

# Taiwan Tax Update

February 2021

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## Income Tax

### Automatic exchange of Financial Account Information between Taiwan and United Kingdom is expected to commence from September 2021

According to press release issued by Taiwan Ministry of Finance (“MOF”), after negotiation with Her Majesty’s Revenue and Customs (HMRC), Taiwan and UK have reached a consensus on automatic exchange of Financial Account Information (CRS) in Tax Matters under Article 26 of Taiwan-UK tax treaty, and the first exchange is expected to commence in September 2021.

In 2020, the countries eligible for automatic exchange of Financial Account Information include Japan and Australia, with UK newly added in 2021. According to Regulations Governing Implementation of Common Standard on Reporting and Due Diligence for Financial Institutions announced by the MOF, financial institutions within the territory of Taiwan shall complete reporting of Financial Account Information owned or controlled by tax residents of Japan, Australia and UK by June 2021.

## Value Added Tax

### Sales of books can apply VAT exemption effective from March 1, 2021

The Ministry of Culture (“MOC”) and MOF jointly announced amendment to Regulations for Reduction of VAT and Entertainment Tax for Cultural and Arts-related Enterprises by adding that book publishers can apply for VAT exemption for sales of publications or imported books, i.e. with authorized International Standard Book Number (“ISBN”) or e-Book International Standard Book Number (“EISBN”) starting from March 1, 2021. The exemption period is 5 years, and can be extended for another 5 years for a total of 10 years. In addition, apart from book publishers or importers, sales of approved VAT-exempt publications by distributors or retailers, such as bookstores, hypermarkets, convenience stores, etc. are directly exempt from VAT. In other words, sales of the same book by different sales channel do not require duplicate application of VAT exemption where it has already been obtained. It should be noted that natural persons cannot apply for said VAT exemption, only sales channel consisting of enterprises, institutions, or organizations etc. may do so.



資誠

## PwC Taiwan Contacts

### Corporate Income Tax and Indirect Tax Services

Jason Hsu (Leader)  
+886-2-2729-5212  
jason.c.hsu@pwc.com

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

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

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

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

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

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

Alvis Lin  
+886-2-2729-5028  
alvis.lin@pwc.com

Yen-Tan Tsai  
+886-2-2729-6997  
yen-tan.tsai@pwc.com

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

### International Tax Services

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

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

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

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

Shing-Ping Liu (ASEAN Tax)  
+886-2-2729-6661  
shing-ping.liu@pwc.com

CY Hsu (China Tax)  
+886-2-2729-5968  
cy.hsu@pwc.com

### Transfer Pricing & BEPS Services

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

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

Hsiang-Chin Fan  
+886-2-2729-6669  
hsiang-chin.fan@pwc.com

### Financial Services

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

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

### Mergers & Acquisitions Tax

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

Shing-Ping Liu  
+886-2-2729-6661  
shing-ping.liu@pwc.com

### Family Business & Private Wealth Services

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

### Tax Litigation Services

Alvis Lin  
+886-2-2729-5028  
alvis.lin@pwc.com

### Corporate Secretarial Services

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

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

### Outsourcing and Accounting Services

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

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

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