

Taiwan Tax Update

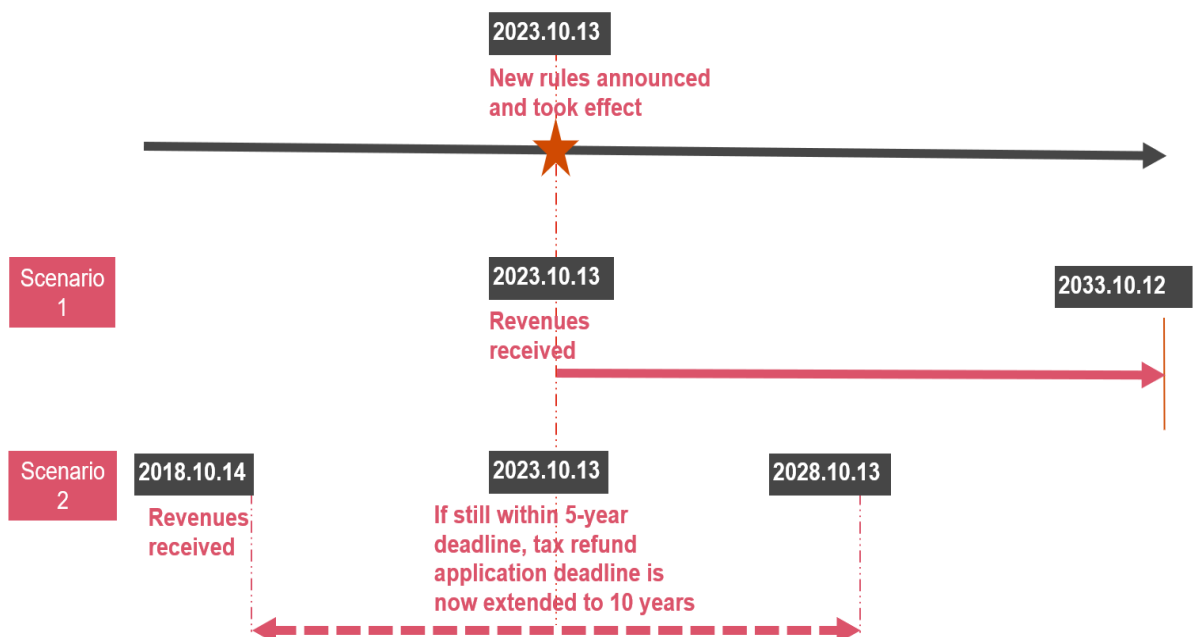
November 2023

Income Tax

Extension of deadline to 10 years by Ministry of Finance for foreign profit-seeking enterprises applying for recalculation of reduced withholding tax

The Ministry of Finance on October 13, 2023 announced amendments to Point 15 of the Guideline for Determination of Taiwan-sourced Income and Regulations Governing Income Tax Levied on Cross-Border Sales of Electronic Services by Foreign Profit-Seeking Enterprise, where the deadline for foreign profit-seeking enterprises to apply for recalculation and refund of excess withholding tax paid has been extended from 5 years to 10 years, from the date relevant revenues are received. The relevant amendment is effective from the date of announcement.

Further, for cases that have not exceeded the 5-year tax refund application deadline when the amendment took effect on October 13, 2023, the revised 10-year tax refund application deadline may be applied. The change is illustrated as follows:



PwC Analysis:

According to Point 15 of the Guideline for Determination of Taiwan-sourced Income, for a foreign profit-seeking enterprise without a fixed place of business or business agent in Taiwan that receives Taiwan-sourced income (including service income, rental income, business profits, award or grant from participating in skill contests, games and lotteries, and other income), the withholder is required to apply withholding tax upon remittance of payment to the foreign profit-seeking enterprise. However, the foreign profit-seeking enterprise can, within 10 years from the date of receiving such revenue, submit an application with accounting books and evidential documents to the tax authority, and apply to deduct relevant costs and expenses from above-mentioned revenues, recalculate actual taxable income, and obtain a refund of excess withholding tax paid.

Foreign profit-seeking enterprises that sell cross-border electronic services can apply with the tax authority to determine applicable net profit rate and Taiwan contribution ratio, determine taxable income by multiplying Taiwan-sourced revenues with the identified net profit rate and Taiwan contribution ratio, and refund the excess withholding tax paid.

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

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

Luke Huang
+886-2-2729-5955
luke.huang@pwc.com

Audrey Chen
+886-2-2729-5696
audrey.chen@pwc.com

Li-Chui Hung
+886-2-2729-6773
li-chui.hung@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

Tim Pao (India Tax)
+886-2-2729-3928
tim.pao@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

Alvin Cheng
+886-2-2729-5098
alvin.cheng@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

The information contained in this publication is of a general nature only. It is not meant to be comprehensive and does not constitute legal or tax advice. PricewaterhouseCoopers (“PwC”) has no obligation to update the information as law and practice change. The application and impact of laws can vary widely based on the specific facts involved. Before taking any action, please ensure that you obtain advice specific to your circumstances from your usual PwC client service team or your other tax advisers.

The materials contained in this publication were assembled in November 2023 based on the law enforceable and information available as of November 30, 2023. In the event of any discrepancy between the English version of this newsletter and the original Chinese version of the laws or rulings announced by the government, or any difference in the interpretation of the two versions, the Chinese version announced by the government shall prevail.

©2023 PricewaterhouseCoopers Taiwan. All rights reserved. PwC refers to the Taiwan member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.tw for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.