Content

Title：	Regulation Governing Customs Bonded Factories Ch
Date：	2010.11.30

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
Content：	Chapter I General Provisions

Article 1　These regulations are stipulated pursuant to the provisions of Article 59, paragraph 3, of the Customs Law.

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 Law, 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 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. The Customs will work out the regulations.

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 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.
2. One photocopy of the special business permit; the special business permit is not required (submission of this item is not required for those businesses that do not require a special permit).
3. One copy each of the Articles of Incorporation and a roster of the Board of Directors and Supervisions.
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. One photocopy of the notices issued in the recent three years (for a company with a history of more than one year but less than three years this period shall be the duration of its existence), by the tax collection authority showing the amount of levying tax as determined after examining the annual profit-seeking income tax returns or of the annual profit-seeking income tax returns duly certified by a certified public accountant; or one copy of the financial statements duly certified by a certified public accountant in the case of a company with a history of less than one year.
9. One copy each of the bonded warehouse plant building use permit, building title deed, and land title deed; one copy of the lease agreement 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.
The factory, which is newly established, shall first submit, for the purpose of factory inspection by Customs, the document showing the approval granted by the competent authority-in-charge for establishment of the factory; and may contact the Customs for setting the date for taking over the control of bonding operating only after having received the factory registration number and having been qualified through examination by the supervising Customs.
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 addition, Customs shall thereafter file a monthly report with the Ministry of Finance for recording.
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 15 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 Bureau of the Ministry of Finance", or "Bonded Factory of _____Factory of _____Company under the Supervision and Control of _____Customs Bureau of the 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) of different raw materials needed, together with a description of the manufacturing process, and submit the same in duplicate to the supervising Customs for reference. If necessary the Customs authority may conduct an examination. 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 One 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 the Paragraphs One 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.
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 raw materials to be used for the products under Item 1 and the raw materials to be used for the changed products under Item 4 may be, with Customs approval, stored in the computer for reference.

Article 11　A Bonded Factory shall set up separate sets of books and ledgers for raw materials and finished products for each individual manufacturing plant or factory under it and shall record in them 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 and finished products, 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 account of substitute materials for finished products may be, with Customs approval, stored in electronic media for reference.
The books and ledgers set forth, off-plant processing record cards and factory release slips in Paragraph one 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.

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 a Bonded Factory must lent warehouse(s) located outside the factory due to lack of storage space within their premises, the requirements set forth in Item 2 of Article 5 and in Item 8, Paragraph One, Article 6 of these Regulations shall be met and they may use warehouses so

rented only after having obtained prior approval from the supervising Customs.

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 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 within two months beginning from the second day after the inventory and based on the inventory list, prepare an inventory statistics, a closing statement of bonded raw materials, an analysis table of converting the inventoried in-process 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, and submit the same to the supervising Customs for reference. If necessary an examination may be made. However, if approved by the Customs, the period may be extended to a maximum of three months.
The above-mentioned "Table of Inventory Analysis on Semi-finished Products and Finished Products" and "Table of Raw-material Conversion Analysis for Export Products and Domestically Sold Products" may be, with Customs approval, stored in electronic media for reference.
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 exclusive representative to handle matters related to bonding affairs on behalf of the Bonded Factory. Said exclusive representative should have an educational attainment of senior high school or vocational high school graduate or higher 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 such exclusive representative should hold a management position of section chief or higher. Exclusive representative roster should be submitted to the 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 supervising Customs and receive the supervision of Customs for conducting

the product inspection, testing, repair and maintenance.

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 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, 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 with 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 One, Article 21 hereof shall apply.
3. Subject to the provisions of Item 4 hereunder, the supervising Customs shall, based on the in-stock quantities of bonded articles which have been inventoried, forth. With issue the import duties and dues assessment notice in respect of such boned 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, 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 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 there on.
A Bonded Factory is Failure to conduct the closing inventory the supervising Customs shall, based on the quantities in stock as shown in the account book. With issue the import duties and dues assessment notice in respect of such boned articles.

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, 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.

Article 29　In submitting applications for import, a Bonded Factory is not allowed to have raw materials which are ineligible for bonding as co-proclaimed listed as bonded raw 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 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 31　While offsetting or refund of import duties and taxes is required in respect of the raw materials for processing 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 transactions 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.

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-Based Industrial Park ,an exporting enterprise in an Export Processing Zone, an enterprise in the Agricultural Biotechnology Park and A free-trade-zone enterprise or another Bonded Factory for further processing and export, 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, the provisions

of Section 2, Paragraph One, 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 Three, 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 by lots. 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 Offsetting or Refund of Import Duties and Taxes on Raw Materials used in 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 local produced non-bondable raw materials in the domestically salable 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 the preceding Article 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 name, 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 two of the preceding Article.

Article 42　Where the products of a Bonded Factory are sold or presented as gift to foreign or domestic firms or factories and customers visiting the 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 staff or its appointed express courier, an Application for Carrying Products of Bonded Factory Out of (or Into) the Country shall be prepared and issued to the foreign customers, the factory-designated staff or the courier 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 the Customs at the port of exportation. 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 out of (or into) the country" shall be presented to the 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, factory-designated staff or its appointed express courier of the Bonded Factory does not exceed the threshold amount for duty-free certification, it shall be handled in accordance with Item 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 Item 3, Paragraph One or in Paragraphs Two and Three 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 Two, 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 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 and inactive stock of materials 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 Two, 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 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 for use and file an application with the Customs for approval; 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.
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.
Where 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 are unable to be fully withdrawn from the factory, the bonded factory may apply to the supervising Customs for extension; however, such extension should not exceed one month, and only one extension application can be filed. Where no application for extension is filed, the bonded factory should submit necessary documents to apply for correction of quantity being withdrawn from the factory in writing and refund of overpaid tax within one week from the following day of the expiration date. Applications filed after the expiration date shall not be accepted.
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 One; 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 Item 1 of Paragraph One. 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.

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-Based Industrial Park, an exporting enterprise in an Export Processing Zone, an enterprise in the Agricultural Biotechnology Park and A free-trade-zone enterprise or another Bonded Factory 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.
Bonded raw materials imported from foreign countries or purchased from other bonded factories or an enterprise within the Science-Based Industrial Park, an enterprise in an Export Processing Zone, an enterprise in the Agricultural Biotechnology Park and a free-trade-zone enterprise 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 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.

Article 47　Where a Bonded Factory intends to release its bonded product(s) for off-factory test, inspection or sample-approval, 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, which 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.
The exit and re-entry of the bonded product(s) from and in the Bonded Factory under the provisions of Paragraph One of this Article shall be recorded in the "Register of Exit and Re-entry of Off-Factory Testing/Inspecting/Sample-Approving 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 Two 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 import raw materials or purchasing from an enterprise in the Science-Based Industrial Park ,an exporting enterprise in an Export Processing Zone, an enterprise in the Agricultural Biotechnology Park and A free-trade-zone enterprise 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-Based Industrial Park ,an exporting enterprise in an Export Processing Zone, an enterprise in the Agricultural Biotechnology Park and A free-trade-zone enterprise or another Bonded Factory in its own name after the completion of off-factory processing

The provisions of Items 1 and 2 shall be applicable mutatis mutandis to materials of a bonded factory sent out for inspection or test, and this shall be recorded in the "Register for Products Sent Out for Test and Inspection."

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.

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 case of failure to submit a report on complimentary tax payment and to complete Customs clearance by presenting relevant documents within the periods provided for in Articles 21, 26, 29, 40, 41, 42, 44-48, and 50, the Customs may calculate the amount of the tax itself and open a supplementary payment sheet for completing the payment. It may also serve a warning urging correction in time and impose a fine from NT$6,000 up to NT$30,000. The fine may be repeated if it is not paid. If the breach is still not corrected after being punished three times, the Customs may suspend the monthly report for a period of less than six months and may also suspend the bonded import for up to a month.

Article 52　In case of any of the following circumstances, the Customs may issue a warning to the bonded factories and demand rectification within a prescribed deadline or impose a fine ranging from NT$6,000 to NT$30,000 on the bonded factories pursuant to the provisions of Article 89 of Customs Law; fine can be repeatedly imposed for. Where bonded factories fail to make proper rectification after being issued warnings, the Customs may suspend the bonded factories' import of bonded raw materials for less than a month.

1. Bonded factories fail to set up guard houses and to designate guards therein at all entrances and exits of the premises pursuant to the provisions of Item 3, Paragraph 1, Article 4; fail to assign serial numbers to the release certificates of bonded goods released from the factory in accordance with Article 17 or the assigned serial number is missing or skipped.
2. The equipment of the plant building are found in violation of the provisions of Article 5, or the bonded factories fail to designate responsible personnel to watch the raw materials and finished products warehouse pursuant to the provisions of Article 14 or fail to lock up the warehouses during the period of work stoppage.
3. The bonded factories fail to process license renewal according to the provisions of Paragraphs 2 of Article 7, or fail to process the chop specimen change registration according to the provisions of Paragraphs 3.
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 Article 10, or releasing or exporting products without authorization, in violation of the provisions of Article 34 or Article 42.
5. 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 Article 14 to 16.
6. The bonded factories fail to complete the relevant documentation 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.
7. 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.
8. The bonded factories engage in the processing business without obtaining the prior approval of supervising Customs, thus a violation of the Article 23.
9. The bonded factories engage in the product inspection, testing, repair and maintenance without obtaining the prior approval of supervising Customs, thus a violation of the Article 24.
10. The bonded factories produce the non-bonded goods without obtaining the prior approval of supervising Customs, thus a violation of the Article 27-1.

Article 53　If the bonded factory has violated any of the following counts, the Customs may, in pursuance to the provisions of Article 89, serve a warning and urge the factory to make corrections or impose a fine from NT$6,000 up to NT$30,000. This fine may be repeated, and if the factory still has not made corrections after being punished three times, its bonded import of raw materials may be suspended for a period up to six months. In a serious case, the registration of bonded factory may be revoked.
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 Article 11 and 12 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 and reports are not maintained in accordance with the provisions of Article 13 or pages thereof are destroyed, damaged or missing.

Article 54　If the bonded factory violates any of the following counts, the Customs may, in pursuance to the provisions of Article 89, serve a warning and urge the factory to make corrections or impose a fine from NT$6,000 up to NT$30,000. This fine may be repeated, and if the factory still has not made corrections after being punished three times, its bonded import of raw materials may be suspended for a period up to six months.
1. No factory release certificate has been prepared and issued in accordance with 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 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 raw material applying for off-factory processing examining testing and processed products are not shipped back to the bonded factory beyond 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 fraudulently reported bonded items as imported or exported or in or out of the factory, or selling bonded goods and raw materials on the domestic market without the permit, it shall be considered as in violation of the provisions of the Customs Preventive Statute.

Article 57　Under any of the following circumstances, the Customs may, in pursuance to the provisions of Article 89, suspend the Bonded Factory involved from importing raw materials or processing under bonding arrangement or revoke its bonded factory registration:
1. While the Bonded Factory has lost its qualification of applying for registration as a bonded factory as specified in Article 4 hereof.
2. While the business operations of the Bonded Factory have already been discontinued in fact.
3. While the Bonded Factory has become involvement and can't pay it debt.

Article 58　A Bonded Factory which falsely imports goods ineligible for bonding as co-proclaimed under the name of bonded raw materials 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 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 MOEA Board of Foreign Trade for importing raw materials, parts and components, or products related to the business operations of the bonded factories from

	the Mainland China pursuant to the Regulations Governing Permission of 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