

# Ensuring the Tax Compliance of Large Multinational Corporations

**50<sup>th</sup> SGATAR Annual Meeting**

**PEI-TI CHU**

**Chinese Taipei**

Date of Presentation: 27 October 2021



# Agenda

- Preface
- Supervising organization structure
- Mechanism to ensure tax compliance of large enterprises
- Conclusion



# Preface

- Large enterprises play an important role in the economic development and tax collection.
  - The number of large-scale enterprises only accounts for 2.35% of the total number of enterprises in our jurisdiction, whereas their contribution to the output value of all enterprises for the year is as high as 70.42%.
- The importance of continued measures in strengthening tax compliance of large multinational enterprises.



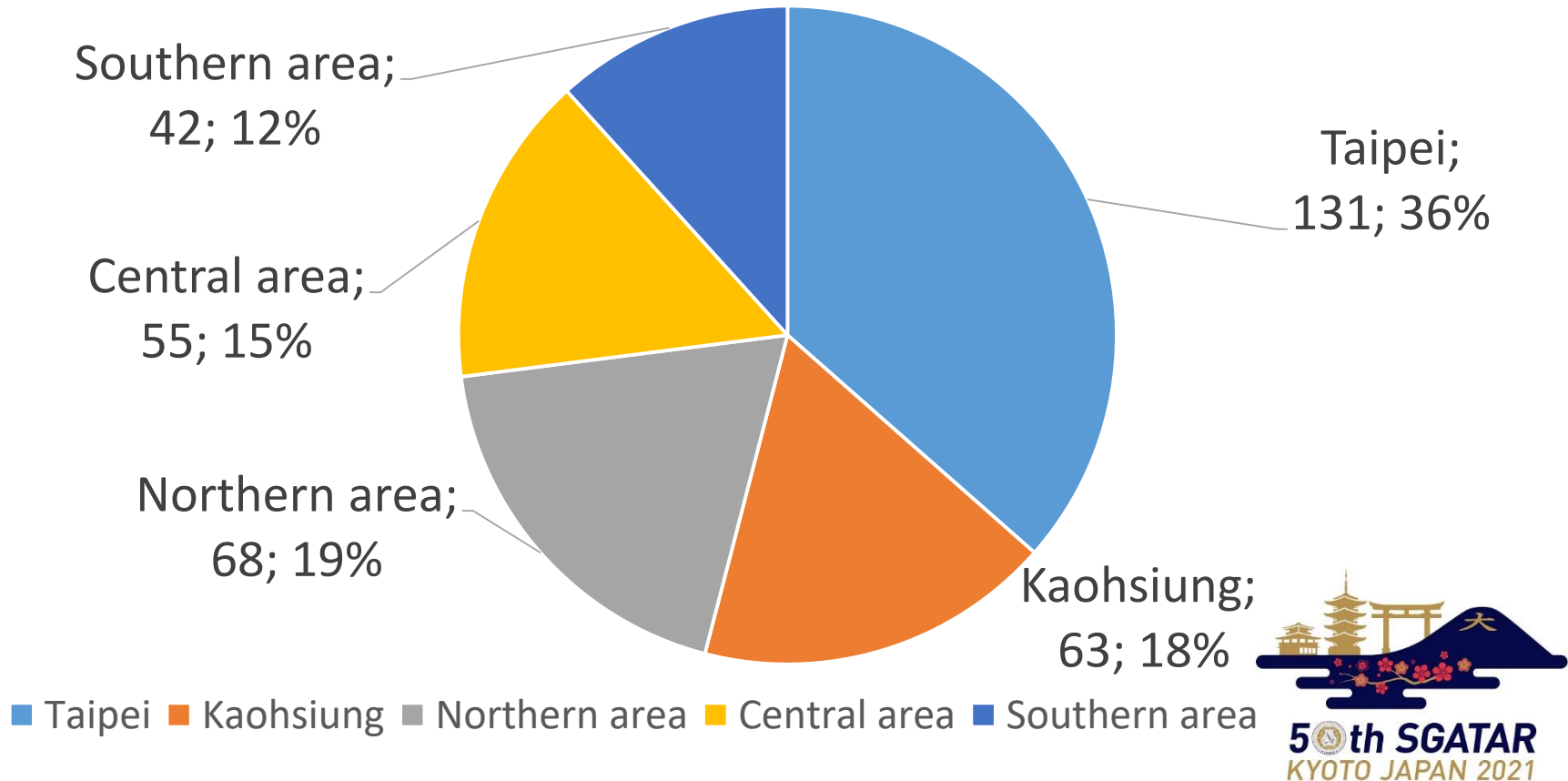
# Supervising organization structure

- Organizational structures
  - The first examination division of each National Taxation Bureau
  - 359 staff members
- Enterprises supervised
  - 1,527,272 enterprises
  - Only 35,852 are large enterprises



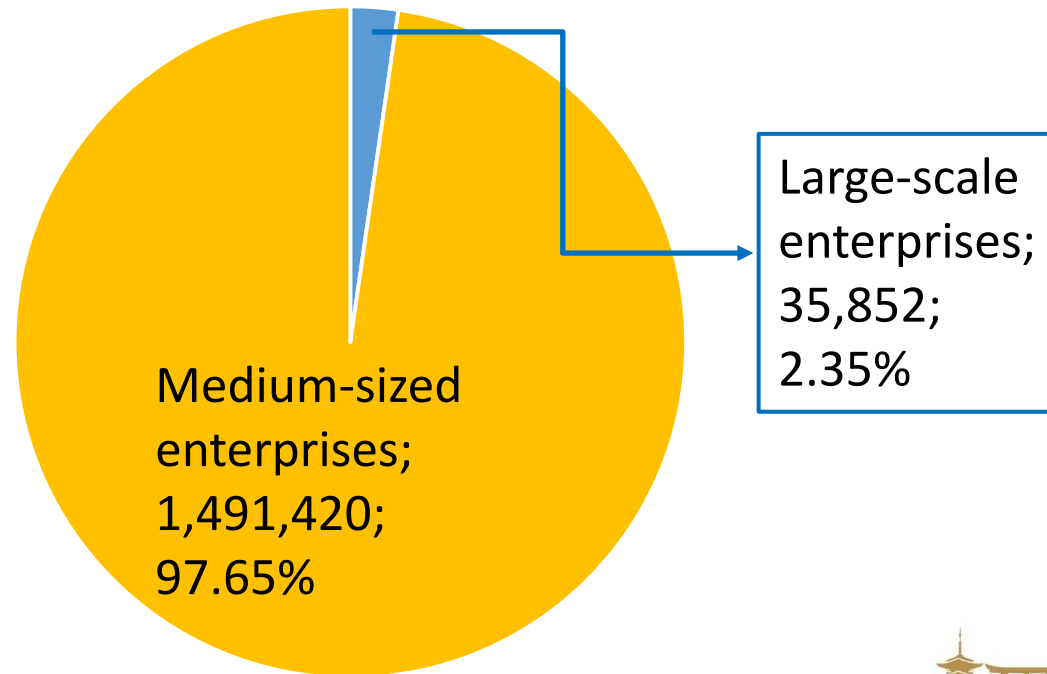
# Supervising organization structure

## Number of officials belonging to organizations



# Supervising organization structure

## □ The ratio of large-scale enterprises



■ Large-scale enterprises

■ Medium-sized enterprises

# Mechanism to ensure tax compliance of large enterprises

- Accurately select cases with scientific methods
  - Risk indicators
    - Revenue, cost, expense, other types
  - Analytical indicators
    - Master Files, Country by Country Reports, Local Files
  - Big data and artificial intelligence
    - Fiscal Information Agency
    - Intelligent tax service plan



# Mechanism to ensure tax compliance of large enterprises

- Co-operative compliance programs
  - Advance Pricing Arrangements (APA)
  - Directions for the Implementation of Advance Tax Rulings
  - Other policies
    - Taxation education activities
    - E-tax declaration platform
    - Taxpayer Rights Protection Act



# Mechanism to ensure tax compliance of large enterprises

## Advance Pricing Arrangements (APA)

- Implemented on September 21, 2007.

## Satisfy the following criteria

- Total amount of the transactions shall be no less than NT\$500 million; or, the annual amount of such transactions is no less than NT\$200 million.
- No significant tax evasions were committed in the past three years.
- Documentation and transfer pricing documentation as required by tax code has been well-prepared.



# Mechanism to ensure tax compliance of large enterprises

- ❑ The table below listed the number of APAs signed yearly from 2009 to 2020.

Statistics of Unilateral Advance Pricing Arrangement(APA) cases

(unit: no. of cases)

Year	Cases signed	Jurisdiction of counter-parties of controlled transaction
2009	1	Japan
2010	1	the Netherlands
2011		
2012		
2013	1	the Netherlands
2014	4	South Korea/ Japan
2015		
2016		
2017		
2018	2	Hong Kong/South Korea
2019	3	South Korea/ Sweden
2020	1	Hong Kong
total	13	

# Mechanism to ensure tax compliance of large enterprises

- ❑ Advance Tax Rulings (ATR)
  - Implemented on January 1, 2004
- ❑ Basic qualification to apply ATR
  - International transactions or investments (land investment excluded) whose total amount exceeds NT\$200 million, or the amount of the first transaction exceeds NT\$50 million
  - The proposed transaction will bring significant economic benefit to our jurisdiction.
- ❑ As of 2020, the number of applications issued is 4.



# Mechanism to ensure tax compliance of large enterprises

- ❑ Taxation education activities
  - Increase taxpayers' knowledge of new tax policies
- ❑ E-tax declaration platform
  - Online system
- ❑ Taxpayer Rights Protection Act
  - Provide taxpayers with appropriate and necessary assistance



# Conclusion

- ❑ Enhance tax compliance
  - Promote taxation policies
  - Provide an electronic declaration platform
  - Enhance professional knowledge of public servants
- ❑ Mutual trust between taxpayers and tax collection authorities
  - Improve technologies applied to case selection
  - Improve effectiveness of tax services



# Thank You

