

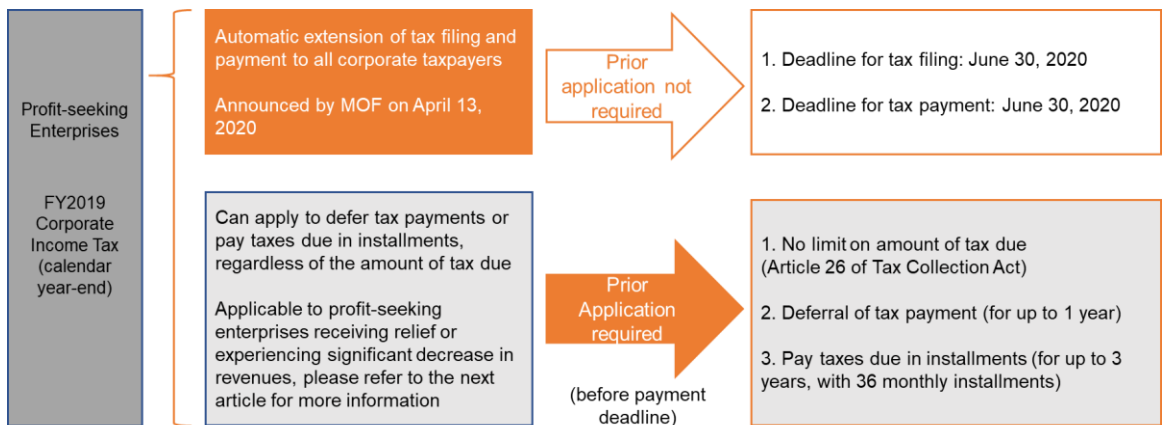
Taiwan Tax Update

April 2020

Ministry of Finance further announced automatic extension of deadline for FY2019 corporate income tax filing and payment from May 31, 2020 to June 30, 2020 due to impact of COVID-19

Ministry of Finance (“MOF”) announced on April 13, 2020 the automatic extension of deadline for FY2019 corporate income tax filing and payment from May 31, 2020 to June 30, 2020 for all corporate taxpayers adopting calendar year-end. The automatic extension also applies to individual income tax filing and payment.

In addition, MOF announced in March 2020 that taxpayers impacted by COVID-19, who are not able to pay taxes due, may file an application with the tax authorities to defer tax payments or pay taxes due in installments. Salient points are summarized as follows:



PwC Reminder:

1. The tax filing and payment period has been automatically extended by 1 month, i.e. from May 1 to June 30 (original deadline was May 31). No individual application is required for the extension, and no interest will accrue for payment of tax in June. Moreover, there is no impact on usage of net operating loss carried forward from the past 10 years.
2. For calendar year-end taxpayers filing tax returns electronically, the deadline for submission of the tax return over the internet is June 30, and the deadline for delivering hard copies (appendices and CPA certification report) is July 31.

3. For businesses applying for investment tax credit (such as R&D, smart machinery and 5G investment tax credits), since the deadline for submitting the application to the Ministry of Economic Affairs (“MOEA”) is the due date for corporate income tax return, the submission to the MOEA can be extended as well.

Taxpayers impacted by COVID-19 can apply with tax authorities to defer tax payments or pay taxes due in installments regardless of amount of taxes due

On March 19, 2020, MOF issued a tax ruling which allows taxpayers impacted by COVID-19 to obtain prior approval to defer tax payments for up to 1 year, or pay taxes due in installments for up to 3 years (with 36 monthly installments), **regardless of amount of taxes due**. Furthermore, MOF announced relevant assessment rules on March 25, 2020 to specify underlying conditions deemed impacted by COVID-19, tax categories, etc. eligible for tax deferral. Salient points are summarized as follows:

Eligible Period Tax payments between January 15, 2020 to June 30, 2021	
Eligible Tax Categories	Corporate Income Tax, Individual Income Tax, House and Land Transactions Income Tax, Value-added and Non-value-added Business Tax, Commodity Tax, Tobacco and Alcohol Tax, Specifically Selected Goods and Services Tax, House Tax, Land Value Tax, Vehicle License Tax; together with interest, late and delinquent reporting surcharge, and penalties on the aforementioned taxes.
Eligible Taxpayers	<ol style="list-style-type: none"> 1. Profit-seeking Enterprises <ol style="list-style-type: none"> i. Receiving relief under Special Act on COVID-19 Prevention, Relief and Restoration; ii. Experiencing significant decrease in revenues within a short period of time as a result of COVID-19 (e.g. beginning January 2020, the monthly average revenues of any two consecutive months is at least 15% less than the monthly average revenues of “corresponding periods last year” or “from July 2019 to December 2019”). 2. Individuals <ol style="list-style-type: none"> i. Receiving relief under Special Act on COVID-19 Prevention, Relief and Restoration;

	<ul style="list-style-type: none"> ii. Reduced working days due to corporate employer being impacted by COVID-19; iii. Others who are unable to fulfil tax payment obligations as a result of COVID-19 (e.g. reduction in salaries, involuntary separation, or working days reduced to less than one-half of original working days for at least 2 months).
<p>Rules on deferral and installment payment</p>	<p>No longer restricted by predetermined brackets of taxes due stipulated in Article 26 of Tax Collection Act. Tax payments may be deferred for up to 1 year, or payments for taxes due can be made in installments for up to 3 years (with 36 monthly installments).</p>

PwC Reminder:

1. If businesses do not meet the abovementioned criteria for tax deferral, they can still apply with the tax authorities to defer tax payments or pay taxes due in installments, **without accruing interest**, under Article 26 of Tax Collection Act. However, tax collection authorities shall assess the extension period or number of installments given based on predetermined brackets of taxes due.
2. Businesses who have obtained approval to defer tax payments or pay taxes due in installments are viewed as having paid taxes on time, and therefore are still eligible for tax benefits given under the blue return or CPA certified tax return, etc. However, if businesses miss the deadline for any given deferred payment or installment payment, the income tax return filed will be viewed as an ordinary return, and relevant benefits provided under the blue return or CPA certified tax return, etc. will no longer apply.

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