

6.3 Fiscal policies

In addition to the monetary policies and financial stability measures mentioned above, there are expansionary fiscal policies to promote domestic demand and maintain the momentum of domestic economic growth.

Expanding investment in public works

The government adopted a four year project of Expanding Investment in Public Works to Revitalize the Economy with a total of NT\$500 billion to expand investment in public works schemes. Its objectives are to: (1) create a comprehensive and rapid transit network; (2) create a safe and disaster-free environment; (3) improve the quality of the cultural and living environment; (4) strengthen infrastructure to enhance national competitiveness; (5) improve transportation facilities on outlying islands; and (6) foster education and employment. This project is expected to increase real GDP by 0.68 percentage points in 2009.

Encouraging consumption

The government issued consumption vouchers valued at NT\$3,600 per person starting from 18 January 2009, totaling around NT\$ 80 billion, to effectively stimulate private consumption and boost the domestic economy.

Lowering the estate and gift tax rates

The ceiling of the estate and gift tax rates was lowered to 10% from 50%. It is expected to attract capital remitted abroad to flow back and revitalize domestic markets.

Promoting employment

To create employment opportunities, the government introduced the 2008-2009 Short-Term Employment Promotion Program, which aims to provide approximately 46 thousand and 56 thousand job openings in 2008 and 2009, respectively. Moreover, the 2009-2012 Employment Promotion Program is expected to add 50 thousand employment opportunities per year from 2009 to 2012, and effectively reduce the unemployment rate.