

Taiwan Tax Update

March 2022

Income Tax

Ministry of Finance (MOF) announced amendments to Enforcement Rules of Income Basic Tax Act on February 22, 2022 to incorporate new investment tax credit (ITC) items and to include separately-taxed gain from sales of house and land in tax base of alternative minimum tax (AMT)

Salient amendments are as follows:

Item	Description
Incorporate new ITC items	<ul style="list-style-type: none"> • Add ITC for Smart Machinery and 5G Network expenditure laid out in Article 10-1 of Statute for Industrial Innovation • Add ITC for Machinery and Equipment laid out in Article 6 of Act for the Development of Biotech and New Pharmaceuticals Industry
Include separately-taxed gain from sales of house and land in tax base of AMT	Starting from July 1, 2021, gain from sales of house and land shall be excluded from profit-seeking enterprise's taxable income, but instead, relevant taxes payable shall be separately calculated and consolidated with regular income tax in the corporate income tax return. The aforementioned separately calculated gain and tax payable is still within the scope of annual income and CIT payable of the profit seeking enterprise, as such, relevant ITC is eligible for deduction against said CIT payable. Moreover, the separately calculated gain shall be added back to tax base of AMT.

PwC Reminder:

On or after July 1, 2021, where a profit-seeking enterprise sells house or land acquired after January 1, 2016, gain from said sales is separately taxed and consolidated into profit-seeking enterprise's corporate income tax return, and therefore should also be incorporated in tax base of AMT and subject to AMT accordingly.

MOF announced amendment to definition of force majeure event stipulated under Article 10-1 of Enforcement Rules of the Income Tax Act

By reference to definition of nature disaster, accidents, and force majeure events stipulated under Article 2 of Regulations Governing Taxpayers Applying for Deferral of Tax Payment or Paying Taxes Due in Installments, the MOF amended the definition of force majeure event stipulated under Article 10-1 of Enforcement Rules of the Income Tax Act to include the following:

Limited to earthquake, wind storm, flood, drought, extreme cold, fire disaster, landslide, tsunami, plague, insect plague, war, nuclear disaster, gas explosion, or other unforeseen or inevitable disaster or event, which is beyond human control.

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