

ASIAPAC BANKING GUIDE FOR NONPROFITS


*HOW TO OPEN AND MANAGE AN ORGANIZATIONAL
BANK ACCOUNT*



TAIWAN



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1. OPENING AN ORGANIZATIONAL BANK ACCOUNT

a. What are the requirements to open an organizational bank account?

i. Do organizations have to be physically present in Taiwan to open a bank account? I.e., can they operate in Taiwan but have a bank account in another jurisdiction or country? Is the presence of a statutory representative required or can the presence be fulfilled through an authorization?

Yes. For the opening of a bank account in Taiwan, it is necessary for the statutory representative of the organization to be physically present. However, this requirement can be fulfilled through by an authorized agent who has been properly authorized. It should be noted that some banks may still require the statutory representative of the organization to be a Taiwanese resident and/or physically present.

ii. Are there specific requirements for CSOs to open accounts by law or asked in practice by the banks (e.g, years of operations, annual turnover, to have director or member of governing body to be national of the jurisdiction)?

There are no specific legal requirements for civil society organizations (“CSOs”) to open bank accounts in Taiwan. However, foreign entities (excluding foreign banks, foreign securities firms, or foreign insurance companies) are limited to opening current, savings, and term deposit accounts in New Taiwanese Dollar only.

Alternatively, foreign entities can open an offshore banking unit account, which can only be opened in foreign currencies and is not subject to income tax, sales tax, or stamp duties. Additionally, it is not subject to Taiwanese foreign exchange regulation or relevant banking laws.

iii. Who is authorized/required to open a bank account? Can this be done online, or that person needs to be present in Taiwan?

A duly authorized individual/agent can open a bank account. This person/agent must be physically present at the branch to sign the relevant documents.

It is generally not acceptable to sign the paperwork at an embassy or before a notary.

iv. What is the process of setting up a bank account? E.g., how long it takes, is there a practice to have an interview in the bank?

The process of setting up a bank account involves submitting required documentation and completing an in-person interview at the bank. The required documentation typically includes the bank's application forms, Foreign Account Tax Compliance Act ("FATCA") declaration forms, identification documents, authorization documents, constitutional documents, proof of address, and a business administration number issued by the National Tax Administration of the Ministry of Finance of Taiwan. However, the list is not exhaustive and may vary from bank to bank.

The time it takes to set up a bank account varies from bank to bank and can take up to several weeks.

2. BANKING ACTIVITIES

a. What customer due diligence requirements are in place and what is their impact on civil society organizations' banking activities?

In Taiwan, banks are required to comply with the customer due diligence ("CDD") standards set by the Financial Action Task Force on Money Laundering ("FATF") when establishing a business relationship with any customer.

The CDD measures include identifying and verifying the customer, the customer's authorized person, and the customer's beneficial owner. Banks must also obtain any relevant information on the purpose and intended nature of the customer's business.

b. Which internal principles or official (central bank) “suspicious transaction” monitoring criteria are in place affecting the civil society organizations? Is it publicly available?

The relevant “suspicious transaction” monitoring criteria can be found in Appendix B of the AML/CFT & CFP Compliance Examination Manual for Banking Sector issued by the Financial Supervisory Commission in Taiwan.¹

c. Do the banks in Taiwan have any restrictions/ limitations to bank transactions and transfers to certain jurisdictions (such as high-risk ones).

i. If yes, is the list of jurisdictions publicly available?

Although Taiwan has lifted most of the foreign exchange restrictions since 1987, any remittance exceeding an annual threshold of USD 50 million by a foreign corporation requires the Central Bank’s approval.

Additionally, banks may have limitations or restrictions on remittance to certain jurisdictions and regions that are listed as high-risk jurisdictions or regions for money laundering or terrorism financing purposes, as well as those jurisdictions or regions on the sanctioned list.

The list is available at online.²

ii. What would be the procedures the bank would follow in this case for their CSO clients?

Enhanced due diligence designed to support a risk-based approach for high-risk clients and financial transactions may be required for these transactions. Depending on the risks involved, the bank may also monitor or terminate these transactions.

1 <https://www.fsc.gov.tw/websitedowndoc?file=enfeb/202209301521240.pdf&filedisplay=AML+CFT+Compliance+Examination+Manual+for+Banking+Sector+revised+June+2022.pdf>

2 <https://www.mjib.gov.tw/mlpc>

3. OBLIGATIONS AND REPORTING REQUIREMENTS

a. Are banks required to provide CSO clients' financial information to CSO regulatory authorities or public officials? If yes, under what circumstances must banks do so, and what types of information must they provide?

Under FATCA and Common Reporting Standards (“CRS”) requirements, the bank will exchange financial information of its client's bank account to the countries where its tax residency is, when required.

Under relevant anti-money laundering laws and regulations, banks are required to report any suspicious transaction to the relevant authorities (even if the amount involved is small).

The judicial department, military police authority, tax department, the Control Yuan, the National Audit Office, and other governmental agencies with investigative powers may inquire about a bank customer's financial information in accordance with the relevant laws and regulations.

b. What obligations do banks have to protect the privacy of clients' information?

Data protection in Taiwan is primarily governed by the Personal Data Protection Act 2015 (“PDPA”) and the Enforcement Rules of the Personal Data Protection Act. The PDPA regulates the collection, processing, and use of personal data to prevent harm to personality rights and facilitate the proper use of personal data.

The PDPA imposes criminal penalties for illegal collection, processing, or use of personal data, failure to obey a central government authority's order imposing restrictions on the international transfer of personal data, or illegal amendment or deletion of personal data files or employment of any other illegal means thereby affecting the accuracy of personal data files.

In addition, an administrative fine may be imposed for failure to comply with the requirements under the PDPA, such as the collecting or processing of personal data without statutory grounds, using personal data outside of the scope of the specified purpose under which the personal data was collected, or failure

to comply with restrictions on the international transfer of personal data.

c. Are there specific reporting obligations for banks to inform governments on civil society banking in certain circumstances?

Please refer to the responses to question 3(a) above.

d. Are you aware of any change in regulation/practice due to the Russian sanctions?

Transactions which may involve Ukraine-/Russia-related sanctions are typically prohibited as at the date of this guide.



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