68	0.23
Real Estate Activities		3,798	1,280	33.70	0.04
Professional, Scientific and Technical Activities		168,034	75,554	44.96	2.09
Support Service Activities		9,054	7,592	83.85	0.21
Education		285	240	84.21	0.01
Human Health and Social Work Activities		928	831	89.55	0.02
Arts, Entertainment and Recreation		750	608	81.07	0.02
Other Service Activities		7,608	7,425	97.59	0.21

Note:

1. SMEs refer to enterprises with capital of less than NT\$100 million (inclusive) as defined in the "Standards for Identifying Small and Medium-sized Enterprises" revised and promulgated by the Ministry of Economic Affairs on June 24, 2020.
2. The industries are defined in accordance with the "Standard Industrial Classification System of the Republic of China. (Rev. 10)" of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan.
3. Due to data restrictions, starting from 2022, the "agriculture, forestry, fishing and animal husbandry" and "mining and quarrying" industries are listed as "agriculture, forestry, fishing and animal husbandry; mining and quarrying;" "electricity and gas supply" and "water supply and remediation activities" are listed as "electricity and gas supply; water supply and remediation activities."
4. "(2)/(1)" refers to the ratio of SMEs among all enterprises; "Share" refers to the ratio of individual industries of SMEs among all SMEs.

Source: Fiscal Information Agency, Ministry of Finance, Value-Added Business Tax (VAT) data, 2022.

Table C-5 Number of SME Employees by Industry, 2022

Unit: Thousand persons; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Total		11,418	9,132	79.98	100.00
Agriculture, Forestry, Fishing and Animal Husbandry		530	526	99.25	5.76
Mining and Quarrying		3	3	100.00	0.03
Manufacturing		3,012	2,067	68.63	22.63
Electricity and Gas Supply		33	7	21.21	0.08
Water Supply and Remediation Activities		84	38	45.24	0.42
Construction		910	895	98.35	9.80
Wholesale and Retail Trade		1,850	1,813	98.00	19.85
Transportation and Storage		475	381	80.21	4.17
Accommodation and Food Service Activities		843	834	98.93	9.13
Information and Communication		270	233	86.30	2.55
Financial and Insurance Activities		430	371	86.28	4.06
Real Estate Activities		104	103	99.04	1.13
Professional, Scientific and Technical Activities		390	341	87.44	3.73
Support Service Activities		295	285	96.61	3.12
Public Administration and Defence; Compulsory Social Security		373	0	0.00	0.00
Education		638	273	42.79	2.99
Human Health and Social Work Activities		505	308	60.99	3.37
Arts, Entertainment and Recreation		114	98	85.96	1.07
Other Service Activities		559	556	99.46	6.09

Note:

1. SMEs refer to enterprises with fewer than 200 regular employees as defined in the “Standards for Identifying Small and Medium-sized Enterprises” revised and promulgated by the Ministry of Economic Affairs on June 24, 2020.
2. The industries are defined in accordance with the “Standard Industrial Classification System of the Republic of China. (Rev. 11)” of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan.
3. “(2)/(1)” refers to the ratio of SMEs among all enterprises; “Share” refers to the ratio of individual industries of SMEs among all SMEs.

Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2022.

Table C-6 Number of Paid SME Employees by Industry, 2022

Unit: Thousand persons; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Total		9,188	6,904	75.14	100.00
Agriculture, Forestry, Fishing and Animal Husbandry		96	92	95.83	1.33
Mining and Quarrying		3	3	100.00	0.04
Manufacturing		2,818	1,876	66.57	27.17
Electricity and Gas Supply		33	6	18.18	0.09
Water Supply and Remediation Activities		78	32	41.03	0.46
Construction		768	753	98.05	10.91
Wholesale and Retail Trade		1,211	1,173	96.86	16.99
Transportation and Storage		355	261	73.52	3.78
Accommodation and Food Service Activities		562	553	98.40	8.01
Information and Communication		253	216	85.38	3.13
Financial and Insurance Activities		424	366	86.32	5.30
Real Estate Activities		95	94	98.95	1.36
Professional, Scientific and Technical Activities		312	262	83.97	3.79
Support Service Activities		274	264	96.35	3.82
Public Administration and Defence; Compulsory Social Security		373	0	0.00	0.00
Education		611	246	40.26	3.56
Human Health and Social Work Activities		484	287	59.30	4.16
Arts, Entertainment and Recreation		95	79	83.16	1.14
Other Service Activities		343	339	98.83	4.91

Note:

1. SMEs refer to enterprises with fewer than 200 regular employees as defined in the “Standards for Identifying Small and Medium-sized Enterprises” revised and promulgated by the Ministry of Economic Affairs on June 24, 2020.
2. The industries are defined in accordance with the “Standard Industrial Classification System of the Republic of China. (Rev. 11)” of the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan.
3. “(2)/(1)” refers to the ratio of SMEs among all enterprises; “Share” refers to the ratio of individual industries of SMEs among all SMEs.

Source: Directorate-General of Budget, Accounting and Statistics (DGBAS), *Manpower Survey* data, 2022.

Table C-7 Number and Sales Performance of Newly-established SMEs by Industry, 2022

Unit: Enterprises; million NT\$; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Number of enterprises					
Total		110,032	109,837	99.82	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		844	843	99.88	0.77
Manufacturing		4,433	4,399	99.23	4.01
Electricity and Gas Supply; Water Supply and Remediation Activities		916	903	98.58	0.82
Construction		13,002	12,999	99.98	11.83
Wholesale and Retail Trade		44,411	44,377	99.92	40.40
Transportation and Storage		2,228	2,226	99.91	2.03
Accommodation and Food Service Activities		18,185	18,181	99.98	16.55
Information and Communication		2,440	2,435	99.80	2.22
Financial and Insurance Activities		1,334	1,298	97.30	1.18
Real Estate Activities		3,362	3,325	98.90	3.03
Professional, Scientific and Technical Activities		5,745	5,727	99.69	5.21
Support Service Activities		2,418	2,415	99.88	2.20
Education		815	815	100.00	0.74
Human Health and Social Work Activities		282	281	99.65	0.26
Arts, Entertainment and Recreation		3,822	3,819	99.92	3.48
Other Service Activities		5,795	5,794	99.98	5.28
Total sales					
Total		257,483	250,099	97.13	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		1,212	1,212	100.00	0.48
Manufacturing		16,856	15,319	90.88	6.13
Electricity and Gas Supply; Water Supply and Remediation Activities		1,624	1,614	99.38	0.65
Construction		39,299	39,256	99.89	15.70
Wholesale and Retail Trade		124,149	120,510	97.07	48.18
Transportation and Storage		10,787	10,787	100.00	4.31
Accommodation and Food Service Activities		22,992	22,956	99.84	9.18
Information and Communication		5,696	4,638	81.43	1.85
Financial and Insurance Activities		3,369	3,242	96.23	1.30
Real Estate Activities		8,367	8,006	95.69	3.20
Professional, Scientific and Technical Activities		11,959	11,491	96.09	4.59
Support Service Activities		3,262	3,211	98.44	1.28
Education		751	751	100.00	0.30
Human Health and Social Work Activities		405	401	99.01	0.16
Arts, Entertainment and Recreation		2,930	2,883	98.40	1.15
Other Service Activities		3,823	3,823	100.00	1.53

**Table C-7 Number and Sales Performance of Newly-established SMEs by Industry, 2022
(Continued)**

Unit: Million NT\$; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Domestic sales					
Total		245,644	239,736	97.59	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		1,208	1,208	100.00	0.50
Manufacturing		15,029	13,663	90.91	5.70
Electricity and Gas Supply; Water Supply and Remediation Activities		1,593	1,582	99.31	0.66
Construction		39,289	39,246	99.89	16.37
Wholesale and Retail Trade		117,996	115,661	98.02	48.25
Transportation and Storage		10,442	10,442	100.00	4.36
Accommodation and Food Service Activities		22,991	22,955	99.84	9.58
Information and Communication		4,854	3,797	78.22	1.58
Financial and Insurance Activities		1,893	1,765	93.24	0.74
Real Estate Activities		8,365	8,003	95.67	3.34
Professional, Scientific and Technical Activities		10,888	10,420	95.70	4.35
Support Service Activities		3,255	3,204	98.43	1.34
Education		750	750	100.00	0.31
Human Health and Social Work Activities		405	401	99.01	0.17
Arts, Entertainment and Recreation		2,926	2,879	98.39	1.20
Other Service Activities		3,758	3,758	100.00	1.57
Export sales					
Total		11,839	10,363	87.53	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		4	4	100.00	0.04
Manufacturing		1,827	1,656	90.64	15.98
Electricity and Gas Supply; Water Supply and Remediation Activities		32	32	100.00	0.31
Construction		10	10	100.00	0.10
Wholesale and Retail Trade		6,153	4,849	78.81	46.79
Transportation and Storage		344	344	100.00	3.32
Accommodation and Food Service Activities		0	0	-	0.00
Information and Communication		841	841	100.00	8.12
Financial and Insurance Activities		1,476	1,476	100.00	14.24
Real Estate Activities		2	2	100.00	0.02
Professional, Scientific and Technical Activities		1,071	1,071	100.00	10.33
Support Service Activities		7	7	100.00	0.07
Education		1	1	100.00	0.01
Human Health and Social Work Activities		0	0	-	0.00
Arts, Entertainment and Recreation		4	4	100.00	0.04
Other Service Activities		65	65	100.00	0.63

Note:

1. Newly-established enterprises refer to enterprises that had been established for less than 1 year.
2. "0" represents zero or less than one unit (a million NT\$); "-": not applicable.
3. Due to data restrictions, starting from 2022, the "agriculture, forestry, fishing and animal husbandry" and "mining and quarrying" industries are listed as "agriculture, forestry, fishing and animal husbandry; mining and quarrying;" "electricity and gas supply" and "water supply and remediation activities" are listed as "electricity and gas supply; water supply and remediation activities."
4. "(2)/(1)" refers to the ratio of SMEs among all enterprises; "Share" refers to the ratio of individual industries of SMEs among all SMEs.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

Table C-8 Number and Sales Performance of SMEs by Sex of Business Owner and Industry, 2022

Unit: Enterprises; million NT\$; %

Industry	Sex of business owner	Total	Female-owned enterprises		Male-owned enterprises	
			Share	Share	Share	Share
Number of enterprises						
Total		1,615,664	602,833	100.00	1,012,831	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		11,977	2,944	0.49	9,033	0.89
Manufacturing		144,049	41,219	6.84	102,830	10.15
Electricity and Gas Supply; Water Supply and Remediation Activities		10,844	3,120	0.52	7,724	0.76
Construction		154,391	39,548	6.56	114,843	11.34
Wholesale and Retail Trade		740,798	290,374	48.17	450,424	44.47
Transportation and Storage		35,688	9,881	1.64	25,807	2.55
Accommodation and Food Service Activities		186,799	87,363	14.49	99,436	9.82
Information and Communication		26,390	7,959	1.32	18,431	1.82
Financial and Insurance Activities		21,733	7,908	1.31	13,825	1.36
Real Estate Activities		45,773	14,390	2.39	31,383	3.10
Professional, Scientific and Technical Activities		60,893	23,224	3.85	37,669	3.72
Support Service Activities		35,198	13,589	2.25	21,609	2.13
Education		6,105	2,783	0.46	3,322	0.33
Human Health and Social Work Activities		1,825	745	0.12	1,080	0.11
Arts, Entertainment and Recreation		38,749	13,201	2.19	25,548	2.52
Other Service Activities		94,452	44,585	7.40	49,867	4.92
Total sales						
Total		26,050,038	6,271,361	100.00	19,778,677	100.00
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		92,211	18,823	0.30	73,388	0.37
Manufacturing		5,156,477	900,311	14.36	4,256,166	21.52
Electricity and Gas Supply; Water Supply and Remediation Activities		1,074,168	88,705	1.41	985,463	4.98
Construction		2,318,212	594,882	9.49	1,723,330	8.71
Wholesale and Retail Trade		11,539,147	2,902,231	46.28	8,636,916	43.67
Transportation and Storage		965,318	195,246	3.11	770,072	3.89
Accommodation and Food Service Activities		663,310	275,523	4.39	387,787	1.96
Information and Communication		617,998	117,843	1.88	500,155	2.53
Financial and Insurance Activities		1,409,533	579,388	9.24	830,145	4.20
Real Estate Activities		977,792	241,277	3.85	736,515	3.72
Professional, Scientific and Technical Activities		502,298	148,654	2.37	353,644	1.79
Support Service Activities		332,886	96,841	1.54	236,045	1.19
Education		24,605	7,787	0.12	16,818	0.09
Human Health and Social Work Activities		35,694	8,240	0.13	27,454	0.14
Arts, Entertainment and Recreation		103,871	27,945	0.45	75,926	0.38
Other Service Activities		236,517	67,664	1.08	168,853	0.85

Table C-8 Number and Sales Performance of SMEs by Sex of Business Owner and Industry, 2022 (Continued)

Unit: Enterprises; million NT\$; %

Industry	Sex of business owner	Total	Female-owned enterprises	Male-owned enterprises	
				Share	Share
Domestic sales					
Total		23,125,946	5,735,423	100.00	17,390,523
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		86,929	17,201	0.30	69,728
Manufacturing		4,017,523	733,917	12.80	3,283,606
Electricity and Gas Supply; Water Supply and Remediation Activities		1,065,562	86,460	1.51	979,102
Construction		2,312,352	593,847	10.35	1,718,505
Wholesale and Retail Trade		10,093,419	2,590,889	45.17	7,502,530
Transportation and Storage		747,084	173,393	3.02	573,691
Accommodation and Food Service Activities		663,104	275,488	4.80	387,616
Information and Communication		563,439	103,968	1.81	459,471
Financial and Insurance Activities		1,401,894	575,046	10.03	826,848
Real Estate Activities		976,528	240,578	4.19	735,950
Professional, Scientific and Technical Activities		478,556	142,175	2.48	336,381
Support Service Activities		327,440	95,012	1.66	232,428
Education		24,368	7,752	0.14	16,616
Human Health and Social Work Activities		35,060	7,646	0.13	27,414
Arts, Entertainment and Recreation		103,269	27,730	0.48	75,539
Other Service Activities		229,416	64,318	1.12	165,098
Export sales					
Total		2,924,092	535,938	100.00	2,388,154
Agriculture, Forestry, Fishing and Animal Husbandry; Mining and Quarrying		5,282	1,622	0.30	3,660
Manufacturing		1,138,953	166,394	31.05	972,559
Electricity and Gas Supply; Water Supply and Remediation Activities		8,607	2,245	0.42	6,362
Construction		5,860	1,035	0.19	4,825
Wholesale and Retail Trade		1,445,729	311,343	58.09	1,134,386
Transportation and Storage		218,234	21,853	4.08	196,381
Accommodation and Food Service Activities		205	34	0.01	171
Information and Communication		54,559	13,875	2.59	40,684
Financial and Insurance Activities		7,639	4,342	0.81	3,297
Real Estate Activities		1,263	698	0.13	565
Professional, Scientific and Technical Activities		23,742	6,479	1.21	17,263
Support Service Activities		5,446	1,829	0.34	3,617
Education		237	35	0.01	202
Human Health and Social Work Activities		634	594	0.11	40
Arts, Entertainment and Recreation		602	215	0.04	387
Other Service Activities		7,101	3,346	0.62	3,755

Note: 1. Whether an enterprise should be classified as male-owned or female-owned was determined using the registered identity of the business owner.

2. The totals given in this table do not conform to those given in Table C-1~C-4 because some enterprises are registered as being owned by other enterprises or by foreigners; these enterprises were excluded from the data used in this table; data from male- and female-owned enterprises are included in total.

3. Due to data restrictions, starting from 2022, the “agriculture, forestry, fishing and animal husbandry” and “mining and quarrying” industries are listed as “agriculture, forestry, fishing and animal husbandry; mining and quarrying;” “electricity and gas supply” and “water supply and remediation activities” are listed as “electricity and gas supply; water supply and remediation activities.”

4. “Share” refers to the ratio of individual industries of SMEs among all SMEs.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

Table C-9 Export Sales Value of SMEs by Manufacturing Industry, 2022

Unit: Million NT\$; %

Industry	Enterprise size	Total (1)	SMEs (2)	(2)/(1)	Share
Total		10,253,784	1,358,232	13.25	100.00
Manufacture of Food Products and Prepared Animal Feeds		45,312	16,734	36.93	1.23
Manufacture of Beverages		2,280	367	16.10	0.03
Manufacture of Textiles		186,443	20,075	10.77	1.48
Manufacture of Wearing Apparel and Clothing Accessories		18,903	9,300	49.20	0.68
Manufacture of Leather, Fur and Related Products		27,454	8,519	31.03	0.63
Manufacture of Wood and of Products of Wood and Bamboo		3,569	2,446	68.53	0.18
Manufacture of Paper and Paper Products		36,706	7,078	19.28	0.52
Printing and Reproduction of Recorded Media		96,994	4,135	4.26	0.30
Manufacture of Petroleum and Coal Products		504,918	1,251	0.25	0.09
Manufacture of Chemical Material, Fertilizers and Nitrogen Compounds, Plastic and Rubber Materials, Man-made Fibres		600,416	35,811	5.96	2.64
Manufacture of Other Chemical Products		102,811	29,002	28.21	2.14
Manufacture of Pharmaceuticals and Medicinal Chemical Products		23,417	2,542	10.86	0.19
Manufacture of Rubber Products		96,866	19,319	19.94	1.42
Manufacture of Plastics Products		136,011	55,406	40.74	4.08
Manufacture of Non-metallic Mineral Products		52,275	15,854	30.33	1.17
Manufacture of Basic Metals		426,914	33,485	7.84	2.47
Manufacture of Fabricated Metal Products		428,869	162,170	37.81	11.94
Manufacture of Electronic Parts and Components		5,096,973	443,215	8.70	32.63
Manufacture of Computers, Electronic and Optical Products		1,034,192	67,077	6.49	4.94
Manufacture of Electrical Equipment		309,195	35,148	11.37	2.59
Manufacture of Machinery and Equipment		414,837	171,812	41.42	12.65
Manufacture of Motor Vehicles and Parts		134,650	19,712	14.64	1.45
Manufacture of Other Transport Equipment and Parts		274,110	126,226	46.05	9.29
Manufacture of Furniture		31,747	18,242	57.46	1.34
Other Manufacturing		125,468	31,705	25.27	2.33
Repair and Installation of Industrial Machinery and Equipment		42,455	21,599	50.88	1.59

Note:

1. Due to data restrictions, “manufacture of tobacco products” in the manufacturing sector is listed as “other manufacturing” starting from 2022.

2 “(2)/(1)” refers to the ratio of SMEs among all enterprises; “Share” refers to the ratio of individual industries of SMEs among all SMEs.

Source: Fiscal Information Agency, Ministry of Finance, VAT data, 2022.

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