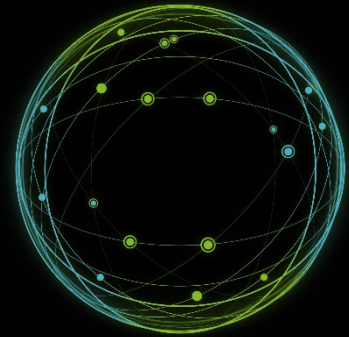


International Tax Taiwan (China) Highlights 2026

Updated January 2026



Recent developments

For the latest tax developments relating to Taiwan (China) (“Taiwan”), see [Deloitte tax@hand](mailto:Deloitte_tax@hand).

Investment basics

Currency: New Taiwan Dollar (NTD)

Foreign exchange control: Foreign exchange transactions are administered by the central bank. A limit of USD 100 million is imposed on inward and outward remittances converted from or to NTD (excluding the import/export of goods and provision of services) by any single corporate entity; the limit is USD 10 million for resident individuals. Additional remittances must be preapproved by the central bank.

Companies and individuals are required to report certain foreign exchange transactions to the central bank via the bank that handles the remittance.

Companies and individuals may hold foreign currency accounts without prior authorization; foreign currency accounts with offshore banking units also are allowed. There are no restrictions on foreign currency held locally by nonresidents, except for the overall remittance rules.

Accounting principles/financial statements: Listed companies, unlisted public companies, and financial institutions regulated by the Taiwan Financial Supervisory Commission (FSC) must use IFRS for the preparation of their financial statements. Private companies must follow the Enterprise Accounting Standard and the Business Entity Accounting Act (which has been revised based on IFRS).

A Taiwan company with paid-in capital of at least NTD 30 million must produce audited financial statements. Private companies with paid-up capital of less than NTD 30 million but with more than 100 employees or annual net operating revenue exceeding NTD 100 million also must have audited financial statements. Taiwan’s auditing standards follow the standards issued by the International Auditing and Assurance Standards Board.

Principal business entities: There are four types of legal entities that can carry on commercial activities in Taiwan: unlimited company, hybrid unlimited company, limited company, and company limited by shares. A business also may be established as a branch of a foreign company or a representative office. Company limited by shares is the type of legal entity most commonly used by businesses.

Corporate taxation

Rates	
Corporate income tax rate	20%, plus 5% surtax on undistributed earnings
Branch tax rate	20%
Capital gains tax rate	Varies

Residence: A profit-seeking enterprise is resident in Taiwan if its head office is in Taiwan.

Basis: Taiwan companies (including Taiwan subsidiaries of foreign companies) are subject to income tax on their worldwide income. A profit-seeking enterprise with its head office outside Taiwan (such as a branch of a foreign company) is considered nonresident for tax purposes. Such an enterprise is subject to profit-seeking enterprise income tax only on its Taiwan-source income, at the rate applicable to a domestic company.

An alternative minimum tax (AMT) applies in certain circumstances and a 5% surtax is imposed on undistributed earnings.

Where a foreign enterprise renders electronic supply services (ESS) to domestic customers (both business-to-consumer (B2C) and business-to-business (B2B) transactions), the services may be subject to income tax in Taiwan.

Branches are taxed at the same corporate tax rate as subsidiaries but are not subject to surtax on undistributed earnings.

Taxable income: The taxable income of a profit-seeking enterprise is its net income, defined as gross annual income after the deduction of costs and expenses, losses, and taxes. Special provisions apply to determine the Taiwan-source income and income tax payable by foreign providers of ESS.

Rate

General

The corporate income tax rate for resident companies and Taiwan branches of foreign companies is 20%.

Surtax

To neutralize a company's dividend distribution decision, a surtax is imposed at 5% on earnings not distributed in the following year. When calculating the surtax, certain investments made by an enterprise from its undistributed earnings within three years of the year in which the earnings were derived may be deducted from undistributed earnings, provided certain conditions are fulfilled and proper documentation is filed with the tax authorities.

Alternative minimum tax

A profit-seeking enterprise with a fixed place of business or business agent in Taiwan is subject to a separate AMT at 12% on the portion of income above NTD 500,000 if it earns certain income that is tax exempt or enjoys certain tax incentives under the Income Tax Act or relevant tax law, and the enterprise's basic income exceeds NTD 600,000. See "Global minimum tax (Pillar Two)," below, for potential changes to the AMT rate in some cases.

Global minimum tax (Pillar Two)

Taiwan's Ministry of Finance (MOF) has not proposed rules that generally are in line with the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise (MNE) groups with annual consolidated revenue of at least EUR 750 million. Instead, in August 2024, the MOF proposed a draft amendment to raise the AMT rate from 12% to 15% for MNE groups meeting the OECD's Pillar Two global minimum tax threshold. However, the expected effective date of the amendment is not yet available.

Taxation of dividends: Dividends received from Taiwan companies, as well as business profits of limited partnerships, are not considered taxable income in the hands of resident corporate taxpayers. Foreign dividends are subject to income tax at a rate of 20%.

Capital gains: Capital gains derived by domestic companies from the disposal of Taiwan companies or other securities are not subject to income tax but are subject to AMT at 12% (6% where the holding period is greater than three years). Capital gains derived by foreign investors from the disposal of Taiwan companies or other securities are exempt from income tax.

Capital gains derived by a profit-seeking enterprise from the sale of land acquired before 1 January 2016 are subject to land value incremental tax (LVIT) at rates ranging from 20% to 40% (see “Real property tax” under “Other taxes on corporations and individuals,” below).

Resident companies are subject to corporate income tax at rates ranging from 20% to 45% on capital gains derived from the sale of real estate (including land and buildings) acquired as from 1 January 2016. Nonresidents (related to a Taiwan branch of a foreign company) are subject to income tax at 45% on capital gains from the sale of real estate that has been held for up to two years, or 35% where the property has been held for more than two years. In addition, the transfer of any shares representing (directly or indirectly) more than 50% of the interest in a domestic or foreign company where more than 50% of the share value or investment of the company is attributed to real estate also will trigger 20% to 45% corporate income tax. The incremental net value of the land sold is subject to LVIT but may be deducted from taxable capital gains when calculating the income tax payable.

Capital gains from properties other than securities and real estate mentioned above are subject to income tax at 20%.

Losses: Assessed tax losses of business entities (including companies and branches of foreign companies) may be carried forward for 10 years, provided the entity keeps accounting books and files an annual corporate tax return that has been examined and certified by a local Certified Public Accountant (CPA) within the prescribed period, both in the year the losses are incurred and the year the losses are used. However, the income exempt from corporate income tax should first be applied to offset the assessed losses for each respective period, and then the remaining losses can be used. The carryback of losses is not permitted.

Foreign tax relief: A foreign tax credit is available for corporate income tax paid in other jurisdictions on income derived outside Taiwan. The credit may be used to offset the enterprise’s Taiwan income tax liability, but it may not exceed the incremental tax liability that would result if the foreign-source income were added to the Taiwan taxable income and taxed at the applicable domestic rate. The credit limit is calculated for all foreign jurisdictions in aggregate other than for China Mainland, which is computed separately. Any unused foreign tax credit may not be carried forward or back.

Participation exemption: Taiwan companies are not taxed on dividends received from investments in other Taiwan companies, but foreign dividends are subject to income tax at a rate of 20%.

Holding company regime: There is no holding company regime.

Incentives: The Statute for Industrial Innovation provides an income tax credit for innovation-related research and development (R&D) expenses incurred by Taiwan-based enterprises and limited partnerships at their Taiwan facilities. The enterprise must obtain approval from the tax authorities for its R&D projects to benefit from the tax credit. If approved, the company may take a credit against its tax payable for up to either:

- 15% of total R&D expenditure in the year in which it is incurred, with no carryforward; or
- 10% of R&D expenditure that may be used in the year incurred and carried forward for the next two years.

In either case, the tax credit is capped at 30% of the taxpayer’s corporate income tax payable for the year.

From 1 January 2025 through 31 December 2029, Taiwan-based enterprises investing at least NTD 1 million and up to NTD 2 billion in a single taxable year in new smart machines for their own use; implementing 5G communication networks; cybersecurity products or services; artificial intelligence; and new self-use hardware, software, technology, or technical

services for purposes of energy conservation and carbon reduction may be eligible for the following credits against their current year income tax payable:

- Up to 5% of the amount spent for the year may be credited against the enterprise's income tax payable in the current year; or
- Up to 3% of the amount spent for the year may be credited against the enterprise's income tax payable in the year incurred and carried forward for the next two years.

In either case, the creditable amount may not exceed 30% of the taxpayer's corporate income tax payable for the year. This limitation may be increased to 50% if the credit is used in combination with other investment tax credits. However, there is no limitation in the final year that the tax credit may be used.

From 1 January 2023 through 31 December 2029, Taiwan-based enterprises conducting R&D activity at their Taiwan facilities and acting as key players in the global supply chain may credit up to 25% of the amount spent on innovation-related R&D and up to 5% of the amount spent on investment in advanced process machinery and equipment against the enterprise's income tax payable in the current year, provided certain effective tax rate and other conditions are met. The tax credit is capped at 30% of the taxpayer's corporate income tax payable for the year. This cap may be increased to 50% if the credit is used in combination with other R&D expenditure tax credits and investment tax credits. However, there is no limitation in the last year that the tax credit may be used.

Profit-seeking enterprises that qualify as small and medium-sized enterprises also may deduct salary expenses of up to 200% of the salaries paid to employees hired during the year, provided certain requirements are met.

From 1 December 2023 through 1 June 2033, companies investing in cultural and creative industries may claim a tax credit of 20% of the amount invested.

Compliance for corporations

Tax year: The tax year for profit-seeking enterprises is the calendar year; approval must be obtained to use a different tax year ("fiscal year").

Consolidated returns: Consolidated returns may be filed by qualifying financial holding companies that hold at least 90% of the outstanding issued shares of domestic subsidiaries for 12 consecutive months during a fiscal year, as defined by the Financial Holding Law. Under the Mergers and Acquisitions Law, after a qualified merger, acquisition, or spinoff transaction, where a company owns at least 90% of the total issued shares of another company for 12 consecutive months during a fiscal year, the company may file a consolidated return.

Filing and payment: A calendar-year company must pay provisional income tax, of an amount equal to 50% of the preceding year's tax liability, in September of the current fiscal year. However, if the company's income tax return is examined and certified by a CPA, the company may opt to pay the provisional tax at an amount calculated on the basis of its operating income for the first six months of the current fiscal year.

The final return must be filed before 31 May following the end of the fiscal year and must include the payment of any tax liability. Enterprises with a fiscal year other than the calendar year must make the provisional tax payment in the ninth month of their fiscal year and file the return on or before the last day of the fifth month after the close of the fiscal year.

The enterprise must attach to the annual return a report detailing changes in its retained earnings.

Penalties: Penalties are imposed for late filing and failure to file a return. A late filing penalty is calculated at 10% of the tax payable and capped at NTD 30,000 but may be increased to 20% of the tax payable, capped at NTD 90,000 where the taxpayer fails to file an income tax return after receiving a reminder from the tax office. A late payment penalty is calculated at 1% of the unpaid amount calculated every three days, capped at 10% of the unpaid amount.

Late payment interest begins to accrue 30 days after the payment due date. The tax authorities also may order a suspension of business until the date of payment. For underreported income, a maximum penalty of twice the underpaid tax amount applies and may be increased to three times the tax underpaid where an income tax return is not filed.

Rulings: A taxpayer can apply to the tax authorities for a ruling to confirm its tax position or clarify a tax issue. The MOF publishes a list of all public tax rulings. The rulings are interpretations of existing laws and, if favorable to the taxpayer, apply both to the taxpayer seeking the ruling and other cases awaiting a final decision. If a ruling changes the interpretation of an earlier ruling and is unfavorable to the taxpayer, the new ruling may not be applied retroactively. Advance pricing agreements (APAs) also are available (see “Transfer pricing” under “Anti-avoidance rules,” below.)

Individual taxation

Rates		
Individual income tax rate	Taxable income (NTD)	Rate
	Up to 610,000	5%
	610,001–1,380,000	12%
	1,380,001–2,770,000	20%
	2,770,001–5,190,000	30%
	Over 5,190,000	40%
Capital gains tax rate		Varies

Residence: An individual is considered resident in Taiwan for tax purposes where the individual has a household registration in Taiwan and is either present in Taiwan for more than 31 days in a calendar year or has their center of vital interests in Taiwan. A foreign national who resides in Taiwan for at least 183 days in a calendar year also is considered resident in Taiwan.

Basis: Individual income tax is imposed on the Taiwan-source income of both resident and nonresident individuals.

Taxable income: Individual resident taxpayers are taxed only on Taiwan-source income. Taxable income includes business income, salaries, or wages (and any allowances, bonuses, or similar compensation); severance pay; professional fees; income from personal activities in farming, fishing, animal husbandry, forestry, and mining; rental income from property in Taiwan; and dividends, interest, and royalties derived from sources in Taiwan. Any income of the taxpayer’s spouse or dependents living in the same household is included in assessing total tax liability.

Foreign-source income is assessed under the AMT regime.

Rates: The tax rates for resident individuals are progressive up to 40%, with the 40% rate applying to income in excess of NTD 5,190,000.

Nonresidents are subject to withholding tax at a rate of 18% on wages and salaries, and 21% on dividends. A 15% withholding tax applies on interest on short-term bills; interest on securitized certificates; interest on corporate bonds, government bonds, or financial debentures; interest derived from repurchase transactions involving these bonds or certificates; and gains derived from structured products. The rate is 20% on commissions, bank interest, royalties, fees for professional services, rental income, prizes, and all other types of income.

Residents with AMT taxable income exceeding NTD 7.5 million may be subject to a 20% AMT. The AMT payable is the balance of AMT after the deduction of income tax payable and any foreign income tax credits. Individual taxpayers subject to AMT may claim credit against their Taiwan tax liability for foreign tax paid on foreign-source income, limited to the Taiwan tax that would otherwise be payable on the income. Unused foreign tax credits may not be carried forward or back.

Resident individuals may choose to have dividends received from Taiwan companies included in their individual income tax return as taxable income with a tax credit of 8.5% of dividend income (capped at NTD 80,000) or have the dividends received taxed separately at a flat rate of 28% with no tax exemption.

Capital gains: Capital gains derived by Taiwan individuals from the disposal of shares in Taiwan listed companies are exempt from income tax. However, capital gains from the disposal of securities in private companies (except for high-risk innovative startups incorporated for less than five years) are subject to 20% AMT. Capital gains derived by foreign individuals from the disposal of shares in Taiwan companies or other securities are exempt from income tax.

Gains derived by an individual from the sale of land acquired before 1 January 2016 are subject to LVIT at rates ranging from 20% to 40%. Gains from the sale of real estate (land and buildings) acquired as from 1 January 2016 are subject to income tax at progressive rates ranging from 15% to 45%. Resident individuals who meet certain requirements are granted an exemption on NTD 4 million of taxable income and the remaining income is taxed at 10%. The incremental net value of the land sold is subject to LVIT but may be deducted from the taxable capital gains when calculating the income tax payable. In addition, the transfer of any shares representing (directly or indirectly) more than 50% of the interest in a domestic or foreign company where more than 50% of the share value or investment of the company is attributed to real estate also will trigger LVIT.

Capital gains other than those discussed above generally are combined with individual taxable income and taxed at individual income tax rates, unless specifically exempt.

Deductions and allowances: Taxpayers are entitled to a personal exemption of NTD 101,000 (NTD 151,500 for taxpayers over 70). Taxpayers also may claim a standard personal deduction (NTD 136,000 for tax year 2026) or claim specific itemized expenditure where the total of such deductions exceeds the standard deduction. Specific deductions are available for insurance premiums, mortgage interest, rental expenses up to a specified amount, charitable donations, etc. A nonresident taxpayer is not entitled to personal exemptions and deductions.

In addition, an individual who invests cash in a domestic high-risk startup company incorporated for less than five years and whose investment in that company reaches at least NTD 500,000 in the initial year of investment, resulting in the acquisition of newly issued shares, may deduct up to 50% of the investment amount from their individual taxable income in the year in which the shares have been held for at least three years. The total deductible amount for an individual applying this investment incentive is capped at NTD 5 million per year. However, the deduction is subject to AMT.

Foreign tax relief: A foreign tax credit is available for income tax paid in other jurisdictions on income derived outside Taiwan. The credit may be used to offset the individual's Taiwan AMT liability, but it may not exceed the incremental tax liability that would result if the foreign-source income were added to the Taiwan taxable AMT income and taxed at the applicable rate. The credit limit is calculated for all foreign jurisdictions in aggregate other than for China Mainland, which is computed separately, and taxes paid in China Mainland may be credited against income tax, not AMT. Unused foreign tax credits may not be carried forward or back.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: The income of the taxpayer, the taxpayer's spouse, and the taxpayer's dependents must be consolidated and reported on a single tax return.

Filing and payment: A resident individual (or a nonresident individual present in Taiwan for more than 90 days) must file an income tax return and pay any tax due in May of the year following the tax year. Tax on employment income is withheld at source by the employer. Resident employees may elect for tax to be withheld either in accordance with the tables provided in the Regulations Governing the Withholding of Tax on Salaries and Wages or at a flat monthly rate of 5%.

Penalties: A late payment penalty applies, equal to 1% of the unpaid amount calculated every three days and up to a maximum of 10% of the unpaid amount, and late payment interest begins to accrue 30 days after the payment due date. For underreported income, a maximum penalty of twice the underpaid tax amount applies, which may be increased to three times the tax underpaid where an income tax return is not filed or is filed late.

Rulings: A taxpayer can apply to the tax authorities for a ruling to confirm their tax position or clarify a tax issue. The MOF publishes a list of all public tax rulings. The rulings are interpretations of existing laws and, if favorable to the taxpayer, apply both to the taxpayer seeking the ruling and other cases awaiting a final decision. If a ruling changes the interpretation of an earlier ruling and is unfavorable to the taxpayer, the new ruling may not be applied retroactively.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	21%	21%
Interest	10%	10%	15%/20%	15%/20%
Royalties	10%	10%	20%	20%

Dividends: No withholding tax is imposed on dividends paid to a resident shareholder. A 21% withholding tax is imposed on dividends paid to a nonresident (regardless of whether the investment has been approved by the Investment Commission), unless the rate is reduced under an applicable tax agreement.

Interest: A 10% withholding tax is imposed on interest paid to a resident. A 15% withholding tax is imposed on interest paid to a nonresident on short-term bills; interest on securitized certificates; interest on corporate bonds, government bonds, or financial debentures; and interest derived from repurchase transactions for these bonds or certificates. The rate for nonresidents in all other cases is 20%. The rates for interest paid to nonresidents may be reduced under an applicable tax agreement.

Royalties: A 10% withholding tax is imposed on royalty payments made to a resident. A 20% withholding tax is imposed on royalties paid to a nonresident, unless the rate is reduced under an applicable tax agreement. However, royalties paid in respect of qualified intellectual property licensing approved by the relevant authorities may be exempt from income tax.

Fees for services: No withholding tax is imposed on fees for services paid to a resident. Payments made to a nonresident for services provided to a Taiwan entity are subject to a 20% withholding tax if the payments are considered Taiwan-source income, unless the rate is reduced under an applicable tax agreement. It may be possible to obtain “apportionment treatment,” with only the part of the income deemed to be from a Taiwan source subject to the 20% withholding tax. Alternatively, if the costs are associated with the provision of qualified technical services, the service provider may request a deemed profit rate of 15% of total business turnover for services provided (10% for certain transport industries), which is taxed at the 20% rate, resulting in an effective tax rate of 3% or 2%, respectively. Approval of the National Taxation Bureau is required in both cases.

Branch remittance tax: There is no branch remittance tax.

Other: In 2025, the period to apply for a refund under a tax agreement was increased from five years to 10 years as from the date the tax is required to be paid under domestic law, with transitional rules introduced to address certain cases. Nevertheless, provisions specified in certain tax agreements will take precedence when applicable.

Anti-avoidance rules

Transfer pricing: Taiwan has transfer pricing rules requiring transactions between related parties to be conducted on arm’s length terms. The rules provide a specific definition of related parties, which includes direct and indirect control, as well as control over a board of directors. The following transfer pricing methods are accepted: comparable uncontrolled price, comparable uncontrolled transaction, resale price, cost plus, comparable profits, profit split, income-based, or other methods provided by the MOF. Taxpayers are required to prepare contemporaneous documentation for related party transactions. The tax authorities can adjust the income of taxpayers in appropriate cases. Penalties may be imposed for failure to comply with the arm’s length principle and the documentation requirements.

The transfer pricing rules also apply to business reorganizations, so that the profit allocation under a business restructuring must be in compliance with the arm's length principle. A Taiwan entity of an MNE that carries out a business restructuring is required to document in its transfer pricing report information demonstrating the arm's length nature of the restructuring by analyzing certain factors.

APAs may be negotiated with the local tax authorities.

Interest deduction limitations: A profit-seeking enterprise, such as a subsidiary or a Taiwan branch of a foreign company, is subject to thin capitalization rules. Interest expense from related party debt exceeding a 3:1 debt-to-equity ratio is not deductible for tax purposes. Companies in the financial industry, such as banks, financial holding companies, insurance companies, securities firms, etc., are not subject to the thin capitalization rules.

Controlled foreign companies: A foreign company is a controlled foreign company (CFC) if a Taiwan company or individual, together with their related parties, (i) control, directly or indirectly, greater than 50% of the foreign company's shares or capital, or (ii) significantly influence the foreign company.

If a CFC is (i) located in a low-tax jurisdiction or region with a statutory income tax rate lower than 70% of Taiwan's corporate income tax rate (i.e., 14%), or (ii) located in a jurisdiction or region only taxing domestic income or only taxing foreign-source income when repatriated, the Taiwan company must recognize its share of the CFC's undistributed income in the year incurred and be subject to income tax accordingly.

A Taiwan company that receives CFC dividends or earnings but that has already paid tax on those dividends or earnings in the source jurisdiction may apply for a credit or refund of the additional Taiwan income tax paid due to the inclusion of CFC income. The credit or refund application must be submitted within five years from the day following the expiry of the filing period for the year in which the CFC investment income is recognized. No credit or refund may be claimed after the deadline.

An exemption is allowed either if a CFC carries out substantial operating activities in its jurisdiction and its passive income is less than 10% of its total income, or if the CFC's current year earnings are less than NTD 7 million.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: Generally, Taiwan follows the substance-over-form rule (see "General anti-avoidance rule," below).

The MOF has proposed that any profit-seeking enterprise incorporated under foreign (i.e., non-Taiwan) law but with a place of effective management in Taiwan would be deemed a profit-seeking enterprise having its head office within the territory of Taiwan. As such, the enterprise would be subject to profit-seeking enterprise income tax and would have to withhold income tax and submit withholding (exemption) certificates, among other requirements. This proposal has passed three readings in the Legislative Yuan but is not yet in effect.

Disclosure requirements: See "Transfer pricing," above. Although Taiwan is not a member of the OECD, country-by-country reporting, consistent with action 13 of the OECD/G20 BEPS project, is required where an MNE group's consolidated revenue is at least NTD 27 billion in the preceding fiscal year.

Taiwan also has committed to the adoption of the OECD common reporting standard between tax authorities.

Exit tax: There is no exit tax.

General anti-avoidance rule: The Tax Collection Act provides for a substance-over-form rule that enables the tax authorities to adjust tax calculations based on normal transactions or other information obtained.

Value added tax

Rates	
Standard rate	5%

Reduced rate	0%/1%/2%
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Taxable transactions: Business tax (BT) is imposed under two systems: the VAT system and the non-VAT (special BT) system.

BT applies to the sale of goods, the provision of services, and imports. The VAT on purchases generates an input tax credit or a refund where BT paid on purchases exceeds the BT received. Financial institutions, small-scale businesses, and certain restaurants fall within the scope of the special BT system. Their sales, based on gross business receipts, are subject to special BT. BT paid under the special BT system is not recoverable and input VAT can be creditable.

Nonresident business entities providing ESS to individuals in Taiwan must register with Taiwan's tax authorities for VAT purposes and pay VAT at 5%.

Rates: The basic rate of BT is 5%. The following items are zero-rated: exports, export-related services, items sold by duty-free shops, goods sold to export-oriented entities within a tax-free export zone or science-based industrial park, and goods sold to a bonded factory or warehouse. Healthcare services, land sales, and approved textbooks and academic writings, etc. are exempt.

Financial institutions, certain restaurants, and small companies are subject to BT based on their gross business receipts, at rates ranging from 0% to 25%. However, certain services of financial institutions are taxed at a 5% rate where the services are not the "core business" of the financial institution (core business services are taxed at 2%). Banking and insurance enterprises are taxed at a special BT rate of 5%, regardless of whether they are core or noncore businesses. For reinsurance premiums of insurance enterprises, the tax rate is 1%.

Registration: The tax laws require a business entity to register with the National Taxation Bureau for BT/VAT purposes for each of its operations having a fixed business location in Taiwan. There is no turnover threshold.

Nonresident business entities with annual revenue of more than NTD 480,000 providing ESS to individuals in Taiwan must register with Taiwan's tax authorities for VAT purposes.

Filing and payment: A BT return must be filed every two months and payment must be made at the time the return is filed. Penalties apply for failure to pay on time. Additionally, business entities, which issue electronic invoices via the internet or other electronic means, must ensure that all electronic invoices are transmitted in compliance with the latest e-invoicing regulations, or face penalties for noncompliance.

VAT tax grouping is not applicable in Taiwan and, in general, an enterprise in Taiwan subject to VAT should report its VAT separately to its local tax office. In some cases, approval may be granted for the head office to file a single VAT return on behalf of all the branches.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social contributions and payroll taxes: Factories, mines, and all companies with 50 or more employees must establish funds for employee welfare. When an enterprise is founded, 1% to 5% of its registered capital, amounts equal to 0.05% to 0.15% of monthly revenue, 0.5% of the monthly wage and allowances of each employee, and 20% to 40% of the proceeds from the sale of scrap or waste materials at the time of each sale must be set aside and added to the employee welfare fund.

There are two social security programs in Taiwan: Labor Insurance and National Health Insurance. The government determines the premiums for both programs based on an employee's monthly salary. The premiums are borne by the employer, the employee, and the government. For Labor Insurance, the overall rate is 12.5% of the insured person's monthly insurance salary. The employer contributes 70% of that amount, the employee contributes 20%, and the government contributes 10%. For National Health Insurance, the rate is 5.17% and the employer contributes 60%, the employee 30%, and the government 10% of the total.

A 2.11% supplemental premium is imposed on all other income (at different thresholds) received by the insured, including substantial bonuses, income from a professional practice, dividend income, interest income, rental income, and income from part-time employment.

In addition, employers are required to contribute at least 6% of an employee's monthly salary to employees' pension accounts at the Bureau of Labor Insurance. Contributions of up to 6% of their monthly salary are voluntary for employees and are deductible from the employee's current year taxable income.

Capital duty: There is no capital duty but a one-time fee is charged on registered capital at a rate of 1/4,000 or NTD 1,000, whichever is higher.

Real property tax: Land value tax (LVT) is imposed on a taxpayer's total urban and rural land that has been assigned a land value in each municipality directly administered by the central government or county. LVT is imposed at regular progressive rates (from 1% to 5.5%), or special rates on the government-assessed land price depending on the usage of the land (e.g., parks, museums, city planning land).

Land that has been assigned a value is subject to LVIT, based on the total amount of the government-assessed land value increment at the time title to the land is transferred. LVIT is imposed at progressive rates ranging from 20% to 40%.

Transfer tax: Deed tax is imposed on the transfer of buildings through a sale, an exchange, an acceptance of a lien right, a donation, a subdivision, or an occupancy. The tax is based on the deed price of the property as prescribed by the local real property assessment committee, at rates ranging from 2% to 6%.

Stamp duty: Stamp tax applies to various types of documents at the following rates: 0.4% of all cash receipts paid by the recipient (0.1% for money deposited by bidders for the deposit of bid bonds); NTD 12 per deed of sale of movable property; and 0.1% of the contract amount for job contracting agreements and contracts for the sale, exchange, donation, or division of real estate, paid separately by the contracting parties.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: Estate and gift tax (at progressive tax rates ranging from 10% to 20%) is imposed on the worldwide assets of Taiwanese-domiciled individuals. If a Taiwanese national does not have a Taiwan domicile, but has a residence in Taiwan, worldwide assets are subject to Taiwan estate and gift tax, provided the total length of stay in Taiwan within two years before the gift transfer date or date of death exceeds 365 days.

Other: Companies are subject to a securities transaction tax (STT) and a futures transaction tax. STT is imposed on the transfer of securities (except for government bonds). The tax rate is 0.3% of the securities transaction price, reduced to 0.15% for day-trade transactions. The tax rate is 0.1% for call (put) warrants approved by the competent authority, which are sold from the warrant hedging account for quotation obligation and risk management purposes, and whose daily transaction amounts fall within the necessary hedging range. The tax rate is 0.0000125% to 0.6% for futures transactions.

A special commodity and service tax ("luxury tax") is imposed on the sale, manufacture, and import of the following: passenger vehicles, yachts, aircraft, helicopters, and light vehicles that cost more than NTD 3 million; furniture; and nonrefundable memberships that cost more than NTD 500,000. The tax rate generally is 10% or 15% of the total price (including necessary charges, commodity tax, VAT, and customs duty) of the special commodity or service.

Tax treaties: Taiwan has concluded more than 35 tax agreements and the United States-Taiwan Expedited Double-Tax Relief Act is currently under negotiation.

For information on Taiwan's network of tax agreements, visit [Deloitte International Tax Source](#).

Tax authorities: Ministry of Finance, National Taxation Bureau

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