

Taiwan Tax Update

June 2021

Tax Collection Act

Extend period for submission of application to defer tax payments or pay taxes due in installments to June 30, 2022 for taxpayers impacted by COVID-19

On March 19, 2020, the Ministry of Finance (“MOF”) issued a tax ruling allowing taxpayers impacted by COVID-19 to obtain prior approval to defer tax payments or pay taxes due in installments, regardless of the amount of taxes due. Relevant assessment rules were further announced by the MOF on March 25, 2020 to specify the underlying conditions deemed impacted by COVID-19 (eligible taxpayers) and eligible tax categories, etc. Since the “Special Act for Prevention of COVID-19 and Introduction of Economic Stimulus Package” (“Special Act for COVID-19”) has been extended to June 30, 2022, the MOF has also extended the eligible period for submitting application to defer tax payments or pay taxes due in installments to June 30, 2022.

Salient points are summarized as follows:

Eligible Period	Tax payments between January 15, 2020 to June 30, 2022
Eligible Tax Categories	Corporate Income Tax, Individual Income Tax, House and Land Transactions Income Tax (Joint Property Tax System), 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 for COVID-19 2. Individuals experiencing significant decrease in revenues within a short period of time as a result of COVID-19, which includes the following scenarios: <ol style="list-style-type: none"> i. Receiving relief under Special Act for COVID-19; ii. Reduced working days due to corporate employer being



	<p>impacted by COVID-19;</p> <p>iii. Other indicators of being impacted by 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 tax deferral and installment payment	No need to strictly follow predetermined brackets of taxes due to determine installments granted, i.e. tax office shall have discretion to determine deferral or installment scheme granted. 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).

PwC Reminder:

If a taxpayer fails to settle taxes due in accordance with the approved deferral or installment scheme, the tax authorities will issue a tax payment request to the taxpayer within 3 days from the next day following the expiry of the original tax deferral or installment payment deadline. The taxpayer is obligated to pay all remaining taxes due in a lump sum within 10 days of the notice. In the event the taxpayer fails to do so, the tax authorities will forward the case for compulsory execution.

Other Tax Regulations

Local tax authorities will assess House Tax, Amusement Tax and Vehicle License Tax liability or exemption due to compulsory closure of leisure/entertainment facilities, exhibition/competition venues, and educational institutions, etc. in compliance with COVID-19 restriction and guideline

Local tax authorities will assess house tax during compulsory closure of leisure/entertainment facilities, exhibition/competition venues, and educational institutions, etc. based on government announcement, according to list of impacted property and/or other information provided by competent authorities of each respective industry. Taxpayers are not obligated to report to tax authorities changes in building utilization status.

Additionally, local tax authorities will also assess vehicle license tax and amusement tax liability or exemption during temporary non-usage period of vehicles, or compulsory closure of aforementioned places respectively. Taxpayers or entertainment tax collecting agents are not obligated to submit relevant applications to the tax authorities.

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