

# **Law for the Development of the Cultural and Creative Industries**

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Ref. No.: Hua-Zong-Yi-Yi-Zi 09900022451

## **Chapter 1 General Principle**

**Article 1** This Act is enacted to foster the development of Cultural and Creative Industries, to establish a social environment with abundant culture and creativity, to utilize the technology and create researches and developments, to strengthen talent cultivation of the Cultural and Creative Industries, and to actively exploit the domestic and overseas market.

The development of Cultural and Creative Industries shall proceed pursuant to the provisions in this Act. If there exists more favorable provisions than the content of this Act, the said provisions shall apply.

**Article 2** To promote the Cultural and Creative Industries, the Government shall strengthen artistic creation and cultural preservation, reinforce the combination of culture and technology, emphasize on a balance development between cities, counties and regions, value local characteristics, elevate the citizens' capacity for cultural appreciation, and enhance the popularity of cultural art so to comply with the international trends.

**Article 3** The "Cultural and Creative Industries" referred to in this Act means the following industries that originate from creativity or accumulation of culture which through the formation and application of intellectual properties, possess potential capacities to create wealth and job opportunities, enhance the citizens' capacity for arts, and elevate the citizens' living environment:

1. Visual art industry
2. Music and performance art industry
3. Cultural assets application and exhibition and performance facility industry
4. Handicrafts industry
5. Film industry

6. Radio and television broadcast industry
7. Publication industry
8. Advertisement industry
9. Product design industry
10. Visual communication design industry
11. Designer fashion industry
12. Architecture design industry
13. Digital content industry
14. Creativity living industry
15. Popular music and cultural content industry
16. Other industries as designated by the central Competent Authority.

The content and scope of the industries in the preceding paragraph are to be stipulated by the central Competent Authority in consultation with the central relevant competent authorities.

- Article 4     The “Cultural and Creative Enterprise” referred to in this Act means a legal entity, partnership, sole proprietorship or individual engaging in Cultural and Creative Industries.
- Article 5     The “Competent Authority” referred to in this Act refers to the Council for Cultural Affairs of the Executive Yuan in the central government, the municipality government in municipalities, and county government in counties.
- Article 6     The central Competent Authority shall formulate a development policy for Cultural and Creative Industries and review and revise the policy every four years for the Executive Yuan’s approval so as to be the policy basis to promote the development of Cultural and Creative Industries.

The central Competent Authority shall, in conjunction with the central authority in charge of the end enterprise concerned, establish a statistical scheme on the Cultural and Creative Industries and publish annual report on Cultural and Creative Industries every year.

Article 7 To promote the development of the cultural and creative industry, the Government shall contribute to establish the Cultural and Creative Industry Development and Research Institute. The establishment rule thereof is to be stipulated otherwise.

Article 8 The Government shall endeavor to develop Cultural and Creative Industries, and secure the relevant and necessary funds.

Article 9 Certain portion of the National Development Fund shall be withdrawn to invest in Cultural and Creative Industries.

The regulations governing the review and approval of the investment in the preceding paragraph, withdrawal scheme, achievement index and the relevant matters are to be stipulated by the central Competent Authority in conjunction with the authority in charge of the end enterprise concerned.

Article 10 The Government shall promote the concept that cultural creativity is valuable fully exploit and utilize cultural and creative assets, and further implement the related policies.

When the economic utility of the expenditures spent by the Government on tangible or intangible cultural and creative assets exceeds two years, the amount of that expenditure shall be earmarked as an expense budget of capital items.

Each central authority in charge of the end enterprise concerned shall stipulate varieties of incentive or measures of assistance to support public and private companies along with Cultural and Creative Enterprises, and to convert creative works and cultural and creative assets to actual production or application.

Article 11 To nurture cultural and creative enterprise talents, the Government shall fully exploit and exercise the human resource of cultural creativities, integrate varieties of teaching and research resource, and encourage Cultural and Creative Industries to proceed with cooperation on research and talent cultivation between industries, government and academia.

The Government may assist local governments, colleges and Cultural and Creative Enterprises to enrich cultural and creative talents, encourage the establishment of relevant developmental facility in respect of Cultural and Creative Industries, establish related courses, or proceed with creative experiments, creations, exhibitions and performances.

## **Chapter 2 Assistance, Reward and Subsidy scheme**

Article 12 The Competent Authority and the central authority in charge of the end enterprise concerned may provide Cultural and Creative Enterprises with suitable assistances, rewards or subsidies in respect of:

1. Formation of legal entity and relevant tax statement registration
2. Creation or research and development of products or services
3. Entrepreneurship and incubation
4. Improvements on agency system in the Cultural and Creative Industry
5. Circulation and application of intangible assets
6. Upgrade of operation and management capacity
7. Application of information technology
8. Cultivation of professional talents and recruitment of international talents
9. Enhancement of investment and commercial participants
10. Collaborative cooperation of enterprises
11. Expansion of markets
12. International cooperation and communication
13. Participation in domestic and overseas competition
14. Industry cluster
15. Utilization of public real estates
16. Collection of industry and market information
17. Promotion and dissemination of fine cultural and creative products or services
18. Protection and application of intellectual property rights
19. Assistance of reviving cultural and creative products and services
20. Other promotional matters on enhancing the development of Cultural and

## Creative Industries.

The regulations regarding the subject, qualification, application scope, application procedure, review standard, revocation, abolishment of subsidy and other relevant matters of the assistances, rewards or subsidies indicated in the preceding paragraph are to be stipulated by the central authorities in charge of end enterprises concerned.

Article 13 To elevate the citizens' capacity for art and cultivate the popularities of cultural and creative activities, the Government shall provide schools which are below the senior high school level with artistic and cultural creativity appreciation courses and arrange for relevant educational activities.

Article 14 To promote the consumption habits relating to arts and invigorate the Cultural and Creative Industries, the central Competent Authority may earmark budgets to subsidize students viewing and appreciation of artistic and cultural exhibition and performance, and issue and distribute tickets to artistic and cultural experience events.

The target of the aforementioned subsidy and ticket distribution and the implementation regulations thereof are to be stipulated by the central Competent Authority.

Article 15 The Government shall encourage the Cultural and Creative Enterprises to provide original products or services at favorable prices so to develop domestic Cultural and Creative Industries, and the price difference between the original price and the favored one are to be subsidized by the central Competent Authority.

The identification and subsidy regulations regarding the original products or services scope in the preceding paragraph are to be stipulated by the central Competent Authority.

Article 16 The central authorities in charge of the end enterprises concerned may reward or subsidy the public to provide suitable space, set up each kind of creation, incubation and exhibition and performance facility for usage by the Cultural and Creative Enterprises.

The reward or subsidy regulations in the preceding paragraph are to be stipulated by the central authorities in charge of the end enterprises concerned.

Article 17 When the Government procures cultural and creative products or services via the method of public selection, the creativity and arts of the cultural and creative

products or services may be included as part of the evaluation factors.

Article 18 The competent authorities in charge of the stations or the relevant facilities of public transportation systems shall preserve certain percentage of advertisement space at the said stations or on the relevant facilities as priority space for cultural and creative products or services. The advertisement space shall be offered at a favorable price. The percentage and usage fee thereof are to be stipulated by the Competent Authority.

Article 19 The central Competent Authority shall coordinate with the related governmental departments, financial institutions, and credit guarantee institutions to establish an investment, loan, and credit guarantee scheme for the Cultural and Creative Enterprises, and shall provide favorable measures to induce the infusion of private funds to support those Cultural and Creative Enterprises in various operational stages to acquire their needed funds.

The Government shall encourage business enterprises to invest in Cultural and Creative Industries so to facilitate the cross-field communication in the areas of operation strategy and management experience.

Article 20 To encourage Cultural and Creative Enterprises to establish their own brands and actively cultivate the international markets, the central relevant competent authorities in charge of end enterprises concerned may coordinate with each of their overseas offices to assist the Cultural and Creative Enterprises in establishing international brand image, attending reputable international exhibitions and performances, competitions, expositions, cultural arts festivals, etc., expanding the related international markets, and promoting sales.

Article 21 To foster the development of Cultural and Creative Industries, the Government may provide public cultural and creative assets that are under the custody and management of the Government, and such assets may include books, historical documentations, preserved cultural and historical relics or video and radio information, by leasing, authorizing or through other measures so long as it does not violate the relevant regulations on intellectual property right.

The management authority that provides the public cultural and creative assets in accordance with the preceding paragraph shall create an inventory list on assets that are being provided to the public, and shall publicize the said inventory information in a suitable manner.

The management authority may preserve a portion of the benefits gained through its compliance with the first paragraph and spend it on management maintenance, technology research and development, and talent cultivation. Such expenditures are exempted from the restriction set forth in Article 7 of National Property Act and local government regulations on public property management.

If public cultural and creative assets are utilized for non-profit purpose, the management authority may provide the user with favorable prices.

The regulations or municipal rules regarding the lease, authorization, benefit preservation and other relevant matters of public cultural and creative assets are to be stipulated by the central authorities in charge of the end enterprises concerned, municipality or county (city) competent authorities.

Article 22 To assist in securing locations for cultivating and supporting artistic creators and their exhibition and performance, and when the required real estate is publicly owned but not for public use, such real estate may be directly leased by the management authority in charge after the approval of the relevant competent authorities in charge of the end enterprises concerned. Such lease is to be exempted from the restriction stipulated in Article 42 of National Property Act and local government regulations on leasing methods of public property management.

Article 23 For a pledge on copyright originated from the Cultural and Creative Industries, the establishment, transfer, alteration, extinguishment or disposition restriction on that pledge may be registered with the copyright competent authority. If the pledge is not registered, such pledge will not be a valid defense against any bona fide third party. The foregoing provision will not apply if the pledge is extinguished by reason of a merger, or is extinguished by the extinguishment of the copyright or the guaranteed credit right.

Any person may apply to review the preceding content registered.

The registration regulation in the preceding first paragraph and the review regulation in the preceding second paragraph are to be stipulated by the Competent Authority under the Copyright Act.

The copyright competent authority may appoint private institutions or groups to deal with the matters stipulated in the preceding first and second paragraphs.

Article 24 If a copyright user uses its best effort but fails to obtain a valid authorization from

the copyright owner due to either the identity or the location of the copyright owner being unknown, the user shall clarify the reason for its failure to obtain such valid authorization to the copyright competent authority. After the completion of an investigation conducted by the copyright competent authority and if as a result of the investigation the user has obtained the permission and authorization from the copyright competent authority, the user may utilize the work within the permitted scope if it has withdrawn the amount needed for usage remuneration.

The copyright competent authority shall pronounce the authorization permission in the preceding paragraph with suitable method and publish it on the government report.

The usage remuneration amount in the first paragraph shall be commensurate with the freely negotiated amount of reasonable and payable usage remuneration for a general work.

A replica of cultural and creative products which is made by obtaining the authorization and permission in accordance with the first paragraph shall indicate the permission date, number and the qualification and scope of the permissible usage issued by the copyright competent authority.

The regulations regarding the application of permission and calculation method of usage remuneration in the first paragraph and other matters which shall be complied with are to be stipulated by the Competent Authority under the Copyright Act.

After obtaining the permitted authorization based on the first paragraph, if any inaccuracy on the application is found, the copyright competent authority shall revoke the permission.

After obtaining the permitted authorization based on the first paragraph, if the user fails to utilize the work in compliance with the methods permitted by the copyright competent authority, the copyright competent authority shall rescind the permission.

Article 25 The Government shall support in the establishment of cultural and creative villages, and shall as a priority assist core creative and independent workers to situate in the said villages. The Government shall, through the clustering effect by involving different groups, further promote the development of Cultural and Creative Enterprises.



### **Chapter 3 Tax Incentives**

Article 26 If a profit-seeking enterprise contributes and donates for the reasons stipulated in the following and in an amount that is below NTD 10,000,000 or ten percent of the amount of its income, such contribution and donation may be considered as expenses or losses of the year of payment that are exempted from the restriction in Sub-paragraph 2 of Article 36 of Income Tax Act:

1. Purchasing products or services originated by domestic Cultural and Creative Enterprises, and donating to the students or minority groups through schools, departments or other groups.
2. Cultural and creative activities held in distant regions.
3. Donating Cultural and Creative Enterprises to establish an incubation center.
4. Other matters identified by the central Competent Authority

The implementation regulations in the preceding paragraph will be stipulated by the central Competent Authority and the central authorities in charge of the end enterprises concerned.

Article 27 To enhance the creativity of Cultural and Creative Industries, companies may deduct or exempt from the payable tax by reason of their investment expense in research and development of cultural creativity and talent cultivation in accordance with relevant tax acts or other regulations.

Article 28 If the machinery and equipment imported from abroad by a cultural and creative enterprise for its own use are not currently manufactured by local manufacturers as specifically verified by the Ministry of Economic Affairs, they shall be exempted from import duties.

### **Chapter 4 Appended Provisions**

Article 29 The enforcement rules of this Act are to be stipulated by the central Competent Authority.

Article 30 The effective date of this Act is to be stipulated by the Executive Yuan otherwise.