

Act of Establishment and Administration of Agricultural Technology Parks

Promulgated on April 7, 2004 and effective as of April 7, 2004.

Amendment to Articles 30, 34 promulgated on May 13, 2009.

Chapter One General Principles

Article 1

The Act is enacted to ensure permanent management of the agriculture by means of developing agricultural technology, introducing agricultural technicians, gathering agricultural technology industries, and accelerating the transformation of the agricultural industry.

Article 2

The establishment and administration of an Agricultural Technology Park (hereinafter referred to as “the Park”) shall be governed by the provisions of the Act. In case where the provisions of other relevant laws are more favorable to the development of agricultural technology than those contained herein, the most favorable ones shall apply.

Article 3

The competent authority of the Act shall be the Council of Agriculture, Executive Yuan.

Article 4

Definitions of the terms used in the Act are as follows:

1. Agricultural technology: referring to the biological or other relevant technology, which is deemed, by the competent authority, having the possibilities in the industrial development and able to promote the efficiency of research, development, improvement, production, and processing of agricultural products.
2. Park Enterprises: referring to the enterprises approved to reside in the Park to engage in the development, research, production, manufacture, technology service of agricultural technology or other relevant businesses.
3. Living service businesses: referring to the businesses providing lodging, food, shopping, recreation, and other services in the Park.
4. Park organizations: referring to the Park businesses, incubation centers, research institutions, and living service businesses residing in the Park.

Chapter Two Establishment and Administration

Article 5

The competent authority may select and report an appropriate location to the Executive Yuan for the establishment of the Park.

Article 6

Incubation centers and research institutions may apply for their establishment in the Park.

Article 7

The competent authority shall establish a Park Administration (hereinafter referred to as “the Administration”) in the Park to administer the management and provide various services in the Park. The organization of the Administration shall be further prescribed by the laws.

The Administration shall take charge of the following affairs in the Park:

1. Drafting the policies, strategies, and relevant measures and plans of the Park development;
2. Financial planning, allocating, and auditing;
3. Affairs regarding research, innovation, development, and promotion of agricultural technology;
4. Advertising and bringing in investment and businesses;
5. Affairs concerning examination and approval concerning the applications of Park Enterprises and the revocation of operations;
6. Determining the schedule for Park Enterprises to submit their annual operational reports;
7. Providing operation-related guides and services for Park Enterprises;
8. Inspection of Park Enterprises' business status;
9. Affairs concerning organization and operation of industrial and commercial associations;
10. Affairs concerning administration and revenues of government properties;
11. Affairs concerning infrastructure and administration of public facilities;
12. Planning, developing, and administering living service areas;
13. Affairs concerning constructions, lease, and plans of factory buildings, relevant research and production facilities, and living service facilities;
14. Affairs concerning technical service facilities for general uses;
15. Affairs concerning establishment, operation or administration of storage transport units and bonded warehouses;
16. Affairs concerning information management, network utilization, and information development in the Park;
17. Planning and promoting the management of environmental protection work in the Park;
18. Forwarding relevant certificates, licenses, and permits to competent authorities for approvals regarding the establishment or expansion of Park Enterprises, incubation centers, and research institutions;
19. Affairs concerning measures to prevent smuggling;
20. Other relevant administration and service in the Park; and
21. Other affairs appointed in accordance with the laws or by the superior authorities.

The management of the following affairs by the Administration shall be appointed or entrusted by the authorities in charge of the target enterprises concerned:

1. Product inspection along with animal and plant disease and pest control and quarantine;
2. Certificate issuance of tax deduction or exemption proofs;
3. License issuance of industrial and commercial registration and power utilization approval for agricultural purposes;

4. Pollution control;
5. Land utilization control and construction administration; and
6. Issuance of commodity export/import endorsements and certificate of country of origin, and import/export trading affairs.

Article 8

The authorities in charge of the enterprises concerned or other relevant organizations may, under the coordination and integration of the Administration, establish branch units or dispatch personnel to handle the following affairs in the Park:

1. Tax collection;
2. Customs business;
3. Post and telecommunication activities;
4. Power supply, water supply, and the like matters relating to public utilities;
5. Financial business;
6. Police and fire control activities;
7. Land administration;
8. Registration of seed plant enterprises; and
9. Other official affairs in connection with government agencies.

Article 9

To manage the Park and its public facilities and to maintain the environmental quality of the Park, the Administration may charge the Park organizations an administrative fee. A service fee or relevant necessary fees may be charged in order to handle the affairs as set forth in the preceding two articles and Article 20.

The standards of the charges set forth in the preceding paragraph shall be prescribed by the competent authority.

Article 10

The Administration may establish an operation fund. The sources of the fund shall be the follows:

1. Administrative fees, service fees, and other relevant fees;
2. Government allocated funding according to budget procedures; and
3. Income gained from the utilization and revenues of properties in accordance with the laws.

The operation fund referred to in the preceding paragraph shall be used as follows:

1. Affairs concerning the development, expansion, improvement, maintenance, expropriation, and management of the Park;
2. Affairs concerning each operating service in the Park; and
3. Other relevant affairs concerning the business development of the Park.

Regulations governing the receipt and expenditure, safekeeping, and utilization of the operation fund referred to in Paragraph 1 hereof shall be prescribed by the Executive Yuan.

Chapter Three Acquisition and Utilization of Land and Buildings

Article 11

The land in the Park, belonging to the government, may be requested to transfer to the Administration for uses. Private land shall be handled as follows:

1. Expropriating with compensation in accordance with the laws;
2. Employing means of superficies or lease by the land owner to provide the land for the Administration to develop and utilize; or
3. Jointly developing the land by the owner and the Administration in accordance with the developing plan of the competent authority.

At least 30% of the acquired Park land developed shall be dedicated for public facilities and at least 10% of the acquired Park land shall be reserved as green land.

Upon requirement, Park organizations may lease land in the Park from the Administration. In addition to rentals, the lessee shall also share the expenses of infrastructure and public facilities. The standard of rentals shall not be subject to Article 105 of the Land Act.

Article 12

Factory buildings and relevant research and production facilities in the Park may be built by Park Enterprises, incubation centers or research institutions with their plans approved by the Administration, or built and leased by the Administration.

The factory buildings and relevant research and production facilities built by the Park Enterprises, incubation centers, or research institutions as referred to in the preceding paragraph shall be leased or sold to the Park Enterprises, incubation centers and research institutions that are approved by the Administration. The standards of sale values and rentals shall be reported to the Administration for approval. The standards of rentals shall not be subject to Article 97 of the Land Act.

Article 13

Under any of the following circumstances, the Administration may determine a period of thirty (30) days in writing to order the Park Enterprises, incubation centers or research institutions to make improvements or move out of the Park. If failing to comply, the Administration may, upon the situation, expropriate or compulsorily take over and dispose of the factory buildings and relevant research and production facilities:

1. Providing the factory buildings and relevant research and production facilities in the Park to an unapproved Park Enterprise, incubation center, or research institution;
2. Factory buildings and relevant research and production facilities are not used for the approved purposes of residency;
3. Overpricing the sales values or rentals of the factory buildings and relevant research and production facilities in the Park; and
4. Those whose approval of residency are revoked and shall move out of the Park in accordance with Article 19, Paragraph 3, Article 32, or Article 34, Paragraph 2 hereof.

Where the Administration expropriates or compulsorily takes over and dispose of the factory buildings and relevant research and production facilities pursuant to the preceding paragraph, the

Administration may determine a deadline and order the original owner to move all the items stored in the said factory buildings and other structures, or the Administration shall move the items for the owner. Expenses and damage incurred from the moving shall be borne by the original owner. With regard to the factory buildings and relevant research and production facilities referred to in Paragraph 1 hereof, the procedures and methods of expropriation and the regulations of compulsory takeover and disposition shall be prescribed by the competent authority.

Article 14

A portion of the Park may be designated for living service areas providing lodging, food, shopping, recreations and other functions and shall be developed and managed by the Administration in cooperation with the schedule of the Park development. Employee dormitories shall be leased restrictedly to the staff of Park organizations.

Besides living service areas referred to in the preceding paragraph, Park Enterprises may, after the Administration grants its approval, additionally build relevant living service facilities for their staff to utilize.

Chapter Four Requirements, Procedures, and Administration of Residency

Article 15

Park Enterprises shall be the companies limited by shares or their branch offices organized in accordance with the Company Law or foreign companies with equivalent forms acknowledged by the government of the Republic of China, and shall meet any of the following requirements:

1. The enrolled Park Enterprises shall embody the capability of researching and developing agricultural technology and undergoing integrated product development plans;
2. The enrolled Park Enterprises shall bring in and cultivate agricultural technology professionals with the nationality of the Republic of China in the process of production or research and development;
3. The enrolled Park Enterprises shall establish a research and development department engaged in the research and development of agricultural technology and the investment of research and development shall remain a significant portion of the total combined sales of the company and shall have certain research equipment and facilities;
4. The products of agricultural technology shall have potentiality for prospective development and innovation;
5. Relevant agricultural technology researched, developed or applied has been patented domestically or overseas; or
6. The operation of the enrolled Park Enterprises shall be in coordination with domestic agricultural policies and development and shall contribute significantly to domestic economic or agricultural development.

Those Park Enterprises that are not any of the company organizations set forth in the preceding paragraph shall complete the company or affiliate registrations with the Administration within six (6) months from the day of approval.

Article 16

Park Enterprises, incubation centers, and research institutions shall fill out the application forms and attach the business plans and other required documents and file the application of residency with the Administration. The Administration shall notify the applicants of the evaluation results within three (3) months upon receipt of the applications.

The required documents referred to in the preceding paragraph shall be prescribed by the competent authority.

The business plans referred to in Paragraph 1 hereof shall contain the business items, outline of the core technology, and other items prescribed by the competent authority.

Where there are any changes in the business items or the outline of the core technology, the Park Enterprises, incubation centers, or research institutions shall report such changes to the Administration for approval.

If the documents or items contained thereof submitted by the Park Enterprises, incubation centers, or research institutions in accordance with Paragraph 1 hereof are deemed incomplete, the Administration shall describe the reasons and determine a deadline for rectification. With those that fail to rectify within the deadline or make incomplete rectification, the Administration shall reject the applications.

Article 17

Park Enterprises shall pay surety pursuant to the regulations prescribed by the Administration within two (2) months from the day of approval for guaranteeing the implementation of the business plans.

After three (3) years from the day of approval, if the Park Enterprises fail to operate in accordance with the business plans, the Administration may confiscate the surety referred to in the preceding paragraph. The surety shall be refunded, with no interest, to those that operate in accordance with the business plans.

Park Enterprises that fail to implement the business plans in accordance with the preceding paragraph with justified cause may apply to the Administration for an extension of no longer than three (3) years.

Article 18

The regulations of the following affairs shall be stipulated by the competent authority:

1. The establishment of Living service businesses and research institutions;
2. Deadlines for the Park Enterprises, incubation centers, and research institutions to start the implementation of the business plans;
3. Approval of extension;
4. Changes;
5. The amount of surety the Park Enterprises shall pay; and
6. Other relevant administrative affairs.

Article 19

With regard to those Park Enterprises that fail to complete the company or affiliate registrations in accordance with Article 15, Paragraph 2 hereof, or fail to pay the surety in accordance with Article 17, Paragraph 1 hereof, the Administration shall revoke the approval of residency.

With regard to those Park Enterprises, incubation centers and research institutions that fail to start the implementation of the business plans within the prescribed deadline or fail to implement in accordance with the business plans, the Administration shall revoke the approval of residency.

The Administration shall order those whose approval is revoked to move out of the Park.

Chapter Five Measures to Promote the Development of the Park

Article 20

Upon requirements of research, development, and exportation, the Administration may establish greenhouses, probation farms, experimental farms, low-temperature preservation storage and transport centers, or other related facilities, equipment and isolation facilities exclusive for animal, plant or microorganism transgenic products for Park Enterprises, incubation centers or research institutions to utilize.

Article 21

The competent authority may request the approval from the Executive Yuan for defining a bonded area in the Park to provide the convenience of bonding operations for the Park Enterprises.

Regulations for the processing and management of bonded goods, self-inspection of inbound and outbound goods, monthly declarations, Customs clearance, domestic sale of bonded goods and other required matters within the bonded area referred to in the preceding paragraph shall be prescribed by the competent authority after consulting with the Ministry of Finance.

Article 22

The custom tariffs, commodity tax, and business tax shall be exempted for self-use machines and equipment imported from abroad by the Park Enterprises in the bonded area referred to in the preceding article. However, the custom tariffs, commodity tax, and business tax shall be collected for those transported to duty-levying areas within five (5) years from the importation.

The custom tariffs, commodity tax, and business tax shall be exempted for raw materials, supplies, fuels, goods-in-process, samples, and finished goods for approved concurrent business imported from abroad by the Park Enterprises within the bonded area referred to in the preceding article. However, the custom tariffs, commodity tax, and business tax shall be collected, in accordance with the regulations governing imported goods, for those transported to duty-levying areas.

For export of products or services by the Park Enterprises within the bonded area referred to in the preceding article, the business tax rate is zero (0) and commodity tax shall be exempted therefor. However, in the case that the Park Enterprises transport products, wasted goods or scraps to duty-levying areas, the custom tariffs, commodity tax, and business tax shall be collected, in accordance with the regulations governing imported goods, for those transported to duty-levying areas, except in the case that the products still cannot be produced in the domestic

duty-levying area, the custom tariffs, commodity tax, and business tax shall be collected according to the raw materials or parts used therefor. Business tax shall be collected for the services provided in a duty-levying area.

In the event of special causes requiring that bonded goods of the Park Enterprises within the bonded area referred to in the preceding article be temporarily stored in a duty-levying area, the storage shall be carried out after it has been approved by the Administration and the Park Enterprises have provided Customs with an appropriate bond pursuant to the Customs Law. The bonded goods shall be transported back in the time limit prescribed by Customs.

The Park Enterprises shall complete customs clearance, with no need of doing the formalities for exemption, bond, accounting, and payment of surety, in accordance with the relevant provisions of the Customs Law, for the imported goods that are exempted from duties as prescribed in Paragraphs 1 and 2 hereof.

Article 23

The Park Enterprises shall complete customs clearance, in accordance with the relevant provisions of the Customs Law, for exporting and importing goods.

Applications for import or export permits may be exempted for the goods referred to in the preceding paragraph, except for those that endorsements or approvals are required by the competent commerce authority.

The machines, equipment, raw materials, supplies, fuels, goods-in-process, and samples sold by sellers of duty-levying areas for self-use of the Park Enterprises shall be treated as exported goods.

In the case that the goods referred to in the preceding paragraph are re-transported to duty-levying areas, the custom tariffs, commodity tax, and business tax shall be collected, in accordance with the regulations governing imported goods.

Article 24

The Park Enterprises may be exempted from the collection of land rentals for no more than five (5) years when such Park Enterprises are deemed of having significant contributions to the development of agricultural technology by the competent authority.

Article 25

With regard to human resource education and training required by the Park Enterprises, incubation centers or research institutions, research and development of new technologies, and interaction programs of technical professionals, instruments, and equipment, the Administration may select proper educational organizations or academic research institutions to coordinate and proceed according to the principle of reciprocity.

Article 26

Upon the requirements of massive production, the Park Enterprises may establish satellite farms outside of the Park.

The Administration may schedule the budget to assist farmers' groups in guiding their subordinate

production and marketing departments to participate in the management of satellite farms.

Article 27

In order to promote exportation of agricultural technology products, the competent authority may request the approval from the Executive Yuan to allow the Park Enterprises of exportation to apply for low-rate loans.

Chapter Six Obligations of Park Enterprises

Article 28

In the case that the Park Enterprises transfer the ownership or make a change in the use of the bonded goods that have been approved for exportation to a tax levying area, the Park Enterprises shall, within thirty (30) days following the date of transfer ownership or making the change, make supplementary payment of custom tariffs, commodity tax, and business tax in accordance with the original type of such bonded goods. In the case of failure to make supplementary payment for such duties in accordance with the relevant provisions, the provisions of the Customs Law shall apply.

The Park Enterprises, which make applications for importing non-bonded goods under the name of bonded goods and then voluntarily apply for supplementary payment of duties and dues beyond the time limit as specified in the relevant provisions, shall, in addition to being liable to payment of such duties and dues, be subject to imposition of a delinquency surcharge in an amount to be calculated at the daily rate equal to 0.05% of the amount of the outstanding duties and dues for the period from the date following the day on which the imported raw materials are released by Customs to the date of full payment of the duties and dues. However, if the Customs authority discovers the false importation, the Park Enterprises shall, in addition to being liable to supplementary payment of the duties and dues and delinquency surcharge, be dealt with in accordance with the Customs Preventive Law.

Article 29

For machinery, equipment, raw materials, materials, fuels, semi-finished products, samples purchased, no matter from domestic sources or from abroad, by the Park Enterprises; wastes, scraps, finished products, semi-finished products generated by the Park Enterprises; and finished goods for trading purposes, the Park Enterprises shall set up books to truthfully record the quantities and amount for goods in and out. For any loss and/or damage of the recorded goods, the Park Enterprises may submit a report with justified reasons to the Administration so that after the Administration together with Customs or tax collection administrations jointly verify the report and exempt the goods from duties, the record of the goods will be allowed to be deleted from the books.

If necessary, the Administration in cooperation with Customs or tax collection administrations may send their officers to examine of the books and goods as referred to in the preceding paragraph.

Article 30

After the end of every fiscal year, the Park Enterprises shall, within the deadline prescribed by the Administration, submit the annual operating reports and financial statements to the Administration for the record.

If the capital of the Park Enterprises reaches the amount specified in Paragraph 2, Article 20 of the Company Act, the financial statements referred to in the previous paragraph shall be certified by a CPA in advance.

Article 31

With regard to animal, plant or microorganism transgenic products and their manufacturing process, the Park Enterprises, incubation centers, and research institutions shall comply with the relevant laws and regulations to ensure the ecological safety of the environments inside and outside of the Park.

Chapter Seven Penalty

Article 32

With regard to any Park Enterprise, incubation center, or research institution that builds factory buildings and relevant research and production facilities in the Park without approval, in violation of Article 12, Paragraph 1 hereof, the Administration shall order such an entity to move out of the Park within a prescribed deadline and impose an administrative fine of not less than One Hundred Thousand New Taiwan Dollars (NT\$ 100,000) and not more than Five Hundred Thousand New Taiwan Dollars (NT\$ 500,000).

Article 33

With regard to any Park Enterprise, incubation center, or research institution that violates Article 16, Paragraph 4 hereof, the Administration shall order such an entity to complete supplementary procedures within a prescribed deadline and impose an administrative fine of not less than One Hundred Thousand New Taiwan Dollars (NT\$ 100,000) and not more than Five Hundred Thousand New Taiwan Dollars (NT\$ 500,000). If the supplementary procedures are not complete after the deadline, the Administration may additionally revoke its approval of residency.

Article 34

With regard to any Park Enterprise that fails to submit annual operating reports or financial statements within the prescribed deadline, or the financial statements fail to be certified by a CPA in advance in violation of Article 30 hereof, the Administration shall order such an entity to submit or modify the documents within a prescribed deadline. If the said Park Enterprise fails to comply within the deadline, the Administration shall impose an administrative fine of not less than Thirty Thousand New Taiwan Dollars (NT\$ 30,000) and not more than One Hundred and Fifty Thousand New Taiwan Dollars (NT\$ 150,000). Repeated fines may be imposed.

If the Park Enterprise is fined pursuant to the previous paragraph for two (2) consecutive years, the Administration may additionally revoke its approval of residency.

Article 35

If the Park Enterprises violate Article 14, Paragraph 2 hereof and provide living service facilities

for non-staff members to use, the Administration shall order such Park Enterprises to correct the violation within a prescribed deadline. An administrative fine of not more than One Hundred Thousand New Taiwan Dollars (NT\$ 100,000) shall be imposed on those who fail to correct the violation within the deadline.

Article 36

In the case of the Park Enterprises that are in violation with the provisions of Article 21, Paragraph 2 in making supplementary payment of duties and dues for the processing, management, Customs clearance and domestic sale of bonded goods, or in conducting any other required matters, Customs may issue a warning and order such Park Enterprises to correct the breach within a prescribed deadline or impose an administrative fine of no less than Six Thousand New Taiwan Dollars (NT\$ 6,000) and no more than Thirty Thousand New Taiwan Dollars (NT\$ 30,000). Repeated fines may be imposed. If the breach is still not corrected after being punished three (3) times, Customs may suspend whole or part of the Park Enterprises' bonded-goods operations for a period of no more than six (6) months.

Article 37

If the Park Enterprises, incubation centers, or research institutions fail to report the standards of sales values and rentals to the Administration for approval in violation of Article 12, Paragraph 2 hereof, the Administration shall order it to make a supplementary report and impose an administrative fine of no less than Six Thousand New Taiwan Dollars (NT\$ 6,000) and no more than Thirty Thousand New Taiwan Dollars (NT\$ 30,000).

Article 38

The Administration and Customs may, from time to time, send their officers to make random checks or recheck the Park Enterprises' self-inspection of inbound and outbound goods, or monthly declarations handled by bonded operation personnel of the Park Enterprises. In case that it has been found that the personnel did not carry out the operation truthfully or within a prescribed time limit, Customs may issue a warning and request the Park Enterprises to rectify their operations within a prescribed time limit. If the breach is still not corrected after being consecutively warned three (3) times, Customs may send a report to the Administration for approval to suspend the Park Enterprises' privileges of self-inspection of inbound and outbound goods, and of monthly declaration for a period of no more than one (1) year. For substantial violations, Customs may send a report to the Administration for approval to revoke the Park Enterprises' privileges of self-inspection of inbound and outbound goods, and of monthly declaration.

Article 39

The Park Enterprises' imported or exported goods, involved in smuggling, duty evasion, or other violations of the laws, shall be dealt with in accordance with the Customs Preventive Law and other relevant laws.

Article 40

A delinquency surcharge shall be additionally imposed on those Park Enterprises that fail to pay the administration fees within the prescribed deadline and shall be subject to a one percent (1%) surcharge on late payment for every two (2) days in arrears. if the payment is not met in thirty (30) days after the time limit, the Administration may transfer the case to a procedure of compulsory execution in accordance with the laws.

Article 41

In the case that a fine, imposed under this Act and required to be paid within a prescribed time, has not been paid on the expiry date, the case shall be transferred to a procedure of compulsory execution in accordance with the laws.

Chapter Eight Supplementary Provisions

Article 42

For the purpose of developing local agriculture, the municipal or country (city) governments may select a specific agricultural technology industry item that has competitive advantages and market requirements, and select an appropriate location to establish a local agricultural technology park. The competent authority may give its assistance concerning the public facilities of the local agricultural technology park referred to in the preceding paragraph.

The establishment and administration affairs of the local agricultural technology park referred to in Paragraph 1 hereof shall be handled by the municipal or country (city) governments in accordance with the relevant laws and regulations of local self-government.

Article 43

The enforcement regulation of the Act shall be prescribed by the competent authority.

Article 44

The Act shall be enforced as of the date of promulgation.