
Taiwan Tax Update

March 2017

Due date for income tax return filing extended from May 31, 2017 to June 1, 2017

As the Dragon Boat Festival holidays fall on May 27 to May 30 this year, the Ministry of Finance has notified the tax offices in all five districts to extend the due date for both corporate and individual income tax return filings to June 1, 2017.

B2C cross-border electronic service providers are exempt from issuance of GUI

Foreign entities having no fixed place of business in Taiwan who will perform tax registration in Taiwan in accordance with Article 28-1 of the Business Tax Act for sales of electronic services to Taiwan consumers are not required to issue Government Uniform Invoices (“GUIs”) from May 1, 2017 to December 31, 2018. The aforementioned foreign enterprises need to individually file the VAT return online on a bi-monthly basis from May 1, 2017 onwards and pay applicable VAT. Please refer to Tax Ruling No.10604506690 for more guidance.

Taiwan business entities selling through foreign online platform shall pay VAT based on net amount received from foreign online platform

Online game developers selling online games via online platforms provided by foreign enterprises having no fixed place of business in Taiwan, and who have not performed tax registration in Taiwan, shall calculate output VAT based on net amount received from foreign online platform for sales of online games. In other words, foreign online platform will collect payment for online games sold to Taiwan consumers directly, and after deducting platform service fees, pay the net amount to the online game developers; given that the exact buyers and transaction data are unknown to the online game developers at the time of sales, the online game developers shall issue GUIs with 5% VAT to foreign online platform based on the net amount received therefrom. Please refer to Tax Ruling No.10504612190 for more information.

Hotels selling vacant rooms via foreign online booking platform shall follow the same rules if the specific buyer and transaction data are unknown at the time of sales. In other words, GUIs bearing 5% VAT shall be issued to foreign online booking platform based on net accommodation fees received therefrom. Please refer to Tax Ruling No.10500135610 for more information. As the two tax rulings above are case specific, taxpayers with similar, but not identical models, should consult with tax authorities or professional advisors first before adopting the tax treatment prescribed above.

Example:

Assume an online game developer sells online games via a foreign online platform to a Taiwanese buyer. If the Taiwanese buyer pays \$100 online to foreign online platform, and foreign online platform subsequently pays the online game developer \$70 (deducting 30% as platform service fee), the online game developer shall issue GUI with 5% VAT based on the \$70 net amount received from foreign online platform.



PwC Contacts:

Corporate Income Tax and Indirect Tax Services

Howard Kuo (Leader)
+886-2-2729-5226
howard.kuo@tw.pwc.com

Li-Li Chou
+886-2-2729-6566
li-li.chou@tw.pwc.com

Rosamund Fan
+886-2-2729-6077
rosamund.fan@tw.pwc.com

Jason Hsu
+886-2-2729-5212
jason.c.hsu@tw.pwc.com

Sam Hung
+886-2-2729-5008
sam.hung@tw.pwc.com

Jack Hwang
+886-2-2729-6061
jack.hwang@tw.pwc.com

Pei-Hsuan Lee
+886-2-2729-5207
pei-hsuan.lee@tw.pwc.com

Tony Lin
+886-2-2729-5980
tony.lin@tw.pwc.com

Ying-Hsun Liu
+886-2-2729-6258
ying-hsun.liu@tw.pwc.com

Wilson Wang
+886-2-2729-6666 ext 35101
wilson.wang@tw.pwc.com

International Tax and Transfer Pricing Services

Richard Watanabe
+886-2-2729-6704
richard.watanabe@tw.pwc.com

Wendy Chiu (US Tax)
+886-2-2729-6019
wendy.chiu@tw.pwc.com

Elaine Hsieh
+886-2-2729-5809
elaine.hsieh@tw.pwc.com

Lily Hsu
+886-2-2729-6207
lily.hsu@tw.pwc.com

Elliot Liao
+886-2-2729-6217
elliott.liao@tw.pwc.com

Peter Su (ASEAN Tax)
+886-2-2729-5369
peter.y.su@tw.pwc.com

Paulson Tseng (EU Tax)
+886-2-2729-5907
paulson.tseng@tw.pwc.com

Patrick Tuan (China Tax)
+886-2-2729-5995
patrick.tuan@tw.pwc.com

Financial Services Tax

Richard Watanabe
+886-2-2729-6704
richard.watanabe@tw.pwc.com

Jessie Chen
+886-2-2729-5360
jessie.chen@tw.pwc.com

Mergers & Acquisitions Tax

Elaine Hsieh
+886-2-2729-5809
elaine.hsieh@tw.pwc.com

International Assignment Services

Li-Li Chou
+886-2-2729-6566
li-li.chou@tw.pwc.com

Corporate Secretarial Services

Lucy Ho
+886-2-2729-5218
lucy.ho@tw.pwc.com

Tony Lin
+886-2-2729-5980
tony.lin@tw.pwc.com

Outsourcing and Accounting Services

Lucy Ho
+886-2-2729-5218
lucy.ho@tw.pwc.com

Rosamund Fan
+886-2-2729-6077
rosamund.fan@tw.pwc.com

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