

## Appendix D

### Accounting Categories and Budget Itemization Principles

Accounting categories	Explanation of item	Entry principles and instructions
1. Personnel expenses (1) Project personnel (2) Foreign Professional personnel	<p>1. Wages paid to project personnel (formal personnel) for project implementation by the subsidized unit, but does not include items to be contributed by the company, such as pension payments, retirement allowance payments, severance pay, Labor Insurance premiums, and Health Insurance premiums.</p> <p>2. Monthly wages include only base pay, differential pay, technical allowance, supervisory differential pay, meal allowance, and fixed transport allowance paid to Project personnel as wages.</p> <p>3. Overtime pay constitutes employees' overtime pay and missed meal allowances.</p> <p>4. Bonuses include year-end bonuses, bonuses for the three major traditional holidays, performance bonuses, and attendance bonuses.</p> <p>5. Wages of Foreign Professional personnel refer to wage costs during the approved project implementation period paid to those persons who <u>received a valid foreign professional long-term employment visit pass during the project implementation period</u>, or those foreign professionals who have received an alien residence certificate and work permit, and have already entered Taiwan, where such persons are engaging in innovation, including specialized and technical work, as part of the project team while in Taiwan.</p> <p>6. Such Foreign Professional personnel must enter Taiwan for work to meet the intent of the projects' grant requirements. However, such Foreign Professional personnel do not include persons from the Mainland China area.</p>	<p>1. The listing of average monthly wages should consist of Wages actually paid based on the "salary withholding certificate."</p> <p>2. Annual compensation includes monthly wages, overtime pay, and bonuses paid to Project personnel in the form of wages.</p> <p>3. The total bonus for the whole process shall not exceed two (2) months of the salary.</p> <p>4. As referred to herein, wages must comply with the following general principles: Wages must be issued regularly and be based on certain calculation standards and payroll system at the company, but do not include such other entry items as pension payments, retirement allowance, severance pay, Labor Insurance premiums, or Health Insurance premiums.</p> <p>5. Wages, bonuses, and other allowances should be entered in accordance with the proportional amount of time the individual spent working on the project; Overtime pay should be entered in accordance with actual needs.</p> <p>6. The months of employment candidates may not exceed 30% of the project's total Project personnel.</p> <p>7. As a rule, general personnel expenses should account for no more than 60% of total project funding, and the reason should be explained if the amount exceeds this threshold.</p> <p>8. The Labor Insurance cards of Project personnel or labor pension payment calculation rosters should be attached as prove; In the case of those persons who are not eligible to participate in Labor Insurance (because they meet seniority or retirement requirements), <u>relevant verifying documents (such as occupational accident insurance, etc.) must be attached.</u></p> <p>9. Without the consent on the change, the planning of the total number of months invested shall be listed subject to the original planned number of the project as the upper limit.</p> <p>10. If any Foreign Professional personnel are listed, the professional backgrounds and education/experience of foreign professionals should be provided as a basis for review, the <u>individuals' long-term employment visit pass, or alien resident certificate and issued work permit documents</u>, and entry/exit verification document issued by the National Immigration Agency should be provided subsequent reference. (Note: If needed for audit, a tax payment certificate for alien individual income tax issued by the National Tax Administration, Ministry of Finance may be required).</p> <p>11. Project personnel expenses shall be written truthfully on the basis of principal investigator, researcher grade, associate researcher grade, assistant researcher grade, and research assistant grade. The following are general limits for the average annual compensation of each researcher grade (please refer to Note 1 concerning grade classification); those persons exceeding these limits should provide wage verification documents: (1) Project leader: NTD 1,447,351 /year (2) Researcher: NTD 1,242,852/year (3) Associate researcher: NTD 1,021,753/year (4) Assistant researcher: NTD 733,028/year (5) Research assistant: NTD 505,596/year</p>

Accounting categories	Explanation of item	Entry principles and instructions
1. Personnel expenses (3) Consultant	Compensation expenses entailed by project's hiring of consultants and foreign experts.	<ol style="list-style-type: none"> <li>1. As referred to herein, consulting fees refer to compensation expenses incurred by the hiring of domestic and foreign consultants by the project during the project's approved implementation period.</li> <li>2. The hired consultants must be individuals who have been reviewed and approved to join project implementation; any changes must be approved in accordance with change procedures.</li> <li>3. When listing consultant fees, specific information including the education/experience and important achievements of consultants should be reported as a basis for review, and the consultant's hiring contract and letter of approval from the consultant's original unit must be provided; if the consultant was not employed at another unit, please provide a personal affidavit.</li> <li>4. If the service unit of a hired consultant is the same as the unit performing technology acquisition or outsourced research, either the consultant expense or outsourcing expenses may be entered.</li> <li>5. The entered expenses are limited to the compensation of domestic or foreign consultants, and may not include consultants' travel expenses.</li> </ol>

Accounting categories	Explanation of item	Entry principles and instructions
2. Travel expenses (1) Short-distance taxi fare & domestic travel expenses (2) Foreign travel expenses (3) Transport expenses	1. Checked and entered on the basis of project needs in accordance with the requirements of the Executive Yuan's "Regulations for Applying the Domestic Trip Allowance (Nov. 26, 2019)" and "Directions for Overseas Travel Allowance Disbursement." (Note: Travel expenses are classified as transportation expenses, lodging expenses, and miscellaneous expenses; as a rule, miscellaneous expenses and lodging expenses may be reported for reimbursement for personnel below the level of recommended appointment, and the allowable daily amounts are NTD 400 and NTD 2,000). 2. Foreign travel expenses may be entered as economy class airfare and daily living expenses; daily living expenses must be entered in accordance with "Amount Table of Foreign Per Diem Allowance of Central Government Agency." 3. Travel locations, purpose, number of persons, and number of travel days must be consistent with the approved items, and must be limited to within the scope of travel expenses incurred by personnel formally participating in the project due to the project's needs. All additional travel expenses not connected with the project must be subtracted. However, in the case of hiring consultants and lecturers needed by startup companies, supporting evidence should be provided (such as assistance records, consultant hiring contract, etc.). 4. As a rule, attendance at international entrepreneurship-related activities should be entered in the case of overseas projects, and items announced by the Small and Medium Enterprise Administration, MOEA shall receive first consideration.	1. When overseas travel expenses are entered as a government grant amount due to business needs, the expenses should be specified in advance in the briefing, with the overseas project name, location, number of days, person-times, and purpose clearly stated, and the expenses may be reported for reimbursement only when included within the annual project and this Administration has given its approval. 2. Foreign travel expense items that may be entered as government grant amounts include economy class round-trip airfare and daily living expenses; If government grant funds are used to pay overseas project-related expenses (such as foreign travel expenses, foreign conference sign-up fees, etc.), a foreign travel report must be submitted in the prescribed format (including electronic file) for subsequent reference within 3 months after the return to Taiwan. (the overseas travel report format should comply with the requirements of the "General Regulations for the Handling of Overseas Travel Report by the Executive Yuan and Subordinate Agencies") 3. When listing overseas projects after return to Taiwan, the overseas activity and conference trip reporting and experience sharing requirements of the Small and Medium Enterprise Administration, MOEA should be complied with. 4. After foreign travel expenses have been approved by the Small and Medium Enterprise Administration, MOEA, the originally-approved expenses may not be increased, and such expenses must be less than or equal to the originally-approved ratios; as a rule, government funding may not exceed 50% of the expenses of a project involving overseas travel, and all unused government funding must be returned.
3. Consumable equipment and raw material expenses	Consumable equipment and raw material expenses incurred exclusively in implementation of a development project, and not including fixed assets equipment such as molds, jigs, and clamps or business consumable materials for office needs.	1. The entry of these accounting categories may not include business tax. 2. Should be entered on the basis of items, quantities, and monetary amount needed by the project; if the cost or quantity is large, the items should be entered individually; if small or minor, such items may be entered with other items, and a note made.

Accounting categories	Explanation of item	Entry principles and instructions
4. Equipment usage expenses	<ol style="list-style-type: none"> <li>In the case of machinery, instruments, and equipment or software needed for project implementation, list as actually paid equipment usage expenses based on expense calculation methods negotiated by the two parties.</li> <li>The scope of this accounting item includes: <ol style="list-style-type: none"> <li>Owned equipment: Equipment in a property catalog that has been attested by a CPA or is on a tax filing statement.</li> <li>Equipment acquired for project: Including equipment in a property catalog that has been attested by a CPA or is on a tax filing statement, miscellaneous equipment, and equipment upgrades.</li> <li>Leased equipment: Equipment obtained by capital lease in a property catalog that has been attested by a CPA or is on a tax filing statement.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>Monthly usage expenses of existing equipment = <math>(A \times B) / (\text{remaining years of use} \times 12)</math>; should be entered based on expected months of use. A=acquisition cost of newly-acquired equipment, book value of existing equipment on date of project start, or balance before depreciation. If the equipment in question will have expected residual value, then an extra 1 year [remaining years of service <math>Y=N</math> (service life listed in property catalog – years of depreciation to date) +1] should be added for the remaining years of service. B=number of sets.</li> <li>If <math>N=0</math> (indicating that the balance before depreciation has already reached the expected residual value), or <math>Y=0</math> (indicating that the equipment already has no residual value), then use of the equipment may not be reported among equipment usage expenses.</li> <li>Monthly usage expenses of newly-acquired equipment = <math>(A \times B) / (\text{useful life} \times 12)</math>; should be entered based on expected months of use; Please refer to the "List of Useful Life of Fixed Assets" announced by the Ministry of Finance for useful life.</li> <li>Existing and newly-acquired equipment should be differentiated based on whether the equipment had been purchased on the project start date; the purchase date of domestically-purchasing equipment should be based on the uniform invoice date, and the purchase date of foreign-purchased equipment on the import date on the import declaration form.</li> <li>If newly-acquired equipment is entered as an expense item, the equipment name, date of purchase, and purchase cost should be consistent with the information on the original evidence and proof of payment; if it is entered as a property item, please make sure these details are consistent with those in the property catalog or the unamortized expense data.</li> <li>The total amount of equipment should be consistent with the number of Project personnel; a detailed explanation must be provided in the case of excess equipment.</li> <li>If equipment is to be used for production purposes, the length of time used for percentage usage for should be used as a basis for expense calculations.</li> <li>The entry in this accounting item may not include business equipment.</li> <li>Monthly usage expenses should be entered on the basis of the expected months of use.</li> <li>Please note the property number listed in the company's property catalog.</li> </ol>
5. Equipment Maintenance Expenses	As referred to herein, maintenance expenses consist of maintenance expenses paid periodically and actually-paid repair expenses for machinery, instruments, and equipment approved for the project in accordance with the equipment maintenance contract.	<ol style="list-style-type: none"> <li>The entry of these accounting categories may not include business tax.</li> <li>Maintenance expenses may not be entered for newly-acquired equipment and equipment that has been purchased within the past one-year period.</li> <li>When equipment maintenance is provided on the basis of an annual maintenance contract signed with a vendor or other maintenance service provider, maintenance expenses shall be calculated on the basis of the monthly maintenance expenses in the maintenance contract and the proportion of time the equipment is used in this project.</li> </ol>

Accounting categories	Explanation of item	Entry principles and instructions
		<p>If the company provides maintenance in-house, please provide internal cost records as a basis for determination. However, external evidence should be provided in the case of maintenance labor expenses, and the wages of internal personnel may not be reported as maintenance expenses.</p> <p>4. Annual maintenance expenses may not exceed 20% of the original purchase cost, and the upper limit of recognized expenses shall decrease progressively in proportion to the number of months of project implementation. (Reference formula: (purchase amount x 0.2/12) x number of months of implementation).</p> <p>5. The entry in this accounting item may not include business equipment.</p> <p>6. Please note the property number listed in the company's property catalog.</p>
<p>6. Outsourced research expenses or verification fees</p> <p>(1) Technology and intellectual property rights purchase expenses</p>	<p>1. Technology (or intellectual property) obtained and acquired via technology cooperation, technology authorization (trademark, licensing, royalties, software, and database), technical guidance (design, relevant technology assistance, technology training, technology consulting, technology research), or intellectual property authorization.</p>	<p>1. The entry of these accounting categories may not include business tax.</p> <p>2. The entry of such items must explain background information such as technology provider, technological content, and source of funding and technology, and the contract, draft agreement, or memorandum of understanding must be provided.</p> <p>3. As a rule, this accounting item shall account for no more than 60% of total project funding, and technology and intellectual property rights purchase expenses shall account for no more than 30% of total project funding.</p>

<p>6. Outsourced research expenses or verification fees</p> <p>(2) Outsourced research expenses</p> <p>(3) Outsourced service expenses</p> <p>(4) Outsourced design expenses</p> <p>(5) Verification fees</p>	<p>2. Outsourced research expenses:</p> <ul style="list-style-type: none"> <li>■ Expense of outsourced project-related research performed by an external organization or unit.</li> <li>■ Theoretical analysis, simulated design, manufacturing, or testing (including certification) of parts, components, or subsystems directly connected with technology R&amp;D or services; licensing of software computer program source code, etc.; Pharmacological, toxicology, animal, and clinical experiments, etc.</li> </ul> <p>3. Outsourced service expenses:</p> <ul style="list-style-type: none"> <li>■ Leasing expenses for "leased operating equipment" leased from an external organization or unit.</li> <li>■ Testing, analysis, and certification expenses of less than NTD 100,000.</li> </ul> <p>4. Outsourced design expenses:</p> <ul style="list-style-type: none"> <li>■ Expense of project design or development by an outsourced external organization or unit.</li> </ul> <p>5. Verification fees: fees arising from the procedure where a third party gives written guarantee that a product meets the requirements in terms of its process or services.</p>	<p>1. The entry of these accounting categories may not include business tax.</p> <p>2. As a rule, this accounting item shall account for no more than 60% of total project funding.</p> <p>3. The entry of such items must explain background information such as the outsourced content, expenses, and any sub-commissioning, and the contract, draft agreement, or memorandum of understanding must be provided.</p> <p>4. Depending on project needs, sub-commissioned items may be entered as personnel expenses, travel expenses, materials expenses, maintenance expenses, and equipment usage expenses, research equipment leasing fees, business expenses, and management expenses (but may not be entered as equipment and software purchases).</p> <p>5. We recommend that leasing expenses be combined under one outsourcing unit if the entered outsourcing unit and equipment leasing unit are the same.</p> <p>6. The entered units should be located within Taiwan's area of jurisdiction as a first consideration.</p>
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Accounting categories	Explanation of item	Entry principles and instructions
7. Intangible asset acquisition expenses	<ol style="list-style-type: none"> <li>As referred to herein, intangible asset acquisition expenses refer to payments made for the acquisition of technology by means of cooperation or authorized guidance (design, training, consulting, or research) for the implementation of a development project (digital content cases may include licensing of original creative materials), where such payments were made during the project's approved implementation period (and do not include production-stage technology royalty payments or equipment and software purchases).</li> <li>The entry of such items must explain background information such as the providers, content, expenses (the estimation period should be explained; for instance, licensing for 3 years and expenses of NT\$1 million), and sources, and the contract, draft agreement, or memorandum of understanding must be provided.</li> <li>When contract prices are in a foreign currency, as a basis for review, please provide the basis for conversion of the foreign currency into NT dollars, and the exchange rate table actually consulted at the time.</li> <li>The annual budget amount for intangible asset acquisition costs shall consist of the receipt amount payable for that year; expense installments not paid within the project's approved implementation period may not be entered as project expenses.</li> </ol>	<ol style="list-style-type: none"> <li>The entry of these accounting categories may not include business tax.</li> <li>Evidences of intangible asset acquisition expense disbursements should be appropriately approved via the company's internal authorization regulations and should be approved by the company's statutory responsible person before they may be recognized as development expenses (please affix the personal seal of the company's statutory responsible person to the requisition form)</li> <li>The amount of the reported intangible asset acquisition expenses should be consistent with the amounts on the contract, original evidence, and installment records, etc., and proof of payment must be provided. (business tax purchase tax amounts that can be paid in a lump sum or deducted proportionally may not be reported among project expenses)</li> <li>Without change approval, the entered intangible asset acquisition expense items must be consistent with the items included in the operating plan briefing. The amounts reported for each year may not exceed the yearly budget number for that item (when contract prices are in a foreign currency, annual expenses and cumulative expenses reported during the project period may not exceed the total foreign currency prices specified in the contract)</li> <li>When technological data is provided by means of cooperation or guidance (design, training, consulting, or research), or via service methods, if the implementation period of the intangible asset acquisition contract exceeds the approved project implementation period, expense installments not to be paid during the project period should be subtracted. When technology is acquired from a technology provider via licensing, if the licensing period exceeds the approved project implementation period, expense installments not to be paid during the project period should be subtracted.</li> <li>The annual budgeted amount for intangible asset acquisition expenses shall consist of the receipt amount payable for that year; the date on the receipt shall be between the beginning and end of the year in question.</li> </ol>

<p>8. Marketing &amp; promotion service expenses</p>	<ol style="list-style-type: none"> <li>1. Limited solely to the project's marketing and promotion expenditures.</li> <li>2. Marketing and promotion expenditures shall include the following items:               <ol style="list-style-type: none"> <li>(1) Participation in innovation and entrepreneurship-related activities, and venue, decoration, and design expenses and sign-up fees associated with the holding of various publicity activities.</li> <li>(2) Project marketing and promotion expenditures. (Such as: Online advertising, publicity posters and leaflets, and electrical advertisements, etc.).</li> <li>(3) Gifts consisting of donated samples or products, gifts marked "not for sale," and items with an advertising function; however, the upper limit of such items may not exceed 10% of this accounting item, and individual items may not exceed NTD 500.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. The entry of these accounting categories may not include business tax.</li> <li>2. The entered amounts of marketing and promotion service expenses must be consistent with the amounts on the original evidence.</li> <li>3. The original evidences of marketing and promotion service expenses must consist of uniform invoices or general receipts, or invoices or settlement slips from foreign vendors.</li> </ol>
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Accounting categories	Explanation of item	Entry principles and instructions
9. Remunerations on the daily or piecework basis	All the related expenses calculated by the work volume in order to meet the needs of this Project to engage individuals to handle related matters, such as lecture fees, attendance fees, hourly fees, consultant fees, and the related expenses for retaining experts and scholars to provide professional and consulting services.	<ol style="list-style-type: none"> <li>1. Labor: Please list the service content one by one.</li> <li>2. Lecture fee - domestic lecturers: limited to NT\$1,000 to NT\$4,000 per person per hour; foreign lecturers: limited to US\$300 per person per hour.</li> <li>3. Attendance fee (which is the attendance fee for inviting experts and scholars to attend the meeting for discussions about the research of the Project): It shall be in accordance with the "Guidelines for the Payments of Attendance fees and authors' Remunerations of Various Institutions and Schools". Those who have received hourly fees, lecture fees, or a fixed salary of the Project may not receive further attendance fees.</li> <li>4. Hourly Fees: to be processed in accordance with the provisions of the "Payment for Part-time Remunerations and Hourly Fees for Lectures of Military Officers, Public Servants and Educational Personnel".</li> <li>5. Others - the expenses to be planned and reimbursed under verification according to the actual needs of the Project.</li> <li>6. Those who have been paid a fixed salary on a monthly basis shall not be allowed to receive the overlapping payment under this item. The attendance fee shall not be paid for attending general and regular business meetings.</li> </ol>

Note:

- (1) If felt necessary by audit personnel under commission to the Small and Medium Enterprise Administration, MOEA, the company performing project implementation may be required to provide other original evidence connected with the project and required by the company's internal operating procedures or internal control system.
- (2) The project must have independent account management. If project funding is changed or retained, the case shall be handled in accordance with the requirements of the Government Budget Act and relevant procedures of the Small and Medium Enterprise Administration, MOEA. All original evidences (including evidences of self-raised funds and government grants) retained by the subsidized unit must bear the seal of the subsidizing agency and the project name; if original evidences are shared by more than one project, a project expenditure apportionment form must be attached; if government laws are changed, such cases should be handled in accordance with the revised regulations.
- (3) (the acquisition of intangible assets, outsourcing of research, and verification fees should have currency as transaction units, be paid directly to the recipients listed on the project proposal, and proof of payment obtained; payments may not be made via an affiliate or other company nor handled via the mutual offset of debts.

### **Note 1: Definitions of different researcher grades**

1. **Researcher:** Refers to a person possessing the title of professor at a domestic (foreign) university, researcher at a specialized research organization, senior specialist at a government agency, or engineer recognized by the government, or possessing one of the following qualifications:
  - (1) Has served as an associate professor or equivalent position at a domestic or foreign university for at least 3 years.
  - (2) Has obtained a PhD degree from a domestic or foreign university or graduate institute, and has engaged in academic research or professional work for at least 3 years.
  - (3) Has obtained a master's degree from a domestic or foreign university or graduate institute, and has engaged in academic research or professional work for at least 6 years.
  - (4) Has graduated from a domestic or foreign university or independent academy, and has engaged in academic research or professional work at least 9 years.
  - (5) Has graduated from a domestic or foreign junior college, and has engaged in academic research or professional work for at least 12 years.
  - (6) Graduated from a domestic or foreign high school (vocational high school), and has engaged in research assistance work or professional work for at least 15 years.
  - (7) Graduated from a domestic or foreign school below the level of high school (vocational high school), and has engaged in research assistance work for at least 18 years.
2. **Associate researcher:** Refers to a person possessing the title of associate professor at a domestic (foreign) university, associate researcher at a professional research organization, recommended appointment senior specialist at a government agency, or associate engineer recognized by the government, or possessing one of the following qualifications:
  - (1) Has served as a lecturer at a domestic or foreign university or performed equivalent duties at a research organization for at least 3 years.
  - (2) Has obtained a Ph.D. degree from a domestic or foreign university or graduate institute.
  - (3) Has obtained a master's degree from a domestic or foreign university or graduate institute, and has engaged in academic research or professional work for at least 3 years.
  - (4) Has graduated from a domestic or foreign university or independent academy, and has engaged in academic research or professional work at least 6 years.
  - (5) Has graduated from a domestic or foreign junior college, and has engaged in academic research or professional work for at least 9 years.
  - (6) Graduated from a domestic or foreign high school (vocational high school), and has engaged in research assistance work or professional work for at least 12 years.
  - (7) Graduated from a domestic or foreign school below the level of high school (vocational high school), and has engaged in research assistance work for at least 15 years.
3. **Assistant researcher:** Refers to a person possessing the title of lecturer at a domestic (foreign) university, assistant researcher at a professional research organization, designated appointment assistant technical specialist at a government agency, or assistant engineer recognized by the government, or possessing one of the following qualifications:
  - (1) Has obtained a master's degree from a domestic or foreign university or graduate institute.
  - (2) Has graduated from a domestic or foreign university or independent academy, and has engaged in academic research or professional work at least 3 years.
  - (3) Has graduated from a domestic or foreign junior college, and has engaged in academic research or professional work for at least 6 years.
  - (4) Graduated from a domestic or foreign high school (vocational high school), and has engaged in research assistance work or professional work for at least 9 years.
  - (5) Graduated from a domestic or foreign school below the level of high school (vocational high school), and has engaged in research assistance work for at least 12 years.

4. Research assistant: Refers to a person possessing the title of teaching assistant at a domestic (foreign) university or research assistant at a professional research organization, or possessing one of the following qualifications:
  - (1) Graduated from a domestic or foreign university or independent academy, and possesses a bachelor's degree.
  - (2) Has graduated from a domestic or foreign junior college, and has engaged in research assistance work or professional work for at least 3 years.
  - (3) Graduated from a domestic or foreign high school (vocational high school), and has engaged in research assistance work for at least 6 years.
  - (4) Graduated from a domestic or foreign school below the level of high school (vocational high school), and has engaged in research assistance work for at least 9 years.

**Note 2: Instructions concerning retention of original evidences**

1. Subsidized units must submit evidence of all expenditures incurred during implementation of this project (such as receipts or uniform invoices verifying the fact of payment); the dates of expenditure evidences must uniformly be within the period of project implementation. In addition, the original evidences of expenditures should be marked with the words "MOEA SBIR project grants." If such expenditure evidence is concurrently reported for another government-subsidized project, an apportionment form should be attached to distinguish the relevant shares.