

Head of Delegation Presentation

Introduction of Recent Tax Reforms in Chinese Taipei

48th SGATAR Meeting

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CHINESE TAIPEI

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Agenda



- Optimal Adjustment of Income Tax System in 2018
- 2 Completion of Anti-Tax Avoidance System

Implementation of Tax System for Cross-Border Electronic Services





Optimal Adjustment of Income Tax System in 2018





Optimal Adjustment of Income Tax System in 2018



☐ Encourage investing in Chinese Taipei first

Adopted the following new dividend tax regime by abolishing the partial imputation tax system on dividends of individuals

- ☐ Including dividend income in total income of individuals with 8.5% tax credit rate, or
- ☐ Computing tax amount of dividend income at a separate tax rate (28%)

Raised the profit-seeking enterprise income tax rate from 17% to 20%

Reduced the surtax rate on undistributed earnings of companies from 10% to 5%



Optimal Adjustment of Income Tax System in 2018



□ Attract professionals to stay in Chinese Taipei

Raised the amount of four deduction items of individual income tax

Reduced the highest individual income tax rate from 45% to 40%

Partial Exemption of Income Tax of Foreign Special Professionals





Completion of Anti-Tax Avoidance System



Completion of Anti-Tax Avoidance System



☐ Implementation of Three-tiered TP Documentation in BEPS Action 13

November 13, 2017

- Amendment to the Transfer Pricing (TP) Regulations based on OECD recommendations
 - Local File since 2005
 - Master File and Country-by-Country Report (CbCR) since 2017
- Completion of three-tiered transfer pricing documentation

December 13, 2017

- Issuance of Safe Harbor Rule in Master File and CbCR
 - consistent with the OECD guidance

In Progress

 Actively promoting the conclusion of CAA on the Automatic Exchange of CbCRs

Completion of Anti-Tax Avoidance System



☐ Implementation of CRS in Chinese Taipei



- ✓ Domestic legal basis
- ✓ Administrative operations
- ✓ IT Infrastructure

- √ First report
- ✓ First automatic exchange with Contracting Parties





Implementation of Tax System for Cross-Border e-Services



Implementation of Tax System for Cross-Border Electronic Services



□ VAT System

Amendment to our VAT Act

✓ From May 1, 2017, foreign suppliers selling cross-border electronic services to domestic individual purchasers shall register for business and pay VAT to our tax authorities.

Outcome of Implementation



Foreign Companies
which have
completed taxation
registration



VAT Revenue

in the period from May 2017 to August 2018

Implementation of Tax System for Cross-Border Electronic Services



☐ Income Tax System

Issuance of income tax interpretive rule

✓ From January 1, 2017, foreign suppliers selling cross-border electronic services to domestic purchasers (including individuals and enterprises) and having income from sources in Chinese Taipei are allowed to pay income tax with the simplified method.

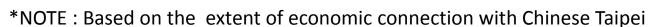
1 Define Source Income
Have economic connection with
Chinese Taipei



Calculate taxable income

- a. Revenue Actual Costs & Expenses
- b. Revenue × deemed profit ratio
 - **x** contribution ratio *NOTE







Thank You

