

Civil Society Parallel Report on Taiwan's Implementation of the United Nations Convention against Corruption (UNCAC)

Third Review Cycle: From Legal Compliance to Integrity Governance

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1. Executive Summary

Taiwan has undertaken substantial voluntary efforts to implement the principles and obligations embodied in the United Nations Convention against Corruption (UNCAC), despite not being a member of the United Nations and constant exclusion from formal participation in the United Nations system. By voluntarily enacting the Act to Implement UNCAC in 2015, publishing periodic implementation reports, and inviting international experts for independent reviews, Taiwan has demonstrated a sustained commitment to transparency, accountability, and good governance. Since voluntarily incorporating the United Nations Convention against Corruption (UNCAC) into domestic law through the Act to Implement UNCAC in 2015, Taiwan has sought to align its anti-corruption framework with internationally recognized standards despite its exclusion from formal participation in the United Nations system.

Taiwan's publication of periodic UNCAC implementation reports and its practice of inviting international experts to conduct independent reviews have demonstrated a strong commitment to transparency and continuous improvement. The first national report emphasized the domestication of UNCAC and the establishment of a comprehensive anti-corruption legal and institutional framework. It outlined the respective responsibilities of agencies involved in prevention, enforcement, international cooperation, and asset recovery. The second national report highlighted a series of important legislative reforms, including amendments to the Money Laundering Control Act, Conflict of Interest Prevention Act, Political Donations Act, Government Procurement Act, Company Act, and Criminal Code, as well as the establishment of stronger mechanisms for beneficial ownership disclosure and international legal cooperation.

As an active local chapter working closely with various government agencies in the fight against corruption, we truly hold that Taiwan's anti-corruption framework compares favorably with advanced democracies and exceeds regional norms in the Asia-Pacific region. Significant milestones have been realized in public sector ethics, digital governance, open government initiatives, and political finance regulation.

However, as corruption risks evolve in an increasingly digitalized and

interconnected environment, Taiwan notwithstanding faces a critical transition. While the first cycle (2018) focused on legal domestication and the second cycle (2022) emphasized institutional strengthening and money-laundering controls, the Third Review Cycle must answer a more mature question: *Has Taiwan moved from formal legal compliance toward effective integrity governance and measurable anti-corruption outcomes?*

The following comprehensive Civil Society Parallel Report synthesizes the legal frameworks, structural critiques, and cutting-edge operational breakthroughs (such as the Integrity Awards, digital risk-prevention systems leveraging AI & data analytics, and procurement integrity platforms involving multi-agency & stakeholders) into a unified, strategic document. Important structural challenges remain. These include an overly compliance-oriented administrative culture, institutional fragmentation, uneven local implementation, insufficient lobbying transparency, private-sector corporate gaps, and emerging risks associated with Artificial Intelligence (AI) and automated public systems. This parallel report recognizes Taiwan's notable progress since the first and second review cycles, its robust institutional foundation, pioneering breakthroughs and the accompanying innovative practices, while at the same time charting necessary legal and structural reforms to achieve full alignment with the spirit of the UNCAC.

Progress Since the First and Second Review Cycles

Taiwan has achieved significant progress in strengthening its anti-corruption architecture. The establishment of the Agency Against Corruption (AAC) as the central coordinating body has contributed to greater coherence in anti-corruption policy development. The National Integrity Building Action Plan has provided a government-wide framework for implementing preventive measures, while ethics units throughout government agencies have promoted integrity education, corruption prevention, and conflict-of-interest management.

Particularly noteworthy are reforms implemented since the second review cycle. Amendments to the Company Act introduced requirements for disclosure of substantial beneficial ownership information, thereby increasing corporate transparency and supporting anti-money laundering efforts. Similarly, amendments to the Political Donations Act expanded public disclosure obligations, while revisions to the Conflict of Interest Prevention Act broadened the scope of covered officials and strengthened recusal requirements.

Taiwan has also strengthened its legal framework for international cooperation through the Mutual Legal Assistance in Criminal Matters Act and enhanced its anti-money laundering regime in accordance with international standards. These reforms have contributed to Taiwan's successful participation in international efforts to combat transnational crime, corruption, and illicit financial

flows.

Furthermore, Taiwan's commitment to open government and digital governance has created opportunities for corruption prevention through transparency. Open data initiatives, electronic procurement systems, and public participation platforms have enhanced access to government information and strengthened civic oversight.

Collectively, these developments demonstrate that Taiwan has become one of the more institutionally advanced anti-corruption jurisdictions in East Asia, and manifested in the progress of Corruption Perception Index (CPI) global ranking from 31(score 63) in 2018 to 24 (score 68) in 2025, marking the best ever result.

Strengthening the Foundations of Integrity

One of Taiwan's greatest achievements over the past two decades has been the gradual construction of a comprehensive anti-corruption framework. Taiwan has enacted a broad range of legislation addressing corruption prevention, detection, and enforcement. These include the Anti-Corruption Act, the Government Procurement Act, the Political Donations Act, the Public Functionaries Property Disclosure Act, the Conflict of Interest Prevention Act, and the Lobbying Act. Together, these laws provide the legal foundation for promoting ethical conduct and preventing abuse of public office.

Institutionally, Taiwan has established multiple oversight bodies responsible for safeguarding public integrity. The Agency Against Corruption, operating under the Ministry of Justice, serves as the primary anti-corruption agency. Additional responsibilities are shared by the Investigation Bureau, prosecutorial authorities, the Control Yuan, and auditing institutions. This multi-layered governance structure reflects a strong commitment to accountability and oversight. Nevertheless, Taiwan's institutional framework remains somewhat fragmented. Multiple agencies share anti-corruption responsibilities, which can create coordination challenges and dilute accountability. Furthermore, anti-corruption efforts continue to focus heavily on investigation and prosecution, while comparatively less attention is devoted to systematic corruption prevention and evaluation of policy effectiveness.

From a Transparency International perspective, future reforms should seek to strengthen coordination among integrity institutions, establish measurable performance indicators for anti-corruption programs, and enhance public reporting regarding implementation outcomes.

Promoting Public Sector Integrity and Preventing Corruption

UNCAC places significant emphasis on preventive measures, recognizing that corruption is best addressed before it occurs. Taiwan has made considerable

progress in this regard through the establishment of ethics officer systems, integrity promotion programs, and corruption risk assessment mechanisms across government agencies. Over the past two decades, Taiwan has enacted a comprehensive suite of anti-corruption legislation, including the Anti-Corruption Act, Government Procurement Act, Political Donations Act, Public Functionaries Property Disclosure Act, Conflict of Interest Prevention Act, and the Lobbying Act. Vertically, oversight is distributed across a multi-layered structure consisting of the Agency Against Corruption (AAC) under the Ministry of Justice, the Investigation Bureau, prosecutorial authorities, the Control Yuan, and auditing institutions.

Worthy of mention is the development of integrity platforms for major public construction projects. These platforms bring together government agencies, contractors, civil society organizations, and oversight bodies to identify corruption risks and promote transparency throughout project implementation. Such initiatives reflect an increasingly preventive approach to corruption management and align closely with international best practices advocated by Transparency International. Taiwan has also invested substantial resources in anti-corruption education and public awareness campaigns. Government agencies routinely conduct ethics training and integrity promotion activities aimed at strengthening ethical culture within the public service.

Despite these achievements, implementation remains uneven across different levels of government. While central government agencies generally possess greater capacity and resources, local governments often demonstrate varying levels of commitment and effectiveness. Moreover, existing integrity systems frequently emphasize procedural compliance rather than broader organizational culture and ethical leadership. Future reforms should therefore focus on evaluating whether integrity mechanisms genuinely influence behavior and reduce corruption risks, rather than simply measuring compliance with administrative requirements.

The Integrity Awards (or sometimes called the Transparency Crystal Awards-透明晶質獎)

To directly address the 2018 UNCAC international review concluding observations, which recommended incentive-based evaluations for public entities, Taiwan successfully institutionalized the Integrity Awards (透明晶質獎). Following pilot programs run by the AAC from 2019 to 2022, gathering trial data across 61 participating agencies, the initiative graduated into a formal national-level award backed by the Executive Yuan in 2023. Agencies are rigorously assessed and evaluated across five core dimensions: Determination from the Top, Administrative and Information Transparency, Risk Prevention and Accountability, Specific Integrity Effectiveness, and Integrity Innovation and Diffusion. The past

three consecutive awards demonstrate a clear evolution in maturity:

1. **The 1st Integrity Awards (2023)**

- **Setting the National Benchmark:** Successfully transitioned the program from a localized pilot into a rigid, multi-stage screening process involving strict written evaluations and on-site validation by independent committees.
- **Targeting High-Risk Sectors:** Highlighted structural turnarounds in agencies dealing with high-exposure public operations—such as land development, local taxation, and regional environmental engineering—by embedding real-time electronic transaction trails to eliminate backroom negotiations.

2. **The 2nd Integrity Awards (2024)**

- **Integrating Public Enterprises:** Broadened the scope beyond traditional administrative bodies, heavily involving state-owned enterprises and administrative legal persons to secure fairness in large-scale national procurement and supply chains.
- **The Taiwan Transparency Forum:** Coinciding with the awards ceremony on UN International Anti-Corruption Day, Taiwan hosted global anti-corruption experts to map local transparency practices directly against international benchmarks, boosting Taiwan's reputation in global transparency indexes.

3. **The 3rd Integrity Awards (2025)**

- **Refined Categorization:** The evaluation matured by splitting recognition into distinct tracks: "Outstanding Government Agency" (for holistic institutional integrity) and "Innovative Integrity Measures" (for specific technological or procedural anti-corruption breakthroughs).
- **Massive Digitization Scaling:** Highlighted by major winners like the Bureau of National Health Insurance and Taipei Customs, this iteration celebrated the successful automation of risk-detection. For example, the Taipei City Department of Rapid Transit Systems (DORTS) won for its user-friendly rental/sales platforms and open land-development information tracking systems, proving that complex infrastructure projects can maintain a clean sheet through sheer data transparency.

Risk-prevention and Transparency Enhancement empowered by digital and AI technology

Taiwan is widely recognized as a global leader in open government innovation. However, as the public sector undergoes rapid digital transformation, traditional anti-corruption frameworks must adapt to face emerging integrity risks stemming from automated decision-making and artificial intelligence.

Benchmark departments recognized by the **Integrity Awards** have aggressively leveraged digital transformation to move from passive, reactive compliance to active, automated risk prevention:

1. Automated Fraud Detection & AI Auditing

Instead of relying solely on reactive whistleblower reports, advanced data analytics and machine learning are deployed directly into government procurement, transactions, and licensing.

- **AI Customs & Smart Smuggling Prevention:** Evaluated highly in recent award iterations, the Taipei Customs introduced AI-assisted smuggling detection. By scanning massive arrays of cargo paperwork and historic trade lanes, machine learning profiles risk scores for incoming containers. This eliminates arbitrary human selection or individual inspector targeting, standardizing national security and trade compliance.
- **Procurement Bid-Rigging Analysis:** Agencies utilize AI-driven data filtration and pattern recognition to cross-reference bidding timelines, network addresses (IPs), and tender documents. The software can automatically flag artificial bidding networks, "fake bidders," or suspicious bidding prices before public contracts are formally awarded.

2. Algorithmic Risk-Prevention & Real-time Warning Systems

Agencies now build algorithmic models to detect institutional anomalies, creating automated guardrails that prevent internal malfeasance.

- **Healthcare Claim Auditing:** The Bureau of National Health Insurance has integrated deep-learning algorithms to map patient files against historical medical codes. If a hospital submits an irregular reimbursement request that deviates from clinical baselines, the system flags the claim automatically for institutional review, preventing fraud and eliminating personal bias in healthcare audits.
- **Contract and Variance Alerts:** Winners across infrastructure engineering utilize real-time cloud monitoring to oversee physical construction and river dredging. If project parameters or contract spending patterns deviate from preset mathematical metrics, automated notifications require explicit, transparent rationale upload.

3. Open Data Dashboards and Eliminating Human Discretion

To remove the potential for bribery, agencies use digital platforms to make complex bureaucratic tracking simple, direct, and completely viewable by the public.

- **New Taipei Property "i-Land" Portal:** The New Taipei City Government Land Administration Bureau achieved top-tier benchmark status by launching an intuitive, public-facing portal. By putting real-time property transactions and development processes directly into the hands of the public, the city created transparent land trails that effectively block closed-door negotiations.
- **Taipei City's Clean Tech Ecosystem:** The Taipei City Department of Information Technology (DOIT) developed centralized smart city dashboards and open-data warehouses. By inviting citizen hackers via municipal hackathons, they

encourage public accountability and ensure government data is both public and impossible to manipulate internally.

4. **Salient Case: Cloud-Driven Defense at the Water Resources Agency (WRA)**

The WRA and its regional River Management Branches achieved top-tier "Award of Excellence" honors by fundamentally migrating high-risk river engineering and dredging operations onto an immutable cloud architecture, successfully removing human discretion from an industry historically vulnerable to collusion and illegal gravel theft:

1. **3D Drone Mapping:** Unmanned Aerial Vehicles (UAVs) conduct precision 3D topological surveys of dredging sites. Data is uploaded to a secure cloud platform where automated algorithms calculate exact earthwork volumes, eliminating the opportunity for field inspectors or contractors to alter reporting figures.
2. **Smart Automated Gates:** Checkpoints at remote dredging entry/exit corridors are fortified with AI-enabled cloud cameras utilizing Automated License Plate Recognition (ALPR). The gates cross-reference vehicles against a secure whitelist; unapproved trucks trigger immediate cloud alerts to regional law enforcement.
3. **Real-Time GPS & Geo-Fencing:** Every gravel transport vehicle is legally outfitted with an active GPS transponder linked to the Dredging Management Information Cloud System. If a truck takes an unapproved detour or idles near a high-risk illegal dumping point, geo-fencing algorithms automatically trigger a compliance violation.
4. **"River Convenience" Public Portals (河川便利通):** The public portals are designed to make water resource data, applications, and public river services accessible and transparent. Live CCTV feeds from active river infrastructure sites are piped straight to the open internet, enabling civic groups, local residents, and journalists to verify operations in real time.

Civil society strongly encourages Taiwan to build on these successes by formulating formal AI integrity standards, ensuring algorithmic transparency, and mandating rigorous corruption risk assessments for high-risk digital procurement projects.

Public Procurement Oversight: Government Procurement Integrity Platforms

Risks are very common in public projects and public works. Various risks associated with public construction projects such as financial risks, environmental risks, socio-economic and construction related risks are well studied and incorporated into construction project management. Yet, less codified into public project management is the risk associated with corruption, and particularly, the behaviors antecedent of corruption cases such as influence peddling, illegal lobbying, collusion in bidding process, and undue political interference. For a long period of time, the majority of corruption cases in Taiwan were related to public procurement for construction and infrastructure projects. According to the Country Risk Report published by Risk & Compliance portal, the only corruption risk being labeled as high is the public procurement. Government Procurement Integrity Platform is an innovative arrangement designated for deterring persistent threats of bid-rigging, tailor-made tender specifications, opaque post-award contract modifications, and political interference in major public works or infrastructure projects.

While electronic procurement systems have significantly improved base-level transparency, Taiwan's most innovative structural defense is the **Government Procurement Integrity Platforms** (機關採購廉政平臺). Established by the Executive Yuan and managed by the AAC, this architecture fundamentally shifts the role of prosecutors from post-crime investigators to front-line shields embedded *before and during* active procurement and construction phases.

Core Operational Mechanics

- **Four-Pronged Strategy:** The platform coordinates active networks between the procuring agency, the District Prosecutor's Office, the AAC, the Ministry of Justice Investigation Bureau (MJIB), the National Audit Office, private contractors, and civic watchdogs like local chapter from Transparency International.
- **Direct Judicial Connection:** When an infrastructure project triggers a high-value or high-risk classification, a Lead Prosecutor (主任檢察官) is officially assigned to the working group. If a public servant or field engineer faces external threats or political pressure, the issue is escalated directly to the liaison prosecutor during regular risk meetings, enabling swift criminal inquiries before the project is compromised. This legal insulation creates a safe environment for honest public servants.
- **Major Contributions of the Platform:** From the lessons learned in projects implementing the platform, the platform contributes to cross-boundary cooperation, administrative transparency, public-private collaboration,

citizen participation and ombudsman. More importantly, it breeds a service culture that facilitate public servants to proactively take on public projects without undue meddling. The cross-boundary cooperation and public-private collaboration refer to the cross- sector communication channels and forums among the Prosecutor's Office, Ethics Office, Investigation Bureau, National Audit Office, Public Construction Commission (PCC), etc., established to address the concerns and problems of the public, to protect the interests of contractors, and to create a working environment in which public officials can work courageously and achieve the purpose of public-private partnership.

- **Current Scale:** The transparency requirements instituted in both procurement process and citizen engagement are geared to safeguard the quality of infrastructure projects on one hand, and to secure the public trust from all stakeholders on the other hand. As a result, the Government Procurement Integrity Platform has thusly flourished as public agencies scramble to institute such platform, and, as of May 2026, over 100 major projects have deployed this architecture, with project amounts exceed 2 trillion and 600 billion NT dollars. Key applications include protecting green energy infrastructure (offshore wind and solar grids) from local syndicates, mass transportation upgrades (Taoyuan Urban District Railway Underground Project), maritime retrofits (Taipower's Hsieh-ho Plant), and complex reservoir dredging with the WRA.

To attain full compliance with international expectations, future procurement reforms must mandate the disclosure of ultimate beneficial ownership data concerning both primary contractors and subcontractors to fully expose hidden conflicts of interest.

Private Sector Integrity: Enterprise Services Platforms

Recognizing that corruption prevention must extend beyond public institutions, Taiwan's Ministry of Justice and the AAC launched the nationwide **Integrity Platform for Enterprise Services** (企業服務廉政平臺). Built to fulfill Section 5 of the UNCAC Concluding Observations regarding private-sector supply chain vulnerabilities, the platform operates under four pillars: Streamlining Bureaucracy (簡政便民), Business Integrity (企業誠信), Public-Private Collaboration (公私協力), and Sustainable Development (永續發展).

A primary goal of the platform is resolving the " illicit enrichment vs. Public Convenience" dilemma. Many local civil servants intentionally delayed corporate

licensing or environmental clearances out of fear that speeding up an administrative process for a specific company could be legally misinterpreted as "illegal favoritism" or "illicit enrichment" (圖利罪) under the Anti-Corruption Act.

Practical Applications

- **The "illicit enrichment or public convenience (圖利與便民)" Sorting Mechanism:** The platform provides explicit, legally binding case-study matrices to local civil servants. By clearly defining that efficient, fast-tracked processing within statutory parameters constitutes public convenience rather than a crime, bureaucratic anxiety has dropped, accelerating municipal workflows.
- **Customized Compliance & Trade Secret Protection:** Central entities use the platform to insulate corporate assets. For example, the Intellectual Property Office (TIPO) utilizes it to issue specific *Trade Secret Protection Guidelines* for high-tech supply chains, safeguarding core corporate assets from internal espionage or leaks during litigation.
- **Local Government Deployment (Tainan City Green Energy Platform):** Tainan City launched a dedicated Enterprise Services Integrity Platform via its Bureau of Economic Development to manage the heavy regulatory demands for solar photovoltaic grids and fisheries-solar symbiosis. By coupling cross-disciplinary enterprise interaction panels with embedded district prosecutors, global developers resolve complex zoning or grid bottlenecks dynamically under judicial supervision, creating an immediate extortion security shield against regional syndicates.
- **Taipei City Investment Office (ITO) Alignment:** Taipei City pairs its integrity platform philosophy with urban renewal and commercial development. By combining the ITO's administrative "One-Stop Service" (tax incentives, zoning, construction filings) with judicial transparency frameworks, investors can push complex redevelopments forward efficiently out in the open.

Despite these leading practices, a significant disparity remains between large multinational corporations and small and medium-sized enterprises (SMEs). Corporate compliance programs are frequently voluntary, and SMEs often lack the resources to implement rigid anti-corruption controls. Future reforms must strengthen anti-corruption components within Environmental, Social, and Governance (ESG) reporting frameworks and expand localized support structures for SMEs.

Political Integrity, Lobbying, & Democratic Accountability

Maintaining public trust requires a highly transparent political financing and influence regulation framework. Taiwan possesses a comprehensive regulatory baseline through the Political Donations Act, which imposes strict donation limits, disclosure requirements, and reporting obligations that compare favorably with regional neighbors.

However, evolving political environments have exposed vulnerabilities in democratic accountability:

- **Lobbying Act Ineffectiveness:** The Lobbying Act remains one of the weakest links in Taiwan's integrity framework. Enforcement mechanisms are weak, public awareness is low, and registration rates remain remarkably depressed, meaning that a substantial portion of influence activities occurs outside formal disclosure systems.
- **Disclosure Latency:** Current financial reporting mechanisms frequently occur after significant delays, preventing voters from accessing timely information during active election campaigns.
- **Digital Campaigning Risks:** Existing regulations have failed to adapt to the digital migration of political influence, leaving loopholes surrounding online political advertising, third-party campaign activities, and algorithmically targeted political communications.

Civil Society Recommendations:

Transparency International and allied civic groups urge Taiwan to pursue **real-time or near real-time disclosure** of political donations, drastically strengthen disclosure mandates for online political advertising, improve the public accessibility of campaign finance databases, and heavily enforce registration under the Lobbying Act to ensure the public knows who seeks to influence policy outcomes.

Asset Disclosure & Revolving-Door Risks

Taiwan has established robust asset disclosure regimes via the Public Functionaries Property Disclosure Act and the Conflict of Interest Prevention Act, both of which serve as critical safeguards against illicit enrichment and the abuse of public office. Recent statutory revisions have expanded the scope of covered high-level officials, strengthened recusal requirements, and enhanced oversight mechanisms.

Nevertheless, structural gaps persist regarding the proactive verification of asset declarations, the identification of complex beneficial ownership interests, and the tracking of cross-border financial arrangements. Furthermore, "revolving-door" practices—the movement of senior public officials between regulatory oversight roles and lucrative private-sector employment within the same industries—continue to generate severe public concern regarding hidden conflicts of interest.

Civil society recommends enhancing the auditing power of verification mechanisms, increasing the cross-database links between asset disclosures and public procurement/beneficial ownership registries, and strengthening post-employment restrictive covenants for senior public officials.

Whistleblower Protection: Legal Milestones & Remaining Shortfalls

Whistleblowers play a foundational role in exposing deep-seated corruption and public welfare hazards that would otherwise remain hidden behind bureaucratic walls. Historically, Taiwan relied on fragmented, sector-specific whistleblower protections scattered across environmental, financial, and chemical safety legislation, leaving individuals vulnerable to career retaliation and social stigma.

A historic milestone was achieved when the Legislative Yuan officially passed the long-awaited **Public Interest Whistleblower Protection Act** in December 2024, which went into effect on July 22, 2025.

Key Provisions of the Enacted Legislation

- **Workplace Shielding:** Whistleblowers are formally shielded from workplace retaliation, including demotions, unfair dismissals, and salary reductions.
- **Severe Criminal Sanctions:** Civil servants or administrators who improperly leak the identity of a whistleblower face severe criminal penalties, including prison terms ranging from six months to five years and fines up to NT\$300,000.
- **Central Oversight:** The Ministry of Justice is designated as the competent authority, tasked with managing a dedicated *Whistle-blower Protection Committee* to formally review individual cases and distribute awards.

Core Shortfalls and Criticisms

Despite its status as a milestone, legal experts, civil watchdogs, and international monitors point to severe statutory deficiencies that critically limit the Act's practical effectiveness:

1. **Exclusion of the Private Sector:** The law applies almost exclusively to the public sector, state-owned enterprises, and government-funded or controlled foundations. General private corporate employees receive no standard protection under this Act, leaving a massive gap in corporate supply chains where financial and systemic fraud commonly occurs.
2. **Narrow Definition of Misconduct:** Protection is strictly tied to an intricately nested statutory list of wrongdoings (e.g., bribery or procurement fraud). General administrative malpractice, systemic ethical breaches, or structural corporate failures that harm the public interest but fall outside these strict codes are excluded.
3. **Cumbersome Reporting Barriers:** The Act creates a highly dense, complex linguistic architecture that acts as a barrier to laypersons. Furthermore, it places cumbersome procedural barriers on media reporting; a whistleblower cannot go directly to civic groups or the press. They must wait 20 days for an internal agency response, prompt the agency again, and wait another 10 days before they can take the information public without forfeiting their legal protections.
4. **Administrative Rollout Delays:** The Ministry of Justice has faced criticism for slow administrative rollouts and delays in establishing the fully functional framework for the Whistleblower Protection Committee, leaving initial whistleblowers vulnerable to workplace bullying without immediate recourse.

Taiwan must prioritize passing comprehensive amendments to expand the Whistleblower Protection Act into a unified framework covering the private sector, simplifying reporting procedures, and broadening the definition of protected public-interest disclosures.

Beneficial Ownership Reporting

In Taiwan, beneficial ownership reporting is primarily governed by the Company Act (Article 22-1) and the Money Laundering Control Act. Companies must electronically file the identities of directors, supervisors, managers, and major shareholders with government information platforms. Financial institutions also conduct Customer Due Diligence (CDD) for strict compliance. Threshold Discrepancies: Taiwan's Company Act mandates the disclosure of shareholders

holding just 10%, while Anti-Money Laundering (AML) standards generally define a beneficial owner as an individual who directly or indirectly owns or controls more than 25% of shares or voting rights. Financial institutions (FIs) operating in Taiwan often take a conservative approach, enforcing a 10% limit or applying both 10% and 25% thresholds to avoid non-compliance during client onboarding. Public Company Requirements: For listed companies (TWSE/TPEX), the regulations are more rigorous. For instance, any shareholder who acquires 5% or more of a public company's shares must report to the Financial Supervisory Commission (FSC) and make a public announcement. Further disclosure is required for every 1% fluctuation in shareholding. Anti-Money Laundering (AML/CFT) Compliance: Banks and Virtual Asset Service Providers (VASPs) are required to follow rigorous CDD and KYC protocols. They must actively identify the natural persons who ultimately control or own a legal entity customer. Non-Compliance Penalties Refusal or failure by a company to report or provide the required beneficial ownership information can result in fines for the company's responsible person. These fines generally range from NT\$20,000 to NT\$100,000, and successive fines of NT\$40,000 to NT\$200,000 can be levied for continued non-compliance.

Implementing Beneficial Ownership (BO) reporting in Taiwan involves navigating a complex landscape of legal discrepancies, market resistance, and verification challenges. Despite reforms aimed at aligning with international anti-money laundering (AML) standards, several major obstacles persist.

1. Regulatory Discrepancies and Lack of Harmonization. A primary hurdle is the lack of uniformity between Taiwan's corporate and financial laws. The Threshold Clash: Taiwan's Company Act (Article 22-1) mandates the disclosure of shareholders holding more than 10% of shares or capital. However, Taiwan's AML regulations align with the Financial Action Task Force (FATF) standard, which sets the ultimate beneficial ownership threshold at 25%. Compliance Confusion: This gap leaves financial institutions (FIs) in a difficult position. If banks strictly enforce the conservative 10% rule during onboarding, they often face severe pushback from corporate clients who claim compliance with the 25% AML law, leading to friction and potential loss of business.

2. Information Verification and Data Authenticity. The current electronic platform operated by the Ministry of Economic Affairs (MOEA) acts primarily as a registry repository rather than an active verification body. The "Self-Reporting" Flaw: Data uploaded to the platform is reliant on company self-reporting. Government registries lack the automated infrastructure or investigative mandate to cross-check

whether the registered names are the genuine Ultimate Beneficial Owners (UBOs) or merely front men. Nominee and Third-Party Arrangements: Identifying the true "economic substance" remains highly challenging when shares are held under third-party names, shell entities, or complex cross-holding corporate structures designed to obscure control.

3. Cultural and Corporate Market Resistance: Taiwan's business ecosystem presents organic cultural and structural barriers to absolute transparency. SME Dominance and Privacy Culture: Taiwan's economy is heavily dominated by Small and Medium Enterprises (SMEs) and traditional family-owned businesses. In these environments, there is a deep-seated cultural preference for financial privacy and a strong aversion to disclosing wealth structures to a centralized platform. Legal Person Directors: Taiwan's unique corporate framework permits a "legal person" (a corporate entity) to be elected as a director. That entity can then delegate various natural persons to execute duties. This layering creates a structural "chase" for compliance officers trying to unmask the actual human being exercising ultimate control.

4. Enforcement and Enforcement Gaps: While penalties exist on paper, actual enforcement mechanics face logistical bottlenecks. Inadequate Sanction Deterrence: For non-compliant companies, initial fines range from NT\$20,000 to NT\$100,000. For large-scale operations or entities engaged in illicit finance, these fines are often seen as a minor "cost of doing business" rather than a deterrent. Limited Enforcement of Inaccurate Data: Historically, legal frameworks focused heavily on account holders or depositors rather than the beneficial owners behind them. Proving that a company willfully submitted incorrect UBO data, as opposed to making a clerical error, places a heavy evidentiary burden on regulators.

9. Enforcement, Accountability, & Foreign Bribery

Taiwan's law enforcement agencies, prosecutors, and judiciary enjoy a robust reputation for professionalism and institutional independence. They have repeatedly demonstrated the capacity to investigate and prosecute complex corruption cases involving both senior political figures and lower-level administrative officials, providing a powerful deterrent effect. International legal cooperation has also advanced via the Mutual Legal Assistance in Criminal Matters Act and compliance with international anti-money laundering standards.

However, public concerns occasionally arise regarding consistency in sentencing outcomes and prosecutorial decisions in highly visible, politically sensitive cases. More critically, enforcement against **foreign bribery** remains severely limited and uneven compared to evolving international expectations and Taiwan's position as a global trading powerhouse.

The third UNCAC review cycle requires Taiwan to strengthen enforcement capacity regarding transnational corruption, actively investigate domestic corporate involvement in foreign bribery schemes, and enhance public transparency surrounding judicial outcomes and active corruption investigations.

Conclusion & Future Directions

Taiwan's first decade of voluntary UNCAC implementation represents a remarkable achievement in legal domestication, institutional alignment, and technological innovation. Practices such as the Government Procurement Integrity Platforms, the Enterprise Services Integrity Platforms, and the data-driven automated risk management frameworks celebrated by the national Integrity Awards serve as highly effective models for democratic integrity across the Asia-Pacific region.

Nevertheless, a mature integrity system cannot rely on past compliance achievements or formal legal checklists. To maintain international standing and foster a complete culture of integrity throughout society, Taiwan's future reform roadmap must prioritize:

1. **Transitioning from output to outcome-oriented performance measurement** across all anti-corruption programs.
2. **Amending the Whistleblower Protection Act** to seamlessly cover private-sector employees, simplify reporting channels, and eliminate bureaucratic hurdles.
3. **Strengthening political integrity** by mandating real-time campaign finance disclosures and overhauling the ineffective Lobbying Act.
4. **Enforcing robust beneficial ownership disclosure mandates** across public procurement networks, corporate registries, and political databases.
5. **Formulating rigid AI and digital governance integrity standards** to insulate automated public decision-making systems from algorithmic bias and data manipulation.

By actively embracing an outcome-oriented, transparent, and fully participatory approach, Taiwan will successfully transition into a mature integrity governance

leader capable of meeting both contemporary and future anti-corruption challenges.