



Taiwan Tax Update

July 2025

Tax Incentives

Amendments to the Sports Industry Development Act have passed the third reading, expanding tax incentives for donations to sports organizations and events

The amendments to the Sports Industry Development Act (“the Act”) have passed the third reading on July 8, 2025. In addition to promoting the use of digital technologies and encouraging both government and private sector investment in the sports industry, the following tax incentives are also introduced :

1. Qualified donations made by profit-seeking enterprises in accordance with Article 26 of the Act can be fully claimed as deductible expenses for corporate income tax purpose, without any monetary limit.

The amendments expand the scope of qualified donations to include donations to “events recognized by the competent authorities as promoting nationwide participation in sports.” Relevant recognition process, scope of eligible events, and implementation measures will be jointly prescribed by the competent authorities and the Ministry of Finance (“MOF”).

2. Pursuant to Article 26-2 of the Act, donations made by profit-seeking enterprises to "dedicated accounts established to support professional or amateur sports organizations or key sports events" are eligible for an increased tax deduction.

The amendments increase the tax deduction rate from 150% to 175%, effective from the date the amended provisions come into force. In addition, the period during which the increased tax deduction may be applied is extended to 10 years, until December 23, 2031. Further details of the increased tax deductions are as follows:

- a. Donations made to professional or amateur sports organizations recognized by the competent authorities can be claimed as deductible expenses for



corporate income tax purpose at 175% of the donation amount, subject to a cap of NT\$10 million. However, if the profit-seeking enterprise and the professional or amateur sports organizations receiving the donations are related parties, the deduction is limited to the actual donation amount, within the NT\$10 million cap.

- b. Donations made to specially approved key professional or amateur sports organizations, or to organizers of key sports events announced by the competent authorities, can be claimed as deductible expenses for corporate income tax purpose at 175% of the donation amount, without being subject to the aforementioned NT\$10 million cap or related-party restrictions.

PwC Reminder:

1. For a single donation, a profit-seeking enterprise may choose either to donate through a dedicated account established pursuant to Article 26-2 of the Act, allowing the donation to be claimed as a deductible expense at 175% of the donation amount, or to make a qualified donation under Article 26 of the Act, where there is no monetary limit on the deductible expense.

Once a method is chosen, it cannot be changed. Enterprises opting to donate through a dedicated account must apply for prior approval. For any portion of the donation exceeding the NT\$10 million cap, such excess will no longer be eligible for tax deduction under Article 26 of the Act, Article 36 of the Income Tax Act, or other relevant regulations.

Enterprises may visit the website of the Sports Administration, Ministry of Education, for information regarding the dedicated accounts and are advised to carefully evaluate the method of donation to balance public interest and tax efficiency.

2. According to the announcement by the MOF, when calculating the alternative minimum tax ("AMT"), the additional tax deduction (i.e., the extra 75%) for donations made to dedicated accounts established to support professional or amateur sports organizations or key sports events shall be added back to taxable income in order to determine the basic income subject to AMT.



Value-Added Tax

Transportation services provided by designated transportation service providers pursuant to administrative contracts entered into with local competent authorities under the Long-Term Care Services Act are exempt from VAT assessment

For designated transportation service providers that have entered into administrative contracts with local competent authorities pursuant to the Long-Term Care Services Act, the provision of transportation services as prescribed by the aforesaid Act constitutes a social welfare service commissioned by the government and is therefore exempt from VAT assessment.

PwC Analysis:

In an aging society, the demand for long-term care services has become increasingly diverse. In practice, transportation service providers, such as passenger car rental companies and taxi operators, may enter into special contracts with local competent authorities to offer transportation services for eligible long-term care recipients, including transporting individuals between their homes and community-based long-term care facilities, as well as between their homes and medical institutions for medical treatment, regular rehabilitation, dialysis, and other related transportation needs.

These services are recognized by the Ministry of Health and Welfare as government-commissioned social welfare services and therefore, in accordance with Article 8 of the Business Tax Act, are exempt from VAT assessment.



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