

## Content

Title :	Precautions for Lease of National Non-public Use Real Estate 
Date :	2018.01.11
Legislative :	<ol style="list-style-type: none"><li>1. Promulgation of Decree No. 0940020658 by the National Property Administration, MOF on July 8, 2005</li><li>2. Revision of Decree No. 09840009434 by the National Property Administration, MOF on April 24, 2009</li><li>3. Revision of Decree No. 10040009651 by the National Property Administration, MOF on May 5, 2011</li><li>4. Revision of Decree No. 10240022900 by the National Property Administration, MOF on October 15, 2013</li><li>5. Revision of Decree No. 10440001180 by the National Property Administration, MOF on January 20, 2015</li><li>6. Revision of Decree No. 10740000210 by the National Property Administration, MOF on January 11, 2018</li></ol>
Content :	<p>Article 1</p> <p>The leases of national non-public use real estate by branches of the National Property Administration, Ministry of Finance (the “Lessor” ) shall be subject to the Operation Directions for Leasehold of National Non-public Use Real Estate (the “Leasehold Operation” ) and these Precautions.</p> <p>Article 2</p> <p>After these amended Precautions became effective on January 20, 2015, national non-public use real estate may not be leased for soil and rock piling, storage, processing, and other business development according to the requirements under Article 42 of the National Property Act except for those complying with the requirements in Paragraph 2.</p> <p>Before the amended Precautions became effective on January 20, 2015, if a business developer for soil and rock piling, storage, and processing has entered into a national building lot (for soil and rock piling, storage, processing, and other business development) lease and made use according to the lease, or if the Lessor has been notified of payment or contract execution, requirements before the amendment shall apply, and the business developer may renew the lease once, with the term ending on December 31, 2027. No renewal shall be made upon the expiry of the term.</p> <p>Article 3</p> <p>If a temple with incomplete temple registration applies for the lease of a building lot according to the requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, it may establish a preparatory office, and a lease application shall be made in the name of a representative elected by the preparers of the temple.</p> <p>When making the lease application in the name of the representative as mentioned above, the following documents shall be enclosed apart from the certificates required under Subparagraph 2, Paragraph 1, Article 10 of the Leasehold Operation:</p> <ol style="list-style-type: none"><li>1. Preparers of the preparatory office shall issue an agreement, with the seal affixed, and the seal certificate enclosed: The content of the agreement shall set out the application reason, name of representative,</li></ol>

name alteration of lessee by the representative in the name of the temple after the completion of the temple registration, and the processing method in the case of a non-approved temple registration (lease by the representative or joint lease by all preparers instead).

2. Identity documents of all preparers.

For those who comply with the lease requirements upon inspection, the name of the lessee representative shall be recorded in the lessee column of the lease and marked (Representative of ○○ Temple Preparatory Office), and be agreed in the lease that:

1. Before completion of the temple registration, if there are any changes in the lessee representative, all the preparers shall re-issue an agreement, with the seal affixed, and the seal certificate enclosed, to the Lessor for alteration.

2. After the completion of the temple registration, the representative shall carry out the name alteration of lessee in the name of the temple. If the temple registration is not approved, it shall apply for name alteration for being leased by the representative (or jointly leased by all preparers) instead.

Article 4

If building owners of all units of a community apply for the lease of a building lot (house/land) according to the requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, the resolution may be made at a meeting of the building owners of all units of the community and a letter of authorization shall be issued to authorize the management committee to apply for the lease.

When applying for the lease in the name of the management committee as mentioned above, the following documents shall be enclosed apart from the certificates required under Subparagraph 1 or 2, Paragraph 1, Article 10 of the Leasehold Operation:

1. Certificate of the legal establishment of the management committee and the filings to the competent authority for archiving.

2. A copy of the minutes of the meeting of the owners of all units of the community approved by the competent authority for archiving. The content of the copy shall state that the management committee is authorized to apply for and execute the lease.

3. The letter of authorization issued by owners of all units of the community for the management committee to apply for the lease on their behalf.

4. Identity documents of the chairperson of the management committee.

5. Certificates for the legal election and the term of office of the chairperson of the management committee.

For those who comply with the lease requirements upon inspection, the name of the lessee representative shall be recorded in the lessee column of the lease and marked (Representative of ○○ Management Committee), and be agreed in the lease that: "If an owner of a community unit or resident of the lessee proposes dissenting opinions or claims the right for lease application regarding the lease, the Lessor may terminate the lease. The lessee shall be responsible for any compensation regarding any damage caused to the Lessor thereof. Also, the lessee may not request the transfer or lease of the building lot (house/land)."

#### Article 5

If a trustee of a trust estate applies for the lease of a building lot according to requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, they shall enclose certificates according to the requirements under Subparagraph 2, Paragraph 1, Article 10 of the Leasehold Operation.

For those who comply with the lease requirements upon inspection, it shall be agreed in the lease that: "Above-ground building improvements on the building lot leased is a trust estate. If the lessee transfers the above-ground building improvements to beneficiaries or their rightful owners, they shall make the transfer and lease change together within one month. The Lessor may terminate the lease for those who fail to make the transfer and lease change."

#### Article 6

If an applicant encloses waiver forms to ensure that building improvements belong to the applicant based on requirements under Item 2, Subparagraph 2, Paragraph 1, Article 10 of the Leasehold Operation to apply for the lease according to the requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, the Lessor may approve the lease for the following circumstances:

1. The name of the user and the applicant on the water and electricity bills of the above-ground building improvement is different.
2. The taxpayer for the house tax and the applicant is different.
3. The initial lessee (or lessee representative) with an initial lease term expired for over six months and the application is different, and the succession certificate is enclosed by the applicant according to requirements under Paragraph 2, Article 10 of the Leasehold Operation.
4. The user in the National Non-public Use Property Management System (the "Property Cadastration" ) or existing data and the applicant are different, and the user fails to pay the use compensation.
5. The user in the Property Cadastration existing data is different, while the user has paid the use compensation for the period prior to the month of lease application, and the succession certificate is enclosed by the applicant according to requirements under Paragraph 2, Article 10 of the Leasehold Operation.
6. The conclusion for the waiver forms enclosed by the applicant to ensure that the building improvement belongs to the applicant in succession, and the succession certificate is enclosed by the applicant according to requirements under Paragraph 2, Article 10 of the Leasehold Operation.

#### Article 7

The scope of a national building lot leased according to requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act is limited to the actual scope of use of the main building improvement, places for residence, and use of ancillary facilities combined with the main building improvement.

Except for top covers, columns and beams, or walls, the recognition of the abovementioned main building improvement shall be focused above the land or underground, and shall have facts proving the use by people. If involving a dispute for case recognition, the Lessors shall prepare substantial data maps to make inquiries with the competent local authority regarding the

actual conditions of the case for recognition.

Places for residence and use of ancillary facilities combined with the main building improvement mentioned in paragraph 1 refer to the following circumstances:

1. Washrooms/toilets.
2. Drying fields.
3. Gardens.
4. Stables.
5. Kitchens.
6. Warehouses.
7. Other places for residence and use combined with the main building improvement recognized on-site by the Lessor.

The scope of a national building lot referred to in Paragraph 1 includes the actual use of the national non-public building lot regarding the main building improvement of the applicant that is not located on the national non-public use building lot and the places for residence and use or ancillary facilities combined with it.

The actual scope of use referred to in Paragraph 1 is recognized based on the investigation form.

#### Article 8

If an applicant encloses graphics filmed by governmental agencies before July 21, 1993, as the time certificate for actual use to apply for the lease of a national building lot, the usage of the above-ground building improvement on the national land of the lease application may be confirmed with the cadastral map through cover-tracking. In the absence of rebuttal evidence, the graphics may be adopted as the time certificate for the above-ground building improvement.

In cases where the usage of the above-ground building improvement on the national land mentioned above cannot be confirmed with the cadastral map through cover-tracking, notify the applicant to acquire graphic interpretation results issued by a government agency at their own cost, to combine the results with the graphics to serve as a time certificate for actual use.

The review method in the preceding paragraphs shall apply if an applicant encloses graphics filmed by governmental agencies before July 21, 1993, as the time certificate for actual use for the lease application of national agricultural land, animal husbandry land, afforestation land or aqua-cultural land.

#### Article 9

If the current user of national agricultural land, animal husbandry land, afforestation land, or aqua-cultural land applies for a lease according to Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, the age of the applicant shall be 16 or above before July 21, 1993.

If the abovementioned use is due to succession, the applicant shall enclose the succession certificate stated in Paragraph 2, Article 10 of the Leasehold Operation, and relevant documents certifying that the ancestor or the transferor is 16 years old or above before July 21, 1993, and the applicant is 16 years old or above upon the application.

For land transfers, succession, and lease changes in Paragraph 1, the transferee or successor shall be 16 years old or above upon the date of

application.

#### Article 10

For a lease application for agricultural land, animal husbandry land, afforestation land, or aqua-cultural land, the time certificate for actual use shall be the certificate issued by the chief of village where the national land is located, owners of adjoining lands, or lessees of adjoining lands, or the current lessee who actually used the adjoining national lands before July 21, 1993, with the Lessor approving the lease after the date of use and the up to present. The review shall be based on the following method:

1. Behavioral competence review: Review whether the person presenting certificates possesses behavioral competence before July 21, 1993, based on the documents and relevant memos issued by governmental agencies.

2. Qualification review:

(1) Chief of village where the land is located: For a chief of village appointed before July 21, 1993, review the position assumption certificate of the chief of village.

(2) Owner of adjoining lands: For an owner who acquired the ownership of the batch of the adjoining land before July 21, 1993, review the copy of the land ownership certificate or land registration transcript and the cadastral map transcript.

(3) Lessee of adjoining lands: For a lessee who acquired the leasing right of the batch of the adjoining lands before July 21, 1993, review the copy of the lease, land registration transcript, and the cadastral map transcript.

(4) Current lessee who actually used the adjoining national lands before July 21, 1993, with the Lessor approving the lease after the date of use, and up to the present: For a current lessee who actually used the adjoining national lands before July 21, 1993, instead of succession use subsequently, if the adjoining lands it leased are national lands approved by the Lessor (excluding other agencies) after the date of use for lease (excluding lease by tender), review the copy of the lease (the Lessor shall access the data for the lease of the lessee, and print the data for case combination and archiving), land registration transcript, and the cadastral map transcript.

Regarding the announcement made for the abovementioned certificates in accordance with requirements under Paragraph 2, Article 22 of the Regulations for Lease of National Non-public Use Real Estate (the "Lease Regulations" ), avoid making an announcement of the ID No., address, and the full name of the person presenting the certificates all at once; the last four digits of the ID No. shall be hidden.

The term "adjoining" in Paragraph 1 refers to closely adjoining to the scope of lease application.

#### Article 11

For non-leasing circumstances stated in Paragraph 1, Article 18 to Article 21 of the Lease Regulations, the Lessor shall verify in the following ways:

1. Aboriginal reserve: Based on the land registration transcript or the property cadastration data.

2. Located in a soil and water conservation zone: Based on the inquiry results provided by the Soil and Water Conservation Bureau, Council of

Agriculture, Executive Yuan, or competent authorities of the municipality. For uncertain circumstances, prepare a copy of the lease application cadaster, cadastral map transcript, and the image from the National Geographic Information System (the "GIS" ) and dispatch a letter within one month to the competent authority of the municipality or country (city) where the land is located for the authority to respond whether the land is within the zone.

3. Located in the conservation area of a reservoir: For those located in the inquiry areas listed by the Water Resources Agency, Ministry of Economic Affairs, prepare a copy of the lease application cadaster, cadastral map transcript, and, and relevant geographical location map (mark the location of the lease application; the proportional scale shall be 1:5,000) and dispatch a letter within one month to the Water Resources Agency, Ministry of Economic Affairs for it to respond whether the land is within the zone.

4. Located in the drinking water quality protection area or areas within a certain distance to the drinking water intake: For those located in the administration areas (township and village) listed for the defined zone, prepare a copy of the lease application cadaster, cadastral map transcript, graphics of cadastral map through covering tracking by using the images of the GIS, and topographic map with a proportional scale of 1:25,000 (Longitude, NGIS version) and dispatch a letter within one month to the competent authority for environmental protection of the municipality or county (city) where the land is located for it to respond whether the land is within the zone. For those applying for a lease according to requirements under Article 21 of the Lease Regulations, additionally mark in the abovementioned letter to request a response regarding whether there are any protection requirements or safety hazards if the land is located in the drinking water quality protection area or areas within a certain distance to the drinking water intake as verified.

5. Protected forest: For those located in/near the administrative areas of a protected forest, prepare a copy of the lease application cadaster and cadastral map transcript, and dispatch a letter within one month to the forest district office where the land is located for it to respond whether the land is within the zone. For those applying for a lease according to requirements under Article 19 of the Lease Regulations, additionally mark in the abovementioned letter to request a response regarding whether there are any protection requirements or safety hazards if the land is located in/near the protected forest as verified.

6. Located in a national park ecological protection area, landscape protected area, historical preservation area, or recreational area recognized by the competent authority for the national park as affecting the operation and management of the national park. For those located in a national park administrative areas, access the national park land use district certificate to process according to the following method:

(1) The land use area shall not be leased if it is an ecological protection area, landscape protected area, or historical preservation area.

(2) If the land use area is a recreational area:

A. Recreational lands in Kenting, Yangming Mountain, and Taijiang National Park: Not for lease.

B. Recreational lands in other national parks: Prepare a copy of the land

use district certificate, lease application cadaster, cadastral map transcript, and graphics of cadastral map through covering tracking by using the images of the GIS and dispatch a letter within one month to the national park headquarters where the land is located for them to respond whether it affects the operation and management of the national park.

7. Located in a groundwater control zone: Recognize based on the region of the groundwater control zone announced according to requirements under Article 2 of the Regulations for Groundwater Control. If the land for the lease application made according to requirements under Article 20 of the Lease Regulations is within the zone, the lease will not be approved. However, this shall not apply to applicants who provide relevant documents showing that the land for lease application is approved by the competent authority for the fishery industry to be designated as an aquaculture production zone or is recognized by the regulatory authority as a place for groundwater abstraction other than the seawater, surface water, or groundwater control zone.

8. Located in a natural reserve designated by the natural environment protection plan for the coastal area of Taiwan: Those located in the administrative areas of a natural reserve shall be subject to the inquiry results of the GIS. For uncertain circumstances, prepare a copy of the lease application cadaster, cadastral map transcript, and the photo base map of cover tracking lease application with a proportional scale of 1:5,000 or a topographic map with a proportional scale of 1:25,000 (Longitude, NGIS version) (clear and color graphic marking the material target names such as coordinates or roads; accurately mark the inquiry target locations on the graphic) and dispatch a letter within one month to the Construction and Planning Agency, Ministry of the Interior (or the agency designated by the Agency) for it to respond whether the land is within the zone.

9. Slope land exceeding utilization: For property cadastration with an additional marking of the exceeding utilization controlled data, access relevant documents for confirmation. For property cadastration with no additional marking of the exceeding utilization controlled data that is classified as slopeland stated in Article 3 of the Soil and Water Conservation Act, prepare a copy of the lease application cadaster, cadastral map transcript, and the image from the GIS, and dispatch a letter within one month to the competent authority of the municipality or county (city) where the land is located, for it to respond whether there is any exceeding utilization of slopeland.

10. Other lands not to be leased according to legal requirements:

(1) Lands within river area:

A. River areas governed by the central government: For those located in the administrative river area governed by the central government, prepare a copy of the lease application cadaster, cadastral map transcript, and the image from the GIS and dispatch a letter within one month to the River Management Office subordinate to the Water Resources Agency, Ministry of Economic Affairs for it to respond whether the land is located within the zone.

B. River areas governed by county/city:

a. For property cadastration with an additional marking of a river area,

access relevant documents for confirmation.

b. For property cadastration with no additional marking of a river area, prepare a copy of the lease application cadaster, cadastral map transcript, and the image from the GIS and dispatch a letter to the competent authority of the municipality or country (city) where the land is located for it to respond whether the land is located within the zone.

(2) Land to be approved by the Executive Yuan or the Ministry of Finance as not for lease or requiring cessation of the lease, or recognized by the competent authority for the target business as under protection requirements or a safety hazard, or notified to be recovered. This is based on the data provided by the Executive Yuan, Ministry of Finance, or the competent authority for the target business.

(3) Lands other than the preceding items: Based on the data provided by the competent authority for the target business that is additionally marked on the property cadastration.

If the land for the lease application is located within the scope of the regional rebuilding master plan (the "rebuilding master plan") approved by the Executive Yuan that prioritizes national land conservation, the non-leasing regarding strategic zoning for Type 1 and Type 2A under the requirements of the rebuilding master plan, or the particular area announced as being designated according to the law shall be made, a verification of the leasing status for exceptions approved by the Executive Yuan must be made.

For the verification of items regarding non-leasing circumstances in the paragraphs above, the Lessor shall make additional marking of the verification results in the "other matters" column of the property cadastration. Subsequently, if accepting other lease applications of the equivalent target, the verification and marking shall be re-performed.

#### Article 12

For requesting the competent authority for the target business for responses as mentioned in Paragraph 1 or Paragraph 2 in the preceding Article, if the response is overdue, the response is unclear, or there is no substantial opinion expressed, dispatch a letter to the competent authority for the target business for inquiry. If the regulatory authority fails to provide substantial responses, the Lessor may execute leases according to relevant requirements under the National Property Act. After being leased, if the competent authority for the target business finds any prohibited agriculture, farming, forestation, or aquaculture stated by the law, or any use of building or installation of sundries or other facilities, or any land that is sub-leased, the Lessor shall terminate the lease according to the agreement in the lease, and recover the land. However, those leased (including renewals) according to Paragraph 2, Article 18 to Article 21 of the Lease Regulations, shall only be limited to the circumstances that the competent authority for the target business notifies of recovery.

#### Article 13

Lease forestation species specified by the forestry competent authority shall be planted for any lease of the afforestation land, and the forestation may only be done through forestry management. There shall be no grafting for the improvement of species.

For crops with regular gains from planting (quarterly or annually) and their roots, stems, leaves, flowers, fruits, or seeds are the economic production purpose through planting with appropriate plannings, the lease shall be made according to requirements under Article 18 of the Lease Regulations, and shall enter into the national land (agriculture) lease.

#### Article 14

According to the lease application stated in Subparagraph 3, Paragraph 1, Article 42 of the National Property Act, except for any of the following circumstances being determined by the Lessor, processing opinions shall be prepared for the remaining cases by the Lessor after a review, and the cases shall be submitted to the Administration for approval:

1. Those which can be transferred and sold according to requirements under Article 50 of the National Property Act due to the demand of state-owned enterprises/institutions for National Non-public Use Real Estate.
2. Those which can be transferred and sold according to requirements under Article 52 of the National Property Act due to the government providing incentives for the investments in lands.
3. Those with transferring and selling considerations that shall initially be paid to the national treasury regarding the real estate approved for transferring and selling by the Executive Yuan and the Ministry of Finance, but the lease application subsequently was adopted instead by the initial acquisition applicant during the period of notice for verification acquisition application or payment acquisition.

#### Article 15

The review principles for the transferring or selling of lease applications according to the law shall be as follows:

1. The non-leasing circumstances stated in laws and regulations for the lease application of real estate; if the land under the lease application is for public facilities, it shall comply with one of the following circumstances:
  - (1) Those which may be transferred or sold according to requirements under Article 48 of the Urban Planning Law.
  - (2) Those re-applied for the corresponding holding of the leased building under a lease subject to Article 53 of the Urban Planning Law, with investors completing the preparation of a business development plan that is approved, and a third party is receiving and acquiring the ownership of the above-ground building that is not for public facility use, and the corresponding leasing right of the based holding, except as otherwise stated in the lease, after the initial leasing relation is eliminated or terminated.
2. The lease application for real estate shall be free from the non-leasing circumstances stated in the qualifying clause under Paragraph 1, Article 43-2 of the Regulations for the Enforcement of National Property Act.
3. For the applicable source of law regarding the transfer or selling of real estate under the lease application, the competent authority for the target business shall review in advance regarding those that require the approval of a regulatory authority for the target business according to the law.

Those who comply with the leasing requirements as verified shall agree in the lease that: "The lease is subject to requirements under Subparagraph

3, Paragraph 1, Article 42 of the National Property Act.”

#### Article 16

To develop public utilities, Taiwan Power Company (the “Taipower Company”) applied for the lease of national non-public use lands for the development of relevant electricity utilities according to requirements under Subparagraph 3, Paragraph 1, Article 42 of the National Property Act. Apart from the requirements in the Article above, it shall also be subject to the following requirements:

1. For lands within an urban planning conservation area, agriculture area, waterfront development area, industrial area, or landscape area, an official letter issued by the government of the municipality or county (city) shall be obtained. The letter shall state the consent regarding the development of relevant electricity utilities, or certify that the development will not hinder the land use of local urban planning, and confirm that Taipower Company will be responsible for public safety.

2. For non-urban lands other than agricultural land with the use not compliant with requirements under Rules for Non-urban Land Use Control, after confirming the lease in advance, Taipower Company shall apply with the competent authority for altering the designation of the land to classification with a use permit, and agree in the lease that: “For the lease of the building lot, the lessee shall apply with the responsible authority for the designation alteration to comply with requirements under Rules for Non-urban Land Use Control.”

#### 3. Leased land:

(1) For a lease subject to the 37.5% Arable Rent Reduction Act, Taipower Company shall obtain consent issued by the lessee to the Lessor for waiving the farming right, and the Lessor shall terminate the lease according to requirements under Subparagraph 2, Paragraph 1, Article 17 of the 37.5% Arable Rent Reduction Act. For other leases, Taipower Company shall obtain consent issued by the lessees to the Lessor for waiving the farming right, and the Lessor shall terminate the leases according to the agreements in the leases.

(2) Upon the termination of a lease, Taipower Company shall process the compensation for buildings and land improvements according to relevant requirements, and the Lessor will not provide any compensation according to the agreement in the lease.

(3) Upon the termination of a woodland lease, Taipower Company shall make compensation by appropriating 1% and 99% of the wood considerations to be compensated to the Lessor and the initial lessee, respectively.

If complying with the leasing requirements as verified, a national building lot (Power Facilities) lease shall be executed, and the rental shall be calculated and charged based on the rental standards for the lease of a national building lot.

#### Article 17

To develop or improve irrigation facilities, if an irrigation association applies for the lease of a national non-public use land according to requirements under Article 11 of the Act of Irrigation Association Organization, certificates shall be enclosed according to requirements under Subparagraph 3, Article 12 of the Leasehold Operation.

For those complying with the leasing requirements as verified, a national

building lot lease shall be executed, and they shall agree in the lease that: "The land is leased according to requirements under Article 11 of the Act of Irrigation Association Organization."

If the land of the lease application is leased to a third party, process according to methods stated in Subparagraph 3, Paragraph 1 of the preceding Article.

#### Article 18

If the property cadastration for the lease application of a national real estate has a marking for appropriation application or a marking for the application regarding an additional designation as an aboriginal reserve, the processing method is as follows:

1. Has a marking for appropriation application, but the approval for the appropriation is not completed: The Lessor shall verify the latest progress of the appropriation application, and enclose relevant data to report to the Administration for dispatching a letter to the appropriation applicant. If the appropriation applicant clearly responded that it requires the appropriation, cancel the lease application according to requirements under Subparagraph 5, Article 25 of the Lease Regulations.
2. Has a marking for the application regarding an additional designation as an aboriginal reserve: Except for an application based on a leasing relation, no application will be accepted. The application will be accepted and processed after the Administration has expressed its dissenting opinion to the Council of Indigenous Peoples for the additional designation.

#### Article 19

For public use real estate requested by a requiring agency for conservation, if any lease application occurs according to requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, process according to the following method:

1. If the requiring agency has not confirmed the scope of its plan or the appropriation time, the lease application shall be approved for processing, and the applicant shall agree in the lease that: "The lessee does not request the transfer or selling of the real estate, nor request any addition, renovation, or new above-ground building improvement." However, for those that may not be leased according to legal requirements stated in Article 11, the lease application shall be canceled according to requirements under Subparagraph 3, Article 25 of the Lease Regulations.
2. If the requiring agency has confirmed the scope of its plan or the appropriation time, the lease application shall be canceled according to requirements under Subparagraph 5, Article 25 of the Lease Regulations.

#### Article 20

For a lease application of national non-public use real estate made according to requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, before the Lessor notifies the applicant to settle the historical use compensation and executing the lease, if any application for acquiring the same target occurs according to Articles 50 to Article 52 or Subparagraph 2, Article 52-1 of the National Property Act, Subparagraphs 3 and 4, Paragraph 3, Article 55-1 of the Regulations for the Enforcement of National Property Act, or other particular laws, the acquisition application shall be prioritized. For other competing lease or acquisition applications for the same target, review and process according

to the time of acceptance in sequence.

Regarding the acquisition application reviewed and processed in the preceding paragraph, after the acquisition applicant completes its payment, the lease application shall be canceled according to requirements under Subparagraph 5, Article 25 of the Lease Regulations, and the reason for cancellation shall be stated in a letter dispatched to the lease applicant.

#### Article 21

The general principle of collecting historical use compensation regarding the processing of a lease application:

1. The collection of use compensation from the applicant according to requirements under Article 26 of the Lease Regulations shall be traced to the month following the date on which the applicant ceases to have the right-of-use from the end of the month in which the Lessor accepts the lease application (up to five years), and the payment may be made in installments. The rental or use compensation paid during the period will be deducted. However, if the leasing relation was canceled or terminated due to the submission of falsified certificates by the initial lessee and the acquisition of the leasing right through fraud and illegal methods, the applicant who complies with the leasing requirements that submits the certificate for lease application shall still pay the historical use compensation, and the use compensation and rental paid by the initial lessee during the period will not be deducted.

2. If the applicant acquires the use due to succession, the occupation period for the former occupant shall be combined (up to five years). However, for the acquisition of the building and land renovation due to the execution of an auction by the Civil Execution Department of a court or branches of Administrative Enforcement Agency, Ministry of Justice, based on the state power, the collection shall be traced to the month following the date of receipt of the right transfer certificate or the handover date from the end of the month in which the lease application is made (up to five years).

The date on which the applicant ceases to have the right-of-use in Subparagraph 1 in the preceding paragraph refers to the commencement date on which the applicant or the former occupant ceases to have the right to use the national real estate. For naked possession which resulted from the acquisition of the management right of the real estate by the Administration due to real estate nationalization as no one claimed succession, tax payment, or registration as national real estate according to Article 73-1 of the Land Act or an entrustment under the Cadastral Clearance Act, or the inability to be auctioned by the national tax collection agencies subject to branches of Administrative Enforcement Agency, Ministry of Justice, the recognition for the date of naked possession is as follows:

1. Real estate nationalization where no one claims succession:

(1) The court determined that the Administration is the estate administrator: Determination date of the court.

(2) Those with estate administrators other than the Administration:

Completion date for national registration.

2. Due to tax payment: Completion date for the national registration.

3. Registration as national real estate according to Article 73-1 of the

Land Act or an entrustment under the Cadastral Clearance Act: Completion date for the national registration.

4. Inability to be auctioned by the national tax collection agencies subject to branches of Administrative Enforcement Agency, Ministry of Justice: Completion date for national registration.

#### Article 22

For a national public use property provided to others for use during the management period of another agency, if the current user applies for the lease of the property after the property is altered as a non-public use property and transferred to the Administration in its current state for management, the use compensation collection shall be traced to the month following the date on which the user ceases to have the right-of-use (up to five years) according to the following method. The recognition of the date on which the user ceases to have the right-of-use is as follows:

1. If the applicant is the user approved by the initial managing agency: The last day of use approved by the initial managing agency.

2. If the application is the user approved by the managing agency authorized by the initial managing agency: The last day of use approved by the authorized managing agency.

3. If the applicant is not the user approved by the initial managing agency and is the user in succession of the user approved by the initial managing agency: The transfer date of the above-ground building improvement or the commencement date of the actual use. If the transfer date of the above-ground building improvement or the commencement date of the actual use is later than the last day of use approved by the initial managing agency, the last day of use approved by the initial managing agency shall prevail.

#### Article 23

If the initial agricultural land, animal husbandry land, or national land (agriculture, farming, forestation, or aquaculture) lease becomes invalid or is terminated due to the alteration to construction use, and the initial lessee or its successor encloses certificates to apply for the lease of the national building lot in the nature of the owner of the building improvement according to requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, a use compensation of five years shall be collected from the applicant based on the rental standards of the building lot, and the sum of rentals or use compensation paid during the period will be deducted.

#### Article 24

In a case where the initial public land of a river is designated as outside of the river area, if the user with the permit to use the area applies for a lease, a use compensation shall be collected according to the following method:

1. The applicant has legal uses according to the permit: The period for the use compensation collected retroactively shall, in principle, be five years; however, such five years shall be reduced by the period of use permitted by the initial managing agency.

2. The applicant violates the items of use of the permit: A use compensation of five years shall be collected from the application; however, the sum of usage fees for the public land of the river paid during the period shall be deducted.

#### Article 25

After a state-owned enterprise/institution is restructured as a company, if the company continues using the assets not used as considerations for investments and applies for the lease of the national building lot according to requirements under Subparagraph 2, Paragraph 1, Article 42 of the National Property Act, the calculation and collection of use compensation shall be traced from the month in which the company was restructured to the end of the month in which the lease application is accepted (up to five years).

#### Article 26

Regarding the part of use compensation and its deferred interest that exceeds five years with confirmed judgment, payment order, indictment confirmation certificate, or certificate of the obligatory claim acquired, or other execution titles with equivalent validity to the confirmed judgment, the collection shall still be made without being limited to the five-year restriction.

#### Article 27

If the initial lessee of a national building lot revokes or cancels the ownership transfer contract or leasing right transfer contract regarding its personal building improvement with the current lessee after transferring and exchanging the lease due to the completion of the transfer of the ownership or leasing right of the building improvement, the current lease shall be terminated. The initial lessee shall re-verify the lease application and shall not resume its title as the initial lessee by way of lease correction.

For revoking or canceling the ownership transfer contract or the leasing right transfer contract of a personal building improvement during the application period for transfer and lease change, the right transfer certificates shall be enclosed based on the initial application submitted, and a relevant certificate sufficient to prove that the initial right transfer has been revoked or canceled shall be enclosed to apply for the transfer and lease change cancellation.

#### Article 28

If a leased national house is a cultural asset announced according to the Cultural Heritage Preservation Act, the lessee shall be responsible for the management and maintenance, and shall agree in the lease that: "The house leased is a cultural asset announced according to the Cultural Heritage Preservation Act, and the lessee shall perform management and maintenance according to relevant requirements under the Cultural Heritage Preservation Act, and bear relevant expenses."

#### Article 29

Upon the lease or lease change of an afforestation land lease, it shall be agreed in the lease that: "The land leased may only be used for forestation by way of forestry management, and the lessee shall not take the liberty to alter the use or make grafting for the improvement of species, and, "for the land leased, roots may not be extracted nor transplanted unless processed according to the local forestry policy and regulations and after obtaining the consent of the Lessor as the competent authority for the forestry recognizes that such act is for public welfare or public purpose of plant disease and pest control."

#### Article 30

The lease may be terminated if any one of the following circumstances occurs based on the agreement in the lease upon leasing or lease change for agricultural land, animal husbandry land, aqua-cultural land, and cultural land within the area of a slopeland, groundwater control area, or water quality protection area:

1. For exceeding utilization or the processing and maintenance of soil and water conservation is not compliant with the watershed management plan, development plan of the agricultural and farming area, or the soil and water conservation technical specifications..Or, the lessee failed to make corrections or implemented non-compliant soil and water conservation technical specifications after the competent authority has dispatched a notice to prescribe a period for correction.
2. The lessee cannot continue the lease as it is incapable of performing the agriculture (farming or aquaculture) work itself, or, due to moving or a change in the scope of their business.
3. The lessee digs a well for water intake on the leased land in violation of the law or has other behavior violating relevant requirements under the Water Act.
4. The lessee used the land in violation of the Water Supply Act, Drinking Water Management Act, and other relevant requirement control.

#### Article 31

Upon taking over leased real estate that is initially leased through lease by tender or methods other than lease by tender from another agency, for tax payment, registered as national real estate according to Article 73-1 of the Land Act, or is unable to be auctioned by the national tax collection agencies subject to branches of the Administrative Enforcement Agency, Ministry of Justice, when the Lessor is processing the lease change of the Administration according to requirements under Article 31 and Article 41 of the Leasehold Operation, it shall review whether there is any particular agreement in the initial lease, and shall mark the particular agreement in the lease of the Administration, or amend the agreement in the lease of the Administration based on the agreement in the initial lease.

#### Article 32

Based on the nature of the lease, different categories of national real estate leases shall have agreements as follows:

1. The lessee shall keep the leased real estate under the care of a good administrator and maintain its production capacity; if any of the following circumstances occur, the lessee shall be obliged to restore to the initial state, regardless of being made by the lessee or a third party:
  - (1) Sundry storage.
  - (2) Burying waste.
  - (3) Soil and rock extraction.
  - (4) Destroying soil and water conservation.
  - (5) Causing soil and groundwater pollution.
  - (6) Other acts that impair the value or function of the leased real estate.
2. Upon any circumstances in the preceding subparagraph, if the lessee fails to restore the land to its initial state after the Lessor has advised it of the requirement to restore the land to its initial state within a prescribed period, the Lessor may terminate the lease, and the lessee shall

be responsible for compensating for damages that occurred to the Lessor thereof.

3. If the lessee damages others' lives, bodies, or properties due to the use or management of the leased real estate, it shall be responsible for damage compensation. If such circumstances result in the compensation being made by the Lessor, the lessee shall compensate the Lessor.

4. Fines and other expenses imposed by a competent authority on the Lessor due to a violation of relevant laws and regulations by the lessee, the lessee shall be held responsible, and the lessee shall be responsible for making improvements and compensating all losses.

5. The lessee shall duly perform the following obligations to prevent the pollution of soil and groundwater:

(1) If the land is idle upon being leased, the lessee shall adopt management measures, make records, and provide photos to the Lessor related to the management facilities installed, within three months from the date entering into the lease, according to requirements under Paragraph 1, Article 4 of the Standards for Recognition of Obligation for Care of A Good Administrator of Related Party for Land Pollution. If the Lessor is held jointly responsible for settlement according to requirements under Paragraph 1, Article 31 of the Soil and Groundwater Pollution Remediation Act if the abovementioned management measures are not adopted, the lessee shall be responsible for all damage compensation, and the Lessor may terminate the lease.

(2) If the land is used for factories, gas stations, or businesses stated under Paragraph 1, Article 8, and Paragraph 1, Article 9 of the Soil and Groundwater Pollution Remediation Act, or other businesses upon the lease of the land, or, if the land is not for the abovementioned usages, an alteration was made, and such uses are not violating the initial purpose of the lease upon the lease, the business (establishment) permit shall be obtained according to relevant laws and regulations, and permission certificates shall be obtained according to the subparagraphs under Paragraph 1, Article 5 of the Standards for Recognition of Obligation for Care of A Good Administrator of Related Party for Land Pollution based on the usage status of its business. If the Lessor is held jointly responsible for a settlement according to requirements under Paragraph 1, Article 31 of the Soil and Groundwater Pollution Remediation Act if the operation commences without the acquisition of a permit, violating the requirements under laws and regulations, the lessee shall be responsible for all damage compensation, and the Lessor may terminate the lease.

(3) If any of the circumstances under Paragraph 1, Article 9 of the Soil and Groundwater Pollution Remediation Act occurs, the lessee shall submit a land pollution evaluation survey and inspection data that has been reported to, reviewed, and approved by the competent authority of the municipality or county (city) or the agency authorized by the central competent authority, to the Lessor before taking any action. If the Lessor is held jointly responsible for a settlement according to requirements under Paragraph 1, Article 31 of the Soil and Groundwater Pollution Remediation Act due to non-compliance by the lessee, the lessee shall be responsible for all damage compensation, and the Lessor may terminate the lease.

(4) If the leased land is included in the zone of soil and groundwater

pollution control, the lessee shall proactively perform soil and groundwater pollution inspection for the leased land at its own cost each year from the date on which the leased land is under control, and shall prepare two copies of the inspection data according to the items stated in the Soil and Groundwater Pollution Remediation Act. One copy shall be submitted to the Lessor for archiving in combination with the leasing case, and another copy shall be submitted to the competent authority of the municipality or the country (city) for archiving. The lessee shall also remediate any pollution within the period prescribed by the Lessor until the release of control by the competent authority.

(5) If damage occurred to the Lessor due to pollution remediation control measures of relevant environmental protection regulations, the lessee shall compensate for all damage that occurred to the Lessor.

#### Article 33

For leased national real estate, upon the termination, cancelation, invalidity, or elimination of the lease, except where otherwise stated, the lessee shall empty and remove non-national buildings and land improvements or buried waste, and return the leased real estate after restoration to its initial state. If the lessee fails to cooperate after the Lessor has notified it of the prescribed period, the return of the leased real estate shall be requested according to the agreement in the lease and relevant requirements in the Civil Code.

Regarding the real estate with termination, cancelation, invalidity, or elimination of the lease in the preceding paragraph, if there is any output of crop or forest crop, except for being disposed of by the lessee, the Lessor shall set a time and notify the lessee of a meeting for handover to explain to the lessee that any output of crop or forest crop will belong to the nation according to requirements under Article 66, Article 70, and Article 766 of the Civil Code, and it shall prepare the handover record for the recovery of the real estate. If the lessee fails to cooperate, collect the use compensation based on the occupation of real estate under control, and request the return of the leased real estate according to relevant requirements under the agreements in the lease and the Civil Code.

The handover record format shall otherwise be established by the Administration.

#### Article 34

Upon the expiry of the lease term of national real estate, except for the application of cultural lands leased under the 37.5% Arable Rent Reduction Act or otherwise stated in laws and regulations, the leasing relation shall be eliminated. If the initial lessee or its successor fails to apply for the lease within six months from the expiry of the lease term according to requirements under Subparagraph 1, Paragraph 1, Article 42 of the National Property Act, the Lessor may notify the initial lessee or its successor to apply for the lease according to requirements under Subparagraph 1, Paragraph 1, Article 42 of the National Property Act. For those who fail to do so after expiry, or fail to comply with the leasing requirements, the real estate shall be recovered according to the preceding Article.

#### Article 35

Rental calculation and collection for leased real estate that is agricultural land, animal husbandry land, cultural land, or aqua-cultural

land, the unit price of the positive crop output and total gains for the discount of cash equivalents shall be calculated based on the following standards:

1. Agricultural land and animal husbandry land:

(1) The price of rice or sweet potato for paddy fields or dry fields if the latest land category recorded on the land register is paddy field or dry field. If there is a land grade, it shall be subject to the same land grade rated by the local government; if there is no land grade, it shall be calculated based on the average land grade of the land category.

(2) The rental calculation method in accordance with the dry field with no land grade in the preceding item if the latest land category recorded on the land register is not paddy field or dry field (i.e., calculate rentals according to the price of sweet potatoes based on the average land grade of dry fields). If the lessee applied for a rental calculation for paddy fields, rentals may be calculated based on the price of rice; however, it shall not be lower than the total rentals calculated based on the average land grade of paddy fields.

(3) Regarding the average land grade calculation for paddy fields or dry fields in the preceding items, if the lessee provides evidence to prove that the rental calculation standard is higher than adjoining or neighboring lands with equivalent nature of use, calculate based on the higher land grade of the adjoining lands (i.e., less total gains); if adjoining lands have no land grade, calculated based on the higher land grade with reference to the standards of lands with land grades in the neighboring areas.

2. Cultural land and aqua-cultural land:

(1) The rental calculation shall be based on the price of positive output in accordance with the agreement in the lease if the latest land category recorded in the land register is cultural land or pond. If there is a land grade, it shall be subject to the same land grade rated by the local government; if there is no land grade, it shall be calculated based on the average land grade of the land category.

(2) If the latest land category recorded in the land register is not cultural land or pond, or if there is no record of land category, the rental calculation shall be subject to the average land grade of cultural lands.

(3) If the local government has not announced standards for total gains or the discount of cash equivalents based on the positive output, process according to the standards of the adjoining county (city). If there are two adjoining counties (cities) and above, calculate based on the lower total gains or the standards for the discount of cash equivalents based on the positive output.

(4) If the local government and adjoining counties (cities) have not announced the standards for total gains or the discount of cash equivalents based on the positive output, refer to the standards for total gains or the discount of cash equivalents based on the positive output for cultural lands and ponds announced by adjoining counties (cities) of the adjoining counties (cities). Or, calculate based on the lower standards for total gains or the discount of cash equivalents based on positive output with reference to the Fisheries Statistical Yearbook announced by the competent

authority for fishery and other information.

(5) For outlying islands with no adjoining county (city), if the local government has not announced standards for total gains, or the discount of cash equivalents based on positive output, refer to the standards for total gains or the discount of cash equivalents based on positive output for cultural lands and ponds announced by neighboring counties (cities) on Taiwan Island. Or, calculate based on the lower standards for total gains or the discount of cash equivalents based on positive output with reference to the Fisheries Statistical Yearbook announced by the competent authority for fishery and other information.

For woodlands (type B) leased before the amendments to the Lease Regulations on November 2, 2007 changed to national land (agriculture) leases, the price of positive output and total gains shall be calculated and collected according to the following standards:

1. If the latest land category recorded on the land register is forest, and the local government has standards for total gains or the discount of cash equivalents based on the positive output regarding the land grade of the land category, the calculation and collection shall be subject to the standards. If there is no land grade, calculate based on the average land grade of the land category. For the remaining, calculate the rent based on the price of sweet potatoes in accordance with the average land grade of dry fields.

2. Regarding the average land grade calculation in the preceding subparagraph, if the lessee provides evidence to prove that the rental calculation standard is higher than adjoining or neighboring lands with equivalent nature of use, calculate based on the higher land grade of the adjoining lands (i.e., less total gains).

If adjoining lands have no land grade, calculated based on the higher land grade with reference to the standards of lands with land grades in neighboring areas.

The average land grade in the preceding paragraphs refers to the highest land grade plus the lowest land grade rated by the local government, divided by two and rounded to a whole number.

#### Article 36

If the lessee fulfills the requirements for preferential rental of a real estate lease in Article 57 of the Leasehold Operation, they may apply for a preferential rental in writing or through other methods, and enclose the following certificates:

1. Military personnel on active service and their dependents leasing national building lots to build houses for self-occupation, or leasing national houses for self-occupation:

(1) Lessee is military personnel on active service: The certificate of military personnel on active service, a copy of the current household registration certificate of the above-ground house where the lessee is registered, and a waiver form that states "the lease is for self-occupation; there will be no sub-leasing or business use"; and it is confirmed that the lessee is registered in the household registration. If there is any incorrect information, or the lessee moves out of the household registration of the house located at No. [\*], [\*] Rd., [\*] Township/City/Dist., [\*] County/City, or the favor for the military

personnel and their dependents under the Statute of Favors for Military Servicemen & Their Dependents is suspended, the reason for the preferential rental ceases to exist. The lessee is willing to unconditionally be subject to the full rental calculation and collection from the date of the reason and fact for the preferential rental ceasing to exist, and supplement the difference in rentals without any dissenting opinion.”

(2) Lessee is a dependent of military personnel on active service: The certificate of the military personnel on active service, certificate of the lessee being a dependent of the military personnel on active service, a copy of the current household registration certificate of the above-ground house where the lessee and the military personnel on active service is registered, and a waiver form that states “the lease is for self-occupation; there will be no sub-leasing or business use” ; and it is confirmed that the lessee and the military personnel of active service [\*] (name) are registered in the household registration. If there is any incorrect information, or the lessee or the military personnel of active service [\*] (name) moves out of the household registration of the house located at No. [\*], [\*] Rd., [\*] Township/City/Dist., [\*] County/City, or the favor for the military personnel and their dependents under the Statute of Favors for Military Servicemen & Their Dependents is suspended, the reason for the preferential rental ceases to exist. The lessee is willing to unconditionally be subject to the full rental calculation and collection from the date of the reason and fact for the preferential rental ceasing to exist and supplement the difference in rentals without any dissenting opinion.”

2. Veterans leasing national building lots to build residences: A copy of the veteran certification.

3. Persons with physical or mental disabilities or their spouses, leasing for self-occupation:

(1) Lessee is a person with physical or mental disability: The certificate of physical or mental disability, a copy of the current household registration certificate of the above-ground house where the lessee is registered, and a waiver form that states “the lease is for self-occupation; there will be no sub-leasing or business use” ; and it is confirmed that the lessee is registered in the household registration. If there is any incorrect information, or the lessee and their spouse move out of the household registration of the house located at No. [\*], [\*] Rd., [\*] Township/City/Dist., [\*] County/City, or the physical or mental disability is identified as released, the reason for the preferential rental ceases to exist. The lessee is willing to unconditionally be subject to the full rental calculation and collection from the date of the reason and fact for the preferential rental ceasing to exist and to supplement the difference in rentals without any dissenting opinion.”

(2) Lessee is the spouse of a person with physical or mental disability: The certificate of physical or mental disability, a copy of the current household registration certificate of the above-ground house where the lessee is registered, and a waiver form that states “the lease is for self-occupation; there will be no sub-leasing or business use; and it is confirmed that the lessee is registered in the household registration. If there is any incorrect information, or the lessee and their spouse move out

of the household registration of the house located at No. [\*], [\*] Rd., [\*] Township/City/Dist., [\*] County/City, or the physical or mental disability of the lessee's spouse is identified as released, the reason for the preferential rental ceases to exist. The lessee is willing to unconditionally be subject to the full rental calculation and collection from the date of the reason and fact for the preferential rental ceasing to exist and to supplement the difference in rental without any dissenting opinion.”

4. Lessees leasing national building lots for self-occupation: A copy of the current household registration certificate of the above-ground house where the lessee is registered, and a waiver form that states “the lease is for self-occupation; there will be no sub-leasing or business use” ; and it is confirmed that the lessee is registered in the household registration. If there is any incorrect information, or the lessee moves out of the household registration of the house locating at No. [\*], [\*] Rd., [\*] Township/City/Dist., [\*] County/City, the reason for the preferential rental ceases to exist. The lessee is willing to unconditionally be subject to the full rental calculation and collection from the date of the reason and fact for the preferential rental ceasing to exist and supplement the difference in rental without any dissenting opinion.”

The dependents in Subparagraph 1 of the preceding paragraph shall be subject to the Statute of Favors for Military Servicemen & Their Dependents; during the period of preferential rentals, the Lessor shall submit the register of military personnel with preferential rentals to the local military service agency for verification before notifying the rental payment for each period.

For national building lots leased to lessees for self-occupation in Subparagraph 4 of Paragraph 1, the calculation for the area of preferential rental shall be subject to the following methods:

1. If the area is within 300m<sup>2</sup>, the rental calculation and collection may have a 50% discount; the area is calculated based on a single lessee as the unit.

2. If the house on the leased national building lot has residences, businesses, and other uses, the self-occupation area that is calculated based on the ratio of the current residential tax value stated on the housing tax bill or the house tax statements for the current year enclosed by the lessee may be adopted for calculation of the preferential rental.

3. If the house on the leased national building lot is jointly owned by the lessee and others, the self-occupied area that is calculated based on the holding ratio of the lessee may be adopted to calculate the preferential rental.

If a governmental agency leases a national building lot, regardless of whether it is for business use, the rental calculation and collection may be calculated at a 40% discount.

NGOs, charitable organizations, public welfare groups, or schools that lease national building lots for business purposes, the certificate of “the lease of land is for business purposes” issued by the competent authority for the target business shall be enclosed when applying for preferential rental.

If a national building lot is leased by farmers and is a land that cannot

be separated from agricultural operations, the preferential rent shall be subject to the tabulation submitted by the agriculture department, and the lessee is exempted from enclosing certificates for application.

#### Article 37

The preferential discount in Paragraph 6 of the preceding Article, from January of the year in which the tabulation from the agriculture department is delivered to the Lessor retroactively, the rental calculation and collection are subject to a 40% discount.

For succession or transfer of leasing right with preferential rental in the preceding paragraph to be applicable initially, the application for the preferential rental during the succession or transfer period by the new lessee (refer to the successor or the transferee) shall be subject to the following methods:

1. For any of the following circumstances that are not attributable to the new lessee, after receiving the tabulation submitted by the agriculture department, the Lessor shall offer the preferential rental from the month in which the lease change commences, retroactively:

(1) If the succession or transfer occurs before the end of the registration acceptance period of the agriculture department for the year, and the new lessee has applied for the lease change during the lease change deadline agreed in the lease, and has applied for registration during the upcoming registration acceptance period of the agriculture department.

(2) If the succession or transfer occurs after the end of the registration acceptance period of the agriculture department for the year, and the new lessee has applied for registration during the upcoming registration acceptance period of the agriculture department.

2. If the new lessee in the preceding subparagraph fails to apply for registration during the upcoming registration acceptance period of the agriculture department, it is attributable to the new lessee. The Lessor may cancel the preferential rental from the month in which the succession or transfer occurs. After receiving the tabulation from the agriculture department, the Lessor shall offer the preferential rental from January of the year in which the tabulation is submitted retroactively.

After re-calculating the amount of the preferential rental according to the tabulation submitted by the agriculture department, the Lessor shall refund the overpaid rental of the lessee, or use it to offset rental payable in the future, upon the consent of the lessee.

For those with applicable preferential rentals in Paragraph 6 of the preceding Article, they shall mark in the special agreement upon leasing or lease exchange that “the preferential rental for leasing by a farmer and land that cannot be separated from agricultural operations is applicable to the building lot of the lease. If any transfer or succession occurs subsequently, the transferee or successor (the “new lessee”) shall apply for a lease change within the lease change deadline agreed in the lease, and apply to the agriculture department for re-recognition during the upcoming acceptance period for applying for registration of lands that cannot be separated from agricultural operations of the agriculture department under the municipality or county (city). After being recognized as complying with the requirements, and after receiving the tabulation submitted by the agriculture department, the Lessor has agreed to offer the

preferential rental from the month in which the lease of the lease change commences retroactively. After re-calculating the preferential rental, the overpaid rental from the new lessee may be used to offset future rental payables” .

Article 38

Regarding national houses and lands initially acquired by central agencies and state-owned enterprises/institutions with funds or working capital, after being altered to non-public use properties and transferred to the Administration, if the rental gains during the handover and processing period shall be appropriated to the initial management agencies (institutions) for use, 1% of the gains shall be deducted as a service fee and paid to the treasury.

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Data Source : Ministry of Finance, R.O.C. Laws and Regulations Retrieving System