

Doing business in Taiwan



DBIT addendum update

PwC's [Doing business in Taiwan](#) (DBIT) guide is a handy reference about the practicalities of doing business and investing in Taiwan. It's revised every few years and the current edition was published in January 2020.

This quarterly update to the DBIT guide follows its content structure and highlights the latest developments in Taiwan's business, regulatory and tax environment from 2020 onwards. It was last updated in January 2024.

Chapter 1: Business environment

Government and political structure (p5) – Challenges lie ahead after Taiwan's 2024 elections

- The ruling Democratic Progressive Party (DPP) regained the presidency in national elections held on 13 January 2024, ushering in a third successive four-year term for the party after its wins in 2016 and 2020.
- But the DPP lost its majority in Taiwan's 113-seat parliament, which is now split between three parties with none having a dominant position. As a result, the DPP administration will face greater difficulty passing laws.

Taiwan-China relations (p6) – Increasingly heightened tensions across the Taiwan Strait

- China cut official communications with Taiwan's government after the DPP came to power in May 2016, because the party refuses to endorse the so-called "1992 consensus" that Taiwan is part of "one China."
- Since then, China has intensified its military, economic and diplomatic coercion of Taiwan, seeking to isolate the island and advance its goal of reunification. Chinese pressure on Taiwan can be expected to continue.

Macroeconomic profile (p6-7) – Taiwan outperformed during Covid but now seeing slower growth

- While the pandemic-driven recession hit hard across most of the world, Taiwan's economy enjoyed a robust expansion of 3.4% in 2020 and 6.6% in 2021, largely on the back of strong exports of high-tech products.
- Growth slowed to 2.6% in 2022 as global demand fell amid a backdrop of high inflation, interest rate rises and geopolitical tensions. Taiwan's statistics agency forecasts 1.42% growth for 2023 and 3.35% for 2024.

Taiwan's economy by the numbers

Key economic indicators	2000	2005	2010	2015	2020	2021	2022	2023
Real GDP growth rate (%)	6.3	5.4	10.3	1.5	3.4	6.6	2.6	N/A
GDP (current US\$ billion)	330.7	374.0	444.2	534.5	673.3	773.1	760.8	N/A
Per capita GDP (current US\$)	14,908	16,456	19,197	22,780	28,549	32,944	32,625	N/A
Total exports (US\$ billion)	151.9	199.8	277.4	284.4	345.1	446.4	479.4	432.5
Total imports (US\$ billion)	140.7	185.4	255.7	236.4	286.1	382.0	428.1	351.9
Unemployment rate (%)	3.0	4.1	5.2	3.8	3.9	4.0	3.7	3.5
Consumer price inflation (%)	1.3	2.3	1.0	-0.3	-0.2	2.0	3.0	2.5
Policy interest rate (% pa, year-end)	4.6	2.3	1.6	1.6	1.1	1.1	1.8	1.9
TWD/USD exchange rate (average)	31.2	32.2	31.7	31.9	29.6	28.0	29.8	31.2
Foreign exchange reserves (US\$ billion)	106.7	253.3	382.0	426.0	529.9	548.4	554.9	570.6

Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan; Ministry of Finance; Central Bank of the Republic of China (Taiwan).

Macroeconomic profile (p6-7) – Taiwan consistently rates highly on key global indicators

- Taiwan's business environment continues to score highly in leading international rankings, as highlighted below. Even so, the economy remains overly dependent on trade, and rebalancing is a high policy priority.

Business environment rankings	2019	2020	2021	2022	2023	Source
IMD World Competitiveness Index	16/63	11/63	8/64	7/63	6/64	www.imd.org/wcc
Heritage Index of Economic Freedom	10/180	11/180	6/178	6/177	4/184	www.heritage.org/index
TI Corruption Perceptions Index	31/180	28/180	28/180	25/180	25/180	www.transparency.org/cpi
World Bank Ease of Doing Business Index*	15/190	N/A	N/A	N/A	N/A	www.doingbusiness.org
WEF Global Competitiveness Index*	12/141	N/A	N/A	N/A	N/A	http://reports.weforum.org

* Both the World Bank and the World Economic Forum (WEF) have stopped publishing their respective index rankings since 2020 for various reasons.

Macroeconomic profile (p6-7) – Priority policy focus on six core strategic industries

- The Taiwan government unveiled in July 2020 its national development plan for 2021-2024, which centres on the priority advancement of [six core strategic industries](#) that builds on the '5+2' Innovative Industries Plan.
- The six include information and digital technology; cybersecurity; medical technology and precision health; green and renewable energy; national defence and strategic industries; and strategic stockpile industries.

International trade overview (p8) – Deepening Taiwan-US economic cooperation and dialogue

- Taiwan and the United States launched in June 2022 the [US-Taiwan Initiative on 21st-Century Trade](#), which is intended to develop concrete ways to deepen the economic and trade relationship between the two sides.
- An initial agreement was reached a year later on five areas under the joint initiative, including customs and trade facilitation, regulatory practices, domestic regulation of services, anti-corruption practices and SMEs.

International trade overview (p8) – Taiwan applies for membership of CPTPP trade pact

- The Taiwan government announced in September 2021 it had filed an application to join the Comprehensive Agreement for Trans-Pacific Partnership (CPTPP), just a few days after China also applied for membership.
- Economically, joining the free trade bloc would help boost Taiwan's external sector. However, geopolitical factors could undermine Taiwan's application, despite its ability to meet many of the CPTPPs requirements.

Foreign portfolio investment (p9) – Two new share trading platforms launched for start-ups

- Both the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX) launched in July 2021 new trading boards as part of the government's wider efforts to support and cultivate innovative start-ups.
- TWSE's Taiwan Innovation Board and TPEX's Pioneer Stock Board each offer a more streamlined initial public offering process to help start-up businesses, as well as biotechnology companies, to raise funds.

Intellectual property protection (p12) – Establishment of new IP and Commercial Court

- A new Commercial Case Adjudication Act was enacted in January 2020 to separate major commercial cases from civil cases by adding a specialised commercial section to the IP Court, which took effect in July 2021.
- It renamed the reformed institution the Intellectual Property and Commercial Court, which sits at the level of the High Court and serves as the only instance for the trial of facts, with the Supreme Court the final arbiter.

Intellectual property protection (p12) – Strengthened protection of trade secrets for businesses

- The Trade Secrets Act was amended in January 2020 to introduce a new investigation confidentiality protective order system to help improve prosecutors' efficiency in investigating trade secret cases.
- The law was also revised to provide stronger protection for trade secrets of foreign rights holders. Together these changes help enhance Taiwan's ability to effectively prosecute cases of trade secrets infringement.

Intellectual property protection (p12) – CPTPP-compliant intellectual property amendments

- A slew of amendments to the Copyright Act, Trademark Act and Patent Act were promulgated in May 2022 in order to ensure that Taiwan's intellectual property rights laws comply with the regulations of the CPTPP.
- The revised laws allow prosecutors to investigate a wider range of copyright or trademark infringements, and establish a more comprehensive legal mechanism in relation to patent disputes over generic drugs.

Chapter 2: Investing and setting up

Foreign investment regime (p15) – Tighter regulations on Chinese investments in Taiwan

- The Ministry of Economic Affairs announced in December 2020 that it had tightened regulations on Chinese investments in Taiwan due to national security concerns, following in the steps of several countries worldwide.
- The “Measures Governing Investment Permits to the People of the Mainland Area” were amended to expand the definition of Chinese capital and close loopholes that had been used by investors to skirt the regulations.
- The revisions introduced stricter criteria for identifying Chinese investments through third areas, expanded the scope of investment subject to approval, and forbid investments with any political or military affiliation.
- The ministry also tightened control of the transfer and licensing of Taiwanese technologies or IP rights to China, including via third areas, which are now considered ‘technical cooperation’ and subject to advance approval.

Foreign investment regime (p15) – Heavier penalties imposed on local proxies of Chinese firms

- The government has also sought to further curtail Chinese-controlled firms’ operations in Taiwan’s strategic industries, including semiconductors, following a series of talent poaching and trade-secret theft incidents.
- The law governing Taiwan’s relations with China was amended in June 2022 to restrict the use of local proxies by Chinese entities to invest in Taiwan without government permission, among other measures.
- The amendments substantially increase the penalties on Taiwanese shell companies and their owners who facilitate illegal Chinese investment — the maximum penalty is three years in prison or a fine of NT\$15m.
- The National Security Act was also amended in June 2022 to toughen the penalties for economic espionage and the extraterritorial misappropriation of trade secrets in relation to Taiwan’s critical core technologies.

Foreign investment regime (p15) – Key technologies now subject to heightened controls

- The aforementioned amendments to the National Security Act took effect in December 2023 after the National Science and Technology Council released a list of 22 key technologies that will be subject to tight controls.
- The term “key technologies” refers to those that, if exported to China, Macau, Hong Kong or foreign hostile forces, would undermine Taiwan’s national security, industrial competitiveness or economic development.
- The inaugural list of regulated technologies, which is subject to a three-month review, covers five industries: defence; aerospace; agriculture; semiconductors; and ICT (information and communications technology).

Mergers and acquisitions (p20) – Disclosure threshold for major shareholdings lowered to 5%

- The Securities Exchange Act was amended in May 2023 to lower the threshold for reporting substantial shareholdings in listed companies from 10% to 5%, which will take effect one year after its promulgation.
- The amendment is intended to enhance the public disclosure of any significant changes in corporate shareholding structures, and brings Taiwan’s notification threshold in line with most major international markets.

Mergers and acquisitions (p20) – Expansion of tax benefits under revised M&A law

- The Business Mergers and Acquisitions Act was amended in June 2022 to strengthen the protection of shareholders’ rights, relax the requirements for whale-minnow mergers and expand M&A tax benefits.
- The tax-related amendments expand the scope of intangible assets eligible for tax amortisation and support the M&A of start-ups. Please refer to the [June 2022 issue](#) of PwC’s Taiwan Tax Update for more details.

Chapter 3: Employment matters

Compensation, bonuses and benefits (p23) – Upward adjustments to minimum wage levels

- With effect from 1 January 2024, the minimum monthly wage was increased from NT\$26,400 to NT\$27,470 (around US\$860) per month, and the basic hourly wage rate from NT\$176 to NT\$183 (around US\$5.70).

Minimum wages in Taiwan	2020	2021	2022	2023	2024
Statutory rate per hour (NT\$)	158	160	168	176	183
Statutory rate per month (NT\$)	23,800	24,000	25,250	26,400	27,470

- Due to the higher minimum wage levels, premiums payable to the labour insurance, labour pension fund and NHI programmes by employers and employees are also adjusted if the latter falls within revised pay grades.

Compensation, bonuses and benefits (p23) – New minimum wage act takes effect in 2024

- A new Minimum Wage Act was signed into law in December 2023, which largely formalises and expands on the mechanism already used to adjust minimum wage rates, and fines employers who violate the law.
- A review committee will meet in the third quarter each year to discuss and recommend possible adjustments to the minimum wage, based primarily on changes in the consumer price index, in addition to other factors.
- In terms of enforcement, employers who violate the law will be subject to fines ranging from NT\$20,000 to NT\$1.5 million, have their names published and be required to take remedial action within a set period.

Parental rights and childcare (p25) – Expansion of parental leave benefits for employees

- The Act of Gender Equality in Employment was amended in January 2022 to increase paid leave for pre-natal check-ups for pregnant workers from five days to seven, with the extra two days being publicly subsidised.
- Also, male employees are now entitled to seven days (from five previously) of paid paternity leave to escort their spouse to pregnancy check-ups as well as care for their spouse and children during and after childbirth.

Protections against discrimination (p25) – New measures against workplace sexual harassment

- In response to a local wave of #MeToo accusations, the Act of Gender Equality in Employment was amended in July 2023 to help better protect the rights and interests of victims of sexual harassment in the workplace.
- Companies with between ten and 29 employees are now required to set up a sexual harassment reporting mechanism, expanding on the previous rules applicable only to companies with 30 or more employees.

Labour and employment insurance (p26) – Increases in labour insurance premium rate

- The premium rate for ordinary labour insurance was raised on 1 January 2021 from 10% to 10.5% and again on 1 January 2023 to 11%, while the premium rate for employment insurance remained unchanged at 1%.

Labour and employment insurance (p26) – New occupational accident insurance law

- A new Labour Occupational Accident Insurance and Protection Act was promulgated in April 2021, which integrates a number of existing laws on occupational hazards, accident compensation and rehabilitation.
- It moves matters relating to occupational accident insurance outside the jurisdiction of the Labour Insurance Act, and expands the scope of mandatory enrolment to cover all workers in Taiwan, including foreigners.
- The related insurance premium for each worker is fully borne by the employer, and it is calculated based on the insured employee's monthly salary (which is also used to determine benefits) at a set statutory rate.
- For the first three years after the Act takes effect (on 1 May 2022), the premium is charged based on the specific industry and rate schedule to which the Labour Occupational Accident Insurance is applicable.

National health insurance (p26) – Changes to NHI premium rates and contributions

- From 1 January 2021, the general premium rate for national health insurance (NHI) was raised from 4.69% to 5.17% of an employee's monthly salary, and the supplementary NHI premium rate from 1.91% to 2.11%.
- Other changes related to NHI contributions took effect on 1 July 2022, including five new high-income tiers on which premiums are levied and an increase in the upper salary limit from NT\$182,000 to NT\$219,500.
- Also, the average number of dependents of an NHI insured person, for whom the employer and government subsidise NHI premiums, was reduced from 0.58 to 0.57 on 1 January 2023 and to 0.56 on 1 January 2024.

Employee relations and unions (p29) – Stiffer fines for preventing workers from joining unions

- The Labour Union Act was amended in November 2022 to impose harsher penalties (tripling existing fines) on employers who refuse to allow their employees to join a union or participate in union-related activities.

Employment of foreign workers (p30) – Renewed push to attract more international talent

- The Act for the Recruitment and Employment of Foreign Professionals was amended in July 2021 to provide a more comprehensive legal framework for recruiting and retaining foreign white-collar workers in Taiwan.
- The key points of the amendments are the expansion of the scope of foreign professionals, relaxation of the provisions on independent and dependent residency, and the extension of social security and tax benefits.
- The changes went into effect in October 2021. Please refer to the official website [here](#) for further detailed information about the Act and related regulations and measures, as well as other resources and updates.

Employment of foreign workers (p30) – Employment Gold Card programme to be expanded

- The Executive Yuan announced in May 2023 that the Taiwan Employment Gold Card programme will be expanded to attract more foreign professionals with critical skills to cover a broader range of industries.
- Launched in 2018, the four-in-one Employment Gold Card comprises a work permit, resident visa, Alien Resident Certificate and a multiple re-entry permit, and it is valid for a duration of one to three years.
- The [International Talent Taiwan Office](#), which opened in November 2023 to provide one-stop services to help attract and retain foreign talent, will facilitate the enlargement of the current work visa programme.

Chapter 4: Financials and audit

Auditor's responsibilities (p34) – AQI Disclosure Framework introduced to enhance audit quality

- As part of efforts to enhance audit quality, in August 2021, the FSC introduced an Audit Quality Indicator (AQI) Disclosure Framework to assist audit committees in assessing and selecting an external auditor.
- The first stage of the initiative applies to Big-Four audit firms, which will annually provide AQI information to listed companies' audit committees starting from the time of their appointment to audit 2023 financial reports.
- In the second stage, the FSC will review the results of the initiative's implementation by the Big Four and listed companies to consider whether to extend its application to non-Big Four firms and other public companies.

Corporate governance (p37) – New four-year CG roadmap focuses on sustainability reporting

- The FSC issued in August 2020 a new plan for corporate governance (CG), titled [Corporate Governance 3.0: Sustainable Development Roadmap](#), which sets out proposals for the next series of CG improvements.
- These include strengthening boards, enhancing information transparency, strengthening communications with stakeholders, encouraging investor stewardship, and deepening a corporate culture of governance.
- The roadmap puts a strong focus on sustainability reporting, aiming to enhance the sustainable development of companies and build a comprehensive environmental, social and corporate governance (ESG) ecosystem.

Corporate governance (p37) – Taiwan's CG ranking rises to 3rd place among regional markets

- Taiwan's ongoing efforts to improve its CG system were recognised in the [CG Watch 2023 rankings](#) of 12 regional markets, released in December 2023, with Taiwan advancing to third place from fourth in 2020.

Sustainability reporting (p38) – Mandatory sustainability reporting expanded for listed companies

- The TWSE announced in December 2021 that the "Corporate Social Responsibility Report" prepared by listed companies is now renamed the "Sustainability Report," and it must be assured by CPAs from 2022 onwards.
- In addition, the TWSE expanded the scope of listed companies subject to mandatory sustainability reporting to include those with a paid-in capital over NT\$2 billion but less than NT\$5 billion, starting from 2023 onward.

Sustainability reporting (p38) – Phased implementation of carbon emission disclosure reporting

- In March 2022, the FSC launched its "Sustainable Development Roadmap for TWSE- and TPEx-Listed Companies," which will phase in implementation of mandatory greenhouse gas disclosure requirements.
- Starting from 2023, steel and cement sector companies, as well as listed companies with paid-in capital of NT\$10 billion or more, must disclose information on their greenhouse gas inventories in annual reports.
- All listed companies will be required to disclose greenhouse gas inventories by 2027 and obtain third-party verification by 2029, and to carry out boards of directors' responsibilities for sustainable development.

Sustainability reporting (p38) – Adoption of IFRS Sustainability Disclosure Standards

- In August 2023, the FSC released a roadmap for Taiwan-listed companies to align with IFRS Sustainability Disclosure Standards, based on those issued by the ISSB and endorsed by the FSC, starting from 2026.
- With reference to Taiwan's past experience of promoting IFRS Accounting Standards, the FSC has set up a taskforce to promote alignment with IFRS Sustainability Standards and build up the capacities of listed firms.
- The FSC will adopt a phased-in approach, with the first stage requiring listed companies with paid-in capital of NT\$10 billion or more to compile sustainability information starting from 2026 and to report it from 2027.

Chapter 5: Corporate taxation

Income determination: Gains from property sales (p42) – Revised real property tax regime in effect

- The taxation of gains from integrated house and land transactions was revised in April 2021, with the new tax rules taking effect on 1 July 2021. Please see the [Indirect & other taxes](#) section for more information.

Double taxation relief (p45-46) – DTAs with Czechia, Saudi Arabia and South Korea now in effect

- Taiwan has in recent years concluded new double taxation agreements (DTAs) with Czechia, Saudi Arabia and South Korea, which respectively took effect on 1 January 2021, 1 January 2022 and 1 January 2024.
- In related news, US Congress stepped up efforts in 2023 to pass an enabling law that would pave the way for the negotiation of a DTA between the US and Taiwan, with a legislation package nearing final approval.

Double taxation relief (p45-46) – Amended regulations governing the application of DTAs

- The Ministry of Finance in August 2021 amended its regulations governing the application of DTAs, based on the OECD Model Tax Convention and related guidance, to provide up-to-date rules for assessing DTA cases.
- Highlights of the amendments include the introduction of a principle purpose test, based on BEPS Action 6, to determine eligibility for DTA benefits, and adoption of the coherence concept for determining fixed place PE.
- The amendments also introduced new guidelines for definition and applicability of certain income categories. Please refer to the [August 2021 issue](#) of PwC's Taiwan Tax Update for details of the amended regulations.

Transfer pricing (p47) – Transfer pricing regulations updated on intangible assets and risk

- The Ministry of Finance in December 2020 formally amended its transfer pricing assessment rules to include more detailed guidance in relation to intangible transfers, the allocation of risk, comparability and penalties.
- The amendments are intended to more closely align Taiwan's transfer pricing rules with the international standards set during the OECD's base erosion and profit-shifting project, in particular BEPS Actions 8-10.
- The new regulatory provisions apply to 2020 corporate income tax filings and future years. Please refer to the [January 2021 issue](#) of PwC's Taiwan Tax Update for details of the updated transfer pricing regulations.

Transfer pricing (p47) – Principles for concluding cross border bilateral or multilateral APAs

- The Ministry of Finance issued guidance in June 2021 on the principles that Taiwan's tax collection authorities apply in concluding cross-border bilateral or multilateral APAs under the MAP of relevant tax agreements.
- The principles aim to resolve any problems that may arise when applying an advance pricing agreement and difficulties in concluding such an agreement owing to different transfer pricing regulations in each jurisdiction.
- It is expected that this will help enable multinationals to manage group transfer pricing risks more efficiently. Please refer to the [July 2021 issue](#) of PwC's Taiwan Tax Update for more information about the principles.

Other anti-avoidance rules (p48) – Implementation of CFC rules in effect from 2023

- The Executive Yuan announced in January 2022 that the Controlled Foreign Corporation (CFC) rules for companies and individuals under the income tax legislation would come into force from 1 January 2023.
- The CFC rules were first introduced into law in July 2016 but their implementation was delayed until after tax amnesty legislation to encourage fund repatriation back to Taiwan officially expired in August 2021.
- Once the rules take effect, profits retained in offshore low-taxed entities may be subject to income tax under certain circumstances. Please refer to the [February 2022 issue](#) of PwC's Taiwan Tax Update for full details.

Other anti-avoidance rules (p48) – CRS exchange agreements with Australia, Japan and the UK

- Taiwan began to implement the OECD Common Reporting Standard (CRS) in 2019, and commenced the automatic exchange of financial account information with Australia and Japan in 2020 and the UK in 2021.

Tax incentives (p48) – Tax breaks extended for R&D investment in the biomedical sector

- The Act for the Development of Biotech and Pharmaceutical Industry was amended in December 2021 to extend the existing tax breaks for investment in biomedical R&D for another ten years to the end of 2031.
- The revised law also provides new tax benefits to further promote the development of Taiwan's biomedical industry. Please refer to the [November 2020 issue](#) of PwC's Taiwan Tax Update for further information.

Tax incentives (p48) – Extension of tax concessions for smart tech, 5G investments

- The Statute for Industrial Innovation was amended in February 2022 to extend the duration of tax credits for investments in new smart machinery and 5G wireless systems through to the end of December 2024.
- The amendments also expanded the applicable scope of tax credits to include cyber security products and services. Please refer to the [May 2022 issue](#) of PwC's Taiwan Tax Update for more detailed information.

Tax incentives (p48) – Larger investment tax credits granted to “innovative” companies

- In January 2023, the Legislative Yuan passed additional amendments to the Statute for Industrial Innovation that provide larger tax credits for investments in cutting-edge R&D and advanced manufacturing equipment.
- The revised law now allows companies to claim tax deductions equivalent to the sum of 25% of expenditure on R&D, up from 15% previously, plus 5% of their spending on the purchase of new advanced equipment.
- These apply to companies engaged in technological innovation across all sectors and having a critical role in global supply chains, subject to certain thresholds for effective tax rates and R&D spending and intensity.
- The definition of eligible entities, eligible R&D expenditure and scale of R&D intensity, etc., will be defined in implementation regulations to be drawn up by the Ministry of Economic Affairs and Ministry of Finance.
- The amendments took effect on 1 January 2023 and will run up until 31 December 2029. Please refer to the [December 2022](#) and [January 2023](#) issues of PwC's Taiwan Tax Update for more details of the tax breaks.

Chapter 6: Personal taxation

Individual income tax (p53) – Income tax brackets adjusted for inflation

- Effective from the 2022 tax year onwards, the Ministry of Finance increased the amounts of the net taxable income thresholds for the progressive individual income tax rate brackets from 5% to 40%, as shown below:

Individual income tax		Taxable income thresholds (NT\$) for 2018-2021	Progressive difference	Taxable income thresholds (NT\$) for 2022-2023	Progressive difference
Progressive tax rate brackets	5%	0 - 540,000	0	0 - 560,000	0
	12%	540,001 - 1,210,000	37,800	560,001 - 1,260,000	39,200
	20%	1,210,001 - 2,420,000	134,600	1,260,001 - 2,520,000	140,000
	30%	2,420,001 - 4,530,000	376,600	2,520,001 - 4,720,000	392,000
	40%	4,530,001 and above	829,600	4,720,001 and above	864,000

Alternative minimum tax (p53) – Taxation resumed on gains from unlisted share transactions

- Amendments to the Income Basic Tax Act in January 2021 now require resident individuals with capital gains from unlisted share transactions to include such gains in calculations of alternative minimum tax.
- The disposal of shares in qualifying domestic high-risk innovative start-ups that have been established for less than five years may be exempt from the rule, subject to approval from the central competent authority.
- The amendments took effect on 1 January 2021, and the relevant government authorities have since issued accompanying guidance. Please refer to the [January 2021 issue](#) of PwC's Taiwan Tax Update for full details.

Taxable personal income: Foreign special professionals (p54) – Tax break extended to five years

- The Act for the Recruitment and Employment of Foreign Professionals was amended in July 2021 to attract and retain more overseas talent by further easing work and residency regulations, among other measures.
- The tax concession included in the law was extended to allow “foreign special professionals” to claim a tax exemption on higher levels of income over NT\$3 million for five years, up from three years previously.
- Please refer to the [September 2021 issue](#) of PwC's Taiwan Tax Update for details of the related revisions to the “Regulations Governing Reduction and Exemption of Income Tax of Foreign Special Professionals.”

Capital gains and dividends: Gains from real estate (p55) – Revised real property tax regime in effect

- The taxation of gains from integrated house and land transactions was revised in April 2021, with the new tax rules taking effect on 1 July 2021. Please see the [Indirect & other taxes](#) section for more information.

Exemptions and deductions (p56) – Increases in tax exemption and deduction thresholds

- Resident individuals are allowed to claim qualified exemptions and deductions on their tax returns to arrive at net taxable income. Non-resident individuals are not eligible for any personal exemptions or deductions.
- The Ministry of Finance increased the annual threshold amounts for individual income tax exemptions and certain deductions in both 2022 and 2024 to take account of higher levels of consumer inflation, as below:

Income tax exemption and deductions (NT\$)		2020	2021	2022	2023	2024
Exemptions	Taxpayer, spouse and dependent (per person)	88,000	88,000	92,000	92,000	97,000
	Lineal ascendant who 70 years of age or over (per person)	132,000	132,000	138,000	138,000	145,500
Standard deductions	Single	120,000	120,000	124,000	124,000	131,000
	Married couple	240,000	240,000	248,000	248,000	262,000
Special deductions	Salary or wages (per person)	200,000	200,000	207,000	207,000	218,000
	Disability (per person)	200,000	200,000	207,000	207,000	218,000

Exemptions and deductions (p56) – Upward adjustments to basic living expense deductions

- Under the Taxpayer Rights Protection Act, individuals should not be taxed on the amount they need to cover basic expenses, which is set as 60% of the median disposable income per capita from the preceding year.
- In the latest adjustments, the annual deduction for basic living expenses was increased to NT\$202,000 per person for the tax year 2023, up from NT\$196,000 in 2022, NT\$192,000 in 2021 and NT\$182,000 in 2020.

Tax administration (p57) – Penalties increased for tax evasion by individuals and businesses

- The Tax Collection Act was amended in December 2021 to raise the maximum fine for illegally evading tax payment from NT\$60,000 to NT\$10m and impose more stringent penalties for other types of tax evasion.
- The amendments also extended the application period for claiming tax refunds for overpaid taxes, among other provisions. Please refer to the [December 2021 issue](#) of PwC's Taiwan Tax Update for more details.

Chapter 7: Indirect & other taxes

Land and property taxes (p63) – Increased capital gains taxes on real property sales

- The Income Tax Act was amended in April 2021 to impose heavier taxes on properties sold within certain periods after purchase as part of government efforts to rein in speculation in Taiwan's real estate market.
- The amendments apply to all transactions of property, pre-sold houses and leaseholds acquired on or after 1 January 2016, and the rates for capital gains derived from the transfer of real property have been increased.
- Effective from 1 July 2021, individuals and businesses now face a 45% tax on gains from the sale of property owned for less than two years, and a 35% tax on buildings or land sold within two to five years of purchase.

Revised tax rates on real property transaction gains

Scope of application	Tax rate	Holding period before sale	
		Before amendment	After amendment
Resident individuals	45%	≤ 1 year	≤ 2 years
	35%	1-2 years	2-5 years
	20%	2-10 years	5-10 years
	15%	> 10 years	> 10 years
Resident companies	45%	-	≤ 2 years
	35%	-	2-5 years
	20%	No distinction	> 5 years
Non-resident individuals and companies	45%	≤ 1 year	≤ 2 years
	35%	> 1 year	> 2 years

- The revisions are aimed at strengthening the integrated house and land transaction income tax that was first introduced in 2016. Please refer to the [April 2021 issue](#) of PwC's Taiwan Tax Update for more details.

Land and property taxes (p63) – Residential property tax increased to tackle house hoarding

- As part of further efforts to curb property speculation, the Legislative Yuan in December 2023 approved revisions to the House Tax Act, which raise the tax on households owning vacant residential properties.
- Under the amendments, the tax rate payable by those owning a fourth or more houses not for self-dwelling purposes was increased from the previous range of 1.5% to 3.6% to between 2% and 4.8% per unit.
- Also, the rate for those owning one unit worth less than a certain value was cut to 1% from 1.2%, while the 1.2% rate still applies for second and third houses occupied by homeowners, a spouse or minor children.
- The legal amendments seek to curb speculative house-hoarding in a more uniform and effective manner. The new tax rates are due to be implemented from 1 July 2024, with tax collection starting in May 2025.

Securities transaction tax (p63) – Reduced tax rates for day trading and warrant transactions

- The Securities Transaction Tax Act was amended in December 2021 to extend the reduced transaction tax rate of 0.15% for day trading, which has been in place since 2017, for another three years to the end of 2024.
- The Act was further amended in May 2023 to reduce the transaction tax rate on the issuance of warrants for hedging purposes to 0.1% from 0.3%, effective for five years from 10 November 2023 to 9 November 2028.

For more information

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For more on tax matters in Taiwan, please refer to the following:

- [Taiwan Tax Updates and Alerts](#) (monthly and ad hoc analysis)
- [Taiwan Pocket Tax Book](#) (annual publication) – latest edition released in March 2023
- [Worldwide Tax Summaries - Taiwan](#) (updated half-yearly) – last updated in June 2023

Also take a look at our other local English publications, as below:

- [Guide to Taiwan's financial services industry](#) – covering the banking, securities and insurance sectors
- [Guide to Taiwan's health industries](#) – covering the healthcare, biopharma and medical device sectors
- [Taiwan E&M Outlook 2023-2027](#) – annual analysis and forecasts on the entertainment and media sector
- [2023 Taiwan CEO Survey](#) – explores the views of business leaders in Taiwan across a range of issues
- [2022 Taiwan Start-up Ecosystem Survey](#) – examines the state of Taiwan's evolving start-up environment
- [2021 Taiwan SME Digital Transformation Survey](#) – looks at the state of digital transformation among SMEs

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