Content

Title：	Regulations Governing Customs Bonded Factories Ch
Date：	2026.06.12
Legislative：	1. Promulgated by the Ministry of Finance Order No. 11040 on September 11, 1968 2. Article 2 amended and promulgated by the Ministry of Finance Order No. 13692 on November 19, 1969 3. Article 11,18 amended and promulgated by the Ministry of Finance Order No. 17448 on October 9, 1970 4. Article 24 amended and promulgated, and Articles 17-1, and 17-2 added by the Ministry of Finance Order No. 13380 April 27, 1971 5.Articles 1, 2, 6, 7 and 23 amended and promulgated by the Ministry of Finance Order No. 13006 on April 19, 1972 6.Amended and promulgated by the Ministry of Finance Order No. 10948 on January 29, 1973 7.Article 7 amended and promulgated by the Ministry of Finance Order No. 18440 on September 5, 1974 8.Article 6 amended and promulgated by the Ministry of Finance Order No. 22251 on December 20, 1974 9.Amended and promulgated by the Ministry of Finance Order No. 11704 on February 24, 1975 10.Amended and promulgated by the Ministry of Finance Order No. 21798 on November 3, 1978 11.Article 27 amended and promulgated by the Ministry of Finance Order No. 17912 on July 20, 1979 12.Articles 2, 43, 47, 48 and 58 amended and promulgated, and Article 46 deleted by the Ministry of Finance Order No. 10147 on January 7, 1980 13.Article 2 amended and promulgated by the Ministry of Finance Order No. 21560 on September 18, 1980 14.Entire text of 63 articles amended and promulgated by the Ministry of Finance Order No. 23531 on November 9, 1981 15.Amended and promulgated by the Ministry of Finance Order No. 21882 on September 20, 1984 16.Entire text of 58 articles amended and promulgated by the Ministry of Finance Order No. 7505013 on February 25, 1986 17.Amended and promulgated by the Ministry of Finance Order No. 790226585 on September 4, 1990 18.Article 41 amended and promulgated by the Ministry of Finance Order No. 841728068 on October 14, 1995 19.Articles 3, 4, 7, 10, 12, 13, 15, 20, 21, 22, 25, 26, 33, 35 and 43 amended and promulgated; Article 25-1 added; and Articles 11, 23, 34 and 47 deleted by the Ministry of Finance Order No. 852017856 on December 20, 1996 20.Articles 10 and 12 amended and promulgated by the Ministry of Finance Order No. 870118570 on April 2, 1998 21.Articles 6 and 9 amended and promulgated by the Ministry of Finance Order No. 870320639 on May 27, 1998 22.Article 14 amended and promulgated, and Article 48-1 added by the Ministry of Finance Order No. 882017621 on July 9, 1999 23.Articles 4, 10, 12, 21 and 48-1 amended and promulgated, and Article 48-2 added by the Ministry of Finance Order No. 0890550238 on May 19,2000 24.Entire text of 61 articles amended and promulgated by the Ministry of Finance Order No. 0900550826 on December 30, 2001 25.Articles 1, 4, 6, 8－10, 20, 33, 34, 40, 41, 46－48, 51－54, 56, 57 and 60 amended and promulgated by the Ministry of Finance Order No. 09305505740 on December 24, 2004 26.Article 22 amended and promulgated by the Ministry of Finance Order No. 09405501660 on April 14, 2005 27.Articles 11, 16, 33, 34, 36, 37, 39, 40, 42－44, 46－48, 50 and 54

amended and promulgated; Articles 33-1 and 40-1 added; and Article 3 deleted by the Ministry of Finance Order No. 09605024730 on August 31, 2007
28.Articles 4, 6, 9, 13, 17, 19, 21, 23－25, 27, 30, 42, 44, 46, 51, 52 and 60 amended and promulgated; Article 27-1 added; and Articles 40-1 and 59 deleted by the Ministry of Finance Order No. 09805901430 on October 21, 2009
29.Article 6 amended and promulgated by the Ministry of Finance Order No. 09905910360 on November 30, 2010
30.Articles 4, 7, 11, 22, 37, 46, 52 and 53 amended and promulgated; Articles 44-1 and 51-1 added; and Article 57 deleted by the Ministry of Finance Order No. 1021012351 on June 10, 2013
31.Articles 1, 6, 7, 11, 20, 25, 26, 28－31, 33, 43, 44, 44-1, 47, 52, 54, 58 and 60 amended and promulgated, and Articles 11-1 and 41-1 added by the Ministry of Finance Order No. 1041005680 on March 18, 2015
32.Articles 11, 24, 51, 52 and 53 amended and promulgated by the Ministry of Finance Order No. 1051007861 on May 12, 2016
33.Articles 51－54 and 56 amended and promulgated by the Ministry of Finance Order No. 1061008660 on April 28, 2017
34.Articles 6, 10, 11, 19, 26, 33, 46, 47, 51-1 and 52－54 amended and promulgated by the Ministry of Finance Order No. 1071017307 on August 6,2018
35.Articles 4, 6, 26, 33, 49 and 51－53 amended and promulgated, and Article 30-1 added by the Ministry of Finance Order No. 1081022472 on October 17, 2019
36.Articles 6, 10, 20, 22, 24－26, 33, 40, 42, 44, 46, 47, 51-1 and 52 amended and promulgated, and Article 5-1 added by the Ministry of Finance Order No. 1101014797 on June 4, 2021
37.Articles 41 and 51－54 amended and promulgated by the Ministry of Finance Order No. 1111023208 on September 16, 2022
38.Articles 4, 6, 10, 11, 26, 37, 42, 44, 53 and 60 amended and promulgated by the Ministry of Finance Order No. 1151015349 on June 12, 2026

Content：

Chapter I General Provisions

Article 1
These regulations are stipulated pursuant to the provisions of Article 59, paragraph 4, of the Customs Act.

Article 2
For bonded goods imported/exported (including those regarded as imports/exports) by a customs bonded factory, the customs may, depending upon the grades of such goods and in accordance with relevant provisions, increase or decrease the examination sampling rates thereof or exempt such goods from customs examination.

Article 3
(Delete)

Chapter II Registration

Article 4
A company which is organized, registered, and incorporated as a company limited by shares in accordance with the Company Act, with a paid-in

capital of more than NT$50,000,000 and has a properly registered factory, may submit an application to Customs for approval of registration as a bonded factory if it conforms to the following conditions:
1. The company is in a sound financial condition; i.e., it has accumulated no losses; or, it has suffered no losses three years on average before application (if the company exists for less than three years, the time is calculated on the basis of the actual length of its existence); or, if there are accumulated losses, the net capital is still maintained above NT$50 million; or after deducing the accumulated losses the capital is less than NT$50 million but the company has increased the capital or has provided other collateral.
2. The company has no tax arrears or unpaid fines or has submitted a commensurate value security or guarantee.
3. The factory compound renders easy control by Customs, and has guard houses manned with security personnel.
4. The machinery and equipment necessary for manufacture of finished products for export sales and the adequate and complete safety facilities installed in the factory have been inspected and verified by Customs as being in conformity with established standards.
5. It has separate warehouses approved by the Customs authorities through inspection as appropriate for storage of raw materials and finished products. However, for bulky and hazardous bondable goods, there shall be separate and proper storage places approved by Customs.
6. The plant buildings and facilities of the factory conform to the standards as specified in Article 5 hereof.
7. It has the ability to process its bonded-goods operations with computer.
The branch office of a foreign company which is established within the territory of the Republic of China under other laws, whose operating capital actually remitted in and registered is in an amount of more than NT$50,000,000 and which has a duly registered and qualified factory may apply to the Customs for approval of registration as a bonded factory in accordance with the provisions of the preceding paragraph.
The accumulated losses in Subparagraph 1 of Paragraph 1 shall be determined on the basis of CPA-certified financial statements of the previous year.
The Customs, to meet the need for automated customs clearance or for computerized management, may announce to demand the bonded factories to set up computer or related on-line equipment to process affairs related to bonded duties through electronic transmission.

Article 5
The plant buildings and facilities of a Bonded Factory shall be in conformity with the following standards:
1. The installation of the production machinery and equipment has already been completed and production may begin immediately or has already started.
2. The warehouses for raw materials and the warehouses for finished products must have strong structures with the necessary facilities to secure the safety of goods stored therein, such as facilities for the prevention of burglary, fire and flood; for proper ventilation and lightly, and are properly isolated from the office area.

3. Proper isolation facilities shall be erected to separate the factory area from outside surroundings.

Article 5-1
For factories that have been approved for registration by the competent authority or newly established factories that have applied for registration with the competent authority, before applying to Customs for registration as a Bonded Factory, they may submit the factory registration number or the relevant documents of the factory registration application certificate and apply to Customs to dispatch personnel to provide on-site guidance in the establishment of bonded factories.

Article 6
An applicant applying for registration as a bonded factory shall submit the following documents to the Customs authority in the district where the factory is located:
1. Application form: The application form should state the company name, the unified serial number, the factory registration number, company address, capital stock, name and ID Card number of the responsible person, telephone number and factory address. Those who have not completed the factory registration may submit the factory registration application certificate first instead of the factory registration number, and after the competent authority approves the factory registration, Customs shall make corrections before proceeding with the survey in accordance with Paragraph 1 of Article 7.
2. The original and a photocopy of the concession permit, if a concession is required to operate the applicant’s business.
3. One copy each of the Articles of Incorporation and a roster of the Board of Directors and Supervisors.
4. One copy of the product list.
5. One copy each of the lay-out plans of the factory, warehouses, storage for bulky and heavy raw materials, and production machinery and equipment.
6. Registration card of the seal of the bonded factory.
7. A brochure of products production procedures and a set of relevant information regarding the name and quantity of raw materials to be use in each individual step of the production process and the raw-material and other material control system established by the factory.
8. The CPA-certified financial statements for the previous three years (for a company established for less than three years, the period shall be the duration of its existence).
9. The bonded warehouse plant building use permit, building title deed, land title deed, together with their photocopies; the lease agreement and the photocopies relating to the plant building(s) leased by the bonded factory and a letter of undertaking issued by the owner(s) of such leased plant building(s) stating therein the consent of the owner(s) that upon deactivation of the said bonded factory, the bonded goods shall remain in storage in such plant building(s)/warehouse(s) for a period of at least six (6) months so as to provide the supervising Customs sufficient time to

settle all matters relating to the bonded goods, provided that the plant building is rented.
For those applying for registration as a bonded factory before Customs approval and registration, if there is a need to import self-use machines or equipment beforehand, it may go through Customs clearance by applying for a temporary factory supervision number and paying the import tax deposit.
After the effective date of the merger or division and before Customs approval and registration, where a bonded factory is dissolved as a result of merger or division in accordance with laws and regulations, and the surviving company or the newly incorporated company applies for registration as a new bonded factory, it may go through Customs clearance by applying for a temporary factory supervision number and paying the import tax deposit to import raw materials or self-use machines or equipment.
The deposit in the preceding two paragraphs may be applied for a refund to Customs after it is approved to be registered as a bonded factory; if it is not approved to be registered as a bonded factory, Customs may offset the deposit in the preceding paragraph against related import taxes and fees.
An applicant having two or more factories may apply for registration of one or more factories as bonded factories by separate application. However, while a mutual support relation of raw materials exists between those factories or the factories are involved in an integrated production procedure in the course of manufacturing finished products for export sales, the applicant may not apply for registration only a portion or some of the factories involved in such integrated production procedure as bonded factories.

Article 7
Customs shall, within one week from the date following the day on which the documents of an application filed under the preceding Article have passed the examination, send Customs official(s) to inspect the factory, and shall, within one week, beginning from the second day after the factory has been qualified through the inspection, give a notice to the exporting factory for setting the date for taking over the control of the bonding operation, and issue a certificate of bonded factory registration.
In case of change in the company’s name, address, responsible person, business items, factory address, or paid-in capital decreased, the Bonded Factory shall submit photocopy of the relevant evidential documents to the supervising Customs for completing the formalities of change for new License within 30 days from the date following the day on which the change in registration was effected. However, if the business items or the location of a factory is changed, an advance report shall be filed with the supervising Customs for approval prior to effecting such changes. In the case of increasing in the amount of capital stock, the Bonded Factory shall make a report in writing to the supervising Customs of such change, without having to file a separate application for replacement of license until the time when application for issuance of replacement license is required for other alternation or other causes.

If the company's name or responsible person is change, the Bonded Factory applying for registration of changes pursuant to Paragraph 2 above, shall contact the supervising Customs for effecting the registration of change the specimen of seals within 15 days from he date following the day on which the new License was approved. However, the original seals may continue to be used until the registration of the changes is completed. After a Bonded Factory has been approved by the Customs authority for registration it shall post a sign board at its main gate bearing the name "Bonded Factory of _____Company under the Supervision and Control of _____ Customs of Customs Administration, Ministry of Finance", or "Bonded Factory of _____Factory of _____Company under the Supervision and Control of _____Customs of Customs Administration, Ministry Finance".

Article 8

A Bonded Factory may, in accordance with the "Regulations Governing the Establishment and Control of Bonded Warehouses", apply to Customs for establishment of private bonded warehouse(s) within the factory premises. The private bonded warehouse as referred to in the preceding Paragraph shall be isolated from other portions in the same factory premises.

Article 9

The customs shall issue a bonded factory registration license to authorized factories; thereafter, each registered bonded factory is required to submit the documents set forth in Article 6 Paragraph 1, Subparagraphs 1, 5 and 8 hereof to the Customs every other year to update factory registration information.

Chapter III Regulation of Bonded Factory

Article 10

After a bonded factory has been put under the control of the Customs authority, or has commenced the production of new product and prior to exportation of such product, it shall, within a period of one month beginning from the next day, prepare for each line of product a "Schedule of Raw Materials Used Per Unit of Product" giving therein detailed information on the code numbers, nomenclature, specifications, quantity of the product as well as the stock number, nomenclature, specifications or model number, unit, quantity used (quantity actually used plus quantity of attrition), and submit the same in duplicate to the supervising Customs for reference. Customs may conduct inspections when necessary, and request the production process instructions and other documents that facilitate the inspection. Unless this is done, the exported raw materials used for such products shall not be deducted from the stock accounts. However, if the products exported are sample products, such Schedule may be submitted to the supervising Customs for reference within one month beginning from the

next day after exportation, and failure to do so within said time limit shall cause the raw materials used non-deductible from the stock accounts.
The quantity used as indicated in an approved "Schedule of Raw Materials Used Per Unit of Product" shall be taken as the basic reference in settling the quantity of raw materials used in the products produced by a bonded factory. No separate attrition account may be declared for scraps and wastes generated in the course of production.
After receipt of the said Schedule set forth in Paragraph 1 of this Article, the Customs authority shall after taking reference, examine and grant their approval and return one copy of such documents to the bonded factory concerned for use as the basis for settlement of bonded raw materials.
If the "Schedule of Raw Materials Used Per Unit of Product" originally submitted is amended, a new schedule identified by the Number of reference or supervising for the original schedule shall be prepared and submitted to the Customs authority for reference. The time period for submission of such a new schedule by the applicant and for examination and approval of it by the Customs authority shall be the same as those stated in Paragraph 1 of this Article.
In case the price, characteristics and functions of raw materials used by a bonded factory are of a similar nature and are interchangeable, a statement to that effect should be given in the Schedule of Raw Materials Used Per Unit of Product and, submitted to the supervision Customs authority for reference.
If raw materials mentioned in the preceding paragraph are of Chinese origin whose importation has been granted by the International Trade Administration, Ministry of Economic Affairs, or are subject to countervailing or anti-dumping duties as published by the Ministry of Finance, the importing bonded factory shall assign them particular part numbers and ensure that they will not be interchanged with materials from other sources.
The "Schedule of Raw Materials Used Per Unit of Product" shall be valid for a period of three years beginning from the second day of reference or approval by the supervising Customs. The bonded factory shall remake the schedule and submit it to the supervising Customs for reference prior to expiration.
The "bill of materials" and the revised Schedule therefrom mentioned in Paragraphs 1 and 4 respectively may be, if approved, stored in an electronic medium for Customs reference. However, if a " bill of materials "contains raw materials which are subject to countervailing or anti-dumping duties as published by the Ministry of Finance, it has to be electronically transmitted through CPT Single Window to Customs for review.

Article 11
A bonded factory shall set up separate sets of books and ledgers for raw materials, finished products and self-use machines and equipment, recording in detail the quantities of raw materials and finished products received by and released from the warehouses, and quantities being kept in the warehouse. If Customs deems it necessary, the bonded factory shall also

keep dynamic records of semi-finished products and products under processing in order to furnish the same to the supervising Customs for inspection from time to time.
For books and ledgers, off-plant processing record cards and factory release slips of a bonded factory referred to in the preceding paragraph of this Article which are processed by computers, relevant data therein should be input into the computer for establishing computer files within the time limit as specified in Article 18 hereof for inspection by Customs from time to time. The bonded factory shall also make printouts of monthly report of substitute raw materials, finished products and self-use machines and equipment, off-plant processing record cards and factory release slips of a bonded factory before the twentieth of the ensuing month for verification by Customs.
The above-mentioned books, ledgers and monthly reports may be, with Customs approval, stored in electronic media for reference.
The off-plant processing record cards and factory release slips in Paragraph 1 of this article of a bonded factory which is handled with human manner shall be submitted to Customs for verification and stamping before the use thereof.
If the raw materials imported or purchased domestically by a bonded factory for processing of export goods are not of bonded raw materials and may be interchangeable with other bonded raw materials, they should be entered in the account books maintained for raw materials and placed under control.
The raw materials mentioned in Paragraph 6 of the preceding Article and products made therefrom shall be separately recorded on their stock accounts for Customs audits.
The records of movement of raw materials and products among bonded factories referred to in Paragraph 5 of Article 6, with prior consent of competent Customs, shall be kept in the account books separately and accumulatively for raw materials, semi-products, finished products, of the bonded factories concerned respectively. The records of movement and inventories in detail shall be recorded on factory-basis and ready for Customs audit. In addition, the annual inventory of all bonded factories concerned shall be integrated. However, any bonded factory that has set up its account books for both raw materials and finished products with an exclusive column for keeping record of the movement, with prior approval of competent Customs, is not required to set up additional account books for keeping those records.
The provisions set forth in Paragraphs 2 and 3 shall apply mutatis mutandis on the application of the preceding paragraph.

Article 11-1
The self-use machines and equipments of Bonded Warehouse that have been imported for 5 years and have exceeded the time listed on the “Revised Table of Service Life of Fixed Assets” from Executive Yuan may be deducted from the stock accounts by Bonded Warehouse and exempted from Customs supervision.
The self-use machines and equipments of Bonded Warehouse that have been imported for 6 months and showed no signs of providing service of export,

competent Customs shall ascertain the facts and require for improvement in limited time. Supervising customs may notify Bonded Warehouse that failed to improve performances within limited time with suitable reason to make deduction from stock accounts after paying the import taxes and duties. Where goods prescribed in the preceeding paragraphs with import regulations to follow; it will require agreement documents from competent authorities to proceed with de-booking.

Article 12

The books, ledgers, schedules, tables and reports as required in these Regulations shall be printed according to the formats standardized by the Customs authority provided, however, that case a Bonded Factory needs to design the forms to suit its own purposes or to alter the forms standardized by Customs, it may do so only after such new forms have been reported to and duly approved by the Customs authority.

Article 13

All bonding account books and ledgers and statements pertaining to bonded duties which are made and maintained in each year by a Bonded Factory shall be preserved for a period of five years after completion of annual inventory process, and the relevant certificates shall be preserved for a period of three years.

A Bonded Factory may, after completion of the annual inventory process and with the approval of the supervising Customs, have the certificates referred to in the preceding Paragraph recorded in micro-films, magnetic tapes, magnetic disks or any other electronic media and placed in custody for a custody period as specified in the preceding Paragraph; moreover, the originals of such certificates should not be destroyed. However, if the supervising Customs needs to obtain reproduced copy of any such certificates and/or relevant documents while conducting an investigation under the law at any time or from time to time, the Bonded Factory shall have the obligation to provide such certificates and/or relevant documents for reproduction.

While performing its auditing and supervising duties, the supervising Customs may, as necessary, in addition to auditing the bonding account books, records and statements related to customs bonding operations, also send customs officer(s) who shall bring an authorization letter with him/them to inspect or audit other accounting books, statements and certificates of a Bonded Factory subject to the inspection, to which the Bonded Factory shall not refuse to provide such access.

Article 14

Bonded goods stored in a Bonded Factory shall be stored in a systematic and orderly manner in the warehouse(s) or storage place(s) approved by the Customs authority with serial numbers assigned and a stock-record card system established to record, from time to time, the quantities of bonded goods received, withdrawn and in stock so as to facilitate examination

provided, however, that no stock-record card system is required if the stock records of bonded goods are controlled and managed by computer system and can be checked through on-line operation. The warehouses for bonded goods shall be under the care of the Bonded Factory and shall be locked during any period of work suspension. If the period of work suspension exceeds ten days, the Bonded Factory shall report to the Customs authority of such period, and the Customs authority may send its personnel to lock the warehouse(s) jointly with the Bonded Factory.

Article 15

When a Bonded Factory withdraws raw materials and semi-finished products from the raw materials and semi-finished products warehouses, for processing, it is required to complete an "application for claim of materials" and act in accordance with the prescribed procedures. Evidentiary documents shall be retained for inspection.

When a Bonded Factory returns raw materials and semi-finished products drawn in accordance with the procedure of the preceding Paragraph to the raw materials and semi-finished products warehouses, it shall complete an "application for return of materials" and turn in the materials in accordance with the prescribed procedures. Items so turned in shall be again entered into the account book and stored in the warehouses. Evidentiary documents shall be retained for inspection.

With regard to the "application for release of materials" and the "application for return of materials" as mentioned in the preceding two Paragraphs, if a factory has its own existing forms to adequately replace such applications or if the operational procedure is of a special nature, substitution for or exemption from completing such forms may be permitted after an approval has been requested from and granted by the Customs authority.

Article 16

The "application for storage of finished products in warehouse" for the finished products manufactured by a Bonded Factory shall be completed on a daily basis and the products shall be entered into account books and stored in the warehouses for finished products. When the products are being taken out of the warehouses, an "application for withdrawal of products from warehouse" shall be completed with a description therein explaining the reason for withdrawal from the warehouses, and the products shall be released from the warehouses and entered into account books. However, if a factory has other forms to adequately replace the application forms, with the approval of Customs, they may use their existing forms in lieu of such application form.

Article 17

Bonded items of a Bonded Factory, except those for direct export or for sale in other districts outside the bonded area, shall be released from the Factory only when an approval has been obtained from Customs authority

after application, or a report for recording such release has been submitted to the Customs authority in accordance with the governing provisions.
When releasing articles or items from a Bonded Factory, a factory release certificate shall be prepared in accordance with governing provisions by the Bonded Factory, and then the guard on duty shall release such articles or items from the factory according to the factory release certificate.
The factory release certificates referred to in the preceding Paragraph shall be serially numbered and used in sequence, with the counterfoils thereof to be retained for inspection.

Article 18
The entry and withdrawal of bonded goods shall register the relevant account books within 2 days beginning from the next day after entering/ withdrawing form the warehouse. The bonded goods imported from abroad shall enter for registration within one week after being examined and released from the customhouse.

Article 19
If, due to lack of storage space, a Bonded Factory needs to rent a warehouse outside its business premises, an approval from the supervising Customs shall be obtained. Moreover, the use of an outside warehouse will not be approved by Customs unless:
1. the warehouse is strong enough and equipped with the anti-theft system, fire and flood hazard protection system, ventilation and lighting system, and other facilities necessary to ensure the safety of goods stored therein.
2. the bonded warehouse operator has submitted a building occupancy license for warehouse or plant, a building ownership certificate, and a land ownership certificate of the outside warehouse issued by the competent authority, together with their photocopies. In addition, if the outside warehouse is to be obtainted by lease. a lease contract and its photocopy, and a letter of agreement from the leasor declaring that the lease contract remains effective for a period of at least six months even though the leasee has lost the bonded warehouse status, allowing the supervising Customs to dispose bonded goods.

Article 20
After an export processing factory has been approved for registration as a Bonded Factory, an inventory shall be conducted jointly by the factory and a representative(s) of Customs on the date designated by the Customs authority for taking over the control of the factory (taking over inventory). The import duties and taxes levy on raw materials, products in process, semi-finished products and finished products subject to such inventory check shall be offset and/or refunded against statistics of bonded items inventoried (the inventory statistics).
A Bonded Factory which has already been registered for being taken over for

control shall inventory its bonded goods once a year (the annual inventory). The interval between the date of annual inventory of current year and that of the preceding year shall not be shorter than ten (10) months nor longer than fourteen (14) months. Annual inventory may be advanced or postponed as special situation dictates if a prior approval has been obtained from the supervising Customs. However, the inventory may be taken at any time or from time to time whenever Customs deems it necessary.
After completion of the inventories as mentioned in the preceding two paragraphs, if any incorrect record or omission is subsequently found, an application may be filed by the Bonded Factory with the supervising Customs for recheck and correction before the bonded goods involved is put to use. Application filed after two weeks beginning from the second day of the completion of inventory shall be rejected.
A Bonded Factory shall compile inventory statistics, warehouse bonded raw materials and finished products settlement reports, self-use machines and equipment settlement reports, bonded raw materials settlement reports, an analysis table of converting the inventoried in-process products and processed products, semi-finished products and finished products into raw materials, and an analysis table of converting the finished products for export and/or domestic sales into raw materials based on the inventory checklist within two months from the day following the inventory date and submit them to the supervising Customs for reference. An examination may be made if necessary. However, upon approval by Customs, the period may be extended by one month for one time.
The various forms and reports submitted to the supervising Customs for reference with the approval in the preceding paragraph may be stored in electronic media. However, it is not applicable if the content of the relevant report is corrected and signed by an accountant entrusted.
After the annual inventory list prepared by a Bonded Factory has been approved by the Customs authority, it may be distributed to the competent tax collection authority for reference upon its request.
A bonded factory may, with the approval of Customs authority, conduct the annual inventory without interruption of its production operation or on holiday(s) in accordance with the manner set forth by Customs.

Article 21
In case the actual quantity of any bonded item inventoried by a Bonded Factory in accordance with the preceding Article is not consistent with the booked balance-in-stock for that inventory year, the case shall be handled in accordance with the following provisions:
1. If the quantity actually inventoried is less than the booked balance-in-stock by a rate within the inventory discrepancy tolerance, the factory shall be exempted from making supplementary payment of import duty dues therefore, If the imports fall in the category approval, the inventory discrepancy shall be reported to the Customs for supplementary payment of tax within a month beginning from the second day after the submission of the settlement report. The Customs may examine by sampling and ask for supplementary payment of tax or order a refund of payment according to the actual situational.

2. If the quantity actually inventoried exceeds the booked balance-in-stock by a rate beyond the inventory discrepancy tolerance, the factory shall report, with reasons, the case to the supervising Customs for identification of the cause of such amount exceeding the booked balance-in-stock. If the cause thereof is the result of a relatively high consumption forecast of raw material per unit of product, the schedule of raw materials used per unit of product shall be revised for use in the stock accounting process in the following year.
If the raw materials of same category or interchangeable with each other are partly of bonded items and partly of non-bonded items, they shall all be included in the inventory in the annual closing process, and the quantities of bonded and non-bonded raw materials actually used shall be separately offset against their corresponding booked quantities. For raw materials of which the quantities actually used can not be identified, account offsetting shall be made preferentially for quantities of bonded raw materials. Inventory discrepancies found in the portion of non-bonded raw materials shall be exempted from additional duties and taxes.
The inventory discrepancy tolerance rates applicable to the raw materials of Bonded Factories shall be formulated by trades and classes announced by Customs authority and published on the Executive Yuan Gazette.
Upon occurrence of shortage of bonded articles the Bonded Factory shall, within 15 days beginning from the second day of occurrence of the event, disclose the case to the Customs authority and make supplementary payment of import duties and dues levy on such short fall.

Article 22
A Bonded Factory shall appoint two or more full-time representative to handle matters related to bonding affairs on behalf of the bonded factory. Said full-time representative should have an educational attainment of senior high school or vocational high school graduate or higher or pass the equivalence appraisal examination and acquired a completion certificate for bonded goods operation personnel training program conducted by the competent Customs office or a Customs accredited private institution. Furthermore, at least one of such full-time representatives should hold a management position dealing with bonded affairs executive. The full-time representative roster should be submitted to Customs for record purposes.

Article 23
The Bonded Factories shall obtain the prior approval of the supervising Customs and receive the supervision of Customs for its operation of the processing business.

Article 24
The Bonded Factories shall obtain the prior approval of the competent Customs and under its supervision for conducting the product inspection, testing, repair, maintenance or the operating software installation required for these businesses mentioned above; and the account book for

keeping those service record is required to have prior approval and verification stamp from Customs.
The imported product referred to in the preceding paragraph shall be re-exported within six months following the next day of its release. However, upon written request with specified reasons, the competent Customs may grant an extension of another six months for re-exportation. Once the product fails to be re-exported within the time limit, a formal entry shall be declared and with payment of duty and taxes to Customs within ten days from the due date.
In the case where bonded materials have been used for maintenance of the bonded product referred to in Paragraph 1, the bonded materials and the components used for maintenance shall be listed in a reference table and reported to the competent Customs prior to the product been re-exported or moved out of bonded factory. The bonded materials and components shall not be deducted from the account books if failed, or over the time limit, to be reported to Customs. Where any components disassembled from the product shall be recorded in an exclusive account book, Paragraphs 1 and 2 of Article 44 shall apply mutatis mutandis.

Article 25
The supervising Customs may send Customs officials to a Bonded Factory for auditing or performing following functions:
1. Check and examine the progress of production operations, stock in warehouses for raw materials and warehouses for finished products, management situation of self-use machines and equipment, as well as books and statements of the Bonded Factory.
2. Audit the schedule of raw materials use per unit of products compiled by the Bonded Factory and the schedule of raw materials used on non-bonded goods, and examine reports and statements prepared in annual inventory.
3. Conduct, jointly with the Bonded Factories, periodic or non-periodic inventories on bonded items.
4. Supervise the destruction of by-products, self-use machines and equipment and substandard products of the Bonded Factory authorized for destruction by special approval.
5. Provide assistance and guidance to a newly established or poorly managed Bonded Factory requiring enhanced control and supervision.
6. Audit and inspect other activities relating to the control and supervision over the Bonded Factory.

Article 26
When the registration of a bonded factory is repealed, its bonded articles shall be dealt with in accordance with the following provisions:
1. All bonded articles shall be kept in the warehouse(s) of the said factory to be attached with the sealing tape of the Customs authority or to be locked jointly by the Customs authority and the said bonded factory. The Customs authority shall send its official to inspect the warehouse(s) un-periodically or take the custody of the bonded articles as necessary.
2. The repealed bonded factory with repealed registration shall contact the

supervising Customs for fixing the date of inventory, or the supervising Customs may fix the date of inventory at its own discretion, so as to take the inventory in accordance with the relevant provisions in Article 20 hereof (the "closing inventory"). In case of discrepancies between the quantities actually inventoried and the quantities in stock as shown in the account book, the provision in Paragraph 1, Article 21 hereof shall apply.
3. Subject to the provisions of subparagraph hereunder, the supervising Customs shall, based on the in-stock quantities of bonded articles which have been inventoried, issue the import duties and dues assessment notice in respect of such bonded articles (For finished products and semi-finished products, import duty and dues shall be assessed based on the original form of bonded raw materials used for making such finished and semi-finished products).
4. In order to meet the production or export requirements, or to sell the goods to the enterprises in the Science Parks, Technology Industrial Parks, Agricultural Technology Parks, Free Trade Zones or other bonded factories, the bonded factory may, prior to the issuance of import duties and dues assessment notice by the supervising Customs, furnish securities in an appropriate amount and obtain the approval of the supervising Customs, to withdraw the bonded articles to use. However, it shall, within one year from such approval for withdrawal of bonded articles, submit to the supervising Customs for closing of the case the evidentiary documents for exportation of products concerned. Failure to apply for closing the case within the time limit shall cause the Customs authority to offset the securities against the import duties and dues payable thereon.
In the case that a bonded factory fails to conduct the closing inventory, the supervising Customs shall issue import duties and assess dues based on quantities in stock as shown in the account book.
When a company that established a bonded factory is declared bankrupt by the court and Customs has not repealed the registration of this company, the bonded goods therein shall be disposed of in accordance with the relevant provisions of the Bankruptcy Act; if there is a need to withdraw the goods for use, such bonded goods may be released for use with the approval granted by Customs against an appropriate amount of collateral. The application to Customs for closing the case shall be processed within one year from the day following the aforementioned approval. Otherwise, Customs may offset the collateral against the import duties and dues payable thereon.

Article 27
The Customs may adopt the performance grade system for management of the Bonded Factories.

Article 27-1
The Bonded Factories shall obtain the prior approval of the supervising Customs and receive the supervision of Customs for its production of non-bonded goods.
The “non-bonded goods” provided in the preceding paragraph refers to the

goods produced by bonded warehouses using the materials imported from foreign countries or bonded areas and passing the customs with duty paid, or the materials purchased from the tax zones.

Chapter IV Customs Clearance for Bonded goods

Article 28

In importing raw materials, self-use machines and equipments, a Bonded Factory shall prepare an application for importation of raw materials and apply for Customs clearance in accordance with the procedures applicable to ordinary goods. Customs may, as it deems necessary, send Customs official(s) to examine and inspect the imported raw materials at the premises of the Bonded Factory.

Before importing the self-use machines and equipment stated in the preceding paragraph, information such as the name of the machinery, model number, product specification, quantity (units) and other related documents (such as catalogue, use description, machine disposition plan, machine installation plan, procedures of manufacturing bonded goods, etc.) shall be provided to the Customs for inspection. And only with customs approval will the related duty exemption provisions be applicable.

Article 29

In submitting applications for import, a Bonded Factory is not allowed to have raw materials, non-self-use machines and equipment which are ineligible for bonding as co-proclaimed listed as bonded materials. If such a discrepancy occurs, an application for import of foreign goods shall be completed, within 30 days beginning from the second day after customs clearance has been granted, applying to the supervising Customs for payment of import duties and taxes.

Article 30

Where raw materials imported by a Bonded Factory or self-use machine and equipment are to be re-exported on account of return, replacement or other reasons, the bonded Factory shall prepare and submit an application for re-export of raw materials applying for Customs clearance in accordance with the procedures applicable to ordinary goods.

Article 30-1

If the sample of finished goods imported by the bonded factory needs to be re-exported, it may be handled in accordance with Article 52 of the Customs Act, and if the bonded factory promises to re-export the goods within 6 months after its release by providing an affidavit, the guarantee equivalent to the amount of the tax can be exempted. If the aforementioned goods is not re-exported within the aforementioned period, an application for payment of duty shall be submitted within 10 days following the

expiration of the period.
The bonded factory shall record the sample of finished goods as referred to in the preceding Paragraph in the books and ledgers for customs inspection and shall not cut or destroy the goods before re-export.

Article 31
While offsetting or refund of import duties and taxes is required in respect of the raw materials for processing, self-use machines and equipment sold to a Bonded Factory by a domestic supplier, the following Customs clearing procedures shall govern:
1. Upon entry of raw materials into the Bonded Factory, the buyer and the seller shall jointly prepare and co-sign an application for export/import of raw materials and submit the same together with invoices, packing lists, etc., to the supervising Customs for approval. The raw materials shall then be permitted to enter the factory and entered in the account books. The supervising Customs shall, within twenty days from the date following the approval of the application, approve and issue the duplicate application for goods regarded as exports to the domestic supplier as evidence for application for refund and/or offsetting of duties and taxes.
2. For the raw materials for processing referred to in the preceding Paragraph, the Bonded Factory may first accept the delivery thereof and enter them into the account books against the sales certificates, and shall submit a consolidated report of such inflows on monthly basis in accordance with the provisions of the preceding paragraph not later than the fifteenth (15th) day of the following month. The date of Customs release as indicated on the application for export/import of such raw materials shall be considered as the date of export/import thereof.
Goods entered into a Bonded Factory without going through the procedure set forth in the preceding paragraph shall be treated as non-bonded items.
For the self-use machines and equipment referred to in Paragraph 1, the provisions of Paragraph 1, Article 28 hereof shall apply mutatis mutandis.

Article 32
In the event that goods referred to in Paragraph One of the preceding Article are returned to the domestic supplier, both the buying and the selling parties shall, within three months beginning from the second day after the goods entered the factory, complete and co-sign an application for returning goods and file the same with the supervising Customs for approval. If the original supplier has already obtained the certificate which is regarded as the export permit, such certificate shall be returned for cancellation or correction, and the related government agencies shall also be notified for necessary actions; and it the refund and/or offsetting of duties and taxes has already been effected, the duties and taxes so refunded and offset shall be paid back, and the collection authorities concerned shall be notified accordingly. When such requirements are met, permission may be given to return the goods to the domestic supplier.
In the event that goods are returned three months after entering the factory, Customs clearance for such returned goods shall be completed in

accordance with the procedures applicable to ordinary goods, and duties and taxes shall be levied according to the forms of the goods as they are at the time of entering the factory.

Article 33
When selling or transporting bonded goods to an enterprise in the Science Park, Technology Industrial Park, Agricultural Technology Park, Free Trade Zone or another bonded factory, the bonded factory which sells such goods and the buyer thereof shall jointly prepare an application for export/import of such bonded items, and shall file the same together with relevant documents, including invoices, packing lists and approval(s) given by the competent authority in the bonded area, with the supervising Customs or the local Customs branch office at buyer's end for customs clearance.
In case the goods sold under the preceding paragraph are rejected for return to the seller, the buyer and the seller shall jointly prepare a customs declaration form and file the same together with the approving document issued the competent authority in the bonded area with the supervising Customs or the local Customs branch office at buyer's end for customs clearance.
For the sales referred to in the preceding two paragraphs, excluding the self-use machines and equipment, the provisions of Subparagraph 2, Paragraph 1, Article 31 hereof shall apply mutatis mutandis.

Article 33-1
When bonded items of bonded factory in bond stock and store the logistics centre, bonded warehouse or stored items returned to the supplier, it’s clears customs formality is gone through in accordance with item 1 and 2 regulation of preceding article.
The bonded items in the preceding paragraph enter to store the logistics centre or private bonded warehouse besides return, must apply to examine item by item and are dispatched from the factory and entered account according to the invoice, packing list and relevant evidential documents to submit a monthly report not later than the fifteenth (15th) day of the following month.

Article 34
In exporting its bonded products, a Bonded Factory shall prepare an application for export of products and indicate therein the page number(s) and reference number(s) of the relevant "Schedule(s) of Raw Materials Used Per Unit of Product" as approved by the supervising Customs, (the Customs office at the port of export may, as it deems it necessary, require the Bonded Factory to provide a photocopy of such approved Schedule(s) of Raw Materials Used Per Unit of Product") or the reference number(s) of the relevant application(s) filed with or received by the supervising Customs, if such Schedule(s) is (are) pending approval, and file the same with the Customs office at the port of exportation for Customs clearance in accordance with the procedures applicable to export of ordinary goods.

When exporting the bonded products as set forth in the preceding Paragraph, one copy of the "factory release certificate" shall be forwarded along with the means of transportation carrying such products to the Customs office at the port of export. In case the export products are loaded on more than one vehicle or are shipped in more than one lot of shipment, the vehicle numbers and the quantity of products loaded on each vehicle, or the quantities of products in each lot of shipment shall be indicated in the said "factory release certificate" for audit by Customs.

Article 35

Goods to be exported by a Bonded Factory shall be inspected by the Customs office at the port of export. If it is not appropriate to have the products inspected at the port of export on account of the special packing thereof, the Bonded Factory may request the supervising Customs to designate Customs official to inspect the products in the Factory and then escort the shipment to or supervise the sealing of such shipment before transporting the products to the port of export for Customs clearance. However, the Customs office at the port of export may recheck the products whenever it deems necessary.

Article 36

In case any bonded product exported by a Bonded Factory is returned and re-imported by any reason whatsoever, the Bonded Factory shall apply for import clearance for said product by submitting an application for re-import of ordinary goods in accordance with the procedures applicable to the re-importation of ordinary goods. The said product, after entering the Factory, shall be stored in the warehouse for finished products and entered into the account book maintained for finished products.

Article 37

For bonded products to be sold for further processing and export by a bonded factory to an export processing factory eligible for recording of payable import duties and taxes on credit, the following procedures shall govern in the process of clearance by Customs:

1. The buyer and the seller shall jointly prepare an application for export/import of products processed and sold for further processing and export by a bonded factory to an export processing factory eligible for recording of payable import duties and tax and file the same together with invoices, packing lists and other relevant documents with the supervising Customs in accordance with Paragraph 2, Article 40 hereof for recording of import duties and taxes on credit and Customs release formalities before delivering the products from the bonded factory. The bonded factory is allowed to deliver the products from the factory in advance after providing securities and to submit a monthly report on such sales accompanied by relevant evidential documents not later than the fifteenth (15th) day of the following month.

2. Goods or products to be released in accordance with the preceding

paragraph may be delivered from the factory bylots. However, the deliveries thereof shall be completed within one month beginning from the second day after the grant of Customs release.
Recording of import duties and taxes on credit against the said export processing factory as specified in the preceding paragraph shall be made in accordance with the "Regulations Governing the Offsetting or Refund of Duties and Taxes on Raw Materials for Export Products ", with the date of Customs release to be regarded as the date of export and import.

Article 38
In the event that any bonded product sold to an export processing factory under the preceding Article is returned, the case shall be handled in accordance with the following provisions:
1. The buyer and the seller shall jointly prepare an application for returns and an application for export/import of raw materials sold to Bonded Factory by domestic supplier(s) for processing into export products indicating therein the words "Return against Application for Export No.", and submit the same together with packing list and a photocopy of the original Application to the supervising Customs for approval within one year from the date following the date of Customs release of such export/import. After approval by the supervising Customs, the returned product may then be received and recorded on account book by the Bonded Factory. If the original selling Factory has been issued with a certificate of regarded export, the supervising Customs shall, at the same time, give a notice to the appropriate taxation authority of such return.
2. After completing the procedures set forth in the preceding Item the supervising Customs shall issue to the original buying factory a duplicate of the aforesaid application for offsetting or refunding of import duties and taxes.

Article 39
When another firm or factory or trading company applies to Customs for export of the bonded products of a Bonded Factory, the provisions of Article 34 shall be applicable and moreover, it shall be explicitly stated on the export application that "This shipment of goods is supplied by xxx Bonded Factory. Except that the said Bonded Factory may file a request for settlement of account, the export firm or factory may not apply for refund of duties and taxes". After such products have been exported, the export application shall be delivered to the Bonded Factory for deletion from the account.

Article 40
The bonded products of a Bonded Factory shall be for import in principle. If domestic sale of such bonded products is required, an application for approval shall be filed with the supervising Customs. For processed products of a Bonded Factory which are approved for domestic sales, the Bonded Factory alone or jointly with the buyer party, shall prepare an

application for "import of foreign goods"; and shall not release such products from the Factory until the said application has been filed with and supplementary assessment of import duties and taxes has been made by the supervising Customs in accordance with the form and state of such products at the time of their release from the Factory.
The firms purchasing such domestically salable bonded products in the preceding paragraph may apply to the supervising Customs for selecting one of the following methods to assess import duties on such products, however that where domestically salable products are manufactured from materials more than 50% of which are shingle intermediate goods for assembly use, import duties on such products shall be assessed according to the tax rate applicable to the duty-paid value of such products.
1. Customs duties levy on the domestically salable bonded products shall be calculated and assessed in accordance with the relevant tariff rate against the amount equal to (70) percent of the duty-paying value of such products.
2. While the fact of use of non-bondable raw materials in the bonded products have been confirmed, the import duties levy thereon shall be calculated and assessed in accordance with the applicable tariff rates against the duty-paying value of such products less the value of such non-bondable raw materials.
The domestically salable bonded products of bonded factory are reprocessed for export, such products are eligible for offsetting or refund of duties and taxes in accordance with the ''Regulations Governing the Offsetting or Refund of Duty and Taxes On The Raw Materials Of Export Products". However, this shall not apply to the products or commodities which have been excluded from the list of duty refundable items.
For the raw materials imported by a Bonded Factory are diverted to domestic sales with the approval of the supervising Customs, the provision in Paragraphs 1 and 3 shall apply mutatis mutandis.

Article 40-1
(delete)

Article 41
While the domestic sales subject to supplementary payment of duties and dues as referred to in Article 40 are made, the Bonded Factory may apply to the supervising Customs for approval of monthly report thereof in accordance with the following provisions:
1. To provide monetary security in an appropriate amount, with said amount to be adjustable by Customs in accordance with actual requirement.
2. To establish a register for monthly reportable domestic sales, and record therein, in the sequence of output from the Factory and prior to delivering the goods from the Factory, the date of each lot of domestic sale, the description, specifications, and quantity of goods and the estimated amount of payable duties and taxes. The goods, its amount shall be within the monetary security provided, may then be taken out of the bonded warehouse in advance for delivery.
3. To prepare an application for import of foreign goods not later than the

fifteenth (15th) day of each calendar month for the goods sold domestically in the preceding month, and apply for supplementary assessment and payment of duties and taxes in accordance with Paragraph 2 of Article 40.

Article 41-1
Where the self-use machines and equipment which have not been deducted from stock account are sold to traders in the taxed areas, a declaration is required and customs duties shall be paid based on actual transaction value.

Article 42
Where the products of a bonded factory are sold or presented as gift to domestic and foreign firms or customers visiting the bonded factory and if their value thereof does not exceed the threshold amount for duty-free certification, the following provisions shall be complied with:
1. When such products are to be sold or given as gift to a domestic firm or factory, the case shall be handled in accordance with Article 40 hereof.
2. When such products are to be mailed or shipped to firms and factories abroad, the case shall be handled in accordance with Article 35 hereof.
3. When such products are to be presented to visiting foreign customers or taken abroad by factory-designated representatives, an Application for Carrying Products of Bonded Factory Out of (or Into) the Country shall be prepared and issued to the foreign customers or the factory-designated representatives for taking the products out of the factory. Within ten days beginning from the second day after taking the products out of the factory, the case shall be cancelled against the export certificate issued by Customs at the port of exportation. In the case where a bonded factory applies in advance by electronic transmission to hand-carry products for export, and Customs at the export location completes the shipping arrival registration, the supervising Customs shall write off the case up after verification. Where the products hand-carried out from the country are hand-carried in for re-entry into the country, the original "Application for Carrying Products of Bonded Factory Out of (or Into) the Country" shall be presented to Customs at the port of entry for Customs examination and clearance. The products shall be entered into the factory for storage in the warehouse and re-entry into the stock account within one week beginning from the second day after Customs release of such products.
Where the value of bonded raw material hand-carried out and re-imported by the foreign customers or the factory-designated representatives of the bonded factory does not exceed the threshold amount for duty-free certification, it shall be handled in accordance with Subparagraph 3 of the preceding paragraph under this Article.
When the government purchases products from a bonded factory as gifts to be carried out of the country by government officials sent abroad for presenting to persons of friendly nations where government officials are going to visit, or to be presented to foreigner visiting this country such products may be taken out of the bonded factory against the certificates and receipts to be issued by the departmental agencies under various

Yuan’s of the central government.
A register for taking out bonded products (at a total value not exceeding the threshold amount for duty-free certification) from the factory premises shall be set up and maintained by the bonded factory and shall be verified and stamped by the supervising Customs. The entries to be recorded therein, item by item, shall include the factory release date, the nomenclature, quantity, specifications of and the payable amount of duty and tax for such products.
In the event that the products referred to in Subparagraph 3, Paragraph 1 or in Paragraphs 2 and 3 above are neither deleted from export inventory in accordance with the established provisions nor shipped back to the factory, the bonded factory shall, within ten (10) days beginning from the second day after expiration of the deadline date for closing the case, prepare an "application for import of foreign goods" and apply for supplementary assessment and payment of duties and taxes in accordance with Paragraph 2, Article 40 hereof.

Chapter V Control of Bonded goods

Article 43
UN-exportable sub-standard bonded products of a Bonded Factory and bonded by-products, scraps and wastes produced from the production process and scraps from self-use machines and equipments shall be stored, by categories and nature thereof in warehouses or other storage places approved by the Customs authority. Stock control cards shall be established for their incoming and outgoing records all the time. However, for scraps in the form of semi-finished products, the raw materials used therefore shall be indicated respectively for inspection purposes.

Article 44
Sub-standard bonded products, by-products, scraps, wastes, inactive stock of materials and scrapes of self-use machines and equipment at a bonded factory shall be disposed of in accordance with the following provisions:
1. Items with utilization value may be sold in the domestic market after the duty-paid value thereof have been determined on the basis of "specific duties system" or the selling prices (duty-paid value of sub-standard products shall be determined in accordance with Paragraph 2, Article 40) in accordance with the General Rules of Customs Import Tariff, and duties and taxes thereon have been assessed and collected; or such items may be destroyed under supervision of Customs and then taken out of the bonded factory after duties and taxes are paid to Customs for the residual value thereof. Where scraps and/or wastes are large quantity, bulky, difficult to be destroyed in the factory, and that the bonded factory adopts the used quantity declaration for its "Schedule of Raw Materials Used Per Unit of Product" and is not required to process the deduction from stock account, the bonded factory may estimate a three-month quantity in advance for use and file an application for clearance with Customs; the goods may be released with sufficient amount of security deposit. Upon approval of Customs, the bonded factory shall process the customs clearance and pay the

tax in advance, and thereafter claim for goods release from the factory in batches; if the scraps and wastes are unable to be fully withdrawn from the factory, the bonded factory may apply with supervising Customs for extension; nonetheless, such extension shall not exceed one month and only one extension of application can be filed.

2. Items without utilization value shall be destroyed under the supervision of Customs officials or under the joint supervision of Customs and authorities concerned, in case such need becomes necessary.

The scraps and wastes approved by Customs for customs clearance with duties and taxes thereof being paid beforehand as provided in the Subparagraph 1 of the preceding paragraph shall be provided with trading receipts of the actual trading amount within four months following the advance customs declaration for Customs to assess customs value; firms with justifiable cause may apply for extension before the completion of four months period, and the extension period shall not exceed one year following Customs release.

For inactive stock of raw materials not re-exported for any reason or bonded products or sub-standard bonded products not exported for any reason, the bonded factory may, within two years from the following day of the date of importation or completion of reprocessing of bonded raw materials, deduct such items from the stock account in accordance with the provision of the Paragraph 1; in case of failure to process the stock account deduction within the deadline, the inactive stock of raw materials, the bonded products or the sub-standard bonded products may be sold in the domestic market after duties and taxes are being paid pursuant to Subparagraph 1 of Paragraph 1. Where the failure is caused due to special situation, an application for extension may be filed with the supervising Customs prior to the expiration of the original deadline, and the length of such extension should not exceed one year.

Bonded by-products, scraps and wastes referred to in the preceding Article, for which attrition rates are not separately indicated in the "Schedule of raw materials used per unit" or have been indicated but pending approval, may be offset against the account of bonded raw materials after verification.

For supervising destruction cases of the first paragraph, a scrap list should be prepared in advance, clearly marking the description, serial number, specification, quantity and unit of the bonded goods and attached relevant certification documents while submitting an application to the supervising Customs in written document or electronic transmission.

Authorized Economic Operators (AEOs) assessed as superior-class bonded factories who have been approved for exemption from monitoring destruction by Customs shall, within 14 days from the day after the completion of the destruction, specify the date, location, method of destruction and the shipping destination to the scrapped list, with attached pictures of the destroyed goods and other relevant certification documents present to the supervising Customs for verification in written document or electronic transmission.

The bonded goods referred to in the first paragraph may be transported on a case-by-case basis in accordance with Article 33 to the enterprises in the Science Parks, Technology Industrial Parks, Agricultural Technology Parks,

Free Trade Zones or other bonded factories. Where such goods are exported abroad, the customs clearance procedures shall be completed in accordance with the regulations governing the exportation of general goods.

Article 44-1

Sub-standard bonded products, by-products, scraps, waste and inactive stock of materials, self-use machine and equipment at a Bonded Factory are defined as follows:

1. Sub-standard Bonded Products: Defective products that fail to meet the quality requirements of the clients but still possess all or part of the functions of the products and can still be sold.
2. By-Products: Other products generated in the process of producing the target products.
3. Scraps: Residual scraps and additional materials in the manufacturing process of the products that cannot be used by the Bonded Factory.
4. Waste: Objects generated during the production process that cannot be used.
5. Inactive Stock of Materials: Bonded raw materials that are not used due to change of production plans of the factory, change of product types, cancellation of overseas orders or sparse quantities, or bonded raw materials that have been in stock for more than six months.
6. Scrapes of self-use machine and equipment: Unserviceable self-use machines and equipment in a bonded factory, provided that there is neither technology nor possibility whereby the self-use machine and equipment can be repaired or that the cost of repair does not meet the economic interest.

Article 45

While bonded items in warehouses or in process at a Bonded Factory are damaged or destroyed by flood, storm, fire or other acts of God, the Bonded Factory shall, within one week from the date following the discontinuation of the force damage, first report the damages to Customs for verification and subsequently delete such items from the account after verification.

In case shortage in bonded articles, either in stock or in process, is found due to theft, supplementary payment of import duties levying on such shortage shall be made and the missing articles may be deleted from the account within three months from the date following the date of occurrence of the theft, if the case of theft has been reported to and certified by the police authority concerned and subsequently verified by the Customs authority. Under special situation and with the approval of the supervising Customs, the Bonded Factory may apply for temporary exemption from making supplementary payment of import duties levying on such missing articles against the monetary security to be provided by it. However, the period of such temporary exemption from import duties shall in no case be longer than six months, and if the missing articles can not be recovered upon expiry of the said grace period, the case shall be closed by offsetting the security against the import duties levying thereon. The Customs authority shall refund the portion of such security in securing the import duties payable on the missing articles which have been recovered.

Article 46
The raw materials and items requiring processing imported by a bonded factory may, upon the supervising Customs authority's approval of the application filed by the bonded factory, be shipped out of the factory for processing and the off-factory processing shall be limited to the level of semi-product to the extent that the raw materials contained in the processed product are still identifiable, nevertheless, if the quantity of products produced by the bonded factory exceeded the authorized production capability, and the bonded factory has in advance undertaken, in writing, to be responsible for having the finished products to be processed from the raw materials and items requiring processing out of its own factory exported or selling to other bonded factories or an enterprise in the Science Park, Technology Industrial Park, Agricultural Technology Park or Free Trade Zone in its own name after the completion of off-factory processing, the bonded factory may apply to the supervising Customs for granting a special approval to permit it to have the raw materials and items requiring processing shipped out of the factory for processing into finished products.
For off-factory processing, as referred to in the preceding paragraph, the bonded factory shall prepare in advance an application for off-factory processing stating the name, address, unified serial number, and factory registration number of the processing plant (in the case of a natural person, his name, address and I.D. card number), the name and quantity of raw materials to be used and of the processed products and the scheduled period of processing, and submit the same together with a list of raw materials to be used for off-factory processing and the off-factory processing agreement to the supervising Customs for approval. Upon approval, the bonded factory shall fill out the off-factory processing record cards duly authenticated and stamped by Customs and release the materials in one lot from the factory, or fill out the said record cards and release the materials by lots, subject to the approved categories, quantities and period of processing. However, for out-of-factory processing cases entrusted by the bonded factory to other branches of the bonded factory, other related certification documents may be attached instead of the contract.
Bonded raw materials imported from foreign countries or purchased from other bonded factories or an enterprise within the Science Park, Technology Industrial Park, Agricultural Technology Park or Free Trade Zone may, with the approval of the supervising Customs, be shipped directly to the processing place for off-factory processing. However, the raw materials shall be processed into semi-finished goods only and then re-transported to the bonded factory.
Raw materials added in the course of off-factory processing by the processing establishment shall not be eligible for tax refund. However, if the processing establishment is a bonded factory, it may apply for deduction from the additional raw materials from its raw material stock account.
In case the quantities of bonded raw materials or processed products used in off-factory processing are not consistent with the quantities released

from the bonded factory due to attrition, Customs shall identify the cause thereof and handle the case in accordance with these Regulation and other relevant laws and ordinances. For processing operation with complicated procedures, the bonded factory or the processing establishment shall submit relevant information in advance for examination and approval.
The duration of off-factory processing shall be limited to a period of not more than six (6) months from the date following the day on when the off-factory processing case is approved by the supervising Customs. However, under special situation an application for extension of the aforesaid time limit may be filed with the Customs authority for approval prior to the expiry of the original time limit, but the length of extension shall be limited to a period of not longer than three months and that only one extension shall be allowed. In the event that the product(s) are not returned to the bonded factory within the fixed duration, a supplemental payment of customs duties and taxes shall be filed within ten (10) days after expiry of said duration, and the product(s) involved shall be included in the quantity of bonded products allowed for domestic sale.

Article 47
Where a bonded factory intends to release its bonded product(s) for off-factory test, inspection, sample-approval, or repair, an application enclosed with a photocopy of the factory registration certificate (not required if the testing/inspecting institute is a government owned enterprise or a research institution) of the testing/inspecting contractor shall be filed with the supervising Customs for its approval prior to taking out the product(s) from the bonded factory.
For the bonded product(s) to be released from a bonded factory under the preceding paragraph, the supervising Customs may, depending upon the quantity and nature of the product(s) involved, set a fixed duration for such off-factory testing/inspecting/sample approving process, whose duration may be extended upon filing of an application (stating therein the reason therefore) with the supervising Customs prior to the expiration of the initial duration provided that the overall length of the duration allowable shall not exceed six months accumulatively.
The exit and re-entry of the bonded product(s) from and in the bonded factory under the provisions of Paragraph 1 of this Article shall be recorded in the "Register of Exit and Re-entry of Off-Factory Testing/Inspecting/Sample-Approving/Repair of bonded Products of Bonded Factory" duly verified with the seal of Customs Office. In the event the product(s) released from a bonded factory under this clause are not returned to the bonded factory within the duration fixed under Paragraph 2 of this Article, a supplemental payment of customs duties and taxes shall be filed within ten (10) days after expiry of the said duration, and the product(s) involved shall be included in the quantity of bonded products allowed for domestic sale.
A bonded factory importing raw materials or purchasing from an enterprise in the Science Park, Technology Industrial Park, Agricultural Technology Park, Free Trade Zone or another bonded factory may, with the approval of supervising customs, shipped directly to the inspection, testing repair and

maintenance activities place to conduct the inspection, testing repair and maintenance activities for relevant raw materials.
A bonded factory may, with the approval of supervising customs, in writing, to be responsible for having the finished bonded products to be processed the inspection, testing repair and maintenance activities export directly from the off-factory or selling to an enterprise in the Science Park, Technology Industrial Park, Agricultural Technology Park, Free Trade Zone or another bonded factory in its own name after the completion of off-factory processing.

Article 48
If a bonded factory ships re-imported bonded product out of the factory for maintenance or repairs with the approval of the monitoring Customs, the provisions of Article 46 shall be applicable mutatis mutandis. Unless it is approved in advance for direct export, a form on tax payment shall be filled out within ten days beginning from the second day of expiration and the product shall be categorized as part of domestic sales.

Article 49
Manufacturing establishment performing processing contract for a Bonded Factory shall have an area to be used exclusively for storage of bonded raw materials and processed products and shall at all times establish and maintain stock record cards for recording quantities of in-coming, out-going and in-stock bonded items for inspection and audit by Customs.
If the manufacturing establishment performing processing contract in the preceding Paragraph has used a computer to control the deposit, withdraw and stock quantity of bonded goods for online inspection and audit by Customs, it may be exempt from setting up the record cards.

Article 50
While a Bonded Factory intends to take its bonded products out of the Factory for display, it shall prepare an "application for taking out and bringing in exhibits" and file the same together with relevant documents (such as the invitation from the sponsor of the exhibition etc.) with the supervising Customs for approval before taking the products out of the Factory.
The bonded products may be displayed outside the factory premises for a period not exceeding six months, and application for extension of the period may be submitted to the Customs authorities together with a written explanation explaining the reasons. However, the entire period allowable shall not exceed one year.
A label stating "this product is provided for display only" shall be pasted in a conspicuous place on the bonded products for exhibit.
The bonded products for exhibit taken out from and returned to the Factory shall be recorded in a register book established for such purpose. For products taken out from the factory for display not returned to the Bonded Factory in accordance with the time limit set up in Paragraph Two above,

the Bonded Factory shall prepare and submit an "application for export" for payment of duties and taxes, with ten (10) days after expiration of such time limit.

Chapter VI Penal Provisions

Article 51

In the event that any bonded factory fails to submit a declaration form for supplementary tax and to complete Customs clearance by presenting relevant documents within the time periods prescribed in Paragraphs 1 and 4 of Article 21, Paragraph 2 of Article 24, Subparagraph 2 of Paragraph 1 of Article 26, Article 29, Paragraph 1 of Article 30-1, Paragraphs 1 and 4 of Article 40, Subparagraph 3 of Article 41, Article 41-1, Subparagraph 1 of Paragraph 1 and Paragraph 5 of Article 42, Paragraphs 1 to 3 of Article 44, Paragraph 2 of Article 45, Paragraph 6 of Article 46, Paragraph 3 of Article 47, Article 48 and Paragraph 4 of Article 50, Customs may calculate the amount of the tax and issue a duty memo for completing the payment. Moreover, Customs, in accordance with Article 89 of the Customs Act, shall warn or impose a fine of not less than NT$ 6,000 and not more than NT$30,000 and may be ordered to improve before a certain period of time; the fine shall be charged per violation in case of failure to improve before the given deadline. If there is no improvement after three penalties, a suspension of monthly declaration privileges may be adopted for a period of not more than six months, and a suspension of the bonded raw materials importation may also be adopted for a period of not more than one month.

Article 51-1

In the event that any bonded factory is found to have any of the following instances, Customs, in accordance with Article 89 of the Customs Act, shall warn or impose a fine of not less than NT$6,000 and not more than NT$30,000 and may be ordered to improve before a certain period of time; the fine shall be charged per violation in case of failure to improve before the given deadline. If there is no improvement after three penalties, a suspension of monthly declaration privileges may be adopted for a period of not more than six months, and a suspension of the bonded raw materials importation may also be adopted for a period of not more than one month:

1. Bonded factories sell or transport bonded goods to enterprises in Science Parks, Technology Industrial Parks, Agricultural Technology Parks, Free-Trade-Zones or other bonded factories, but fail to produce declarations and submit them to Customs along with relevant documents for clearance on a monthly basis, within the period stipulated in Subparagraph 2 of Paragraph 1 of Article 31 and Paragraph 3 of Article 33.
2. Bonded factories store bonded items in logistics centers or private bonded warehouses, but fail to produce declarations and submit them to Customs along with relevant documents for clearance on a monthly basis, within the period stipulated in Paragraph 2 of Article 33-1.

Article 52
In the event that any bonded factory is found to have any of the following instances, Customs, in accordance with Article 89 of the Customs Act, shall warn or impose a fine of not less than NT$ 6,000 and not more than NT$30,000 and may be ordered to improve before a certain period of time; the fine shall be charged per violation in case of failure to improve before the given deadline. If there is no improvement after three penalties, a suspension of the bonded raw materials importation may be adopted for a period of not more than one month:
1. Bonded factories fail to set up guard houses and to designate guards therein to all entrances and exits of the premises pursuant to the provisions of Subparagraph 3 of Paragraph 1 of Article 4; fail to assign serial numbers to the release certificates of bonded goods released from the factory in accordance with Paragraph 3 of Article 17 or the assigned serial number is missing or skipped.
2. The equipment of the plant building is found in violation of the provisions of Article 5; the bonded factories fail to designate responsible personnel to watch the raw materials and finished products warehouse pursuant to the provisions of Article 14, lock up the warehouses during the period of work stoppage, or shutdown for more than 10 days without declaring to Customs.
3. The bonded factories fail to process the license renewal or company seal re-registration according to the provisions of Paragraph 2 or Paragraph 3 of Article 7.
4. The bonded factories fail to file the schedule of raw materials used per unit of product with the supervising Customs for reference within the prescribed time period according to provisions of Paragraph 1,4, and 7 of Article 10, or releasing or exporting products without authorization, in violation of the provisions of Article 34 or Subparagraph 2 or 3 of Paragraph 1 and Paragraph 2 or 3 of Article 42.
5. The bonded factory fails to assign part numbers or prevent interchanges of materials as prescribed in the provisions of Paragraph 6 of Article 10.
6. The bonded factories fail to store or retrieve the bonded raw materials and finished products, and to place them in the order of separate categories and in an orderly fashion or failure to assign serial numbers and established a control card system in accordance with the provisions of Articles 14 to 16.
7. The bonded factories fail to complete the relevant documentation, record cards, or register book pursuant to the provisions for entry and withdrawal of bonded items at the factory (warehouse) or fail to make entries in the relevant account books within the time limit as specified in the provisions of Article 18.
8. The bonded factories fail to compile the reports and other materials within the time limits set forth in Paragraph 4 of Article 20; or the bonded factories fail to submit reports and other materials required by the supervising Customs for supervision or auditing purpose or to rectify the matters shown in the notice of supervising Customs within the prescribe deadline.

9. An insufficient number of personnel dealing with bonded affairs of the Bonded Factory, or disqualification of the personnel, which is a violation of Article 22.
10. The bonded factories engage in the processing business without obtaining the prior approval of supervising Customs, thus a violation of Article 23.
11. The bonded factories engage in the product inspection, testing, repair and maintenance or operating software installation without obtaining the prior approval of supervising Customs, thus a violation of Paragraph 1 of Article 24.
12. The bonded factories produce the non-bonded goods without obtaining the prior approval of supervising Customs, thus a violation of Paragraph 1 of Article 27-1.
13. The bonded factories fail to record the sample of finished goods samples in the book and ledgers or to cut or destroy the samples pursuant to the provisions of Paragraph 2 of Article 30-1.
14. The bonded factories fail to state the reasons for changing the purpose of use in the application form, and shipped the self-use machines and equipment out of the bonded factory, thus a violation of Paragraph 1 of Article 33 or Paragraph 1 of Article 33-1.
15. The bonded factories fail to obtain prior approval from competent Customs for domestic sale of bonded raw materials, thus a violation of the Article 40.
16. In the case that the supervising Customs has approved exempting personnel from supervising destruction, but the Bonded Factory failed to comply with the time limit specified in Paragraph 5 of Article 44 to present to the supervising Customs for verification the scrapped list with the date, location, method of
destruction and the shipping destination, or did not attach pictures of the destroyed goods and other relevant certification documents.
17.The bonded factories fail to obtain prior approval from competent Customs for outsourcing the inspection, processing, testing, checking, repair, maintenance, and displaying of the bonded goods, thus a violation of provisions of Paragraph 1 to 3 of Article 46 ,Paragraph 1, 4, and 5 of Artcle47, Artcle 48 and Paragraph 1 of Article 50.

Article 53
In the event that any bonded factory is found to have any of the following instances, Customs, in accordance with Article 89 of the Customs Act, shall warn or impose a fine of not less than NT$6,000 and not more than NT$30,000 and may be ordered to improve before a certain period of time; the fine shall be charged per violation in case of failure to improve before the given deadline. If there is no improvement after three penalties, a suspension of bonded importation of raw materials, self-use machines and equipment may be adopted for a period of not more than six months; in serious cases, the registration of bonded factory may be repealed.
1. Failure to set up account books or failure to report and submit the same to the Customs authority for verification of stamp or for approval. The provisions of this Article shall also apply if false entries are made in violation of the provisions of Articles 11, 12 and Paragraphs 1 and 3 of

Article 24 to the extent of having affected the annual settlement of the quantities of the imported bonded goods or the amounts of the duties and taxes payable on these goods.
2. Account books, statements, reports and certificates are not maintained in accordance with the provisions of Paragraphs 1 and 2 of Article 13 or pages thereof are destroyed, damaged or missing.
3. While the bonded factory has lost its qualification of applying for registration as a bonded factory as specified in Article 4 hereof.
4. While the business operations of the bonded factory have already been discontinued in fact.
5. While the bonded factory has become involvent and cannot pay its debt.
Where the registration of a bonded factory has been revoked by Customs pursuant to the preceding paragraph, the bonded factory shall not reapply for registration under the same name within two years from the date of such revocation.

Article 54
In the event that any bonded factory is found to have any of the following instances, Customs, in accordance with Article 89 of the Customs Act, shall warn or impose a fine of not less than NT$ 6,000 and not more than NT$30,000 and may be ordered to improve before a certain period of time; the fine shall be charged per violation in case of failure to improve before the given deadline. If there is no improvement after three penalties, a suspension of the bonded raw materials importation may be adopted for a period of not more than six months :
1. No factory release certificate has been prepared and issued in accordance with Paragraph 2 of Article 17 at the time when releasing goods from the Factory.
2. Bonded items for export released from the Factory were not transported to the port exportation according to Article 34 or there was a shortage in the quantity of such items upon arrival at the port of exportation.
3. Imported bonded items were not transported in accordance with Paragraph 1 of Article 28 to the Bonded Factory after having been taken out from the warehouses at the place of importation.
4. There was a shortage in the quantity of any bonded item being stored in warehouse without proper reason, and the shortage exceeds three (3) percent of the total booked quantity in stock.
5. The cumulative amount of duties and taxes either payable or recordable on credit involved in the cases of supplementary payment or recording of duties and taxes to be reported on a monthly basis in accordance with Article 41 has exceeded the total amount of security provided (by the Bonded Factory).
6. In case the Customs approved bonded goods subject to the time limit for shipping back fail to be shipped back to the bonded factory within the said time limit.

Article 55
Any manufacturer doing processing work for a Bonded Factory fails to comply

with the provisions of Article 49 shall be suspended from performing the processing contracts.

Article 56
In case a Bonded Factory is found to have moved, smuggled or falsely reported bonded items as imported or exported, or in or out of the factory, or to have sold bonded goods, raw materials ,or self-use machinery/equipment on the domestic market without the permit, it shall be considered as in violation of the provisions of the Customs Preventive Statute.

Article 57
(Delete)

Article 58
A Bonded Factory which falsely imports goods ineligible for bonding as co-proclaimed under the name of bonded raw materials or self-use machines and equipment voluntarily applying for payment of import duties and dues beyond the time limit as specified in the provisions of Article 29 hereof shall, in addition to being liable to payment of such import duties and dues, be subject to imposition of a delinquency surcharge in an amount to be calculated at the daily rate equal to 0.05% of the amount of the outstanding import duties and dues for the period from the date following the day on which the imported raw materials or self-use machines and equipment are released by Customs till the date of full payment of import duties and dues. However, if the false importation activity is discovered by the Customs authority, the Bonded Factory shall, in addition to being liable to payment of import duties and dues and delinquency surcharge, be dealt with in accordance with the provision under Item 4, Paragraph One, Article 37 of the Customs Preventive Law.

Chapter VII Supplementary Provision

Article 59
(Delete)

Article 60
Applications filed by bonded factories to the International Trade Administration, MOEA, for importing raw materials, parts and components, self-use machines and equipment, or goods related to the business operations of the bonded factories from the Mainland China pursuant to the Regulations Governing Trade between the Taiwan Area and the Mainland Area shall be placed under supervision of the Customs.

Article 61
These Regulations shall come into force from the date of promulgation.

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