Taiwan Tax Update

August 2025

Corporate Income Tax

Ministry of Finance released tax ruling clarifying profit-seeking enterprises calculating provisional income tax as half of the prior year's income tax payable should exclude the separately calculated Joint Property Tax

On July 30, the Ministry of Finance released a tax ruling specifying that, starting from 2025, profit-seeking enterprises calculating their provisional income tax as half of the prior year's corporate income tax payable should exclude the separately calculated Joint Property Tax from the prior year's tax payable amount.

PwC Explains:

The formula for calculating the provisional corporate income tax had included the Joint Property Tax since 2021. However, given that profit-seeking enterprises do not typically engage in the sale of property and land on an annual basis, incorporating Joint Property Tax into the calculation for the subsequent year's provisional tax appears inequitable and imposes an excessive financial burden on businesses. The new regulation excludes the separately calculated Joint Property Tax to enhance the liquidity and flexibility of businesses' working capital.

Ministry of Finance announcement: Angel investors that deduct investment amounts from their individual income tax under the newly amended Industrial Innovation Statute should include the deduction in Alternative Minimum Tax (AMT) calculation

On August 8, the Ministry of Finance announced that for angel investors who invest in high-risk start-ups in Taiwan in accordance with the newly amended Article 23-2 of the Industrial Innovation Statute issued on May 7, 2025, the amounts deducted for individual income tax calculation should be included in the AMT calculation.

Please refer to the May 2025 Taiwan Tax Update for details on the amended tax incentives for angel investors under Article 23-2 of the Industrial Innovation Statute.

PwC Reminder:

The newly amended investment incentive for angel investors is effective from January 1, 2025, to December 31, 2029, which applies to acquisition of qualified shares via cash during this period. For investments in industries recognized by the competent authority as critial to national development, the maximum deductible amount is NTD 5 million. For investments in general high-risk startups approved by the competent authority, the maximum deduction is NTD 3 million. However, the combined total maximum deduction from both categories remains capped at NTD 5 million.

Value-added Tax

Import VAT collected by Customs can be refunded if there is an excess paid VAT due to factors not attributable to the taxpayer

The Ministry of Finance issued a ruling stating that when business entities import goods from overseas and VAT is collected by Customs, business entities can apply to refund overpayment of VAT resulting from factors not attributable to the business entities—such as market price fluctuations or exchange rate changes that affect domestic sales prices—in accordance with paragraph 2, Article 39 of the Business Tax Act, if the VAT collected by Customs at the time of import exceeds the output VAT from domestic sales. The Ministry of Finance further delegated the authority to assess these applications to the regional National Tax Bureaus, eliminating the necessity for case-by-case approval from the Ministry of Finance.

PwC Reminder:

To streamline the application process and expedite review procedures, the Ministry of

Finance has already prescribed the relevant application forms and circulated them to the regional National Tax Bureaus. Business entities can complete the forms and attach relevant supporting documents to submit their refund applications to the National Tax Bureau in their jurisdiction.

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