



Taiwan Tax Update

January 2026

Income Tax

Cross-border electronically supplied services (“ESS”) providers that registered for VAT in Taiwan to act as withholding agents starting from January 1, 2026

On December 23, 2025, the Ministry of Finance (“MOF”) issued a ruling stipulating that, effective from January 1, 2026, cross-border ESS providers that have registered for VAT in Taiwan in accordance with Article 28-1 of the Business Tax Act will be considered as withholding agents as defined under Article 89 of the Income Tax Act.

Accordingly, where such cross-border ESS providers make payments that are subject to withholding tax, they should withhold income tax, file the Withholding and Non-Withholding Tax Statements, and issue a copy of the Statement to the taxpayer in accordance with the applicable withholding tax regulations.

A grace period has been granted until June 30, 2026, during which no penalty should be imposed on cross-border ESS providers who are not compliant with the withholding tax regulations.

PwC Reminder:

On the same date, the MOF also issued the income tax guidelines for content creators or online influencers. Under the guidelines, where foreign platform operators pay Taiwan-sourced income (further explained below) to domestic or foreign content creators or online influencers, such payments are treated as income from professional practice and are subject to withholding at the applicable withholding rate.

In addition, if foreign platform operators provide advertising display services to foreign advertisers and the advertisements are viewed by audiences located in Taiwan, the income derived therefrom is regarded as consideration for services rendered in Taiwan. Such income should, together with other Taiwan-sourced income (including income



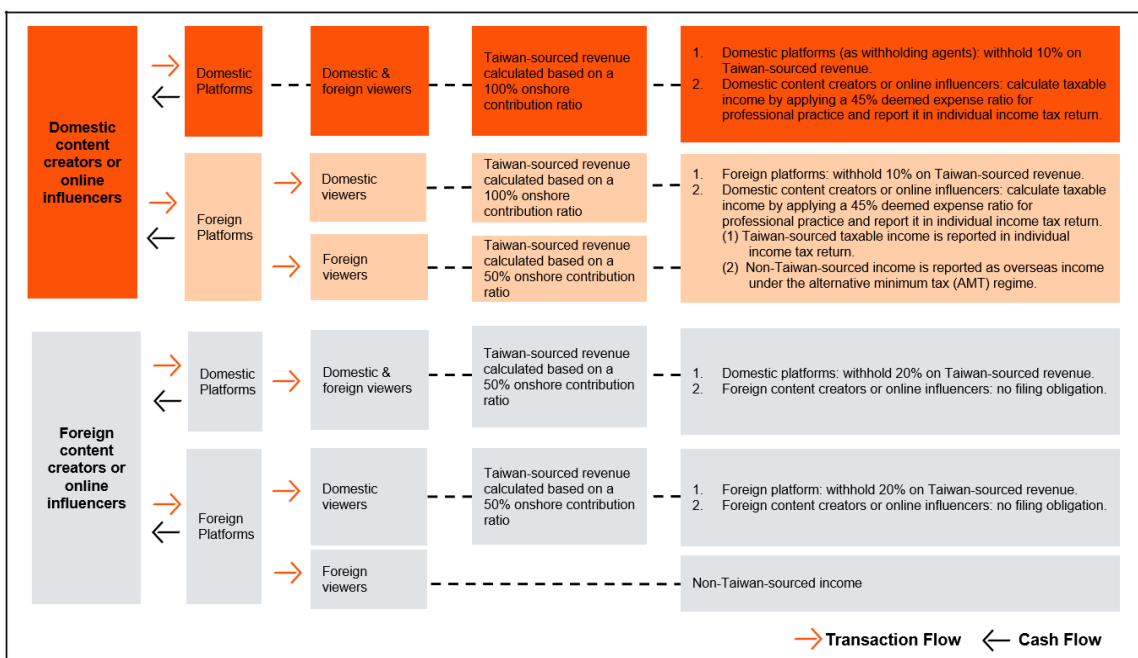
from the provision of cross-border ESS), be subject to Taiwan income tax.

The MOF issued income tax guidelines for content creators or online influencers on December 23, 2025

The MOF clarified that, for content creators or online influencers who are not required to register for VAT, the service remuneration they receive through platforms is regarded as income from professional practice. Such service remuneration includes revenue shares from platform advertising, paid subscriptions and live streaming, as well as viewer donation, tips, or other similar income. The applicable deemed expense ratio for 2024 is 45%. The MOF also stipulated that domestic and foreign platform operators paying such service remuneration are obliged to comply with withholding tax obligations.

In light of the introduction of the new regime, a grace period has been granted until June 30, 2026, during which no penalty should be imposed on platform operators, content creators or online influencers for any failure to withhold and pay income tax in accordance with the relevant guidelines.

The diagram below illustrates the individual income tax guidelines for content creators





Example:

Assuming content creator or online influencer A, residing in Taiwan, uploads videos on the overseas platform YouTube and generates income of NTD 10,000. Of this amount, NTD 8,000 is attributable to viewers within Taiwan, and NTD 2,000 is attributable to overseas viewers.

For the portion attributable to domestic viewers (NTD 8,000), since both the creation and consumption of the video content occur in Taiwan, the onshore contribution ratio is 100%. For the portion attributable to overseas viewers (NTD 2,000), as the video content is created in Taiwan but consumed overseas, the onshore contribution ratio is deemed to be 50%.

Content creator or online influencer A does not regularly maintain proper accounting books or supporting documents. Accordingly, the income is computed based on the deemed expense ratio for income from professional practice as prescribed by the MOF.

1. The Taiwan-sourced revenue is NTD 9,000 ($\text{NTD } 8,000 \times 100\% + \text{NTD } 2,000 \times 50\%$). Applying the 2024 deemed expense ratio of 45% for professional practice, the Taiwan-sourced income is NTD 4,950 ($\text{NTD } 9,000 \times (1 - 45\%)$). Content creator or online influencer A must include this amount in his annual individual income tax return.
2. The remaining NTD 1,000 is non-Taiwan-sourced revenue. Applying the same expense ratio, the non-Taiwan-sourced income is NTD 550 ($(\text{NTD } 10,000 - \text{NTD } 9,000) \times (1 - 45\%)$). Content creator or online influencer A should report this amount as his overseas income under the alternative minimum tax (AMT) regime.

PwC Explanation:

1. Income derived by content creators or online influencers from uploading videos and receiving platform revenue shares often involves cross-border activities. These transactions encompass parties such as the content creators or online influencers, domestic and foreign platforms, and domestic and foreign viewers. Accordingly, income that has an economic nexus with Taiwan is regarded as Taiwan-sourced income. The taxable income of content creators or online influencers should be calculated by first determining the onshore and offshore profit contribution ratios,



followed by the deduction of related costs and expenses.

2. With respect to the determination of onshore contribution ratio and related costs and expenses, if adequate and sufficient supporting documents can be provided, the content creator or online influencer may opt to determine taxable income based on actual onshore contribution ratio and related costs and expenses. Moreover, foreign content creators or online influencers may apply for re-assessment of their Taiwan-sourced income and seek a refund of any excess income tax paid within 10 years from the date the income was received.

PwC Reminds:

For content creators or online influencers that are required to register for VAT, the MOF had earlier issued the VAT guidelines on September 10, 2025. Income tax filings for such individuals should follow the relevant rules applicable to profit-seeking enterprises.



PwC Taiwan Contacts

Corporate Income Tax and Indirect Tax Services

Jason Hsu (Deputy Chairman)
+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
+886-2-2729-6207
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

Jefferson Ouyang
+886-2-2729-5280
jefferson.ouyang@pwc.com

Paul Chiu
+886-2-2729-6516
paul.c.chiu@pwc.com

International Tax Services and Transfer Pricing & BEPS Services

Elaine Hsieh
+886-2-2729-5809
elaine.hsieh@pwc.com

Patrick Tuan (Leader; 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

Chia-Ying Chung
+886-2-2729-6665
chia-ying.chung@pwc.com

Jillian Lin
+886-2-2729-6585
jillian.lin@pwc.com

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

Alianna Chou
+886-5780205 ext.35356
alianna.chou@pwc.com

JR Shie
+886-2-2729-6520
jr.shie@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

Sung-Po Shih
+886-2-2729-6666 ext.40330
sung-po.shih@pwc.com



Tax Litigation Services

Alvis Lin
+886-2-2729-5028
alvis.lin@pwc.com

Shareholder Equity and Investment Management Services

Jack Hwang
+886-2-2729-6061
jack.hwang@pwc.com

Shu-Chun.Jhang
+886-3-5780205 ext.35352
Shu-chun.jhang@pwc.com

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