
Taiwan Tax Update

November 2015

Ministry of Finance issued a Tax Ruling to clarify tax deductibility of pension expense due to appropriation of labor pension reserve fund according to Article 56 of the amended Labor Standards Act

According to Paragraph 2 of Article 56 of the Labor Standards Act (“LSA”) amended on February 4, 2015, profit-seeking enterprises shall assess the balance in the designated labor pension reserve fund account before the end of each year. If the amount is insufficient to pay pension liability due to employees who become eligible for retirement in the subsequent year according to Article 53 or subparagraph 1 of Paragraph 1 of Article 54 of the LSA, the employer is required to make up the difference in one lump-sum amount before the end of March of the following year.

Since the one-time appropriation required by the amended LSA may result in pension expense exceeding the 15% tax deductible limit prescribed in Article 33 of the Income Tax Act, the Ministry of Finance issued Tax Ruling No. 10400608350 on November 10, 2015 to clarify that the appropriation to labor pension reserve fund in accordance with the amended LSA can be fully tax deductible in the same year without taking into consideration the 15% tax limit.

Newsletter - Taiwan Tax Update

PwC Contacts:

Corporate Income Tax / Other Tax

Howard Kuo
886-2-2729-5226
Howard.Kuo@tw.pwc.com

Tony Lin
886-2-2729- 5980
Tony.Lin@tw.pwc.com

Jason C Hsu
886-2-2729- 5212
Jason.C.Hsu@tw.pwc.com

Rosamund Fan
886-2-2729-6077
Rosamund.Fan@tw.pwc.com

Sam Hung
886-2-2729-5008
Sam.Hung@tw.pwc.com

Li-Li Chou
886-2-2729-6566
Li-Li.Chou@tw.pwc.com

Jack Hwang
886-2-2729-6061
Jack.Hwang@tw.pwc.com

International Tax Services

Elaine Hsieh
886-2-2729-5809
Elaine.Hsieh@tw.pwc.com

Wendy Chiu
886-2-2729-6019
Wendy.Chiu@tw.pwc.com

Patrick Tuan
886-2-2729-5995
Patrick.Tuan@tw.pwc.com

Albert Chou
886-2-2729-6626
Albert.Chou@tw.pwc.com

Transfer Pricing

Lily Hsu
886-2-2729-6207
Lily.Hsu@tw.pwc.com

Elliot Liao
886-2-2729-6217
Elliot.Liao@tw.pwc.com

Financial Services

Richard Watanabe
886-2-2729-6704
Richard.Watanabe@tw.pwc.com

Jason C Hsu
886-2-2729- 5212
Jason.C.Hsu@tw.pwc.com

M&A Tax

Wilson Wang
886-2-2729-6666 ext 35101
Wilson.Wang@tw.pwc.com

Elaine Hsieh
886-2-2729-5809
Elaine.Hsieh@tw.pwc.com

General Accounting and Relevant Out-Sourcing Services

Lucy Ho
886-2-2729-5218
Lucy.Ho@tw.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 November 2015 and were based on the law enforceable and information available as of October 31, 2015. In the event of any discrepancy between the English information contained in 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.

©2015 PricewaterhouseCoopers Taiwan. All rights reserved. PwC refers to the Taiwan member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.tw for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

Appendix

日期文號： 中華民國104年11月10日台財稅字第10400608350號令

摘要： 營利事業依勞動基準法第56條第2項規定揭發之勞工退休準備金得全數於提撥年度以費用列支

主旨： 營利事業依勞動基準法第56條第2項規定，於每年年度終了前，估算勞工退休準備金專戶餘額不足給付次一年度內預估成就同法第53條或第54條第1項第1款退休條件勞工之退休金數額，於次年度3月底前一次提撥其差額，並以該事業單位勞工退休準備金監督委員會名義專戶存儲至勞動部指定之金融機構者，其提撥之金額得全數於提撥年度以費用列支。