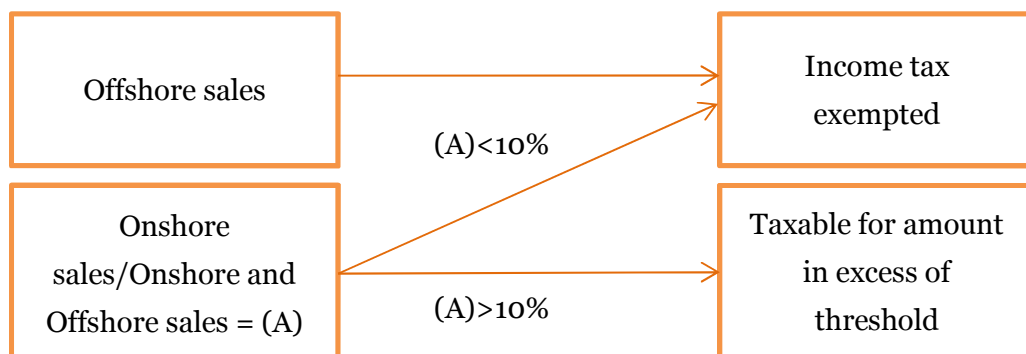


Taiwan Tax Update

August 2015

Calculation of Contribution Rate of Foreign Profit-Seeking Enterprises Performing Importation, Processing, Storage, and Delivery Activities via Free Trade Zone (“FTZ”) Enterprise

- I. Where a foreign profit-seeking enterprise with no fixed place of business in Taiwan engages an FTZ enterprise for importation, simple processing, and storage of goods to be delivered to domestic and offshore customers, income derived therefrom can be exempt from corporate income tax based on Article 29 of the Act for the Establishment and Management of Free Trade Zones if domestic sales does not exceed 10% of consolidated domestic and offshore sales. Whereas, if sales to domestic customers exceed 10% of the consolidated sales to domestic and offshore customers, then the amount in excess shall be subject to corporate income tax assessment. The FTZ enterprise should be responsible for maintenance of accounting books for the foreign profit-seeking enterprise, filing income tax return of the foreign profit-seeking enterprise with the tax authority on an actual basis, and payment of income taxes.
- II. If the FTZ enterprise is unable to provide the aforesaid accounting books and documentary evidence, the collection authority may determine the total profits derived from offshore and onshore activities based on the industry standard profit of the same trade concerned, and calculate the Taiwan-sourced income according to the profit contribution of onshore activities to the total profits derived from both onshore and offshore activities.
- III. In practice, as some foreign profit-seeking enterprises cannot provide accounting records of their onshore and offshore activities, which results in difficulties in calculating the profit contribution of onshore activities to the total profit derived from both onshore and offshore activities, the Ministry of Finance issued Tax Ruling No.10404572310 on July 17, 2015, where a more clearly defined and simplified method to calculate the profit contribution of onshore activities is provided, to assist FTZ enterprises to perform income tax return filing obligations on behalf of the foreign profit-seeking enterprises. The salient points of the Tax Ruling are summarized below:
 - 1) If the foreign profit-seeking enterprise is able to provide intact accounting books and records of onshore and offshore activities, the taxable income can be calculated on an actual basis.



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- 2) If taxable income cannot be calculated on an actual basis or based on available taxation data, the taxable income shall be determined as follows:

Total profits of onshore and offshore transactions (Industry standard profit rate of the same trade concerned)	X	Contribution rate (%) of onshore activities to total profits
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- 3) Per the Tax Ruling, contribution rates will no longer vary across industries, but instead is divided into two (2) categories according to the functions or activities performed in Taiwan:

Functions or activities performed in Taiwan	Contribution rate
Logistics (importation, storage and delivery of goods, including simple processing)	12%
Logistics + Onshore Processing	12% + (A+B/ A+B+C)

A=Costs and expenses of onshore purchase of raw materials

B=Costs and expenses of contract manufacturing

C=Import price of foreign goods as indicated on the import declaration form (if the import price is significantly higher than the current market price with the purpose of avoiding or reducing tax liabilities, the tax collection authority may assess the import price based on available taxation data, or the dutiable value of identical or similar imported goods as indicated on the import declaration form)

PwC Observation:

Where foreign profit-seeking enterprises engage FTZ enterprises to perform processing activities in Taiwan, but do not maintain accounting books and records, though the contribution rate can be calculated based on the above guidance, record of onshore purchase of raw materials, contract manufacturing costs, and import declaration forms of imported goods should be well maintained to ensure the applicability of the Tax Ruling.

Tax Relief for Victims of Typhoon Soudelor

- I. Tax Ruling No. 09904539120 was issued by the Ministry of Finance to provide guidance to taxpayers affected by disasters who wish to apply for tax relief.
- II. The Ministry of Finance further announced that they have instructed district tax collection offices to establish the “Review Disaster Loss Tax Alleviation Service Team” to send personnel to areas affected by Typhoon Soudelor to assist taxpayers in applying for relevant tax relief.

III. Below is a summary of the tax relief for corporate victims of Typhoon Soudelor:

Item	Conditions of Disaster Loss	Tax Relief	Filing (Application) Deadline	Receiving Agency
Inventory	deteriorated, damaged, destructed or obsolete	Corporate Income Tax	Within 30 days after occurrence of disaster	National taxation bureaus, branches, or tax collection offices where the head office or fixed place of business is located.
		Business tax for small-scale business entities (excluding non-business days)	Apply after occurrence of disaster	
Fixed Asset	Damaged, destructed or obsolete	Corporate Income Tax	Within 30 days after occurrence of disaster	Local tax collection authorities or branch units where the head office or fixed place of business is located.
Building	More than 30% damaged	House Tax	Within 30 days from the disaster date	
Land	Unusable due to landslide, surface collapse, washout or silt covering	Land Value Tax	Within 30 days after occurrence of disaster	Local tax collection authorities or branch units where the head office or fixed place of business is located.
Vehicles	Retired	Vehicle License Tax	Within one month from the disaster date	

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The materials contained in this publication were assembled in August 2015 and were based on the law enforceable and information available as of July 31, 2015. In the event of any discrepancy between the English information contained in this newsletter and the original Chinese version of the laws or rulings announced by the government or any difference in the interpretation of the two versions, the Chinese version announced by the government shall prevail.

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Appendix

日期文號： 中華民國104年7月17日台財稅字第10404572310號令

摘要： 外國營利事業委託自由港區事業從事貨物輸入、製造加工、儲存並銷售之貢獻度計算規定

- 主旨：
- 一、 在我國境內無固定營業場所之外國營利事業委託國內自由港區事業代為從事貨物輸入、製造加工、儲存並交付與國內外客戶所產生之所得，係屬所得稅法第8條第9款在中華民國境內經營工商之盈餘，除符合自由貿易港區設置管理條例第29條第1項規定免徵營利事業所得稅外，自由港區事業核屬該外國營利事業之營業代理人，應就其代理業務範圍內之中華民國來源所得，依同法第21條及第41條規定設置帳簿，並依規定給與、取具及保存相關憑證，核實計算該外國營利事業在我國境內之所得額，並依同法第73條第2項規定代為申報繳納營利事業所得稅。
 - 二、 自由港區事業無法提示上開帳簿文據者，依所得稅法第83條規定，稽徵機關得依查得之資料核定該外國營利事業之中華民國來源所得額，或依該外國營利事業適用稅務行業標準代號之同業利潤標準核定境內、外整段交易流程之總利潤，再依發生在我國境內之交易流程對總利潤之貢獻程度，計算其中華民國來源所得；該外國營利事業在我國境內、外之交易流程對總利潤之貢獻程度之成本費用分攤計算困難者，稽徵機關得按下列規定計算在我國境內交易流程對總利潤之貢獻程度：
 - (一) 在我國境內從事貨物輸入、儲存及交付之交易流程者，貢獻程度為12%。
 - (二) 在我國境內除從事貨物輸入、儲存及交付外，尚進行製造加工行為者，貢獻程度 = 12% + 境內製造加工之成本費用 / 境內、外製造加工全部成本費用。但貢獻程度以不超過100%為限。
 - (三) 境內製造加工之成本費用，包括境內購買原物料與委託加工之相關成本費用；境內、外製造加工全部成本費用，以境內製造加工之成本費用及國外貨物之進口報單價格合計數認定之。

- (四) 國外貨物進口報單價格如顯較時價為高，有規避或減少納稅義務之情事者，稽徵機關得依查得資料或參考相同或類似進口貨物之進口報單完稅價格核定之。

Appendix

日期文號： 中華民國99年10月4日台財稅字第0990453912號令

摘 要： 稽徵機關輔導受災納稅義務人申報減免稅捐服務注意事項

- 主 旨： 一、 為加強為民服務，有效輔導受災納稅義務人申請稅捐減免，特訂定本注意事項。
- 二、 平時即備妥申報（請）書表及書面宣傳資料，詳細說明各種稅法對於災害損失可以減免之內容、申報地點與期限、申報（請）書填寫方法及稽徵機關服務電話。放置於稽徵機關服務台、鄉鎮市區公所、村里辦公處及警察機關（消防隊），以備納稅義務人索取申報或參考。
- 三、 遇有重大災害，稽徵機關應設置「災害減免勘查服務小組」，由服務科（課）及相關業務科（課）遴員組成，並視災情由機關副首長或授權指定之人員為召集人。
- 四、 轄區內普遍發生災害時，為使納稅義務人瞭解災害損失得列報減免之稅目、申報（請）手續及期限，應以下列方式加強宣導：
- （一）立即主動發布新聞，敘明各稅災害損失減免規定，並籲請受災納稅義務人清查損失情形，於規定期限內檢具損失清單及證明文件，向該管稽徵機關報備或報請派員勘查。
- （二）遇有重大災害發生時，應派員赴受災地區逐戶分送申報（請）書表及宣傳資料或透過村里幹事或村里、鄰長分送，供災區納稅義務人參考運用。
- （三）洽請當地廣播電台、報社、有線播放系統及其他傳播媒體加強宣導，期使受災民眾能聽到廣播，看到報導及宣傳資料，以達到普遍知悉之宣傳效果。
- 五、 為便利納稅義務人申報（請），得視災害損失情形，以下列方式輔

導申報（請）：

- (一) 指派專人接聽電話並接受傳真資料，設置專簿登記，以備寄送申報（請）書表；由申報（請）人填具災害損失清單，俾便派員勘查清點。
 - (二) 派員至災區輔導，提醒納稅義務人對易腐或須即時清理之受災物品如何拍照存證，於申報時一併檢附有關照片俾便查核；並到場受理申報（請）。
 - (三) 所得稅、營業稅、房屋稅及地價稅納稅義務人得委由村里長、村里幹事代理，就受災範圍、災害情形及毀損程度造具清冊，檢同相關證明文件統籌辦理申報（請）手續。
- 六、 遇有重大災害，小規模營業人有關營業稅之減免，由國稅局主動派員勘查，按實際停業日數核實查定；使用統一發票營業人之商品、原物料、在製品、半製品、製成品，因災害而變質、損壞、毀滅、廢棄者，由國稅局受理申報（請），派員現場察看屬實認定。
- 七、 營利事業總公司與分支機構（包括分公司、工廠、營業處（所）、服務站（處））分屬不同縣市者，受災之分支機構向所在地稽徵機關申報（請）時應予受理，並派員勘查核定後，通報總公司所在地稽徵機關，作為核認損失之依據。個人遭受災害損失時，其戶籍與財產所在地分屬不同縣市者，直接向戶籍所在地稽徵機關或就近向災害發生地稽徵機關申報（請）派員勘查，並由受理稽徵機關核發災害損失證明。
- 八、 發生局部性災害時，亦應主動檢送災害減免申報（請）書表，輔導該址受災之納稅義務人申報（請）稅捐減免事宜。