

Law of the PRC on the Protection of Investments by Taiwan Compatriots

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Adopted at the 6th Session of the Standing Committee of the 8th National People's Congress on March 5, 1994; amended for the first time in accordance with the Decision on Amending Certain Laws adopted at the 10th Session of the Standing Committee of the 11th National People's Congress on August 27, 2009; amended for the second time in accordance with the Decision on Amending the Law of the People's Republic of China on the Protection of Investments by Taiwan Compatriots adopted at the 15th Session of the Standing Committee of the 13th National People's Congress on December 28, 2019
Effective: March 5, 1994 (current version effective January 1, 2020)

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Articles 1–7

Article 1 — This Law is enacted for the purposes of protecting and encouraging investment by Taiwan compatriots and promoting economic development on both sides of the Taiwan Strait.

Article 2 — Investment by Taiwan compatriots shall be governed by this Law. Where this Law is silent, the provisions of other relevant state laws and administrative regulations shall apply.

For the purposes of this Law, "investment by Taiwan compatriots" means investment made by companies, enterprises, other economic organizations, or individuals of the Taiwan region as investors in other provinces, autonomous regions, and municipalities directly under the Central Government.

Article 3 — The state shall protect the investment, investment returns, and other lawful rights and interests of Taiwan compatriot investors in accordance with the law.

Taiwan compatriot investors must abide by state laws and regulations and shall not harm the public interest of the state.

Article 4 — The state shall not nationalize or expropriate the investment of Taiwan compatriot investors. Under special circumstances, where it is necessary to expropriate the investment of Taiwan compatriot investors for the needs of the public interest, such expropriation shall be carried out in accordance with legal procedures and corresponding compensation shall be provided.

Article 5 — The invested property, industrial property rights, investment returns, and other lawful rights and interests of Taiwan compatriot investors may be transferred and inherited in accordance with the law.

Article 6 — Taiwan compatriot investors may invest in convertible currencies, machinery, equipment, components, parts, and other physical objects, or may invest in the form of industrial property rights, know-how, and other property rights.

Taiwan compatriot investors may use investment returns for reinvestment.

Article 7 — Taiwan compatriot investors may establish enterprises with all of their capital being the investment of Taiwan compatriots, or may establish enterprises jointly with companies, enterprises, other economic organizations, or individuals outside the Taiwan region.

Taiwan compatriot investors may also adopt other investment forms prescribed by laws, administrative regulations, or the State Council.

The approval for the establishment of enterprises with investment by Taiwan compatriots shall be handled in accordance with state provisions.

Articles 8–16

Article 8 — Enterprises with investment by Taiwan compatriots shall carry out their operation and management activities independently within the scope permitted by laws and administrative regulations and approved contracts and articles of association, and shall not be subject to interference.

Article 9 — Enterprises with investment by Taiwan compatriots established in accordance with the law shall enjoy preferential treatment in accordance with the relevant provisions of the State Council on encouraging investment by Taiwan compatriots.

Article 10 — Taiwan compatriots who invest in the central and western regions of the mainland may enjoy preferential treatment in accordance with relevant state provisions.

Article 11 — The lawful profits, other lawful income, and funds obtained by Taiwan compatriot investors after the liquidation of their enterprises may be remitted abroad in accordance with the law.

Article 12 — Taiwan compatriot investors may entrust their relatives or friends as their agents for investment affairs.

Article 13 — Enterprises with investment by Taiwan compatriots shall establish trade union organizations in accordance with laws and administrative regulations, safeguard the lawful rights and interests of their employees, and provide necessary conditions for trade union activities.

Article 14 — Taiwan compatriot investors and enterprises with investment by Taiwan compatriots may join legally established associations of enterprises with investment by Taiwan compatriots and carry out lawful activities of such associations.

The lawful rights and interests of associations of enterprises with investment by Taiwan compatriots shall be protected by law.

Article 15 — Where a dispute arises between a Taiwan compatriot investor and a company, enterprise, other economic organization, or individual outside the Taiwan region in relation to an investment, the parties may resolve the dispute through consultation or mediation.

Where the parties are unwilling to resolve the dispute through consultation or mediation, or where consultation or mediation fails, they may submit the dispute to an arbitration institution for arbitration or file a lawsuit in a people's court in accordance with the arbitration clause in the contract or a written arbitration agreement reached after the dispute arises.

Article 16 — This Law shall come into force on the date of promulgation.

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