

Taiwan Tax Update

February 2024

Income Tax

Profit-seeking enterprises may apply for asset revaluation with the local tax authorities within the second month after fiscal year end

Pursuant to Article 61 of the Income Tax Act, profit-seeking enterprises may apply for revaluation of fixed assets, depletable assets, and intangible assets with the local tax authorities, when the current year price index increases by more than 25% compared with the price index of the year when the assets were acquired, or the year in which asset revaluation was last performed in accordance with relevant regulations.

According to the “Table of Historical Producer Price Index and Price Multiples Used for Asset Revaluation in Taiwan” released by the Ministry of Finance on January 31, 2023, the price index in 2023 has increased by more than 25% compared with the price indexes of the following years:

1979 and prior years, 1987 to 1994, 1999, 2001, and 2002.

Profit-seeking enterprises who acquired assets or who last performed asset revaluation in the aforesaid years may apply for asset revaluation in accordance with relevant regulations.

Profit-seeking enterprises planning to conduct asset revaluation shall submit the application within the second month after 2023 fiscal year end. For example, the application period is February 1 to February 29, 2024 for a profit-seeking enterprise using calendar year end. Within 60 days after receiving the asset revaluation approval notification from the tax authorities, profit-seeking enterprises are required to submit the asset revaluation declaration form, summary of asset undergoing revaluation and detailed breakdown, as well as balance sheet before and after revaluation for comparison, to the tax authorities for filing asset revaluation.

PwC Analysis:

Asset revaluation surplus is exempt from corporate income tax assessment at the time of revaluation, whereas, corresponding increase in depreciation, depletion, or amortization expenses is in general fully deductible. However, if such assets are subsequently transferred, destroyed, or scrapped after revaluation, non-operating income or expenses shall be recognized accordingly. In other words, the asset revaluation surplus will become taxable in the year revalued assets are transferred, destroyed, or scrapped.

If it is necessary to adjust the book value of land, such adjustment shall adhere to the Land Act, the Equalization of Land Rights Act and other pertinent regulations, while aforesaid regulation for asset revaluation is not applicable.

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