

Taiwan Tax Update

March 2023

Tax Incentives

Ministry of Economic Affairs and Ministry of Digital Affairs announced draft amendments to definition of foreign special professionals with special expertise in economic and digital fields respectively

Based on the “Act for the Recruitment and Employment of Foreign Professionals”, foreign special professionals refer to individuals with special expertise in technology, economy, education, culture and arts, sports, finance, law, architectural design, national defense, and other fields. For foreign special professionals that qualify under the above regulation and obtain necessary approvals, for 5 consecutive years starting from the first year they reside in Taiwan for at least 183 days, and where their annual salaries exceed TWD3 million, half of their annual salary exceeding TWD3 million each year will be exempt from income tax; in addition, their overseas income will not need to be included within Income Basic Tax calculations.

The **Ministry of Economic Affairs** has announced draft amendments to “Foreign Special Professionals with Specialized Knowledge/Skills in **Economic Fields**” as individuals qualifying under one of the following requirements:

1. Foreign professionals in the exhibition industry: holding a managerial position in conference or exhibition service industry, and having at least 8 years of related work experience.
2. Foreign special professionals capable of innovation and entrepreneurship: holding an entrepreneur visa or innovative entrepreneur residence permit, and meeting one of the following requirements:
 - (1) Responsible person, high-level executive, or core technology personnel of R&D team of a Taiwan enterprise that has obtained domestic or international investment (or which has been merged or acquired) of at least USD1 million. For each additional USD1 million in the investment or transaction amount, an additional individual may apply to be treated as foreign special professional.

- (2) Responsible person of a Taiwan startup with a technology R&D plan that is currently subsidized by the government, with investment amount in the startup of at least USD1 million. For each additional USD1 million in the investment amount, an additional individual may apply to be treated as foreign special professional.
3. Removed digital content related items for information service and software related industries, system integration, and cultural and creative industries: these items have been transferred under the jurisdiction of the Ministry of Digital Affairs.

The **Ministry of Digital Affairs** has announced draft amendments to “Foreign Special Professionals with Specialized Knowledge/Skills in **Digital Fields**” as individuals qualifying under one of the following requirements:

1. Have at least 8 years of professional experience in industries or fields related to digital economy.
2. Have worked or is currently working in industries or fields related to digital economy in Taiwan or overseas, with most recent monthly salary amounting to TWD160,000.
3. Have graduated from a top 500 university based on the most recent QS World University Rankings, Times Higher Education World University Rankings, or U.S. News & World Report Rankings, and possess a diploma evidencing a doctorates degree from said university.
4. Have professional skills needed for products or services in industries and fields related to digital economy. Other than having a doctorates degree from a university in Taiwan or overseas, the person shall also have received an award from a domestic or international competition that is recognized by the Ministry of Digital Affairs; alternatively, he/she shall have at least 4 years of relevant work experience.

PwC Reminder

Based on the “Regulations Governing Reduction and Exemption of Income Tax of Foreign Special Professionals” announced by the Ministry of Finance, foreign special professionals should meet the following 3 requirements at the same time in order to

be eligible for tax incentives:

1. Approved for first-time residency in Taiwan due to work.
2. Engaged in professional work related to his/her recognized special expertise in Taiwan.
3. Within a 5-year period before the date of being employed for professional work (or the date of issuance of his/her Employment Gold Card) in Taiwan, he/she cannot have household registration in Taiwan, and cannot have resided in Taiwan for at least 183 days during each of the past 5 years.

Further, the salary income eligible for tax incentive refers to salary income that is subject to Taiwan individual income tax assessment in accordance with the Income Tax Act and other regulations, where remuneration is received from domestic and foreign employers for professional work performed in Taiwan related to approved special skills of the foreign special professionals.

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