

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Taiwan**



Disclaimer: The information in this Profile is for general guidance only and may change from time to time. You should not act on the information in this Profile, and you should obtain specific professional advice to help you in making any decisions or in taking any action. If you believe that the information has changed or is incorrect, please contact us at ifrsapplication@ifrs.org.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to a survey that the Foundation conducted on the application of IFRSs around the world between August and December 2012. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

Profile last updated 5 June 2013

PARTICIPANT IN THE IFRS FOUNDATION SURVEY ON APPLICATION OF IFRSs

Organisation	Accounting Research and Development Foundation (ARDF)
Role of the organisation	The ARDF is an endorsement body regarding standard-setting in Taiwan. All standards (including IFRSs and IASs) and related interpretations are translated into traditional Chinese by ARDF and are ratified by the Financial Supervisory Commission (FSC), a government agency.
Website	www.ardf.org.tw
Email contact	louise@ardf.org.tw

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRSs as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	Taiwan has adopted IFRSs for all or some companies.

Additional comments provided on the adoption status?

The Financial Supervisory Commission (FSC) announced an IFRSs adoption roadmap on 14 May 2009. The roadmap established a two-phased mandatory adoption of IFRSs and early adoption of IFRSs:

- In Phase I, listed companies and financial institutions, except credit cooperatives, credit card companies, and insurance intermediaries, are required to prepare financial reports using IFRSs starting in 2013. Early adoption of IFRSs was allowed in 2012 for those companies that met specific criteria and with the approval of the FSC.
- In Phase II, unlisted public companies, credit cooperatives, credit card companies, and insurance intermediaries are required to prepare financial reports using IFRSs starting in 2015 and are permitted to apply IFRSs starting in 2013.

This plan may be found on both the ARDF and FSC websites as follows:

<http://www.ardf.org.tw/english/Roadmap%20toward%20IFRS%20Adoption%20in%20Taiwan-2009.pdf>

http://www.sfb.gov.tw/ch/home.jsp?id=2&parentpath=0&mcustomize=news_view.jsp&aplistdn=ou=news,ou=multisite,ou=chinese,ou=ap_root,o=fsc,c=tw&toolsflag=Y&dataserno=35047

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRSs as that set of standards, explain the jurisdiction's general position towards the adoption of IFRSs in your jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

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

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRSs in their consolidated financial statements?

Yes.

If YES, are IFRSs REQUIRED or PERMITTED?

Required.

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

All.

Are IFRSs also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

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

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

For instance, are IFRSs required or permitted for companies whose securities do not trade in a public market?	<p>IFRSs are required starting in 2013 (permitted in 2012) for all financial institutions except credit cooperatives, credit card companies, and insurance intermediaries, including those whose securities do not trade in a public market.</p> <p>IFRSs are required starting in 2015 (permitted starting in 2013) for unlisted public companies, credit cooperatives, credit card companies, and insurance intermediaries.</p> <p>Also, from 2013, unlisted Taiwanese subsidiaries of foreign companies are permitted to use IFRSs.</p>
If the jurisdiction currently does NOT require or permit the use of IFRSs for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRSs for such companies in the future?	Not applicable.

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

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRSs in their consolidated financial statements?	Yes.
If YES, are IFRSs REQUIRED or PERMITTED in such cases?	Permitted. Currently, foreign companies whose securities trade in a public market may prepare their financial statements under IFRSs as ratified by the FSC, full-IFRSs, or US GAAP. However, a reconciliation from full-IFRSs or from US GAAP to IFRSs as ratified by the FSC is required to assist users of financial statements in performing comparisons and analyses.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.

IFRS ENDORSEMENT

Which IFRSs are required or permitted for domestic companies?	IFRSs as issued by the IASB, ie standards and amendments are adopted/endorsed as and when issued by the IASB, but some options have been eliminated . Nonetheless, the resulting financial statements can still be in compliance with IFRSs as issued by the IASB.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRSs.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRSs and the jurisdiction's GAAP)?	No.
Are IFRSs incorporated into law or regulations?	Yes.

If yes, how does that process work?	<p>On 27 July 2012, the Financial Supervisory Commission (FSC) issued a notification requiring companies whose securities are publicly traded to prepare IFRSs financial statements that comply with the traditional Chinese translation of International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), International Financial Reporting Interpretations Committee Interpretations (IFRICs), and Standing Interpretations Committee Interpretations (SICs) as endorsed by the FSC.</p> <p>The FSC expects to endorse all IFRSs as issued by the IASB, but there may be a time lag in completing the translation into traditional Chinese and the endorsement process.</p>
If no, how do IFRSs become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRSs (including Interpretations) in place	Yes.
If yes, what is the process?	All IFRSs as issued by the IASB including Interpretations are translated into traditional Chinese by the ARDF. Those translations are then reviewed and the standards are endorsed by the FSC.
If no, how do new or amended IFRSs become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRSs and/or made any modifications to any IFRSs?	Yes, some options have been eliminated.
If yes, what are the changes?	<p>The options to revalue property, plant and equipment (IAS 16, <i>Property, Plant and Equipment</i>), intangible assets (IAS 38 <i>Intangible Assets</i>), and exploration and evaluation assets (IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>) through other comprehensive income have been eliminated.</p> <p>In addition, the option to measure investment property at fair value through profit or loss in IAS 40 <i>Investment Property</i> has been eliminated. Those assets must be measured using the cost-depreciation-impairment model subsequent to acquisition.</p> <p>Further, some conditions are imposed on using the deemed cost exemption described in IFRS 1 <i>First-time Adoption of International Financial Standards</i>.</p>
Other comments regarding the use of IFRSs in the jurisdiction?	None.

TRANSLATION OF IFRSs

Are IFRSs translated into the local language?	Yes, IFRSs are translated into traditional Chinese, the local language in Taiwan.
---	---

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

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

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

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

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

The translations may be found here:

<http://www.sfb.gov.tw/ch/home.jsp?id=528&parentpath=0,2>

APPLICATION OF THE IFRS FOR SMEs

Has the jurisdiction adopted the IFRSs for SMEs for at least some SMEs?

No.

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

The non-public companies in Taiwan are subject to the administration of Ministry of Economic Affairs. The Ministry of Economic Affairs is considering the direction of accounting standards for those companies. Adoption of the IFRS for SMEs is one of the options under consideration.

Did the jurisdiction make any modifications to the IFRS for SMEs?

Not applicable.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the IFRS for SMEs in the jurisdiction, and are they required or permitted to do so?

Not applicable.

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

SMEs that are not required to use full IFRSs use national accounting standards developed by the ARDF.

Other comments regarding use of the IFRS for SMEs?

None.