Taiwan Tax Update

August 2026

Income Tax

Ministry of Finance Released Tax Ruling Clarifying Withholding Tax ("WHT") Requirements for Interest Payments Made via Online Peer-to-Peer Lending Platforms

Released by the Ministry of Finance on August 6, 2026, the Tax Ruling explicitly stipulates that online peer-to-peer lending platform operators ("P2P Platform Operators") are obliged to withhold tax, issue and file the applicable withholding (or non-withholding) tax certificates for interest payments made to lenders, with immediate effect from August 6. Salient points of the Tax Ruling are as follows:

1. **WHT Obligations of P2P Platform Operators:** P2P Platform Operators play a critical role in online lending transactions, from matching lenders with borrowers, charging service fees to both parties and setting loan interest rates, to facilitating as intermediaries in collecting and disbursing loan proceeds and directing banks or electronic payment institutions in managing funds. Since P2P Platform Operators exercise such substantive control and management over the flow of funds, they are regarded as the payers of interest income and, accordingly, bear the responsibility of a tax withholder.
2. **Income Tax Reporting for Lenders (Investors):** Interest income received by lenders shall be subject to income tax assessment. Henceforth, P2P Platform Operators will be obligated to withhold tax and to file and issue WHT or non-WHT certificates for interest payments made to lenders, on the basis of which lenders will report relevant interest income when filing their respective income tax returns, thereby enhancing transparency in tax information.
3. **Borrowers (Interest Payers):** Borrowers are exempt from WHT obligations for the interest they pay, thereby alleviating compliance risks associated with

borrowers' unfamiliarity with tax laws and regulations.

PwC Reminder:

For interest received prior to the issuance of this Tax Ruling on August 6, 2026, lenders shall self-report relevant interest income when filing their annual income tax returns. P2P Platform Operators are not required to retroactively issue and file WHT or non-WHT certificates for such interest, thereby avoiding the administrative and compliance costs that would otherwise be imposed on both P2P Platform Operators and tax authorities through massive retroactive filing due to the change in WHT requirements.

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