

# TAIWAN

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## 1. Are cryptoassets (including, for example, cryptocurrencies, stablecoins and non-fungible tokens) defined and, if so, what are the major elements?

Taiwan's regulations define virtual assets as follows.

### Virtual Asset (VA)

VA refers to a digital representation of value that uses cryptography and distributed ledger technology (or similar technologies), and which can be digitally stored, exchanged, or transferred, and used for payment or investment purposes. The following are excluded from the definition of VA:

- digital representations of New Taiwan Dollars (NTD), foreign currencies, and currencies issued by Mainland China, Hong Kong, or Macao; and
- digital representations of securities and other financial assets issued in accordance with laws and regulations.

In addition, under the draft Virtual Asset Service Act ("Draft Act"), announced by the Financial Supervisory Commission (FSC) in March 2025 and currently under deliberation by the Executive Yuan, non-fungible tokens (NFTs) are also excluded from the scope of VA.

### Stablecoin

Under the Draft Act, stablecoins are classified as VAs that are pegged to the value of one or more fiat currencies to maintain price stability.

### Security token

A security token is a digital representation of value that uses cryptography and distributed ledger technology (or similar technologies), is capable of being digitally stored, exchanged, or transferred, and possesses liquidity and the following investment characteristics:

- funding is contributed by contributors;
- the funding is contributed to a common enterprise or project;
- the contributors expect to receive profits; and
- the profits depend primarily on the efforts of the issuer or third parties.

## 2. What are the major laws/regulations specifically related to cryptoassets?

FSC is the competent authority for virtual asset service providers (VASPs). Its responsibilities include processing VASPs' registration applications and supervising VASPs' compliance with anti-money laundering (AML), countering of terrorist financing (CFT) and anti-fraud regulations, as set forth under the following legal frameworks.

### VASP Registration Regime:

Effective November 30, 2024, pursuant to Article 6 of the Money Laundering Control Act and the Regulations Governing Anti-Money Laundering Registration of Enterprises or Persons Providing Virtual Asset Services ("VASP Registration Regulations"), VASPs must complete AML registration before providing regulated VA services ("Regulated VA Services"). Violation of the foregoing requirements may give rise to criminal liability, regardless of whether the offender is an individual or a legal entity.

**VASP AML Regulations:**

Under the Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises or Persons Providing Virtual Asset Services (“VASP AML Regulations”), VASPs are required to establish internal control and audit policies for AML and CFT, and comply with requirements concerning customer due diligence, ongoing transaction monitoring, record keeping, and suspicious transaction reporting. For further details, please refer to Question 7, below.

**VASP Anti-Fraud Regulations:**

Pursuant to Fraud Crime Hazard Prevention Act (“FCHP Act”), VASPs are required to implement anti-fraud mechanisms, such as cooperating with judicial police authorities to establish a joint defense reporting system, and earmarking assets held in Watch-listed VA accounts.

**3. How are different types of cryptoassets regulated?**

**VA.** Entities engaging in Regulated VA Services must comply with the applicable requirements set forth in Question 2.

**Stablecoin.** Stablecoins are a type of VA and are therefore subject to the same regulatory requirements applicable to VA. In addition, under the Draft Act, stablecoins are expected to be subject to stricter regulations in the future. Key areas of forthcoming regulation include issuance, reserve asset management, redemption mechanisms, and disclosure obligations.

**Security token.** In Taiwan, security tokens are treated as securities, rather than as VA, and are therefore governed by the Securities and Exchange Act and other relevant regulations.

Although Taiwan has not yet enacted specific regulations governing NFTs or central bank digital currencies, their use for fundraising, money laundering, fraud, or other unlawful activities remains subject to liability under applicable laws.

**4. Is there an authorization/licensing regime applicable to cryptoasset issuers/providers/exchanges and, if so, what are the requirements?**

As described in Question 2, above, entities engaging in Regulated VA Service must obtain prior approval and complete registration with the FSC.

“Regulated VA Services” refers to enterprises or individuals that, within Taiwan, engage in the following activities on behalf of others in the course of business:

- exchange between VAs and NTD, foreign currency, or currency issued by Mainland China, Hong Kong, or Macao;
- exchange between VAs;
- transfer of VAs;
- safekeeping or administration of VAs or providing instruments enabling control over VAs; and
- participation in and provision of financial services relating to the issuance or sale of VAs.

Based on the type of business conducted, VASPs are currently categorized into five types: VA exchangers, VA trading platforms, VA transferors, VA custodians, and VA underwriters.

Pursuant to the VASP Registration Regulations, all VASPs are required to operate in accordance with applicable laws and regulations, their articles of incorporation, internal control systems, and the self-regulatory codes established by the Taiwan VASP Association (“VASP Self-regulatory Codes”). VASPs must ensure the legality of each VA they support or provide services for, establish and implement an appropriate information security management system and customer complaint-handling procedures, as well as fulfill information disclosure and record-keeping obligations.

In addition to these general requirements, VASPs are subject to specific regulations depending on the nature of their services. For example, VA transferors must establish and publicly announce their VA transfer rules and incorporate such rules into their internal control systems.

In practice, the FSC has adopted a cautious approach when reviewing VASP registration applications. Specifically, before the implementation of the registration regime, 25 VASPs had completed anti-money laundering (AML) declarations and were permitted to lawfully provide Regulated VA Services in Taiwan as of September 2024. After the VASP Registration Regime took effect, the FSC announced that only nine VASPs had successfully completed AML registration on September 22, 2025. Entities whose registration applications were rejected are required to cease offering Regulated VA Services, failing which they may be subject to criminal liability.

## **5. Is the promotion of cryptoassets to consumers or investors regulated and, if so, how? Are there specific rules for crypto advertising and influencer promotion?**

### **Information disclosure requirements**

VASPs are required to disclose information on their business and service contents, fee policies, client protection measures, and other matters as required under the VASP Registration Regulations and applicable laws. Additional disclosure obligations apply to different categories of VASPs. For example, VA exchangers, VA trading platforms, and VA underwriters must disclose the website link to the white paper for the VAs for which they provide services. The white paper must include at least the following: issuer information, the rights and obligations represented by the VA, related risks of the VA, and other relevant information that may affect the VA subscribers or holders.

### **Marketing and solicitation restrictions**

VASPs are required to comply with the Self-Regulatory Codes on Customer Protection, which set forth limitations regarding advertising and solicitation. Key restrictions include the following:

- VASPs shall not conceal material facts or make statements that are exaggerated, biased, or otherwise misleading to investors.

- VASPs shall not provide subjective investment advice or information at their own discretion.
- VASPs shall not use superlative expressions such as “lowest,” “only,” “best,” “permanent,” or other terms of equivalent meaning.

## 6. How are cryptoasset custodians regulated?

As explained in Question 4, above, in addition to the general requirements applicable to all VASPs, VA custodians are subject to additional obligations, the key points of which include the following:

- **Asset Segregation.** VA held in custody for clients must be segregated from the custodian’s own assets and shall not be arbitrarily used or disposed of. Custodians that comply with international information security management standards must store at least 70% of clients’ VA in cold wallets. Those that do not meet the standards must store at least 80% of clients’ VA in cold wallets.
- **Internal Regulations.** Custodians must formulate and publicly disclose clear custody policies and procedures.
- **Recordkeeping.** Custodians must maintain accurate records of each client’s assets held in custody, including the client’s name, wallet address, asset amount, quantities, and details of deposits and withdrawals.
- **Periodic Reconciliation.** Custodians must implement periodic and regular reconciliation measures for client assets held in custody, and engage a certified public accountant to issue and publish an audit report at least once a year.

## 7. What anti-money laundering requirements apply to cryptoassets?

According to the VASP AML Regulations, VASPs are required to establish internal control and audit systems for AML and CFT, and to comply with the following key AML obligations:

- **Customer Due Diligence (CDD).** When establishing a business relationship with a customer, detecting a transaction suspected of involving money laundering or terrorist financing, or encountering other circumstances prescribed by law, VASPs must conduct CDD. If a customer shows signs of suspicious behavior, such as attempting to remain anonymous, refusal to provide required documents, or other improper conduct, VASPs are required to refuse to enter into a business relationship or proceed with the transaction.
- **Ongoing Transaction Monitoring.** VASPs must establish transaction monitoring policies and procedures based on a risk-based approach and may utilize information systems to assist in detecting transactions potentially involving money laundering or terrorist financing.
- **Recordkeeping.** VASPs are required to retain transaction records and customer identification documents for at least five years. The preserved records must be sufficient to reconstruct individual transactions and serve as evidence in the event of an investigation into illegal activity.
- **Suspicious Transaction Reporting.** Where a VASP identifies a transaction suspected of involving money laundering or terrorist financing, it must file a report with the Investigation Bureau, Ministry of Justice, regardless of the transaction amount.

## 8. How is the ownership of cryptoassets defined or regulated?

According to the definition of VA under Taiwanese law (see Question 1, above), VAs are, in principle, considered property that may be owned, assigned, and transferred. Holders or transacting parties are not required to obtain prior approval or a specific license merely to possess or transfer VA.

However, any person or entity intending to conduct Regulated VA Service within Taiwan must apply for and complete AML registration with the FSC prior to commencing operations and comply with the applicable requirements (see Question 4, above).

In addition, it is worth noting that to protect the interests of customers, Article 24 of the VASP Registration Regulations prohibits VA custodians from entering into any agreement that would transfer ownership of a customer's VA to the custodian.

## 9. How are Decentralized Autonomous Organizations (DAOs) treated?

Currently, there is no specific registration regime for DAOs in Taiwan. Whether a business is established as a company or a limited partnership, it must complete registration with the competent authority in Taiwan to be deemed duly incorporated or formed.

Accordingly, DAOs that have not completed such registration are not recognized as companies or limited partnerships in Taiwan and therefore cannot benefit from the limited liability protections afforded to such entities. Any person who enters into contracts or engages in criminal conduct through an unregistered DAO will be personally liable for the corresponding civil and criminal liabilities.

Furthermore, where a DAO has not been duly registered, its members may not conduct business in the name of a company or a limited partnership; otherwise, such conduct will constitute criminal liability.

## 10. Are there any particular laws or rules which apply in the event of the crypto bankruptcy or insolvency?

Taiwan has not enacted specific regulations governing cryptoasset bankruptcy or insolvency. Accordingly, bankruptcy procedures involving VAs are handled in accordance with the Bankruptcy Act, consistent with general bankruptcy cases.

According to the Bankruptcy Act, when the court declares a debtor who is unable to satisfy their debts bankrupt, it shall appoint an administrator, who is responsible for preparing a distribution schedule and allocating the assets of the bankruptcy estate to the creditors. To do so, the administrator may either auction the VASP's own VAs, or sell them at market value, to satisfy creditor claims.

The "bankruptcy estate" refers to:

- all property and enforceable claims belonging to the bankrupt at the time of the bankruptcy declaration; and
- property acquired by the bankrupt after the declaration and before the conclusion of the bankruptcy proceedings.

For the protection of VASP customers, Article 24 of the VASP Registration Regulations stipulates that when a VASP holds VAs in custody for a client, the VASP shall not enter into any agreement with the client to transfer ownership

of the client's VAs to the custodian. Accordingly, if a VASP enters bankruptcy proceedings, the VAs held in custody for its customers should not form part of the bankruptcy estate, and customers may reclaim their VAs pursuant to applicable laws without waiting for the administrator to distribute the estate in proportion to claims.

### 11. Is a smart contract enforceable as a legal contract?

There are currently no specific provisions in Taiwanese law governing smart contracts. The validity of a smart contract is therefore determined in accordance with the Civil Code and other applicable laws.

Under Taiwan law, there are generally no restrictions on the method of contract formation. A contract is formed once the parties reach mutual assent, whether such assent is expressed explicitly or impliedly. A duly formed contract is considered valid if the contracting parties possess legal capacity, their declarations of intent are genuine and free from defects, and the subject matter is specific, capable of performance, and not in violation of any mandatory provisions of law.

However, certain types of contracts, such as merger agreements and shareholder voting agreements, are required by law to be executed in writing.

In this context, as Taiwan law does not specifically provide that a smart contract qualifies as a written document, and in the absence of relevant court precedents, it is advisable not to rely solely on a smart contract to satisfy the formal requirements if the law prescribes a specific form for certain contracts.

### 12. What recourse does a victim of crypto fraud have?

Victims of VA fraud may seek remedies and the return of defrauded funds through the FCHP Act, and relevant regulations governing criminal and civil litigation:

- **Earmarking and return of VAs.** According to the FCHP Act and relevant regulations, when a VASP is reported by a competent authority to designate an account as a watch-listed account, it must promptly verify the source of the report, investigate related transactions, and earmark the reported virtual assets and funds. Upon receiving a notification from the court, prosecutors' office, or judicial police authority, the VASP shall return the remaining VAs or funds in the account involved in the case to the victim in accordance with applicable laws.
- **Criminal proceedings.** In criminal proceedings, judges, prosecutors, or other competent authorities may, in accordance with the law, conduct searches and seize VAs related to fraud cases. Following seizure, victims may recover the defrauded VAs either upon their application or at the court's or prosecutor's own initiative.
- **Civil proceedings.** Victims may bring a civil action against the perpetrator of VA fraud to claim damages. To secure enforcement of the judgment, the victim may apply for a provisional attachment or provisional injunction under the Code of Civil Procedure, even before filing the action, to prevent the perpetrator from transferring its assets prior to a final judgment.

### 13. Are there tax implications specific to cryptoassets?

In Taiwan, transactions involving VA may be subject to income tax and value-added business tax (VAT):

- **Income tax.** Any individual or profit-seeking enterprise that derives income from VA transactions shall be subject to income tax. The applicable tax rate is the same as the rate applicable to income from property transactions. In 2025, the applicable tax rate for individuals ranged from 5% to 40% (progressive rate based on the amount of income), and the applicable tax rate for profit-seeking enterprises is 20%.
- **VAT.** Business entities that provide VA transaction services are subject to VAT once their sales amounts reach the statutory threshold. The general tax rate is 5%, and business entities are required to file sales amounts and business tax payable bimonthly. The aforementioned statutory threshold shall be NTD 100,000, effective from January 1, 2025.

### 14. What are the data privacy and cybersecurity obligations for cryptoasset businesses?

- **Personal data protection obligations.** VASPs collecting, processing, or using personal data in Taiwan or of Taiwan nationals must comply with the Personal Data Protection Act (PDPA). Key requirements of PDPA include: explicitly notifying and obtaining consent from data subjects and implementing proper security measures.
- **Cybersecurity obligations.** According to the VASP Registration Regulations, VASPs shall establish an appropriate information security management system, taking into account the type, quantity, and nature of the information maintained or processed, as well as the scale and nature of the information and communication system, and shall have adequate and qualified information security personnel. In addition, VASPs shall comply with the VASP Self-Regulatory Codes on Information Security, which set forth detailed requirements for information security management. For example, the codes require key information processing personnel to sign confidentiality agreements and mandate access control measures for computer rooms. The codes also require VASPs to establish relevant policies and procedures to ensure the continuity of their operations.

### 15. How are staking, yield farming, and other DeFi activities regulated?

Activities such as staking, yield farming, and other DeFi business models that involve Regulated VA Services or financial services (e.g., VA custody, accepting deposits, or foreign exchange transactions), require the operator to obtain the relevant license or complete the required registration under applicable law before engaging in such activities; otherwise, the operator may face criminal liability. Licensed financial institutions or duly registered VASPs must also operate strictly within the scope of their authorized activities and remain subject to close supervision by the FSC.

In practice, the courts have held that collecting VAs from the general public and promising disproportionately high returns constitutes engaging in accepting deposits without license, for which the operator was sentenced to four years and two months of imprisonment.

### **16. Are there any other ongoing legal or regulatory consultations or other legal frameworks in the pipeline relating to cryptoassets?**

In March 2025, Taiwan's FSC announced the Draft Act for public consultation. The key components of the Draft Act include expanding the scope of regulated VA services, introducing definitions and regulatory measures for Stablecoins, and establishing a licensing regime for VASPs.

- **Inclusion of VA lending services under regulation.** In addition to the existing five categories of VASP Services, the Draft Act proposes to bring VA lending service providers under regulation. A VA lending service refers to a business model in which the service provider receives VAs and agrees to return the same or a greater quantity or value of VAs at a later time. The FSC considers such services to pose higher financial risks, as the provider's insolvency could significantly affect customer interests and the stability of the virtual asset market, thereby highlighting the necessity of regulation.
- **Definition and regulation of stablecoins.** Please refer to Questions 1 and 3, above, for details.
- **Licensing regime for VASPs.** Under the Draft Act, VASPs must obtain prior approval and a license from the FSC based on their service type before commencing operations. Violators may face imprisonment of up to seven years and a fine of up to NTD 100 million. This licensing regime is stricter than the current registration regime. For example, licensed VASPs will be subject to minimum capital requirements and will be required to deposit an operating guarantee fund with financial institutions.

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Jaclyn Tsai is a co-founder of Lee, Tsai & Partners. As chairperson of the Asia FinTech Alliance, she facilitated a landmark anti-fraud memorandum among 15 Asian economies, establishing a robust cross-border framework to enhance trust and co-operation. Jaclyn played a pivotal role in forming the Taiwan VASP Association, serving as Chief Advisor during its preparatory phase and guiding its development as a key self-regulatory organization. As a former Minister without Portfolio, she regularly provides legislative recommendations and advises on self-regulatory codes to address regulatory gaps in Taiwan's virtual asset sector. A recognized thought leader, Jaclyn is frequently invited to speak at global fintech forums.

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