NEW DEVELOPMENT: TAIWAN'S EXECUTIVE YUAN HAS PASSED THE DRAFT BILL OF THE BASIC ACT ON ARTIFICIAL INTELLIGENCE

Date: 8 October 2025

Asia Corporate Alert

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This is a follow-up to our legal alert concerning the draft bill of the Basic Act on AI (人工智慧基本法草案; the Bill). On 28 August 2025, Taiwan's Executive Yuan passed the draft Bill, aiming to strike a balance between emerging AI technologies and ethical conduct. The Bill itself is available here.

RECENT UPDATES

This Bill is a slightly revised version of the preliminary draft announced by the National Science and Technology Council in July 2024. We have summarized the key differences below:

- The Executive Yuan has indicated that no new governmental agency will be created to regulate AI developments. Instead, the Ministry of Digital Affairs (MoDA) will be designated to coordinate with other agencies to develop detailed laws and regulations.
- MoDA is charged with the obligation to set regulations for restricting or prohibiting any AI application from causing damage to the lives, bodies, freedom, or property of citizens, or to social order, national security, or the ecological environment, as well as from violating relevant laws and regulations by causing or generating conflicts of interest, bias, discrimination, false advertising, misleading or falsified information, etc. Therefore, instead of relying on governance and preventive measures, MoDA must take affirmative action to promulgate regulations to that end. The Bill also specifies that national security is a basis for such obligation.
- Research and development (R&D) exemption clause: the government should define the criterion for attribution of responsibility and establish relevant relief, compensation, or insurance regulations for high-risk AI applications. To avoid affecting the freedom of academic and industrial R&D, activities conducted before application of AI shall not be subject to the regulations related to application accountability. However, this exemption does not apply to actual environmental testing or the use of R&D achievements to provide products or services.

CONCLUSION

The Executive Yuan is taking a framework-oriented path, focusing on core principles rather than imposing immediate strict regulations. The Bill will serve as the foundation for all the laws, regulations, and directives for

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governing AI technology in the future. For the next step, Taiwan's Executive Yuan will submit the Bill to the Legislative Yuan for further review.

Companies in the AI industry should closely monitor any guidance and regulations published by the Legislative Yuan or other agencies and consider necessary adaptations to fully align their operations with the expectations of Taiwan's government.

The firm is positioned to help companies navigate these complex and evolving regulations and to assist if you want further advice on developing your business in compliance with the current framework. Should you have any questions about this Bill, please do not hesitate to contact the authors listed above.

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