

*Unemployment Insurance and Assistance Systems  
in Taiwan*

*June 2000*

**Prepared by**

**Ms Vicky LEE**

**Research and Library Services Division  
Legislative Council Secretariat**

5th Floor, Citibank Tower, 3 Garden Road, Central, Hong Kong

Telephone : (852) 2869 7735

Facsimile : (852) 2525 0990

Website : <http://legco.gov.hk>

E-mail : [library@legco.gov.hk](mailto:library@legco.gov.hk)

# CONTENTS

page

**Acknowledgements**  
**Executive Summary**

<b>Part 1 - Introduction</b>	<b>1</b>
Background	1
Objectives and Scope	1
Methodology	2
<b>Part 2 - Establishment and Development of the Unemployment Benefits System</b>	<b>3</b>
Brief Note on the Population and Economic Situation of Taiwan	3
Unemployment Benefits System	3
<i>Establishment and Objective of the Unemployment Benefits System</i>	3
<i>Characteristics of the Unemployment Benefits System</i>	5
<i>Development of the Unemployment Benefits System</i>	5
Participation in the Unemployment Benefits System	7
<b>Part 3 - Contents of Unemployment Benefits</b>	<b>9</b>
Definition of Unemployed Workers	9
Coverage of Unemployment Benefits	9
Contents of Unemployment Benefits	10
<i>Standard Rate of Unemployment Benefits</i>	10
<i>Eligibility for Unemployment Benefits</i>	10
<i>Application Procedures of Unemployment Benefits</i>	10
<i>Entitlement Period of Unemployment Benefits</i>	11
<i>Penalty for Illegal Receipt of Unemployment Benefits</i>	12
<b>Part 4 - Operation and Management of the Labour Insurance Fund</b>	<b>13</b>
Labour Insurance Fund	13
Unemployment Insurance Premium	13
<i>Rate of Unemployment Insurance Premium</i>	13
<i>Ratio of Unemployment Insurance Premium Contributions</i>	13
<i>Procedures for Payment of Unemployment Insurance Premium</i>	14
<i>Tax Rate of Unemployment Insurance</i>	14

---

*The Legislative Council Secretariat welcomes the re-publication, in part or in whole, of this research report, and also its translation in other languages. Material may be reproduced freely for non-commercial purposes, provided acknowledgement is made to the Research and Library Services Division of the Legislative Council Secretariat as the source and one copy of the reproduction is sent to the Legislative Council Library.*

Sources and Expenditure of the Labour Insurance Fund	14
Authorities Responsible for the Implementation of Unemployment Benefits System	15
Penalty for Against the Labour Insurance Law	15
<i>Penalty on Workers</i>	15
<i>Penalty on Enterprises</i>	16
Supervision of Labour Insurance Operations	17
Appeal Mechanism	17
<b>Part 5 - Analysis of the Unemployment Benefits System of Taiwan</b>	<b>18</b>
Coverage	18
Contents of Unemployment Benefits	18
Entitlement Period of Unemployment Benefits	19
Premium Rate	19
Management and Supervision of the Insurance Fund	19
Promotion of Employment	19
<b>Appendices</b>	<b>20</b>
<b>References</b>	<b>26</b>

## **ACKNOWLEDGEMENTS**

The Research and Library Services Division gratefully acknowledge the assistance given to us by many people in the preparation of this research report. In particular, we would like to express our gratitude to the Bureau of Labour Insurance of Taiwan for providing valuable information for our research.

## EXECUTIVE SUMMARY

1. Although provided under the Labour Insurance Act of Taiwan, unemployment insurance was never implemented nor officially enforced. By 1999, in the wake of the massive unemployment resulting from the international economic downturn and the Asian financial turmoil, the Executive Yuan drew up the Rules for the Implementation of Unemployment Benefits under the Labour Insurance Programme under the Labour Insurance Act. The Rules came into effect on 1 January 1999 but was amended on 30 July 1999.
2. The objective of introducing unemployment benefits under the labour insurance programme is to attain the goal of re-employment through the establishment of an unemployment registration mechanism, coupled with the provision of employment services and vocational training programmes.
3. Nationals above 15 and below 60 years of age, insured under the labour insurance programme, with definite employers and have left their jobs involuntarily may apply for unemployment benefits. However, those workers under 15 or over 60 years of age are excluded. The same applies to employers, expatriate workers, temporary workers, contract workers, part-time workers and persons receiving training in vocational training institutes.
4. Unemployed workers may apply for unemployment benefit payments if they are not leaving their job voluntarily, have the ability to work, have the intention to continue to work, have participated in the labour insurance programme for two years, have filed their application to the public employment service agencies for the registration of job seeking but cannot accept the referred job or arranged vocational programmes in 14 days.
5. Unemployment benefit payments is calculated on the basis of 60% of the average insured monthly salary of workers, and is calculated from the fifteenth day after the date on which workers file their application to the public employment service agencies for the registration of job seeking. The payments are disbursed on a monthly basis. However, for those who have another job during the unemployment period and whose monthly income plus unemployment benefit payments are in excess of 80% of the average insured monthly salary, that excess portion shall be deducted from the unemployment benefit payments.

6. For those who have paid unemployment insurance premium for less than five years, the entitlement period of unemployment benefit payments is six months in five years. Those who have paid for over five years but less than 10 years, the entitlement period is 12 months in 10 years. Those who have paid for over 10 years, the entitlement period is 16 months. Before the introduction of the unemployment benefits system or upon the expiry of the entitlement period, unemployed workers may apply to the local competent authority for subsistence assistance under the Social Relief Act. Subsistence assistance is a form of social relief and there is no time limit for tendering applications. The maximum amount that can be applied for amounts to 60% of the average consumption expenditure in the respective areas. If unemployed workers are covered by labour insurance, they are entitled to other benefits such as maternity, injury and sickness, medical-care, disability, old-age and death benefits according to their needs.
7. When the unemployment benefits under the labour insurance programme was first introduced, the principle was to avoid increasing the premium to be paid by workers and employers. As such, the unemployment insurance premium has since set at 1% of the insured monthly salary of the workers, and has been allocated from the 6.5% premium for ordinary injury.
8. Taiwan has not established any unemployment insurance fund and all unemployment benefits are paid out of the labour insurance fund instead. According to the Labour Insurance Act, 20% of the labour insurance premium is borne by workers, 70% by enterprises, and the Taiwan government and the provincial (municipal) government are each responsible for paying 5%.
9. The unemployment benefits system in Taiwan forms part of the labour insurance programme. The Labour Commission of the Executive Yuan is responsible for the overall co-ordination of the national labour insurance operations and setting up the Bureau of Labour Insurance as the insurer to handle matters relating to labour insurance. The Labour Insurance Supervisory Commission is responsible for the supervision of labour insurance operations and the settlement of insurance disputes.

# UNEMPLOYMENT INSURANCE AND ASSISTANCE SYSTEMS IN TAIWAN

## PART 1 - INTRODUCTION

### 1. Background

1.1 In October 1999, the Panels on Manpower and Welfare Services requested the Research and Library Services (RLS) Division of the Legislative Council (LegCo) Secretariat to conduct a study on unemployment-related benefits systems.

### 2. Objectives and Scope

2.1 The objectives of the study are:

- to examine the experience of Mainland China, Taiwan, Malaysia, Singapore, South Korea, the United Kingdom (UK), and the United States (US) in implementing their unemployment-related benefits systems;
- to outline the research findings of the Organization for Economic Co-operation and Development (OECD) and the Conventions and Recommendations of the International Labour Organization (ILO) in unemployment-related benefits systems; and
- to make an overall comparative analysis of the experience in the above places in implementing their unemployment-related benefits systems, and study current provisions in helping the unemployed in Hong Kong.

2.2 The scope of the research, as agreed by the Panels, covers

- historical development;
- main features and components;
- eligibility requirements;
- types of benefits and amounts;
- duration of payment of benefits;
- tax treatment of the benefits;
- source of funds for the benefits; and
- administration of the unemployment-related benefits systems.

2.3 In this report, we outline the experience of Taiwan in the establishment and operation of the unemployment insurance and assistance systems. As ILO only admits sovereign states as members, Taiwan is not a member of the organization. Neither has it adopted the three ILO conventions on unemployment assistance systems, namely *Ensuring Benefit or Allowances to the Involuntarily Unemployed Convention, 1934, (No. 44)*; *Social Security (Minimum Standards) Convention, 1952, (No. 102)* and *Employment Promotion and Protection (Unemployment) Convention, 1988, (No. 168)*.

2.4 This report forms part of the series of studies discussing unemployment-related benefits systems. There are 11 separate research reports (RP13/99-00 to RP23/99-00) on this subject.

2.5 In this research, "unemployment-related benefits" refer to unemployment benefits and related welfare benefits. Unemployment benefits comprise unemployment insurance and unemployment assistance. Unemployment benefits are available to the unemployed only. In other words, these benefits are not available to people who are not unemployed. The recipient must be currently unemployed, able to work, willing to work and looking for work. Where there are no unemployment benefits or where these benefits are exhausted, welfare benefits may be made available to provide subsistence for those in need. These related welfare benefits, as defined in the 1996 OECD study of "benefit systems and work incentives", include family benefits, housing benefits, child-care benefits and social assistance. They are made available to all citizens subject to a means-test, and are not specifically targeted at the unemployed.

### 3. Methodology

3.1 The research involves a combination of information collection and analysis. In addition to materials available in the Legislative Council Library, reference materials were acquired through internet and other outside sources. Letters and e-mails were sent to the Bureau of Labour Insurance (BLI) of Taiwan to request for relevant information and data. As most of the materials collected are in Chinese, this research report is originally drafted in Chinese and is based on the information obtained from these sources.

3.2 In 1999, the average exchange rate between the currencies in Taiwan and Hong Kong was 1 New Taiwan Dollar = 0.24 Hong Kong Dollar.<sup>1</sup>

---

<sup>1</sup> Census and Statistics Department, Hong Kong Special Administrative Region, *Hong Kong Monthly Digest of Statistics*, January 2000.

## **PART 2 - ESTABLISHMENT AND DEVELOPMENT OF THE UNEMPLOYMENT BENEFITS SYSTEM**

### **4. Brief Note on the Population and Economic Situation of Taiwan**

4.1 In 1999, the total population of Taiwan was about 22 million while the labour force stood at 9.67 million, accounting for 44% of the total population. The gross national product (GNP) was NT\$9,435.9 billion (equivalent to HK\$2,268.2 billion). The GNP per capita was in the region of NT\$430,000 (equivalent to HK\$103,000).

### **5. Unemployment Benefits System<sup>2</sup>**

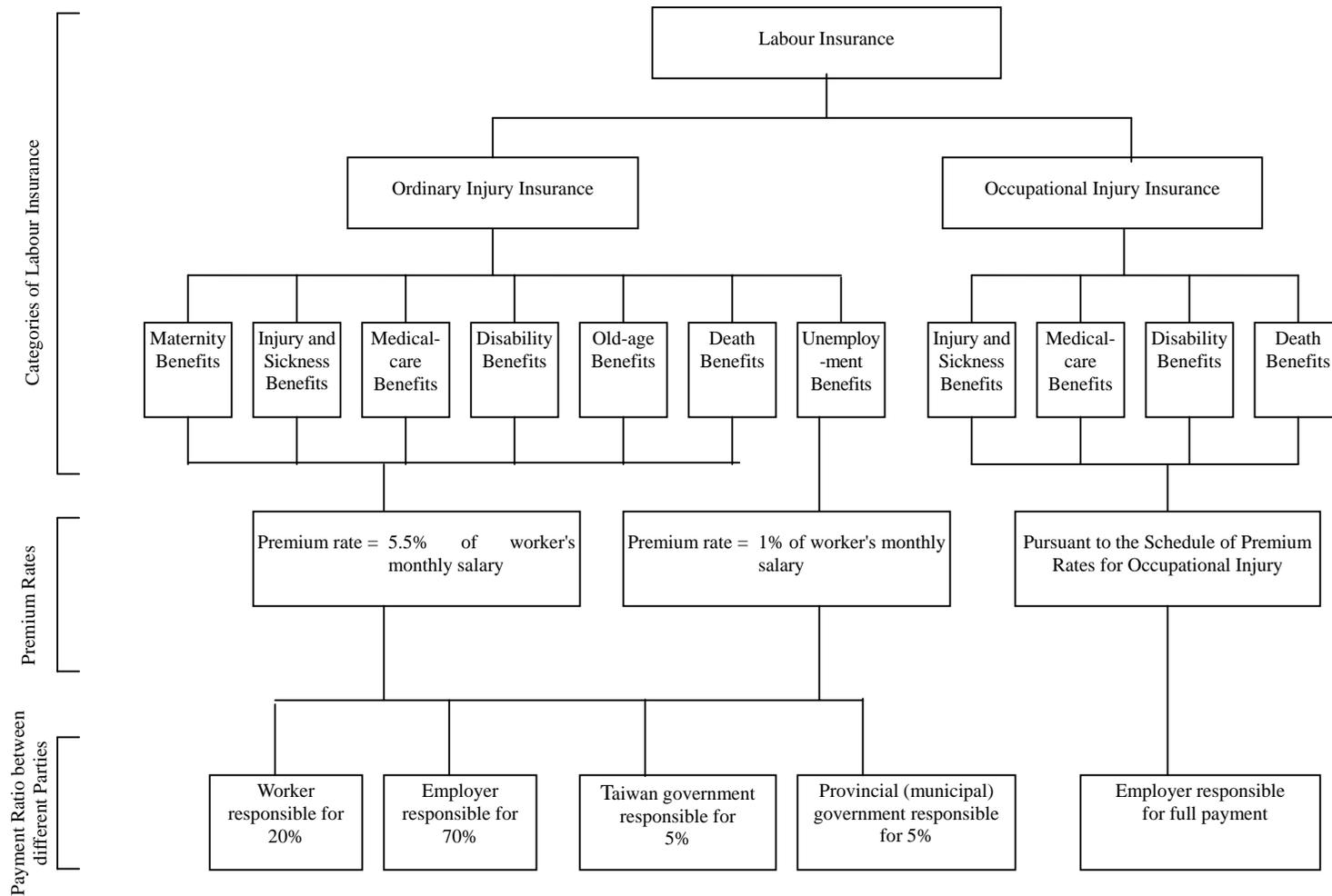
#### Establishment and Objective of the Unemployment Benefits System

5.1 Although Taiwan established its labour insurance programme in as early as 1950, the relevant Labour Insurance Act was not promulgated until 1958. Figure 1 outlines the labour insurance system of Taiwan. The coverage of Taiwan's labour insurance consists of two types, namely ordinary injury insurance and occupational injury insurance. Ordinary injury insurance provides benefits of seven kinds, viz. maternity, injury and sickness, medical-care, disability, unemployment, old-age and death, whereas occupational injury insurance provides benefits of four kinds, viz. injury and sickness, medical-care, disability and death. This report mainly discusses unemployment benefits under ordinary injury insurance. As for the details of premium and contributions, please refer to Part 4 of this report.

---

<sup>2</sup> The equivalent of the term "benefits" in Chinese is "給付" which means giving and paying. Under the laws of China, "insurance benefits" refer to the payments made according to insurance legislation.

**Figure 1 - Labour Insurance System of Taiwan**



5.2 The Labour Insurance Act provides the details for most of the items covered by ordinary injury insurance with the exception of unemployment insurance, the details of which such as premium rates, enforcement areas, date and measures have to be prescribed by the Executive Yuan in the form of orders. In other words, although provided under the Labour Insurance Act, unemployment insurance was never officially enforced. In 1998, Taiwan was struck by the international economic downturn and the Asian financial turmoil. As a result, a lot of enterprises were closed, wound up or downsized, resulting in massive unemployment. In order to protect the livelihood of the unemployed workers, enable them to be re-employed as soon as possible and promote social security and economic development, the Executive Yuan drew up the Rules for the Implementation of Unemployment Benefits under the Labour Insurance Programme (the Rules) under Articles 2 and 74 of the Labour Insurance Act to prescribe the details of unemployment benefits. The Rules came into effect on 1 January 1999.

5.3 The objective of introducing unemployment benefits under the labour insurance programme is to attain the goal of re-employment through the establishment of an unemployment registration mechanism, coupled with the provision of employment services and vocational training programmes.<sup>3</sup>

#### Characteristics of the Unemployment Benefits System

5.4 The labour insurance programme in Taiwan is mandatory and no workers are exempted from the programme. Moreover, employers have to take out insurance for their workers and deduct on their behalf the premium payable from their wages. However, not all workers in Taiwan are covered by unemployment insurance<sup>4</sup>. As such, those workers outside the coverage of unemployment insurance are not required to pay unemployment insurance premium.

#### Development of the Unemployment Benefits System

5.5 Although the Rules did not formally come into effect until 1 January, 1999 (please refer to Appendix I for the contents of the Rules promulgated on 1 January, 1999), their contents were subsequently amended by the Executive Yuan on 30 July, 1999 (please refer to Appendix II for the contents of the amended Rules promulgated on 30 July, 1999) and the amended Rules came into immediate effect. The amended contents are as follows:

---

<sup>3</sup> Bureau of Labour Insurance, Notes on application for unemployment benefits under the labour insurance programme, 1 August, 1999.

<sup>4</sup> Please refer to paragraph 8.2 of this report for the categories of workers not covered by unemployment insurance.

- (a) The level of the monthly unemployment benefit payments is raised from the original rate of 50% to 60% of the insured monthly salary.
- (b) For insurance taken out for less than five years, the maximum entitlement period of unemployment benefits is extended from the original three months to six months.
- (c) The coverage of unemployment benefits is extended to “enterprises which have less than four workers” from the original coverage of “enterprises which have more than five workers”.
- (d) The targets of protection are augmented by bringing persons who leave their jobs involuntarily under the involuntary unemployment category. In other words, workers may apply for unemployment benefits when the enterprises they work for are closed, wound up, suspended from operations, transferred, disbanded or made bankrupt. Moreover, workers who suffer from violence or serious acts of insult committed by their employers, the family members of their employers, the agents of their employers, as well as workers whose health is threatened by their working environments which their employers refuse to improve are entitled to unemployment protection. In short, workers above 15 and below 60 years of age with definite employers may apply for unemployment benefits. Yet this provision is not applicable to workers who are members of trade unions.
- (e) The application procedures are simplified by requiring unemployed workers to go to the public employment service agencies for unemployment registration once a month instead of once every half month.
- (f) Unemployment benefits are granted to unemployed workers once a month instead of once every half month.
- (g) Flexibility is given to the channels through which the certification of resignation can be obtained. Unemployed workers who cannot obtain certification of resignation from the enterprises they work for or from the local competent authorities may fill in “the Certification of Resignation” provided by the Labour Commission of the Executive Yuan for that purpose.

- (h) Under previous provisions, insured persons who had another job during the unemployment period and whose income of the new job was in excess of 80% of the original average salary insured were not allowed to apply for unemployment benefit payment. The provisions have been amended to provide that workers may be awarded unemployment benefits if their income during the unemployment period does not exceed their basic salary<sup>5</sup>. However, if their monthly income plus the unemployment benefit payments amount to over 80% of the average insured monthly salary, the portion in excess will be deducted from the unemployment benefit payments.

## 6. Participation in the Unemployment Benefits System

6.1 Table 1 shows the statistics on the registered unemployed population and the unemployment rates of Taiwan from 1990 to 1999. In 1990, the number of people registered as unemployed totalled 140 000 and the unemployment rate was 1.7%. In 1999, the number of the unemployed drastically doubled to 280 000 and the unemployment rate rose to 2.9%. The main cause for an all-time high unemployment rate in 1999 was the prolonged influences of the Asian financial turmoil, which kept the unemployment rate in the first half of the year at a high level. Moreover, due to the disastrous earthquake in the second half of the year, the unemployment rate stayed high for the whole year.

**Table 1 - Statistics on the Registered Unemployed Population and the Unemployment Rates of Taiwan from 1990 to 1999**

Year	Registered Unemployed Population	Unemployment Rate (%)
1990	140 402	1.7
1991	129 664	1.5
1992	132 497	1.5
1993	128 323	1.5
1994	141 958	1.6
1995	165 039	1.8
1996	242 495	2.6
1997	256 240	2.7
1998	256 917	2.7
1999	282 742	2.9

Source: Statistics Department of the Executive Yuan of Taiwan,  
<http://www.stat.gov.tw/ecosoc/CShowData.asp>

<sup>5</sup> Basic salary refers to the remuneration paid to an employee for the work performed, which includes a principal salary and a monthly standard allowance such as housing allowance, travelling expenses, food expenses, water and electricity charges, incentive (productivity, efficiency, company performance) bonus and attendance bonus.

6.2 Table 2 shows the statistics on the numbers of enterprises and workers participating in the unemployment insurance programme in Taiwan as at the end of 1999. A total of 387 401 enterprises were qualified for participating in the unemployment insurance programme, representing 99.2% of all enterprises. The number of participating workers was 4.8 million, representing 62.1% of the total workforce. The gross premium paid amounted to NT\$1.28 billion (about HK\$307 million), accounting for 10.5% of the national labour premium.

**Table 2 - Statistics on the Numbers of Enterprises and Workers Participating in the Unemployment Insurance Programme in Taiwan as at the End of 1999**

	<b>National Labour Insurance Programme Participants (a)</b>	<b>Unemployment Insurance Programme Participants (b)</b>	<b>(b)/(a) (%)</b>
No. of Enterprises	390 559	387 401	99.2
No. of Workers	7 738 971	4 804 183	62.1
Premium (NT\$ million)	12,105	1,276	10.5

Source: Bureau of Labour Insurance, Revised Data, Table 1-3, Table 1-11.  
<http://www.bli.gov.tw/sta/tab1-3.html>  
<http://www.bli.gov.tw/sta/tab1-11.html>

## **PART 3 - CONTENTS OF UNEMPLOYMENT BENEFITS**

### **7. Definition of Unemployed Workers**

7.1 According to the categorization by occupation in Taiwan, persons who have reached 15 years of age and fulfil the three requirements of (a) having no job; (b) available for work immediately and (c) seeking work, shall be deemed to be unemployed<sup>6</sup>. This definition is in line with that adopted by ILO.

### **8. Coverage of Unemployment Benefits**

8.1 Nationals above 15 and below 60 years of age who are insured under the labour insurance programme and have left their jobs involuntarily may apply for unemployment benefits. Qualified applicants include:

- (a) industrial workers employed by public or private factory, mine, salt field, range, pasturage, forest or tea plantation, as well as workers employed by a communication or transportation enterprise, or by a public utility;
- (b) workers employed by a company or a firm;
- (c) employees in a journalistic, cultural, non-profit organization or co-operative enterprise;
- (d) employees of government offices or public or private schools who are not legally entitled to join civil servants' insurance or the insurance of teachers and employees of private schools;
- (e) workers employed in fishing production; and
- (f) workers employed in occupations other than those listed above<sup>7</sup>.

8.2 However, employers, expatriate workers, workers with no definite employers, temporary workers, contract workers, part-time workers, persons receiving training in vocational training institutes, workers under 15 or over 60 years of age are excluded.

---

<sup>6</sup> Statistics Department, Executive Yuan of Taiwan, Terms for Labour Statistics, <http://140.129.146.192/dgbas03/bs1/31/text/non/3.htm>

<sup>7</sup> Bureau of Labour Insurance, Notes on application for unemployment benefits under the labour insurance programme.

---

## 9. Contents of Unemployment Benefits

### Standard Rate of Unemployment Benefits

9.1 Unemployment benefit payments is calculated on the basis of 60% of the average insured monthly salary of workers<sup>8</sup>, and is calculated from the fifteenth day after the date on which workers file their application to the public employment service agencies for the registration of job seeking. The payments are disbursed on a monthly basis. However, for those who have another job during the unemployment period and whose monthly income plus unemployment benefit payments are in excess of 80% of the average insured monthly salary, that excess portion will be deducted from the unemployment benefit payments. In 1999, the average monthly salary of workers was NT\$40,870<sup>9</sup> (about HK\$9,809). The insured sum for unemployment benefits should be NT\$24,522 (NT\$40,870 x 60%) (about HK\$5,885).

### Eligibility for Unemployment Benefits

9.2 If workers become unemployed when the enterprises they work for are closed, relocated, suspended from operations, transferred, disbanded, made bankrupt, downsized or due to the adjustment of the productive technology, and they are not leaving their job voluntarily to withdraw from the labour insurance programme, they may apply for unemployment benefit payments, subject to the following conditions: they have the ability to work; they have the intention to continue to work; they have participated in the labour insurance programme for two years upon leaving the job and withdrawing from the labour insurance programme; and they have filed their application to the public employment service agencies for the registration of job seeking but cannot accept the referred jobs or the arranged vocational programmes in 14 days.

9.3 Workers are not allowed to apply for unemployment benefit payments under the following conditions: they do not accept the referred jobs or the arranged vocational training programmes without proper reasons; they have another job during the unemployment period and the monthly income of the new job is in excess of the basic salary; or they are receiving a subsistence allowance.

### Application Procedures of Unemployment Benefits

9.4 After leaving their jobs, workers should bring the certification of resignation with them and apply in person to the public employment service agencies for the registration of job seeking and for the certification of unemployment<sup>10</sup>.

---

<sup>8</sup> The standard rate of unemployment benefits of Taiwan is higher than that stipulated by ILO.

<sup>9</sup> Statistics Department, Executive Yuan of Taiwan, <http://www.stat.gov.tw/esosoc/CshowData.asp>

<sup>10</sup> Certification of unemployment refers to obtaining a certificate which proves an individual is being unemployed.

9.5 The public employment service agencies will refer jobs or arrange vocational training programmes for workers within 14 days after the date of registration of job seeking. If the unemployed workers do not accept the referred jobs<sup>11</sup> or the vocational training programmes<sup>12</sup>, the public employment service agencies will then proceed to make a registration of unemployment for the unemployed workers. The public employment service agencies will refer their cases to BLI the next day for the assessment of eligibility. Upon approval, BLI will disburse the unemployment benefit payments in two to three days and transfer the money to the unemployed workers' accounts in post offices or financial institutions.

9.6 Nevertheless, unemployed workers should go to the original public employment service agencies in person for re-registration of unemployment in order to ensure their continued entitlement to unemployment benefit payments. Those who do not perform re-registration of unemployment as required, or who are no longer eligible or who have been re-employed are not allowed to apply for unemployment benefit payments.

#### Entitlement Period of Unemployment Benefits

9.7 Table 3 sets out the entitlement period of unemployment benefits. For those who have paid unemployment insurance premium for less than five years, the entitlement period is six months in five years. Those who have paid for over five years but less than 10 years, the entitlement period is 12 months in 10 years. Those who have paid for over 10 years, the entitlement period is 16 months. The shortest entitlement period is in line with the standard recommended by ILO.

---

<sup>11</sup> Unemployed workers may refuse to accept the jobs referred and recommended by the public employment service agencies under the following circumstances: (a) the salary of the referred job is lower than two-thirds of their last full month's salary of the former job; (b) the jobs referred and recommended are different or unmatched with the nature of their former job's educational attainment, training and expertise; (c) the workplace of the new job is in a county outside the intended workplace as filled in by the applicants in the certification of unemployment and unemployment benefit payment application forms or their original workplace.

<sup>12</sup> Unemployed workers may refuse to accept the vocational training programmes arranged by the public employment service agencies under the following circumstances: (a) such programmes are different or unmatched with the nature of their former job's educational attainment, training and expertise; (b) the vocational training programmes in question have already started for over three months.

**Table 3 - Entitlement Period of Unemployment Benefits**

<b>Years of Contributions</b>	<b>Maximum Entitlement Period (Months)</b>
Less than five years	6
Over five years but less than 10 years	12
Over 10 years	16

Source: Bureau of Labour Insurance, Notes on application for unemployment benefits under the labour insurance programme, <http://www.bli.gov.tw/new/new1.html>

9.8 Before the introduction of the unemployment benefits system or upon the expiry of the entitlement period of unemployment benefits, unemployed workers may apply to the local competent authority for subsistence assistance under the Social Relief Act. Subsistence assistance is a form of social relief and there is no time limit for tendering applications. The maximum amount that can be applied for amounts to 60% of the average consumption expenditure in the respective areas. For details, please refer to paragraph 12.5 below. A copy of the Social Relief Act of Taiwan is also available in the Legislative Council Library for Members' reference.

#### Penalty for Illegal Receipt of Unemployment Benefits

9.9 The Labour Insurance Act provides that in case a person receives insurance benefits through fraudulent or other improper act, or makes false certification and report, he shall be penalized. He shall be fined an amount equivalent to twice the insurance benefits received and also be liable for compensation for damages under civil law. If criminally liable, he shall also be referred to the court for indictment.

## **PART 4 - OPERATION AND MANAGEMENT OF THE LABOUR INSURANCE FUND**

### **10. Labour Insurance Fund**

10.1 Taiwan has not established any unemployment insurance fund and all unemployment benefits are paid out of the labour insurance fund instead. Therefore, the operation and management of both the unemployment insurance premium and the labour insurance fund below are stemmed from the provisions under the Labour Insurance Act in respect of ordinary injury insurance.

### **11. Unemployment Insurance Premium**

#### Rate of Unemployment Insurance Premium

11.1 When unemployment benefits under the labour insurance programme was first introduced, the guiding principle was to avoid increasing the premium to be paid by workers and employers. The premium for unemployment benefits has since been set at 1% of the monthly salary of the workers, and has been allocated from the 6.5% premium for ordinary injury.

11.2 For workers who do not fall within the coverage of unemployment protection, they will be exempted from paying the premium for unemployment benefits. In other words, the premium for ordinary injury is levied at a rate of 5.5%.

#### Ratio of Unemployment Insurance Premium Contributions

11.3 According to the Labour Insurance Act, the labour insurance premium are shared among workers, enterprises, the Taiwan government and the provincial (municipal) government. While 20% of the insurance premium has to be borne by the worker himself, the enterprise has to pay 70% and the Taiwan government and provincial (municipal) government are each responsible for paying 5%.

11.4 Taking a worker with a monthly salary of NT\$10,000 (about HK\$2,400) as an example, the labour insurance premium payable should be NT\$650 (NT\$10,000 x 6.5%) (about HK\$156), among which NT\$100 (about HK\$24) is for the payment of the unemployment insurance premium. While the worker himself has to pay NT\$130 (NT\$650 x 20%) (about HK\$31), the enterprise has to pay NT\$455 (NT\$650 x 70%) (about HK\$109) and the Taiwan government and the provincial (municipal) government have to pay NT\$32.5 (NT\$650 x 5%) (about HK\$8) each.

### Procedures for Payment of Unemployment Insurance Premium

11.5 The portion of the premium to be borne by workers is deducted by the enterprises from their salary and paid together with the portion to be borne by the enterprises to BLI before the end of the following month.

### Tax Rate of Unemployment Insurance

11.6 According to the Labour Insurance Act, all labour insurance books and accounts, documents and operational receipts and payments shall be exempt from taxation. In other words, unemployment insurance is exempt from taxation.

## **12. Sources and Expenditure of the Labour Insurance Fund**

12.1 As there is no separate unemployment insurance fund in Taiwan, unemployment benefits are paid out of the labour insurance fund instead. The labour insurance fund is derived from the following sources:

- (a) the monies earmarked in one lump sum by the government when the fund is established;
- (b) the premium and the interest income in addition to the balance after due payment of insurance benefits;
- (c) penalties on overdue premium; and
- (d) income from investment of the fund.

12.2 The labour insurance fund may be invested in bonds or deposited with national banks or government banks designated by the provincial (municipal) government. The fund may also be invested in labour insurance hospitals or labour insurance wards of public hospitals specially contracted. Moreover, the fund may be invested in any other government-authorized projects which may inure to the benefit of the fund.

12.3 The labour insurance fund shall be applied to or disposed of for the payment of insurance benefits only. The costs incurred by BLI in handling the labour insurance programme shall be disbursed by its respective provincial (municipal) government. A report on the fund's receipts, a status report on how the fund is being applied or used, and on the cumulative sum of the fund shall be submitted by BLI to the Labour Commission of the Executive Yuan for public notice on a yearly basis.

12.4 According to BLI's statistics in January 2000, since the implementation of unemployment benefits in 1999, authorized payments were made to 11 307 persons for the whole year with an amount totalled NT\$520 million (about HK\$125 million). The average monthly benefits per person was NT\$16,164 (about HK\$3,879), which was lower than 60% of the average monthly salary (that is NT\$24,522) (about HK\$5,885) but was higher than the minimum cost of living in Taiwan in 2000.

12.5 According to the Social Relief Act amended in November 1997, the standard for the minimum cost of living is set at a level equal to 60% of the average consumption expenditure in the respective areas. In 2000, the minimum cost of living in Taiwan Province is NT\$7,598 (about HK\$1,824) whereas those in the Gaoxiong Municipality and the Taipei Municipality are NT\$9,152 (about HK\$2,196) and NT\$11,625 (about HK\$2,790) respectively.<sup>13</sup>

### **13. Authorities Responsible for the Implementation of Unemployment Benefits System**

13.1 The unemployment benefits system in Taiwan forms part of the labour insurance programme. Authorities responsible for labour insurance operations include the central competent authority, that is, the Labour Commission of the Executive Yuan. It assumes the responsibility of overall co-ordination of the national labour insurance operations and setting up BLI as the insurer to handle matters relating to labour insurance.

### **14. Penalty for Against the Labour Insurance Law**

#### Penalty on Workers

14.1 Workers who do not participated in labour insurance and attend to the formalities thereof shall be fined an amount no less than NT\$100 (about HK\$24) and no more than NT\$500 (about HK\$120).

14.2 In case a worker has not paid insurance premium for more than two months, it is considered that he has withdrawn from insurance. All benefit payments received by him during the period when he owes premium contributions shall be recovered legally.

---

<sup>13</sup> Statistics Department of the Executive Yuan of Taiwan,  
<http://140.129.146.192/dgbas03/bs4/social.htm>

### Penalty on Enterprises

14.3 In case an enterprise has not paid the premium due, it can pay that within a 15-day grace period. In case the premium remains unpaid within the grace period, an additional overdue penalty at a rate of 0.2% shall be paid for each day beginning from the day after the expiry of the grace period to the day before the premium is paid in full, provided that the overdue penalty be no more than the amount of the premium.

14.4 In case the premium remains unpaid 15 days after the penalty is due, the BLI shall take legal action to recover the premium and penalties payable. The fine will also be increased to an amount equivalent to three times of the premium payable. In case the enterprise has no property or has property which is not sufficient to pay the debt, the person-in-charge shall be liable to pay compensation if he is deemed responsible for the default.

14.5 BLI temporarily suspends benefit payments to a worker from the day when legal action is taken to the day when the premium and penalties due are paid in full, except when the portion of the premium payable by the worker has already been deducted or paid to the enterprise.

14.6 An enterprise which fails to carry out labour insurance formalities for its workers shall be fined an amount equivalent to two times the premium payable for those workers from the date of employment to the date on which the labour insurance policy becomes effective. In addition, the enterprise shall indemnify the workers for any loss thus incurred according to the prescribed rate of insurance benefit payments.

14.7 In case an enterprise makes a false declaration on a worker's insured salary, it shall be fined an amount equivalent to two times the declared premium payable. It shall not only surrender any excessive insurance payment received, but also compensate the worker for any loss thus incurred.

14.8 An enterprise which refuses to comply with the demand of BLI for inspecting the name list, roster and salary schedule of its workers shall be fined an amount of no less than NT\$2,000 (about HK\$480) and no more than NT\$6,000 (about HK\$1,440).

14.9 In case a penalty remains unpaid for no cause 30 days after the notice of the fine prescribed under the relevant provision is served, the case shall be referred to the court for compulsory execution.

## **15. Supervision of Labour Insurance Operations**

15.1 According to the Labour Insurance Act, the Labour Insurance Supervisory Commission is responsible for the supervision of labour insurance operations and the settlement of insurance disputes. The Commission is composed of members from relevant government officials, workers, employers and specialists, each constituting one fourth of its membership.

## **16. Appeal Mechanism**

16.1 When unemployed workers oppose the decisions of BLI regarding the payment of their unemployment benefits, they may apply to the Labour Insurance Supervisory Commission for review within 60 days from the next day of receiving the said decisions.

## **PART 5 - ANALYSIS OF THE UNEMPLOYMENT BENEFITS SYSTEM OF TAIWAN**

17.1 Although Taiwan has established and implemented the unemployment benefits system for just one year, it has already modified the system once. We will now analyze and examine the extent of protection offered by such a system in respect of its coverage, contents of benefits, entitlement period, premium rates, management and supervision of the insurance fund and promotion of employment.

### **18. Coverage**

18.1 The unemployment benefits system covers workers who have an explicit employment relationship with their employers. They include workers employed by a transportation enterprise or a public utility, workers employed by a company or a firm, employees in a journalistic, cultural, non-profit organization or co-operative enterprise, employees of government offices or public or private schools and workers employed in fishing production. However, employers, expatriate workers, workers under 15 or over 60 years of age are excluded from the coverage. Moreover, persons receiving training in vocational training institutes are also excluded as they do not have an explicit employment relationship with their employers. The same applies to workers with no definite employers, temporary workers, contract workers and part-time workers.

18.2 According to the information provided by the Labour Commission, although not all workers covered by labour insurance are entitled to unemployment benefits at present, academics have been appointed to carry out researches on the implementation of unemployment benefits. The Commission has made suggestions to expand the coverage of unemployment benefits, raise the standard rate of benefits, extend the entitlement period for specified groups of disadvantaged workers and to study the possibility of legislating for the unemployment benefits system.

### **19. Contents of Unemployment Benefits**

19.1 Unemployment benefit payments is calculated on the basis of 60% of the average insured monthly salary and paid once a month. In principle, the rate of benefits is higher than the minimum cost of living. For workers who seek other jobs during the unemployment period and whose monthly income plus unemployment benefit payments are in excess of 80% of the average insured salary, the excess portion will be deducted from the unemployment benefit payments. As unemployment benefit payments is just one of the items under labour insurance, unemployed workers are also entitled to other benefits such as maternity, injury and sickness, medical-care, disability, old-age and death benefits according to their needs. Such benefits should be able to meet the basic needs of the unemployed workers.

## **20. Entitlement Period of Unemployment Benefits**

20.1 For workers who have paid unemployment insurance premium for less than five years, the entitlement period is six months in five years. For those who have paid for over five years but less than 10 years, the entitlement period is 12 months in 10 years. For others who have paid for over 10 years, the entitlement period is 16 months.

20.2 According to statistics, the average time taken by an unemployed worker to find a job is 23 weeks and the minimum entitlement period of unemployment benefits is six months, that is around 26 weeks. As such, the benefits can, in principle, help the unemployed workers to pay the basic living expenses while they are looking for a job.

## **21. Premium Rate**

21.1 The premium for unemployment benefits is set at 1% of the insured monthly salary of the workers and is allocated from the 6.5% premium for ordinary injury. Therefore, the premium does not add to the burden of workers, enterprises and the government.

## **22. Management and Supervision of the Insurance Fund**

22.1 The unemployment benefits system forms part of the labour insurance programme. While the Labour Commission of the Executive Yuan is responsible for the overall co-ordination of labour insurance, BLI deals with the payment of insurance benefits. Both enterprises and workers can contact BLI directly with respect to any labour insurance matters.

## **23. Promotion of Employment**

23.1 According to the information provided by the Labour Commission, unemployment benefits cannot alleviate the problem of unemployment. Such benefits are administered by way of an administrative order to offer temporary relief to the financial difficulties faced by the unemployed. Whether workers will look for jobs with the benefits secured is out of the control of the Labour Commission. It does not have any legal basis to take any action even though it may well be aware of the situation. Such being the case, the Labour Commission intends to improve the legal standing of the unemployment benefits system through the introduction of the Employment Promotion Act and to provide for mandatory vocational training during the entitlement period of unemployment benefits.

## Appendix I

### **Rules for the Implementation of Unemployment Benefits under the Labour Insurance Programme**

**(Promulgated by the Executive Yuan on 28 December, 1998  
with an order entitled Tai-87-Lau No. 63669)**

(Translation of these rules are extracted from the Website of  
Bureau of Labour Insurance , Taiwan, <http://www.bli.gov.tw/Eng>)

- Article 1** These Rules are drawn up according to Article 74 of the Labour Insurance Act (hereinafter referred to as the Act).
- Article 2** Unemployment benefits are paid to the insured persons with the citizenship of the Republic of China specified in items (1) to (5) of paragraph 1 to Article 6 of the Act.
- Article 3** Premium for the unemployment benefits is set at one percent of the current monthly insurance salary of the insured persons, and shall be adjusted and allocated within the range of six point five percent of the premium of the ordinary injury of the Act excluding unemployment payment rate before the implementation of these Rules.
- For those insured persons who are not covered by unemployment benefits, their premium for ordinary injury shall be the six point five in the above-mentioned paragraph subtracting the premium for unemployment benefits payments after the date of the implementation of these Rules.
- Article 4** After the implementation of these Rules, the insured persons may apply for unemployment benefit payments when the insured units they belong to are closed, wound up, suspended operations, transferred, disbanded, bankrupted, contracted or they are themselves incompetent to do the work due to the adjustment of the productive technology, and they are not leaving their job voluntarily to withdraw from the labour insurance program. In addition, they shall also fulfill the following conditions:

- (1) Have ability to do the work and intention to continue to work.
- (2) Have participated in the labour insurance program for two years before the date leaving the job and withdrawing from the labour insurance program.
- (3) Have filed with the public employment service institutions to apply for the job seekers registering but cannot accept the referred and recommended employment or the arranged vocational training programs in fourteen days.

For those who have left their job pursuant to the reasons specified in the preceding paragraph and withdrew from the labour insurance program, or continued to participate in the labour insurance program voluntarily within three years before the implementation of these Rules, if they still cannot engage in employment after the implementation of these Rules, may apply for unemployment assistance.

The actual operations and sources of the expenditures of the unemployment assistance referred to in the preceding paragraph shall be drawn up by the central competent authority.

**Article 5** Those insured persons with one of the following situations are not allowed to apply for unemployment benefit payments:

- (1) Do not accept the referred and recommended employment or the arranged vocational training programs without proper reasons.
- (2) Seek other job during unemployment period and the monthly income of the new job is in excess of eighty percent of the basic salary.

**Article 6** Unemployment benefit payment is calculated on the basis of fifty percent of the average of monthly insurance salary paid to the insured persons monthly and shall be paid semi-monthly.

For those who seek other job during unemployment period and whose monthly income plus unemployment benefit payment are in excess of eighty percent of the average insurance salary, that portion shall be subtracted from the unemployment benefit payments.

**Article 7** Unemployment benefits shall be paid according to the following methods:

- (1) For those who pay unemployment insurance premium after the implementation of these Rules for less than five years, the maximum duration of payment is three months and the total payment shall be six months in five years.
- (2) For those who pay unemployment insurance premium after the implementation of these Rules for over five years but less than ten years, the maximum duration of payment is six months and the total payment shall be twelve months in ten years.
- (3) For those who pay unemployment insurance premium after the implementation of these Rules for over ten years, the maximum duration of payment is eight months and the total payment shall be sixteen months.

**Article 8** After leaving their job, the insured persons shall bring the certification of leaving the job with them and apply in person to the public employment service institutions for the registration of seeking job and for the certification of unemployment. After receiving these applications, the public employment service institutions shall refer and recommend employment or arrange vocational training programs for the applicants within fourteen days after the registration of seeking job. If the institutions cannot refer and recommend employment or arrange vocational training programs within the said fourteen days, they shall complete the process of the certification of unemployment the next day and issue the formal certification of unemployment.

The certification of leaving the job shall be issued by the insured units. For those who cannot obtain the certification of leaving the job for any reason, they may apply to the local competent authorities for the issuance of those documents.

**Article 9** Unemployment benefit payment shall be calculated from the fifteen days after the date the insured persons filling the application for the registration of seeking job.

When the public employment service institutions arrange the vocational training programs in accordance with the preceding paragraph and after the expiration of the programs the applicants still cannot seek new jobs, they shall complete the process of the certification of unemployment and issue the certification of unemployment. The unemployment benefit payment shall be calculated from the next day of completing the said training program.

During the period of vocational training, employment promotion allowance shall be paid. The actual operations and sources of the expenditures of the allowance shall be drawn up by the central competent authority.

During the period of receiving the employment promotion allowance in accordance with the preceding paragraph, unemployment benefit payment shall not be applied and paid.

**Article 10** For those who continue to apply for unemployment benefit payment, they shall go to the original public employment service institutions in person to accept the recertification of unemployment. Nevertheless, for those who cannot process in person due to injury or illness, they may ask other persons to apply on their behalf with a written statement of reasons and other related certificates provided for by the medical service institutions.

For those who have not been recertified by the original public employment service institutions, the insurer shall suspend the unemployment benefit payments.

The related matters concerning the certification and recertification of unemployment shall be drawn up by the central competent authority.

**Article 11** For those who have income from other job during the period of unemployment or receiving unemployment benefit payments, they shall inform the original public employment service institutions when applying for the certification of unemployment or processing the recertification of unemployment.

**Article 12** Within three days after the date of reemployment, receiver of the unemployment benefit payments shall notify the original public employment service institutions and the insurer.

**Article 13** Applicant for unemployment benefit payments in accordance with these Rules shall prepare the following documents to file their applications:

- (1) Unemployment benefit payment application form.
- (2) Certification of unemployment or recertification of unemployment issued by the public employment service institutions.
- (3) Receipts of the payment for unemployment insurance benefits.

**Article 14** These Rules shall be in practice in Taiwan Area.

**Article 15** These Rules shall be put into practice from January 1, 1999.

**Appendix II**

Since there is no English translation for these rules,  
please refer to the original version in the Chinese edition of this report.

---

**References:**

1. 台灣勞工保險局，《勞工保險失業給付申請須知》，1999年3月
2. 台灣勞工保險局，《勞工保險失業給付申請須知》，1999年8月
3. 台灣勞工保險局，最新動態，<http://www.bli.gov.tw/new/new1.html>
4. 台灣勞工保險局，新版數據篇，1999年12月
5. 台灣勞工保險局，詳細數據資料篇，1999年12月
6. 台灣勞工保險局，《勞工保險條例》，<http://www.bli.gov.tw/cgi-bin/>
7. 台灣勞工保險局，就業輔助金實施作業要點，[http://www.bli.gov.tw/law/law\\_b-1-11-1-1.html](http://www.bli.gov.tw/law/law_b-1-11-1-1.html)
8. 台灣行政院主計處，我國政府社會福利支出概況及對所得重分配效果，<http://140.129.146.192/dgbas03/bs4/social.htm>
9. 台灣行政院主計處，<http://www.stat.gov.tw/ecosoc/CShowData.asp>
10. 台灣行政院主計處，88年勞工保險失業給付5.2億元，國情統計通報（第032號），<http://140.129.146.192/dgbas03/bs3/report/n890217.htm>
11. 台灣行政院主計處，勞工統計名詞，<http://140.129.146.192/dgbas03/bs1/31/text/non/3.htm>
12. 台灣行政院主計處，社會保障及福利統計名詞，<http://140.129.146.192/dgbas03/bs1/31/text/non/7.htm>
13. 台灣行政院主計處，其他地理，人口及社會統計名詞，<http://140.129.146.192/dgbas03/bs1/31/text/non/8.htm>
14. 台北市政府勞工局就業服務中心，失業給付提高為月投保薪資60%，節錄自工商時報，1999年6月2日
15. 苦勞資料庫，勞保失業給付今天起擴大適用對象，節錄自中央社，1999年8月1日，<http://ip-148-027.shu.edu.tw/news/990802/99080227.html>

16. 中國時報，「政院版」保障陽春，勞陣自力「救濟」，1999年12月25日，<http://www.techisland.com.tw/news/ctimes/1225/ceconomy/87122502.htm>
17. 中國時報，勞保失業給付明年元旦起實施，1998年12月25日，<http://www.techisland.com.tw/news/ctimes/1225/ceconomy/87122501.htm>
18. 香港特別行政區政府統計處，《香港統計月刊》，2000年1月