
Taiwan Tax Update

March 2016

Supporting documents to be maintained by profit seeking enterprises after public utilities companies start to issue electronic government uniform invoice (“GUI”) from January 2016

Public utilities companies (including water, electricity, gas, and telecommunications) have started to issue paperless electronic GUIs from January 2016, and will no longer mail hard copy receipts to users. After users pay their public utilities bills, users can use the carrier code printed on the payment notice or payment proof to query relevant information of electronic GUIs on the following platforms:

1. Electronic GUI member platforms established by the respective public utilities companies, or
2. E-GUI Integrated Service Platform established by the Ministry of Finance:

Registration is required for users. One can query all electronic GUIs received to date.

(<https://www.einvoice.nat.gov.tw/wSite/mp?mp=1&CSRT=1746272544195000052&CSRT=5315215534435407398>)

PwC Observation:

According to Articles 21 and 24 of the *Regulations of Tax Collection Authority Governing Accounting Records and Documents of Profit Seeking Enterprises*, original vouchers or documents which are issued, delivered, or received via the Internet or other electronic means shall be stored electronically, and the accounting records should disclose the serial number of the electronic GUI. Moreover, as the carrier code serves as important information for querying the electronic GUIs received, profit seeking enterprises shall adequately maintain the payment notice or payment proof on which the carrier code is printed as supporting documents for accounting records. Downloading of physical electronic GUIs is not required.

Deadline for application of calamity loss extended to 3 months for corporate victims of Mei-Nong earthquake on February 6, 2016

1. According to Article 102 of the *Assessment Rules for Income Tax Returns of Profit-Seeking Enterprises* (“Assessment Rules”) and *Guideline for National Taxation Bureaus’ Examination of Disposal of Fixed Assets or Inventories from Calamity Loss Reported by Profit-Seeking Enterprises* (“Disposal Guideline”), calamity loss shall be reported to District National Taxation Bureaus within 30 days after the calamity happens in order to be eligible for tax relief under the abovementioned Disposal Guideline.
2. District National Taxation Bureaus have announced that the deadline for reporting calamity loss for enterprises as a result of destruction of buildings, factories, and

equipment from the earthquake on February 6, 2016 has now been extended from 30 days to 3 months after the earthquake.

3. Below is a summary of the main points of the calamity loss application, and the tax authority's examination of the calamity loss from destruction of fixed assets:

- I. Losses reported to District National Taxation Bureaus within the deadline (Note)
 - i. Losses assessed via paper review:
 - (1) Certified CPA report verifying the calamity loss is available, or
 - (2) Destroyed fixed assets are insured, or
 - (3) Destroyed fixed assets with no insurance coverage, where the disposal loss is under TWD 5,000,000.
 - ii. Losses assessed via on-site inspection:

Destroyed fixed assets with no insurance coverage, where the disposal loss exceeds TWD 5,000,000.
- II. Losses not reported within the deadline, but destroyed fixed assets have already been disclosed in the fixed asset register of prior year's corporate tax return
 - i. For enterprises who can present CPA certified report for disposal loss, or income tax report certified by a CPA, and documentary evidence indicating item names, quantities, and amount of the fixed assets that have been destroyed under supervision, disposal losses can be assessed via paper review.
 - ii. For enterprises meeting either one of the following conditions, the losses can also be verified by the District National Taxation Bureaus:
 - (1) Amount of disposal loss is under TWD 1,000,000, or;
 - (2) The remaining useful lives of the fixed assets is less than one-half of their original useful lives and disposal loss is under TWD 5,000,000;

If after assessment, the tax authority determines that on-site inspection is not necessary, the tax authority can conduct paper review by checking photos of the fixed assets prior and post disposal (date of photo taken shall be shown).

Note: Documents that should be kept by the enterprise include:

1. Photos of the disaster scene and fixed assets to be destroyed (date of photo taken shall be shown);
2. List of fixed assets contributing to calamity loss, fixed asset register as of the day before the calamity took place, photocopy of supporting documents for all costs and expenses incurred in order to restore fixed assets to their original condition;
3. Details of calamity loss issued by insurance company or notary company (not required if insurance coverage is not provided);
4. Proof of fire issued by the National Fire Agency (not required if loss did not result from a fire accident).

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