

Tax Rates

National Taxes

Enterprise Income Tax	17%
Alternative Minimum Tax (AMT)	12%
Individual Income Tax	5% - 40%
Withholding Income Tax	5% - 20% (Generally 20% to Non-Residents)
Business Tax (VAT)	5%
Commodity Tax	8% - 30%
Customs Duty	Follows WTO rules and the Customs regulations

Municipal Taxes

Land Value Tax	1.5% - 5.5%
Land Value Increment Tax	20% - 40%
House Tax	3%
Stamp Tax	0.1% - 0.4%

Highlights

Taiwan requires the calculation of a separate Alternative Minimum Tax (AMT). An enterprise with a fixed place of business or business agent in Taiwan is subject to a separate AMT calculation if it earns certain income that is tax-exempt or that enjoys certain tax incentives, or if the basic income of the enterprise exceeds NTD 500,000. If the AMT as calculated exceeds the enterprise income tax after deducting investment tax credits, the enterprise must pay the difference.

When a Taiwan company distributes its after-tax profits as dividends to individual resident shareholders, the distributing company also allocates the enterprise income tax paid on the dividends to the shareholders as an imputed tax credit.

An individual shareholder can use the imputed credit to offset his/her individual income tax liability. Consequently, enterprise income tax paid by a Taiwan company becomes an advance tax payment for its shareholders.

There is no mechanism for passing on the imputation tax credit to non-resident foreign shareholders (including individuals and businesses). For foreign shareholders, tax is withheld at source on any cash or share dividends distributed by a resident company in Taiwan. The withholding tax rate on dividends generally is 20%.

In line with the imputation system, profits that are earned in a year but not distributed by the fiscal year end are subject to a 10% advance retained earnings tax that may be claimed as a credit against the final tax liability of both Taiwan and foreign shareholders.

Current Tax Reforms

As from 2013, the securities transaction income of individuals will be assessed income and the securities transaction income of profit-seeking enterprises will be deemed to be a taxable item under AMT.

Securities Transaction Income Tax for Enterprises		
Items	FY 2012	As from FY 2013
Taxation	Gains are deemed to be taxable under the AMT	
Tax Rate	10%-12%	12%-15%
Deduction Amount of Basic Income	NTD 2,000,000	NTD 500,000
Long-term gains	N/A	50% of the gains are exempt if the enterprise held the securities for more than three years
Losses	Losses may be carried forward to five years	

Securities Transaction Income Tax for Individuals	
Subject	<ol style="list-style-type: none"> 1. Non-resident 2. Unlisted securities 3. An individual who sells 100,000 shares or more in emerging markets in one year. 4. IPO: An individual who acquired shares before an IPO and sells the shares after the IPO, except in the following cases: <ul style="list-style-type: none"> ⇒ The individual sold shares acquired from a company's IPO on the Taiwan securities markets before December 31, 2012; or ⇒ The individual sells less than 10,000 shares acquired from a company's IPO via an underwriter.
Taxation	Tax payable is computed separately at a rate of 15%, and is included in the individual's income tax return.
Long-term gains	50% of the gains are exempt if the individual held the securities for more than one year; 75% of the gains are exempt if the individual held IPO shares for more than three years.
Losses	Losses may not be carried forward.

Outlook

In 2012, the Taiwan population was 23.34 million and its per capita GDP was USD 20,386, with per capita income of USD 17,738. Taiwan held foreign exchange reserves of USD 403.2 billion. The 2012 annual economic growth rate was 1.3%.

Taiwan has been actively engaged in signing FTAs. Taiwan has signed FTAs with El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Taiwan also has signed an ECFA with Mainland China that will benefit enterprises that export raw materials to China and then tranship the processed materials to other ASEAN countries.

The ANZTEC signed in July 2013 will provide significant benefits and opportunities to industries exporting industrial products to New Zealand. Since New Zealand is a member of the TPP and the RCEP, the signing of the ANZTEC will boost Taiwan trade with the countries in the Asia-Pacific Region.

Taiwan has completed negotiations for the ASTEP and entered into the final stage of reviewing the legal text of the ASTEP.