



Head of Delegation Presentation

Introduction of Recent Tax Reforms in Chinese Taipei

48th SGATAR Meeting

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Taxation Administration, Ministry of Finance

CHINESE TAIPEI

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Agenda



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1

**Optimal Adjustment of Income Tax System
in 2018**

2

Completion of Anti-Tax Avoidance System

3

**Implementation of Tax System for Cross-
Border Electronic Services**





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Optimal Adjustment of Income Tax System in 2018



1

Optimal Adjustment of Income Tax System in 2018



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□ 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%

1

Optimal Adjustment of Income Tax System in 2018



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□ 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





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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



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Implementation of CRS in Chinese Taipei

2017



- ✓ Domestic legal basis

2018



- ✓ Administrative operations
- ✓ IT Infrastructure

2020



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





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Implementation of Tax System for Cross-Border e-Services



3 Implementation of Tax System for Cross-Border Electronic Services



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□ 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

93

Foreign Companies
which have
completed taxation
registration

140
Million

VAT Revenue
in the period from
May 2017 to August
2018



3 Implementation of Tax System for Cross-Border Electronic Services



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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

2

Calculate taxable income

- a. Revenue – Actual Costs & Expenses
- b. Revenue × deemed profit ratio × contribution ratio^{*NOTE}

*NOTE : Based on the extent of economic connection with Chinese Taipei





Thank You



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