

Content

Title :	Operational Procedures for Leasing National Non-Public Use Coastland <b>Ch</b>
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Legislative :	<p>3.Amended and published by Ministry of Finance the National Property Administration Order, Tai-Tsai-Chan-Guan-Chi No. 11100107660, April 28, 2022</p> <p>2.Amended and published by the National Property Administration Order (of Article 5 and 7), Tai-Tsai-Chan-Chu-Kuan-zi No. 10040036954, January 11, 2012</p> <p>1.Stipulated by the National Property Administration Letter, Tai-Tsai-Chan-III-Chi No.14614, September 21, 1981</p>
Content :	<p>Article 1 In accordance with Article 13 of the Regulations of Leasing National Non-public Use Coastland (hereinafter referred to as “these Regulations” ), the National Property Administration, Ministry of Finance (hereinafter referred to as “the Administration” ) has established these Operational Procedures for handling the leasing of national non-public use coastland.</p> <p>Article 2 The leasing operations for national non-public use coastland shall be executed by the sub-division of the Administration (hereinafter referred to as the “Lessor” ).</p> <p>Article 3 For the leasing of national non-public use coastland, applicants are required to fill out an application form and submit it along with identification documents, proof of approval from the industry competent authority regarding establishment or operation, and a business operation plan. Depending on whether the land is registered, the following documents should be submitted to the Lessor at the land's location:</p> <p>1. For registered land: (1) Land registration transcript and transcript of the cadastral map. (2) Land use zoning certificate within the valid period under urban planning (not required for areas where urban planning has not been implemented) or land use zoning certificate under national park planning.</p> <p>2. For unregistered land: Actual survey map of land location (including adjacent registered land).</p> <p>The identification documents referred to in the preceding paragraph include the following documents. However, applicants who are government agencies or public enterprises are exempt:</p> <p>1. Natural person: Copy of ID card or household registration, and if there is a representative, a copy of the representative's identification document must be provided.</p> <p>2. Legal entity: Copy of the legal entity registration certificate or registration form for establishment or change, along with proof of the representative's qualifications and a copy of their identification document.</p> <p>3. Fisheries production cooperatives or other organizations: Copy of the cooperative registration certificate issued by the competent authority or copy of the registration, approval, or record-keeping documents, along with proof of the representative's qualifications and a copy of their identification document.</p> <p>Regarding the document referred to in Subparagraph 1 of Paragraph 1, if the Lessor is capable of handling inquiries electronically, applicants are</p>

exempt from physical submission, and the Lessor will print the inquiry documents and file them together with the case.

The business plan referred to in Paragraph 1 shall include the following items:

- Location and area of the leased land.
- Approval period for the establishment or operation by an industry competent authority.
- Lease period for the land (up to a maximum of ten (10) years and not exceeding the approved period mentioned in the preceding subparagraph).
- Type of business operation.
- Any other necessary explanations related to the application.

#### Article 4

After receiving the application, the Lessor should first ascertain the current use and regulation of the land being applied for lease. The Lessor then requests the industry competent authority to fill out the National Non-Public Use Coastland Lease Opinion Form. Based on this information, the Lessor assesses whether the land can be leased, the scope of leasing, and any conditions or restrictions on use.

After the industry competent authority has conducted the necessary review as stipulated in the preceding paragraph to ascertain any relevant usage restriction regulations or if the scale of the leasing enterprise entails procedures such as environmental impact assessments, the Lessor should specify in the lease agreement terms that the lessee is required to comply with the relevant usage restrictions and fulfill any obligations or commitments.

After the industry competent authority has verified and approved the establishment or operation of enterprises requiring land lease applications involving urban planning changes or non-urban land changes, the Lessor may grant approval based on the applicant's commitment to the following conditions:

1. According to regulations, the obligation to develop public facilities or to pay development impact fees, contributions, or reimbursements shall be borne by the applicant. Furthermore, the applicant shall not request compensation or refund for any reason thereafter.
2. After obtaining approval from the Lessor and completing urban planning changes or non-urban land zoning adjustments, if the applicant fails to establish a legal land use relationship due to their own fault or if the established legal land use relationship expires or terminates, the Lessor is entitled to request the applicant to revert to the original zoning, land use category or zoning designation. The applicant must cooperate with the process, bear the associated costs, and may not request any form of compensation.

#### Article 5

For leased national non-public use coastland, apart from aquaculture leases subject to the provisions of the 37.5% Arable Rent Reduction Act, rent is calculated as follows:

1. For tourism and beach resort business usage: The annual rent is calculated as three percent of the total declared land value for the current period.
2. For aquaculture usage: Rent is determined based on the current official commodity prices as assessed or announced by the municipal or county (city) government, as well as the regulations outlined in the operation guidelines for leasing and certifying small-scale aquaculture operators on national non-public coastal aquaculture land. Small-scale aquaculture operators are eligible for preferential treatment in accordance with these guidelines.

#### Article 6

According to these Regulations, lessees of coastland under lease are not permitted to request subleasing or register any other rights.

#### Article 7

The lease term for national non-public coastland ranges from six to ten years. However, if the term approved by the industry competent authority for establishment or operation is shorter, it will be determined according to their regulations.

The commencement and termination dates of the lease shall be specified within the lease agreement as follows:

1. If the land is already being used at the time of the lease application, the lease commencement date shall be the first day of the following month after the lease application is accepted.
2. If the land is not yet in use at the time of the lease application, the lease commencement date shall be the first day of the month following the signing of the lease agreement.
3. The lease term must not exceed the period approved by the industry competent authority for operation or establishment.

When the Lessor processes lease renewal cases, the commencement and termination dates of the lease are handled as follows:

1. For transfer of ownership and change of lease in the name of the lessee, the date of application for lease exchange shall be the starting date of the lease term, and the end date of the lease term shall, unless otherwise specified, be the expiration date of the original lease.
2. For lease renewal due to inheritance, the date of the inheritance is considered the commencement date of the lease term. The termination date of the lease term, unless otherwise specified, is the same as the expiration date of the original lease agreement.
3. For lease renewal or contract replacement, the day following the expiration of the original lease term is considered the commencement date of the new lease term. The termination date of the lease term, unless otherwise specified, shall be handled in accordance with the provisions of Paragraph 1 and Subparagraph 3 of the preceding paragraph, unless otherwise provided.

#### Article 8

To fulfill business objectives, lessees are required to construct or demolish buildings on the leased coastland. When applying for the issuance of a land use rights consent letter according to Article 9 of these Regulations, the Lessor is responsible for overseeing the lessee's construction and demolition activities. The Lessor must ensure that the scale and type of the building align with the establishment or operation plan and the total construction budget approved by the industry competent authority of the target enterprise. In this regard, the opinion of the industry competent authority shall be consulted and reviewed for further guidance.

In accordance with the provisions of the preceding paragraph, the Lessor consults the industry competent authority for opinions. If no response is received within the specified time limit, or if the response is unclear or does not provide specific opinions, and after further inquiry, no specific response is received, the Lessor shall refrain from issuing the land use rights consent.

The issuance of the land use rights consent letter is contingent upon verification and compliance with regulations, as well as the lessee's payment of the security deposit and settlement of any outstanding rent and liquidated damages. Prior to issuance, notification must be provided to both the industry competent authority and the construction competent authority of the target enterprise.

The security deposit referred to in the preceding paragraph is calculated and collected in the following manner:

1. The security deposit is initially calculated as one-tenth of the total

construction budget stated in the lessee's application documents. If a building use license is required, the lessee must also provide a written commitment to the total project cost stated in the building use license. Any difference between the deposit amount and the total construction budget will be refunded without interest, with one-tenth of the difference refunded.

2. The security deposit may be paid in cash, bank drafts, or checks issued by financial institutions, cashier's checks, postal money orders, bearer government bonds, financial institution fixed-term deposit certificates with pledged collateral, irrevocable standby letters of credit issued or guaranteed by banks, or supported by written joint guarantees from banks or insurance policies provided by insurance companies.

3. The notice of pledge for the financial institution's fixed-term deposit certificate referred to in the preceding paragraph shall include a statement indicating that "The financial institution receiving the deposit agrees to waive any right of set-off that may be exercised against the pledger within the scope of the creditor's rights pledged as collateral."

The handling of the security deposit in Paragraph 3 is as follows:

1. If the lessee voluntarily demolishes the building and vacates the leased coastland, and after the Lessor verifies the absence of any breach of contract, the security deposit shall be refunded without interest.

2. During the lease term, if the lessee fails to apply for a building permit from the construction authority within the validity period of the land use consent letter, or if the application is rejected, or if the building permit becomes invalid without any construction activities initiated, then, upon verification by the Lessor and absence of any breach of contract, the security deposit shall be refunded to the lessee without interest.

3. During the lease term, if the lessee ceases to use all or part of the leased property and another party takes over the lease renewal in accordance with the provisions of Paragraph 1, Article 12, upon the third party providing an equivalent security deposit, the security deposit already paid by the lessee shall be refunded without interest.

4. Upon the expiration or termination of the lease term, if the lessee fails to demolish the buildings and vacate the leased coastland as stipulated in Paragraph 2, Article 10 of these Regulations and the lease agreement, the expenses incurred by the Lessor on behalf of the lessee shall be offset first using the funds provided by the lessee, along with any outstanding rent, penalty charges, and damages. If there is still a shortfall, the lessee shall make up the difference; any surplus shall be refunded to the lessee without interest.

#### Article 9

The consent letter for the land use right shall include the following items:

Name or title of the lessee.

Location indication of the leased land.

Agreement on the construction location and scope.

4. The lessee shall comply with the regulations of the construction competent authority when carrying out construction and shall not use this as a means to evade or resist supervision and management.

5. The consent letter for the land use right is valid for one year and shall not exceed the expiration date of the lease term.

6. In order to make wise use of the marine environment, the lessee shall construct or demolish buildings in accordance with relevant regulations such as the Act on Wildlife Conservation (pertaining to coastal areas) and the Marine Pollution Control Act.

7. Fill in the issuance date.

In cases where applications for the issuance of the consent letter for land use rights receive responses from the industry competent authority indicating relevant construction or demolition restrictions, or where the scale of construction may involve environmental impact assessment procedures, the Lessor should specify in the lease agreement provisions that the lessee must comply with the relevant usage restrictions and

complete the required procedures or commitments.

#### Article 10

When constructing or demolishing buildings on the leased coastland, the lessee shall apply to the Lessor for the issuance of the consent letter for the land use right. Subsequently, they shall obtain a building permit in accordance with legal regulations before proceeding with the construction or demolition activities.

If the lessee violates the provisions of the preceding paragraph, they shall pay the Lessor a penalty equal to twice the monthly rent for the month of discovery and correct the violation within the period specified by the Lessor upon notice. If the lessee fails to do so within the specified period, except in cases where the lease agreement for aquaculture land is processed in accordance with the 37.5% Arable Rent Reduction Act, the Lessor may terminate the lease.

When terminating the lease in accordance with the provisions of the preceding paragraph, the Lessor shall notify the industry competent authority.

#### Article 11

The Lessor shall conduct inspections of coastland lease cases at least once per year.

In a coastland leasing case, the Lessor, in accordance with the provisions of Paragraph 2 of Article 4 and Paragraph 2 of Article 9, stipulates in the special terms of the lease that the lessee is required to cooperate with relevant use restrictions and complete matters that should be handled or promised. The Lessor should provide copies of the lease, inspection records, photos of the current situation, and other information to the industry competent authority to confirm whether the lessee complies with relevant usage restrictions and completes the required tasks or commitments.

If the Lessor discovers that the lessee has buildings under construction or newly completed on the leased coastland, it shall handle the matter in accordance with the following regulations:

1. Check whether the lessee has handled the matter in accordance with the provisions of Paragraph 1 of the preceding Article.
2. Provide relevant information to the industry competent authority to confirm whether the scale or type of the building under construction or newly completed by the lessee complies with the planning or operation plan.

If the lessee has any of the following circumstances, the Lessor shall notify the industry competent authority and relevant agencies to handle the matter in accordance with the provisions of industry management laws and regulations:

1. The industry competent authority confirms in accordance with Paragraph 2 and Paragraph 2 of the preceding Article that the lessee has failed to comply with the relevant use restrictions, has not completed the required tasks or commitments, or that the scale or type of the building under construction or newly constructed by the lessee does not comply with the planning or operation plan.
2. The building under construction or newly completed by the lessee does not have the consent letter for the land use right issued by the Lessor.
3. Use of leased land in violation of laws and regulations as determined by relevant authorities.

#### Article 12

During the term of the lease, if the lessee discontinues the use of all or part of the leased property, unless it falls under the lease reduction provisions of the 37.5% Arable Rent Reduction Act for aquaculture leases or unless approved by the competent authority for businesses for continuation

of the operation by a third party, subject to transfer or renewal by the third party, the lessee shall apply for termination of the lease. The lessee shall settle the rent or other payable amounts and follow the provisions of Paragraphs 2 and 3 of Article 10 of these Regulations, as well as any stipulations in the lease agreement.

During the lease term, in the event of the lessee's death, the legal heir may, within six months, submit the original lease contract and documentation proving that the industry competent authority has approved the legal heir's operation, to apply for inheritance and contract renewal. If the industry competent authority approves some of the legal heirs to operate and the other heirs agree in writing to take over the lease, the lease term shall remain as stipulated in the original lease contract. Any outstanding rent must be paid first. If there are no heirs meeting the aforementioned criteria, the lease shall be terminated, the leased property shall be reclaimed, and other legal procedures shall be followed, except for cases where the 37.5% Arable Rent Reduction Act applies to aquaculture leases.

When the lessee intends to renew the lease before the lease term expires, the lessee shall apply for lease renewal and contract exchange at least six months before the expiration of the lease term, except for aquaculture leases subject to the provisions of the 37.5% Arable Rent Reduction Act. Additionally, the lessee should obtain documentation proving the approval from the industry competent authority for the establishment or operation, or proof that the original approval document is still valid.

When the Lessor receives applications for lease renewal according to the provisions of the preceding three paragraphs, it should handle the following matters before proceeding with the renewal of the lease:

1. Conduct an inspection to verify that the lessee has not violated any provisions of the lease agreement regarding usage and expansion of occupation. However, if the industry competent authority has conducted an inspection together with the Lessor prior to approving the continuation of operation by a third party, successor, or lessee, then the inspection may be waived.

2. Apart from the applicant presenting evidence of the ongoing validity of the original approval documents from the industry competent authority, the Lessor should request the said authority to complete the opinion form for the renewal of the lease contract for national non-public coastland. This form will serve as the basis for evaluating eligibility for renewal.

### Article 13

During the term of the lease relationship, except in cases where the aquaculture land lease contract is invalid or terminated in accordance with the provisions of the Arable Rent Reduction Act, the Lessor may terminate the lease under the following circumstances:

For public or utility purposes, or as required by legal modifications of land use.

When necessary for the implementation of government policies, urban planning, or land reclamation.

When the Lessor deems it necessary to reclaim the land for development, utilization, or other disposal plans.

When the industry competent authority revokes or invalidates the lessee's approved establishment or operation, or approves the cessation of providing the leased property for use.

If the lessee unilaterally changes the purpose of the leased coastland or fails to use it within one year from the date of leasing.

6. If the lessee accumulates rental arrears equivalent to the statutory period and, despite being notified by the Lessor within a reasonable period, fails to make payment.

7. If the lessee is dissolved or if the lessee dies without a designated heir.

8. If the lessee violates the terms of the lease.

9. If the lessee no longer continues to use or vacates the leased property, and applies for termination of the lease.

10. If termination of the lease is permitted under these Regulations, Operational Procedures, or lease agreements.
11. If termination of the lease is permitted under other legal provisions.

#### Article 14

The format of the opinion form for leasing national non-public coastland as stipulated in Paragraph 1 of Article 4, and the format of the opinion form for renewing leases of national non-public coastland as stipulated in Subparagraph 2, Paragraph 4 of Article 12, shall be determined by the Administration.

#### Article 15

In the absence of provisions in these Operational Procedures, the provisions of the Regulations for Leasing of National Non-public Use Real Estate shall apply.

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