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Article Content

Title : [Employees' Welfare Funds Act \(2003.01.29 Amended \)](#) [Ch](#)

- Article 1 All factories, mines in the public and private sectors, or other enterprise organizations shall set-aside and allocate employees' welfare funds to process and handle employees' welfare businesses. The scope of other enterprise organizations referred to in the preceding Paragraph, shall be determined by the competent authorities after reviewing and examining the categories and sizes of the said businesses.
- Article 2 Factories, mines or other enterprise organizations shall set-aside and allocate employees' welfare funds in accordance with the following stipulations:
 1. On the five percent of the total amount of capitals at the time of establishment.
 2. 0.05 to 0.15 percent of the total monthly business incomes.
 3. 0.5 percent of the monthly salaries or wages of each staff member or workers.
 4. Twenty to forty percent of proceeds from selling of scraps at the time of each sale.
 For those governmental authorities without business incomes, the amount they shall set-aside and allocate referred to in Item 2 of this Article may be made in proportion from administrative fees or other incomes of the said authorities.
 For those public enterprises that have already put employees' welfare funds in their budgets which are not lower than the percentage referred to in Item 2 of this Article, they may be exempt from making further set-aside and allocations.
- Article 3 For those workers without definite employers, their welfare funds shall be set-aside and allocated by the labor unions they are affiliated with from thirty percent of the total amount of their membership fees. They may apply to the competent authorities for subsidies, if necessary.
- Article 4 For those who process and handle employees' welfare businesses with outstanding results, the competent authorities may offer them with monetary awards.
- Article 5 The custody and usage of the employees' welfare funds shall be processed and handled by the employees' welfare committees jointly set up by labor unions established pursuant to related laws and factories, mines, or other enterprise organizations themselves; the organizational rules for these committees shall be prescribed by the Ministry of Social Affairs.
 For memberships in the employees' welfare committees referred to in the preceding Paragraph, representatives from labor unions shall not be less than two-thirds.
 Welfare businesses processed and handled in accordance with Article 3 of the Act shall be applicable, mutatis mutandis, to the stipulations of the preceding two Paragraphs.
- Article 6 Factories, mines, or other enterprise organizations and labor unions shall separately prepare financial statements showing all receipts and outlays of the welfare funds and publicly announce them, and submit them to the competent authorities for examination and reference. The competent authorities may examine and audit their account books thereof, if necessary.
- Article 7 Employees' welfare funds shall not be used for any other purpose. However, after due reports have been filed with the competent authority, may set-aside and allocate amounts not exceeding ten percent of the funds to make available as subsidies to national, or provincial (municipal cities), counties (cities) labor unions to process and handle welfare businesses.
- Article 8 Employees' welfare funds shall not be subject to confiscation.
- Article 9 Employees' welfare funds shall have preferential right to receive payment of debts.
- Article 9- 1 For those factories, mines, or other enterprise organizations that are terminating their operations due to dissolution or subject to bankruptcy processes, their employees' welfare funds that have already been set-aside and allocated shall be duely discussed by the employees' welfare committees involved and settlement plans shall be drawn up. After these plans have been filed with the competent authorities for reference and examination, these funds shall be paid back to staff members or workers themselves.
 For those factories, mines, or other enterprise organization that are continuing their operations after changing of structures or merging, and their staff members and workers are remaining in the currently existing organizations, their employees' welfare funds that have already been set-aside or allocated shall, after reviewing the ratio of remaining staff members and workers after the changes, be reserved in order to continue processing and handling of employees' welfare businesses. As for other remaining employees' welfare funds, they shall be duely discussed by the employees welfare

committees involved and settlement plans shall be drawn up. After these plans have been filed with the competent authorities for reference and examination, these funds shall be paid back to staff members and workers that are leaving their jobs.

The stipulations of the preceding two Paragraphs shall be applicable when the employees' welfare committees have registered as incorporated legal persons.

- Article 10 In case that employees' welfare funds incur any loss due to the negligence of the custodians, they shall be liable for indemnity.
- Article 11 In case the set-aside and allocations are not made, or their amounts are inadequate in violating Articles 2 and 3 of the Act, the competent authorities shall order them to make the requisite set-aside and allocations and impose administrative fines not exceeding 1,000 yuan on the responsible persons.
- Article 12 In the case of violating Article 6 of the Act, the responsible persons shall be imposed administrative fines not exceeding 500 yuan.
- Article 13 In the case of embezzling employees' welfare funds or other corruptive practices, the responsible persons shall be punished severely in accordance with the related provisions of the Criminal Code.
- Article 13- 1 The enforcement regulations of this Act shall be drawn up by the Central Competent Authority.
- Article 14 This Act shall become effective on the day of promulgation.

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