



# Taiwan Tax Update

May 2026

---

## Income Tax

**The Ministry of Finance issued amendments to the Directions for the Assessment of Income Tax on House and Land Transactions on April 21, with immediate effect.**

Key amendments to the Directions for the Assessment of Income Tax on House and Land Transactions include changes to how specific equity transaction should be treated for Joint Property Tax purpose, as well as the incorporation of relevant existing tax rulings, as outlined below:

- 1) Amending the valuation method for specific equity transaction — the denominator now includes assets' fair market value ("FMV"):

Effective from July 1, 2021, the disposal of specific equity by individuals or profit-seeking enterprises is deemed a transaction of buildings and land, and subject to the Joint Property Tax. Transactions of shares listed on the TWSE, TPEX, or Emerging Stock Market, however, are excluded. The term "disposal of specific equity" refers to the scenario where the following two criteria are met: (1) the transferer directly or indirectly holds more than 50% of the total shares or capital contribution of an invested enterprise; and (2) at least 50% of the value of the invested enterprise's shares or capital contribution consists of buildings, land, housing use rights, or pre-sale real estate within Taiwan territory.

The ratio in criterion (2) was originally calculated as the value of domestic real estate divided by the invested enterprise's net asset value. This amendment allows the denominator to be based on the FMV of the assets. Therefore, the ratio can now be calculated as the value of domestic real estate divided by either the assets' FMV or the net asset value.



Explanation:

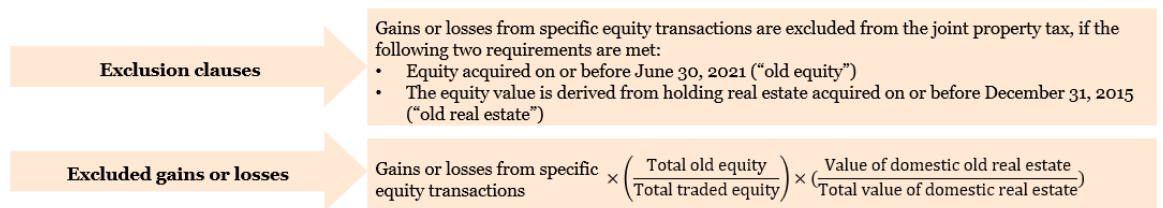
Numerator = The value of domestic buildings, land, housing use rights, or pre-sale real estate, determined with reference to various market value data (unamended).

Denominator = (1) The net asset value as per the most recent CPA-audited financial statements within one year prior to the transaction date; or

(2) The net asset value as of the transaction date; or

(3) The total FMV of various assets — the value of each asset must be audited and certified by a CPA according to FMV or supported by other evidence providing the FMV (newly introduced).

## 2) Adding exclusion provisions for specific equity transaction



Example: Company A acquired a 30% shareholding in Company B on September 1, 2015 and subsequently acquired an additional 40% shareholding on October 1, 2021. As of December 20, 2025, the total assets of Company B amounted to NTD 10M, including:

Domestic Real Estate	5M	(of which 3M is subject to the old property tax regime)
Overseas Real Estate	4M	
Other Assets	1M	
Total Assets	<u>NTD 10M</u>	



Scenario 1: On December 20, 2025, Company A sold 20% of Company B's shares (using the FIFO method), resulting in a transaction gain of NTD 1M.

	Gains or losses from specific equity transactions		$\frac{\text{Total old Equity}}{\text{Total traded equity}}$		$\frac{\text{Value of domestic old real estate}}{\text{Total value of domestic real estate}}$		Excluded income	Income subject to the joint property tax
<b>Scenario 1:</b>	NTD 1M	×	20% / 20%	×	NTD 3M / 5M	=	NTD 0.6M	NTD 0.4M

Scenario 2: On December 20, 2025, Company A sold 50% of Company B's shares (using the FIFO method for share disposition and the weighted average method for cost valuation), resulting in a transaction gain of NTD 1M.

	Gains or losses from specific equity transactions		$\frac{\text{Total old equity}}{\text{Total traded equity}}$		$\frac{\text{Value of domestic old real estate}}{\text{Total value of domestic real estate}}$		Excluded income	Income subject to the joint property tax
<b>Scenario 2:</b>	NTD 1M	×	30% / 50%	×	NTD 3M / 5M	=	NTD 0.36M	NTD 0.64M

### 3) Incorporation of relevant existing tax rulings:

Item	Explanation of Amendments
Recognition of acquisition date for gifts between spouses	For buildings, land, housing use rights, pre-sale real estate, or equity acquired through gift between spouses, where the provision under the Estate and Gift Tax Act that property mutually gifted between spouses should not be included in the total amount of gifts applies, the acquisition date should be recognized as the date the property was acquired by the spouse prior to the initial inter-spousal gift.
Aggregation of holding periods for consecutive inheritance	Individuals who acquire buildings, land, housing use rights, pre-sale real estate, or equity through inheritance or bequest may, when calculating the holding period in accordance with regulations, combine the holding periods of consecutive heirs or

---

	legatees for such property if the inheritance or bequest occurs consecutively.
Preferential tax rate for property developers organized as sole proprietorships or partnerships	Sole proprietorships and partnerships that jointly develop buildings with landowners, where the buildings and the land on which they are situated are transferred for the first time and have been held for five years or less, may apply the 20% tax rate in accordance with the relevant tax regulations applicable to individual landowners.
Relaxation of the criteria for property developers to qualify for the 20% tax rate	<p>The first transfer of buildings and their underlying land by a profit-seeking enterprise following construction completion refers to one of the following situations:</p> <ol style="list-style-type: none"><li>1. A transaction by a profit-seeking enterprise involving a newly constructed building and the underlying land, which were acquired through the first registration of ownership as the builder. (Unamended)</li><li>2. A profit-seeking enterprise that sells buildings and the underlying land, which were acquired but could not be registered under the builder's name due to regulatory restrictions or other legitimate reasons, and can provide relevant documentation proving actual construction activities, and such documentation is verified as authentic by the tax authorities. (Newly added)</li></ol>

---

**PwC Explanation:**

1. One of the key criteria for identifying a “specific equity transaction” is that more than 50% of the value of invested enterprise’s equity is derived from buildings, land, housing use rights, or pre-sale real estate within Taiwan territory.

Prior to the amendment, the ratio used to calculate the equity value was based



on the FMV or the real estate as the numerator and the net asset value of the transferee as the denominator. The inconsistency in the valuation bases failed to accurately reflect the true proportion of the real estate value.

Following the amendment, the denominator may be determined based on the FMV of all assets. This allows for a more accurate reflection of the ratio, potentially broadening the denominator base and reducing the proportion attributable to real estate value, thereby benefiting taxpayers.

Moreover, pursuant to the introduced transitional provisions, the amendment should apply to specific equity transactions for which tax assessments have not yet been issued or finalized as of April 21, 2026.

2. If the acquisition date of the specific equity falls after June 30, 2021, the exclusion provisions of should not apply, i.e., even if the investee enterprise holds real estate subject to the old property tax regime, any future disposal of such specific equity will still be subject to the Joint Property Tax.

### **PwC Perspective:**

The Joint Property Tax System 2.0, effective July 1, 2021, includes provisions which deem disposal of specific equity as disposal of real estate. Since equities and properties acquired under the old property tax regime are not excluded, domestic family businesses undergoing succession and holding structure planning have been significantly and adversely impacted. With the newly introduced exclusion provisions, individuals and enterprises may evaluate and utilize this one-time waiver to optimize their equity restructuring plans.

However, it should be noted that income from specific equity transactions excluded under the Joint Property Tax should still be subject to the alternative minimum tax or regular capital gains tax assessment.

**On May 13, 2026, the Ministry of Finance and the Ministry of Economic Affairs jointly announced amendments to the “Rules Governing the Applications for Exemption from Income Tax on Royalty and Technical Service Fees Collected by**



**Foreign Profit-Seeking Enterprises from Manufacturing Industries, Technical Service Industries and Power-Generating Industries,” effective immediately.**

Foreign profit-seeking enterprises receiving royalties or technical service fees from the manufacturing, technical services, and power generation industries may apply for income tax exemption in accordance with Article 4 of the Income Tax Act. The key points of the amendment are as follows:

1. Adding applicable industries: In addition to existing industries, the scope has been expanded to include the hydrogen fuel cell industry, aviation and drone industry, and vessel and ship industry. Foreign profit-seeking enterprises may be exempt from income tax on royalties or technical service fees derived from licensing granted patent rights or from rendering technical services for plant construction to these industries.
2. Adding restriction: Foreign profit-seeking enterprises do not qualify for exemption if they receive royalties or technical service fees which are subject to a statutory income tax rate which are less than 15% under the laws of its home country. However, this restriction should not apply to cases where the application was already submitted prior to the amendment.

**PwC Reminder:**

An application should first be submitted to the Industrial Development Administration or the Energy Administration under the Ministry of Economic Affairs after the relevant contract is signed. Upon obtaining approval, the qualified enterprise should subsequently apply for income tax exemption with the tax authority.

In principle, the approved tax exemption period is three years, but it should not exceed the effective period of the contract. However, if the contract remains effective upon the expiration of the tax exemption period, a renewal application may be submitted.



## 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 (Tax and Legal Services Leader)  
+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

The information contained in this publication is of a general nature only. It is not meant to be comprehensive and does not constitute legal or tax advice. PricewaterhouseCoopers ("PwC") has no obligation to update the information as law and practice change. The application and impact of laws can vary widely based on the specific facts involved. Before taking any action, please ensure that you obtain advice specific to your circumstances from your usual PwC client service team or your other tax advisers.

The materials contained in this publication were assembled in May 2026 based on the law enforceable and information available as of May 31, 2026. In the event of any discrepancy between the English version of this newsletter and the original Chinese version of the laws or rulings announced by the government, or any difference in the interpretation of the two versions, the Chinese version announced by the government shall prevail.

© 2026 PricewaterhouseCoopers Taiwan (PwC Taiwan). All rights reserved. PwC Taiwan refers to the Taiwan group of member firms, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.