

JURISDICTIONAL PROFILE: **Chinese Taipei**

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This Profile provides information about the application of IFRS® Standards (Standards) in Chinese Taipei. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [Licences@ifrs.org](mailto:Licences@ifrs.org).

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**RELEVANT JURISDICTIONAL AUTHORITY**

Organisation	Accounting Research and Development Foundation (ARDF)
Role of the organisation	The ARDF is an endorsement body regarding standard-setting in Chinese Taipei. All standards (including IFRS Standards and IAS Standards) and related interpretations are translated into traditional Chinese by ARDF and are ratified by the Financial Supervisory Commission (FSC), a government agency.
Website	<a href="http://www.ardf.org.tw">www.ardf.org.tw</a>
Email contact	<a href="mailto:margaret@ardf.org.tw">margaret@ardf.org.tw</a>

## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	Chinese Taipei has adopted IFRS Standards for all or some companies.
Additional comments provided on the adoption status?	<p>The Financial Supervisory Commission (FSC) announced an IFRS adoption roadmap on 14 May 2009. The roadmap established a two-phased mandatory adoption of IFRS Standards and early adoption of IFRS Standards:</p> <ul style="list-style-type: none"> <li>• In Phase I, listed companies and financial institutions, except credit cooperatives, credit card companies, and insurance intermediaries, were required to prepare financial reports using IFRS Standards starting in 2013. Early adoption of IFRS Standards was allowed in 2012 for those companies that met specific criteria and with the approval of the FSC.</li> <li>• In Phase II, unlisted public companies, credit cooperatives, credit card companies, and insurance intermediaries are required to prepare financial reports using IFRS Standards starting in 2015 and were permitted to apply IFRS Standards starting in 2013.</li> </ul> <p>This plan may be found on the ARDF website.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Standards REQUIRED or PERMITTED?	Domestic companies have a choice of using (a) IFRS Standards as endorsed by the Financial Supervisory Commission (FSC) or (b) with approval of the FSC, IFRS Standards as issued by the IASB.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Standards also required or permitted for more than the consolidated	All.

financial statements of companies whose securities trade in a public market?

For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

IFRS Standards as endorsed by the FSC (or, with approval of the FSC, IFRS Standards as issued by the IASB) are required for separate financial statements with one modification: the equity method is required to account for investments in subsidiaries in separate financial statements (under the title/ section of 'Parent Company Only Financial Statements' in the *Rules Governing the Preparation of Financial Reports by Securities Issuers*). IAS 27 *Separate Financial Statements* would not permit the equity method in this circumstance.

For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?

IFRS Standards as endorsed by the FSC (or, with approval of the FSC, IFRS as issued by the IASB) are required starting in 2013 (permitted in 2012) for all financial institutions except credit cooperatives, credit card companies, and insurance intermediaries, including those whose securities do not trade in a public market.

IFRS Standards as endorsed by the FSC (or, with approval of the FSC, IFRS Standards as issued by the IASB) are required starting in 2015 (permitted starting in 2013) for unlisted public companies, credit cooperatives, credit card companies, and insurance intermediaries.

Also, from 2013, unlisted subsidiaries of foreign companies are permitted to use IFRS Standards.

If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?

Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?

Permitted. Currently, foreign companies whose securities trade in a public market may prepare their financial statements under IFRS Standards as endorsed by the FSC, full-IFRS Standards, or US GAAP. However, a reconciliation from full-IFRS Standards or from US GAAP to IFRS Standards as endorsed by the FSC is required to assist users of financial statements in performing comparisons and analyses.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

## IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?

IFRS Standards as endorsed by the FSC (or, with approval of the FSC, IFRS Standards as issued by the IASB). IFRS Standards as endorsed by the FSC differ from IFRS Standards as issued by the IASB because some options have been eliminated and the mandatory effective dates of some standards have been deferred beyond the effective dates adopted by the IASB.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:	For those entities that use IFRS Standards as endorsed by the FSC, the auditor's report will refer to IFRS Standards as endorsed by the FSC. For those entities that use IFRS Standards as issued by the IASB, the auditor's report will refer to IFRS Standards.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	No.
Are IFRS Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	<p>On 27 July 2012, the Financial Supervisory Commission (FSC) issued a notification requiring companies whose securities are publicly traded to prepare IFRS financial statements that comply with the traditional Chinese translation of IFRS Standards, IAS Standards, International Financial Reporting Interpretations Committee Interpretations (IFRIC Interpretations), and Standing Interpretations Committee Interpretations (SICs) as endorsed by the FSC.</p> <p>The FSC expects to endorse all IFRS Standards as issued by the IASB Board, but there may be a time lag in completing the translation into traditional Chinese and the endorsement process. The current circumstance is described below.</p>
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?	Yes.
If yes, what is the process?	All IFRS Standards as issued by the IASB including Interpretations are translated into traditional Chinese by the ARDF. Those translations are then reviewed and the standards are endorsed by the FSC.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	Yes, some options have been eliminated and the mandatory effective dates of some standards have been deferred beyond the effective dates adopted by the IASB.
If yes, what are the changes?	<p>The options to revalue property, plant and equipment (IAS 16, Property, Plant and Equipment), intangible assets (IAS 38 Intangible Assets), and exploration and evaluation assets (IFRS 6 Exploration for and Evaluation of Mineral Resources) through other comprehensive income have been eliminated.</p> <p>Further, some conditions are imposed on using the deemed cost exemption described in IFRS 1 First-time Adoption of International Financial Standards.</p> <p>The effective dates of the following new/modified standards were deferred to 1 January 2015: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements, IAS 28 Investments in Associates, and IFRS 13 Fair Value Measurements.</p>

Other comments regarding the use of IFRS Standards in the jurisdiction? None.

## TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language? Yes, IFRS Standards are translated into traditional Chinese, the local language in Chinese Taipei.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?

The translation of IFRS Standards into traditional Chinese is done by the ARDF's Special Review Committee (SRC) of IFRS experts in Chinese Taipei. The SRC operates under procedures agreed with the IFRS Foundation. The chairman of the SRC serves as coordinator of the translation project. The SRC is responsible both for the translation of the complete set of IFRS Standards into traditional Chinese for initial adoption of IFRS Standards in 2013 and also for subsequent translations of new and amended IFRS Standards.

The SRC started its work to translate the initial set of IFRS Standards by determining the translation of key terms in IFRS Standards. Then an initial translation of the text of the IFRS Standards was prepared by the technical staff of ARDF. The translation was done in accordance with the pre-determined key terms to ensure consistency in translation from standard to standard.

The SRC reviewed the ARDF staff translation drafts and proposed revisions. A revised draft of each IFRS Standard was then prepared and reviewed by the SRC. Following those reviews, the SRC agreed on a final translation that was released to the public.

When a new or amended IFRS Standard is issued by the IASB, the translators from the technical staff of ARDF prepare an initial draft the traditional Chinese translation that goes through a process similar to the one described above. Translations are completed before the effective dates of the new or amended IFRS Standard.

The translations may be found on the Securities and Futures Bureau website.

## APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the IFRS for SMEs Standard for at least some SMEs? No.

If no, is the adoption of the IFRS for SMEs Standard under consideration? No.

Did the jurisdiction make any modifications to the IFRS for SMEs Standard? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the IFRS for SMEs Standard in the jurisdiction, and are they required or permitted to do so? Not applicable.

For those SMEs that are not required to use the IFRS for SMEs Standard, what other accounting framework do they use?

The non-public companies in Chinese Taipei are subject to the administration of Ministry of Economic Affairs. The Ministry of Economic Affairs has announced that the non-public companies in Chinese Taipei can chose to apply IFRS as endorsed by the FSC or the local accounting standards developed by the ADRF from 1 January 2016.

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Other comments regarding use of the IFRS for SMEs Standard?

None.