

Taiwan Tax Updates

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資誠



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Tax treatment of cash dividends distributed from capital reserve deemed as additional paid-in capital

According to a private tax ruling recently issued by the National Tax Administration, capital reserve deemed as additional paid-in capital distributed as cash dividends to shareholders shall be considered as return of invested capital, rather than dividend income. Therefore, if shareholders receive cash dividends distributed from capital reserve deemed as additional paid-in capital, such dividend distribution should be deducted from the shareholder's original investment cost when calculating capital gain or loss from subsequent disposal of shares. Incorrect calculation of original investment cost may lead to a potential shortfall in basic income tax, since capital gain from disposal of shares is currently tax exempt under the regular income tax system, but added back under the basic income tax system for corporate shareholders.

VAT treatment of sale of foreign registered patents and trademarks owned by a Taiwanese company to another Taiwanese company

The Ministry of Finance ("MOF") promulgated Tax Ruling No. 10304022020 on November 18, 2014, which states that sale of foreign registered patents and trademarks by a Taiwanese company to another Taiwanese company would be deemed as services supplied and utilized within the territory of Taiwan. It is classified as sales of service in Taiwan, and subject to the standard VAT rate of 5%.

PwC Contacts:

Name	Phone Number	E-mail Address
Corporate Income Tax / Other Tax		
Tony Lin	886-2-2729- 5980	Tony.Lin@tw.pwc.com
Jason C Hsu	886-2-2729- 5212	Jason.C.Hsu@tw.pwc.com
Pei-Hsuan Lee	886-2-2729-5207	Pei-hsuan.Lee@tw.pwc.com
Rosamund Fan	886-2-2729-6077	Rosamund.Fan@tw.pwc.com
Sam Hung	886-2-2729-5008	Sam.Hung@tw.pwc.com
Indirect Tax		
Lily Hsu	886-2-2729-6207	Lily.Hsu@tw.pwc.com
International Tax Services		
Wendy Chiu	886-2-2729-6019	Wendy.Chiu@tw.pwc.com
Elaine Hsieh	886-2-2729-5809	Elaine.Hsieh@tw.pwc.com
Patrick Tuan	886-2-2729-5995	Patrick.Tuan@tw.pwc.com
Albert Chou	886-2-2729-6626	Albert.Chou@tw.pwc.com
Transfer Pricing		
Lily Hsu	886-2-2729-6207	Lily.Hsu@tw.pwc.com
Elliot Liao	886-2-2729-6217	Elliot.Liao@tw.pwc.com
Wendy Chiu	886-2-2729-6019	Wendy.Chiu@tw.pwc.com
Jack Hwang	886-2-2729-6061	Jack.Hwang@tw.pwc.com
Financial Services		
Richard Watanabe	886-2-2729-6704	Richard.Watanabe@tw.pwc.com
Jason C Hsu	886-2-2729- 5212	Jason.C.Hsu@tw.pwc.com
M&A Tax		
Wilson Wang	886-2-2729-6666 ext 35101	Wilson.Wang@tw.pwc.com
Elaine Hsieh	886-2-2729-5809	Elaine.Hsieh@tw.pwc.com
International Assignment Services		
Rosamund Fan	886-2-2729-6077	Rosamund.Fan@tw.pwc.com
General Accounting and Relevant Out-Sourcing Services		
Lucy Ho	886-2-2729-5218	Lucy.Ho@tw.pwc.com

www.pwc.com/tw

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Appendix

- 日期文號： 中華民國 103 年 11 月 18 日台財稅字第 10304022020 號令
- 摘 要： 核釋國內營業人出售國外專利權及商標權予國內另一營業人之收入應課徵營業稅
- 主 旨： 國內營業人出售註冊登記於國外之專利權及商標權予國內另一營業人，該勞務係在我國境內提供及使用，核屬在我國境內銷售勞務，其取得之收入應依法課徵營業稅，且非屬外銷有關之勞務，無零稅率規定之適用。