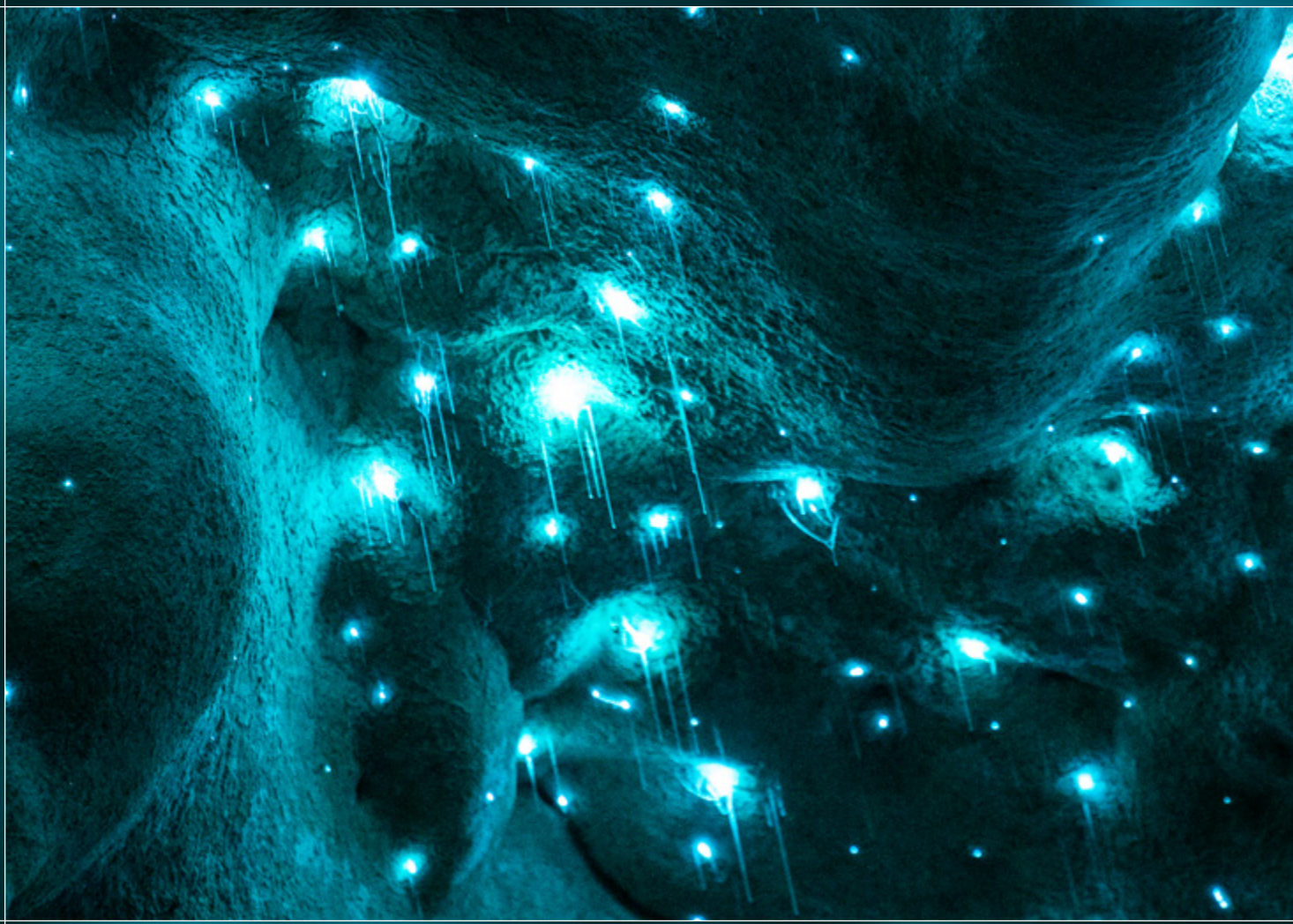
November 2026

Data Centres

APAC Regulatory Guide – **Taiwan**

Investment considerations



MALLESONS

Chapter 12

Taiwan

A year of... semiconductor strength, strategic connectivity and targeted investment support

Population	Data centres	Live capacity	Pipeline capacity
23 million	67 YoY: 6 (11.7%)	338MW YoY: 53MW (18.6%)	348MW+ YoY: 83MW (31.3%)

Data centre statistics provided by DC Byte (as at September 2026)

Taiwan's position between Northeast and Southeast Asia makes it attractive for regional latency-sensitive demands. Robust subsea cable connectivity, competitive electricity rates, and a highly skilled technical workforce further strengthen its appeal to global investors.

The island's mature electronics ecosystem and proximity to major hardware supply chains support faster deployment and maintenance of data centre assets. In addition, growing global demand for AI, edge computing, and enterprise digital transformation is expected to fuel continued investment.

Opportunities

- Strategic location
- Advanced digital infrastructure
- Strong demand from cloud, semiconductor, tech sectors

Challenges

- Land scarcity and rezoning costs
- Power availability and grid resilience
- Natural disaster risks including earthquakes and typhoons

Spotlight on key drivers

Strategic geographic location

Taiwan's location at the heart of East Asia makes it an ideal connectivity hub for regional data traffic, with proximity to Japan, South Korea, China and Southeast Asia. It is a key node in the broader Asia Pacific cross-border cloud connectivity network, enabling efficient content delivery and strengthening its appeal to hyperscalers and enterprises.

Advanced technology and semiconductor ecosystem

Taiwan's advanced electronics and semiconductor industry provides a strong foundation for data centre development.

Access to a deep pool of skilled engineers and advanced hardware supply chains supports faster deployment, efficient operations and the development of infrastructure tailored to growing demand for AI, cloud and high-performance computing applications.

Government support through incentives and infrastructure

Tax incentives, affordable power and water, and advanced infrastructure in the region, are among government initiatives driving Taiwan's data centre growth. These policies lower operating costs and improve investment returns.

Reliable infrastructure and supportive regulations support rapid deployment, capacity expansion and long-term industry confidence.

> Taiwan's differentiator is its semiconductor and AI supply chain, and no other market places compute so close to where it is built. The opportunity now lies in unlocking constrained sites, grid connections and renewable offtake. Regulatory frameworks are maturing fast, and early, well-structured positions are proving decisive for developers and investors.

Lily Kuo
Partner, Lee and Li



01 Power

Getting power to site

Under the *Electricity Business Act*, unless purchasing electricity generated from renewable energy projects or installing self-use generation facilities, data centres must apply for power supply under a power supply agreement with Taiwan Power Company (**Taipower**), the state-owned utility. Taipower controls the power generation market and holds a monopoly on power transmission and distribution in Taiwan, in accordance with Taipower's Operating Rules.

The power supply agreement between the operator and Taipower governs the supply of power and certain grid-related services, as well as Taipower's Operating Rules, tariff and fee schedules, and other ancillary regulations, which are not explicitly incorporated into the power supply agreement.

Taipower's electricity fees primarily operate under a seasonal, progressive pricing framework, with rates applied according to user categories:

- residential
- small commercial
- low-voltage, and
- high-voltage to ultra-high-voltage.

Each category also offers time-of-use options, including two-section and three-section pricing structures. Specifically, under each time-of-use option, there will be a base charge and an energy charge (including fixed and variable components), with different rates for summer and non-summer periods.

Power purchase agreements

The power supply agreement is typically provided in Taipower's standard template form and is non-negotiable. In practice, it is not required for the operator to execute the agreement.

By consuming power from Taipower, the operator is deemed to have accepted and agreed to the terms of the power supply agreement and to be bound by its provisions.

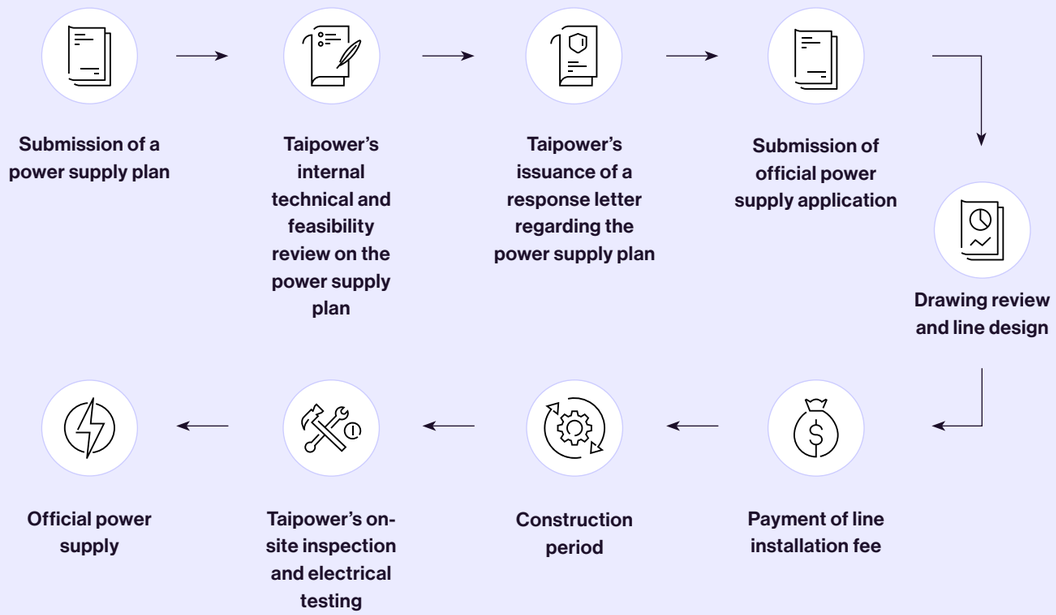
Data centre operators are free to procure renewable energy, and the associated Taiwan Renewable Energy Certificates (**T-RECs**), through Taipower's wheeling services and execute corporate power purchase agreements with renewable energy generators.

Efforts to manage supply

Since August 2024, Taipower has guided data centres over 5MW to establish facilities in central and southern Taiwan where power supply is more readily available. This policy has effectively limited the development of new data centres in northern Taiwan to maintain grid stability and promote a better regional balance between power generation and consumption.

How to obtain supply

Under Taipower's Operating Rules, the following process applies to ultra-high voltage operators seeking power supply from Taipower:



For new data centres wishing to establish in northern Taiwan, self-use generation facilities, or other off-grid and behind-the-meter power options may serve as the available power supply solutions.

Requirement for renewables

Data centres entering into a power supply agreement with Taipower with a contracted capacity of 5MW or more ('Major Electricity User' or **MEU**) are required to install, or reserve space for the installation of renewable energy generation facilities or energy storage systems meeting a prescribed minimum capacity requirement.

Alternatively, they may comply by purchasing a certain amount of renewable energy and the associated T-RECs. Failure to comply with this obligation will result in a payment of dues, which will contribute to the Renewable Energy Development Fund.

Under the current law, the mandatory renewable energy installation capacity for a MEU is calculated based on 10% of the MEU's average contracted capacity in the previous year.

02 Water

Water supply

Data centre operators must apply for water access from Taiwan Water Corporation (**TWC**), in accordance with the *Water Act* (withdrawal of surface water or groundwater), *Water Supply Act* (connection to the municipal water supply), as well as TWC's Memorandum of Business. Applications require:

- a water facilities construction application form
- relevant drawings
- water connection documentation
- land utilization documentation, and
- operation permits (if applicable).

Data centres involved in land developments spanning 1 hectare or more, or in the development of new buildings within urban planning areas covering 0.2 hectares or more, are required to submit a runoff control plan and obtain the relevant approval.

03 Land

Where can developers build data centres?

Although there are no specific zoning regulations exclusively governing data centres, their development is subject to general zoning regulations, including the *Regional Plan Act*, the *Regulations Governing the Non-Urban Land Regulation*, and the *Urban Planning Act* along with its ancillary regulations.

In Taiwan, data centres are typically constructed on industrial land or within industrial, or specialised industrial zones. However, as there is no law specifically stipulating the type of zoning suitable for data centres, prior consultation with local government agencies in relation to zoning issues is highly recommended.

What approvals and permits are required and how long do they take?

Depending on the zoning of the project site, a land development permit or land use permit may be required for the construction of a data centre in Taiwan.

Data centres must also comply with the *Building Act*. In the event of non-compliance, the relevant authority may, depending on the nature and severity of the breach, have discretion to cut off the electricity and water supply.

What if rezoning is needed?

Rezoning for data centres is possible, but evaluated on a case-by-case basis.

Requirements and procedures vary depending on the land's location, namely whether it falls under urban land regulated by the *Urban Planning Act* or non-urban land governed by the *Regional Plan Act* and the *Non-Urban Land Regulations*.

04 Telecommunications

Applicability of telecommunications laws to data centres

Typically, data centre operators are not required to register as a telecommunications operator with the National Communication Commission (**NCC**) where they don't use radio frequencies, telecom numbers or provide interconnections.

If a data centre operator does need to register as a telecommunications operator, it will be subject to stringent sector-specific regulations that also apply to their data centre operations and are closely overseen by the NCC.

Unlike general commercial facilities, these data centres are primarily governed by the *Telecommunications Management Act* and its related regulations, including the *Regulations on Cyber Security Management of Telecommunications Enterprises*.

Is a telecommunications licence required?

A licence is typically not required for data centres.

05 Foreign investment restrictions

Land

A local entity may generally acquire land by purchase or lease without restriction, provided it does not have any China investment involvement.

By contrast, a foreign entity or individual generally cannot acquire or lease land without prior approval. Further, such transactions may be subject to various restrictions, including prohibitions on certain types of land, permitted land use requirements (which may include the development and operation of data centres), and reciprocity requirements.

Data centres

Greenfield and brownfield investments in data centres through the establishment of, or acquisition of an interest in, a local entity in Taiwan are generally subject to Taiwan's FDI regimes, as detailed below, and require prior approval from the Department of Investment Review (**DIR**).

Taiwan's FDI regime operates under a dual-track system administered by the DIR:

- investments by 'foreign investors' are governed by the *Act for Investment by Foreign Nationals*, and
- investments by 'PRC investors' are governed by the *Act Governing Relations between the People of the Taiwan Area and the Mainland Area (of China)*.

A foreign investor may invest in any industry except those listed on a 'Negative List' issued by the DIR, which identifies restricted or prohibited industries. These include, among others:

- semiconductors
- certain telecommunications industries, and
- industries related to national defence and the military.

Depending on the nature and scope of the business, these restrictions may potentially affect a foreign investor's investment in a data centre.

A 'PRC investor' is:

- a PRC person or entity, or
- a non-PRC foreign entity in which:
  - PRC persons or entities hold, in aggregate, more than 30% of the shareholding, or
  - the operation and management of which are effectively controlled by PRC persons or entities, whether through board representation or by contractual arrangement.

A PRC investor is subject to more stringent restrictions and may invest only in certain permitted industries listed on a 'Positive List' issued by the DIR. Investments by PRC investors in data centres are currently prohibited.

Any investment by, or backed by, the Chinese Communist Party, the PRC government or the PRC military, or any investment considered likely to give rise to national security concerns, is, in principle, prohibited in Taiwan.

06 Tax incentives

The Taiwanese government offers tax incentives, such as corporate income tax credits, for eligible investments in:

- **Hardware**
- **Software**
- **Technology or technical services relating to brand-new smart machinery**
- **5G mobile networks**
- **Cyber security products or services**
- **Artificial intelligence products or services, and**
- **Energy conservation and carbon reduction.**

These incentives may be available to qualifying data centre projects, subject to applicable limits and caps on the amount of tax credits claimable.

From late 2026 onward, the Taiwanese government plans to introduce further tax exemptions in the form of a 5 year income tax holiday for investment in data centres meeting certain scale criteria, by way of public-private partnership projects under the *Act for Promotion of Private Participation in Infrastructure Projects*.

07 Data protection and cyber security

The *Personal Data Protection Act* (**PDPA**) is the principal legislation governing personal data protection in Taiwan. It regulates the collection, processing and use of personal data by both government agencies and non-government agencies, including private-sector corporations.

Pursuant to the PDPA, certain competent authorities have introduced sector-specific regulations concerning data security within their respective sectors. These include the *Regulations Governing the Personal Data Files Security Maintenance Plan for Digital Economy Related Industries*, issued by the Ministry of Digital Affairs (**MODA**).

These regulations apply to businesses engaged in web portals, data processing, web hosting and related services, which may include data centre operators, and require data centre operators to establish and maintain a personal data security maintenance plan.



08 Critical infrastructure and security

Critical infrastructure laws

The *Cybersecurity Management Act* (**CSMA**) is the principal law governing cyber security matters in Taiwan. It regulates the management of information and communications security by government agencies and certain non-government agencies, including critical infrastructure providers, public utilities and government-sponsored foundations.

The MODA is the central authority for cyber security matters and, in collaboration with the National Institute of Cyber Security, a non-departmental public body under MODA's supervision, is responsible for formulating national cyber security policies, and promoting cyber security programmes and designating critical infrastructure providers.

Under the CSMA, critical infrastructure refers to physical or virtual assets, systems or networks, the failure or degradation of which could significantly affect national security, social welfare and the public interest.

According to the latest announcement on Sector Classification of National Critical Infrastructure in December 2025, critical infrastructure encompasses nine key sectors and designated infrastructure categories, including telecommunications infrastructure and high-tech science parks.

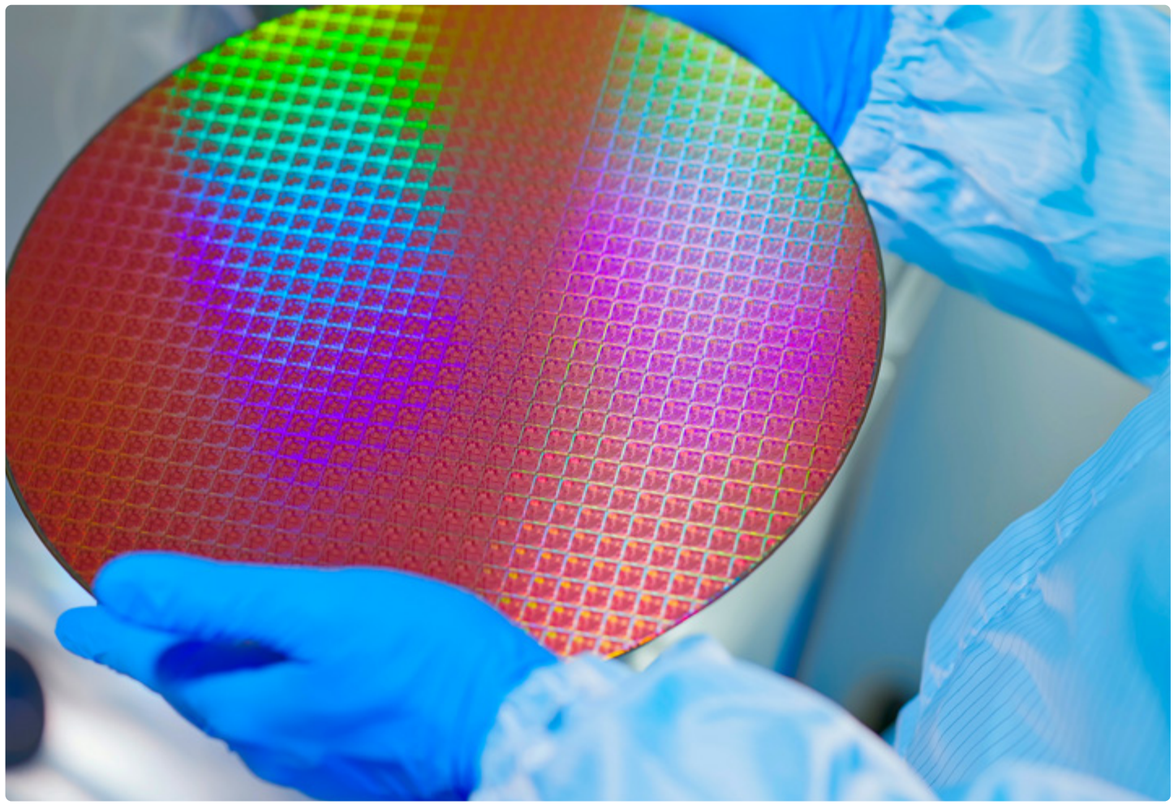
Providers of such infrastructure that are designated by the competent authorities on a case-by-case basis as critical infrastructure providers, are subject to the CSMA and its related obligations, including, but not limited to, the requirement to submit a cyber security maintenance plan to the relevant agencies. Therefore, a data centre, designated as a critical infrastructure provider, would be subject to the above-mentioned CSMA obligations.

National security issues

The *National Security Act* generally prohibits the theft or transfer of core key technologies from Taiwan by foreign hostile forces.

The list of core key technologies is updated from time to time and may include technologies subject to restrictions for the security protection of national key infrastructures, which may include data centres.

In addition, national security concerns are also addressed under the FDI regime and may affect potential investments in data centres in Taiwan.



Industry specific requirements

Government

Government bodies are generally required to establish and maintain their own data centres. Taiwanese government data centres are regulated with a strong emphasis on security and efficiency.

Policies issued by the Ministry of Digital Affairs and the National Development Council require, among other things, the consolidation of facilities and the exclusion of high-risk ICT products originating from the People's Republic of China. Additionally, new government data centres constructed after 9 January 2017 are generally required to comply with prescribed energy efficiency standards, including maintaining a PUE below 1.6.

Financial institutions

Financial institutions are subject to stringent sector-specific data centre regulations established by the Financial Supervisory Commission, such as the Security Standards for Information Systems of Financial Institutions, and the Regulations Governing Outsourcing of Operations by Financial Institutions. Additionally, for institutions whose core information systems and data centres are classified as critical infrastructure, the CSMA also applies.

Medical institutions

Data centres operated by medical institutions are rigorously regulated by the Ministry of Health and Welfare (**MOHW**) to safeguard the integrity of patient data and ensure the continuity of clinical services.

The primary regulatory framework includes the Regulations on Management of Electronic Medical Records, which require stringent physical security measures, environmental controls, and a minimum five-year retention period for access logs. Additionally, medical institutions must comply with the Cybersecurity Protection Standards for the Healthcare Sector.

Hospitals that utilise third-party cloud services are generally required to engage service providers holding internationally recognised cyber security certifications accepted by the MOHW. Hospitals designated as critical infrastructure are also required to comply with the CSMA.

09 Data localisation

Targeted localisation requirements

Taiwan does not have a general or island-wide data localisation regime or rules. The PDPA permits cross-border transfers of data, except where specifically restricted:

- for major national interests
- where required by an international treaty or agreement
- where the recipient country lacks appropriate personal data protection regulations, giving rise to a risk of harm to data subjects' rights and interests, or
- where the cross-border transfer of personal data is undertaken to circumvent the PDPA.

Prohibitions on certain transfers of data

Industry-specific data localisation and cross border data transfer restrictions may apply. For example, licensed Taiwanese telecommunications operators and licensed Taiwanese employment agencies are currently prohibited from transmitting personal data to China. Similar restrictions may in future be introduced or considered in other regulated industries.

Although these restrictions do not directly apply to data centre operators, data centre operators may nevertheless be subject to corresponding contractual obligations where their customers or counterparties are licensed Taiwanese telecommunications operators or licensed Taiwanese employment agencies that are themselves subject to such restrictions.

10 Environmental, social and governance

International ESG commitments

Taiwan's ESG disclosure requirements currently focus primarily on listed companies and entities operating in the financial and insurance industries. While there are currently no specific ESG mandates strictly targeting data centres, it is encouraged that data centres voluntarily adopt and comply with international ESG standards, such as the Global Reporting Initiative, Sustainability Accounting Standards Board, and Task Force on Climate-Related Financial Disclosure, to enhance their sustainability performance in Taiwan.

Domestic targets and the 'carbon fee'

Under the *Climate Change Response Act*, Taiwan has introduced a carbon fee mechanism as its principal policy tool for internalising greenhouse gas emissions costs. The carbon fee applies to electricity and gas suppliers, as well as manufacturers emitting over 25,000 metric tons of CO_2 equivalent annually from Scope 1 and 2 emissions.

Direct electricity generators can submit documentation to the Ministry of Environment to deduct emissions linked to electricity consumption. This threshold-based framework is intended to target large emitters while reducing compliance burdens for smaller businesses.

Data centres are currently not subject to a carbon fee.

Environmental requirements

In response to the rapid rise in industrial power consumption in the AI and ICT sectors and to promote high-efficiency equipment, the 2025 amendment to the *Energy Administration Act* and its ancillary regulations, including:

- the Scope of Energy Users Subject to Regulation
- the Guidelines for Energy Development and Utilisation Evaluation, and
- the Format and Required Contents of the Energy Use Statement

require energy users in data processing, hosting, and related activities to submit an energy use statement for review by Taiwan's Energy Administration. The requirement applies where both of the following thresholds are met:

- self-use electricity generation capacity of 2MW or more and
- total contracted electricity capacity of 5MW or more.

The amendment also prescribes technical and efficiency requirements, including the adoption of best available techniques, for energy users in data processing, hosting, and related activities, covering:

- **Selection of information equipment**
- **Configuration of software and services**
- **Data management**
- **Cooling and power supply systems**
- **Energy monitoring and management**
- **Overall data centre energy efficiency**

The regulations further prescribe annual average PUE targets as follows:

Hyperscale data centres

PUE ≤ 1.3

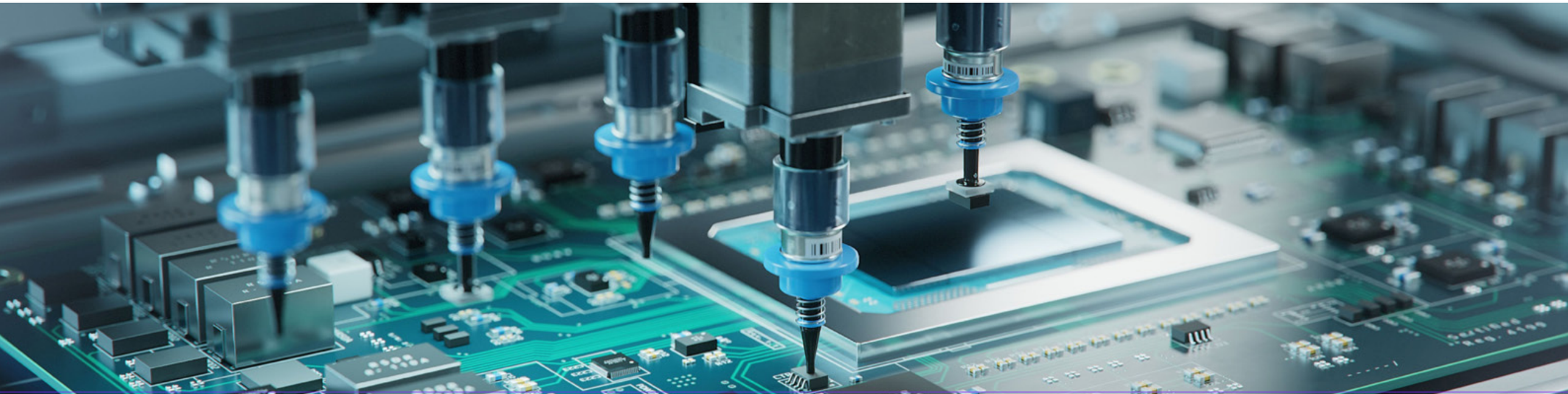
Colocation data centres

PUE ≤ 1.4

Environmental laws

Data centres, like other development activities, are subject to a range of environmental laws and regulations in Taiwan, including:

- *Water Pollution Control Act*
- *Soil and Groundwater Pollution Remediation Act*
- *Air Pollution Control Act*, and
- *Waste Disposal Act* (currently undergoing deliberation for an amendment).



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