



Taiwan Tax Update

April 2026

Income Tax

Ministry of Finance released tax ruling clarifying the determination of "3 or more occurrences of the same violation within 1 year" as stipulated under the "Criteria for Reduction and Exemption of Penalties for Tax Violations"

The "Criteria for Reduction and Exemption of Penalties for Tax Violations" provides penalty relief to various tax violations, where the violations are minor in nature or the amount of tax evasion falls below a certain threshold. However, such penalty relief does not apply to cases with "3 or more occurrences of the same violation within 1 year."

The Ministry of Finance ("MoF") clarified that for determination of "3 or more occurrences of the same violation within 1 year", the term "within 1 year" refers to the period starting from the date each violation is detected by the tax authorities or voluntarily rectified (filed) by the taxpayer or tax withholder, up to the day before the same date in the following year. The number of violations is calculated based on the instances of tax authorities' detection or voluntary rectification (filing). If multiple violations are detected or voluntarily rectified (filed) at once, they are treated as a single violation.

1. Tax withholders fail to withhold taxes as required, or have withheld taxes but fail to accurately file or issue withholding tax ("WHT") statements within the prescribed time limits.
2. Persons obligated to issue and file non-WHT statements fail to accurately file or issue said statements within the prescribed time limits.
3. Trustees of trust arrangements fail to accurately file or issue the required documentation, WHT or non-WHT statements, and related statements within the prescribed time limits.



4. Profit-seeking enterprises fail to file dividend statements within the prescribed time limits.

PwC Reminder:

Failure to withhold taxes as required will result in penalties imposed based on the amount of tax that should have been withheld but was not, or the under-withheld amount. However, said penalties may be waived for those who voluntarily file and make up the tax shortfalls pursuant to Article 48-1 of the Tax Collection Act, and such instances will not be counted toward the number of violations. Apart from this, all other violations outlined above do not qualify for penalty relief through voluntary filing and payment of tax shortfalls under Article 48-1 of the Tax Collection Act, i.e., such cases will still be recorded as one instance of violations even after voluntary rectification (filing). In addition, the MoF has stipulated that this determination principle shall apply to cases for which a penalty disposition has not yet been issued by the tax authorities, or cases for which a penalty disposition has been issued but is not yet final as of the issuance date of this tax ruling.



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