A country’s tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PFK member firms who gave up their time to contribute the vital information on their country’s taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PKF member firm will provide you with the advice you need to make the right decisions for your international business.

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PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world’s most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country’s personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

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I. TREATY AND NON-TREATY WITHHOLDING TAX RATES
INTERNATIONAL TIME ZONES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A
Algeria . . . . . . . . . . . . . . . . . . . . 1 pm
Angola . . . . . . . . . . . . . . . . . . . . 1 pm
Argentina . . . . . . . . . . . . . . . . . . . 9 am
Australia -
Melbourne . . . . . . . . . . . . . . . . . . . 10 pm
Sydney . . . . . . . . . . . . . . . . . . . . 10 pm
Adelaide . . . . . . . . . . . . . . . . . . . 9.30 pm
Perth . . . . . . . . . . . . . . . . . . . . 8 pm
Austria . . . . . . . . . . . . . . . . . . . . 1 pm

B
Bahamas . . . . . . . . . . . . . . . . . . . . 7 am
Bahrain . . . . . . . . . . . . . . . . . . . . 3 pm
Belgium . . . . . . . . . . . . . . . . . . . . 1 pm
Belize . . . . . . . . . . . . . . . . . . . . . 6 am
Bermuda . . . . . . . . . . . . . . . . . . . . 8 am
Brazil . . . . . . . . . . . . . . . . . . . . . 7 am
British Virgin Islands . . . . . . . . . . . . . 8 am

C
Canada -
Toronto . . . . . . . . . . . . . . . . . . . . 7 am
Winnipeg . . . . . . . . . . . . . . . . . . . . 6 am
Calgary . . . . . . . . . . . . . . . . . . . . 5 am
Vancouver . . . . . . . . . . . . . . . . . . . . 4 am
Cayman Islands . . . . . . . . . . . . . . . . . . 7 am
Chile . . . . . . . . . . . . . . . . . . . . . 8 am
China - Beijing . . . . . . . . . . . . . . . . 10 pm
Colombia . . . . . . . . . . . . . . . . . . . 7 am
Cyprus . . . . . . . . . . . . . . . . . . . . . 2 pm
Czech Republic . . . . . . . . . . . . . . . . . . 1 pm

D
Denmark . . . . . . . . . . . . . . . . . . . . 1 pm
Dominican Republic . . . . . . . . . . . . . 7 am

E
Ecuador . . . . . . . . . . . . . . . . . . . . 7 am
Egypt . . . . . . . . . . . . . . . . . . . . . 2 pm
El Salvador . . . . . . . . . . . . . . . . . 6 am
Estonia . . . . . . . . . . . . . . . . . . . . . 2 pm

F
Fiji . . . . . . . . . . . . . . . . . . . 12 midnight
Finland . . . . . . . . . . . . . . . . . . . . 2 pm
France . . . . . . . . . . . . . . . . . . . . . 1 pm

G
Gambia (The) . . . . . . . . . . . . . . . . . 12 noon
Germany . . . . . . . . . . . . . . . . . . . . 1 pm
Ghana . . . . . . . . . . . . . . . . . . . . 12 noon
Greece . . . . . . . . . . . . . . . . . . . . . 2 pm
Grenada . . . . . . . . . . . . . . . . . . . . . 8 am
Guatemala . . . . . . . . . . . . . . . . . . . . 6 am
Guernsey . . . . . . . . . . . . . . . . . . . . 12 noon
Guysey . . . . . . . . . . . . . . . . . . . . . . . 12 noon
Guatemala . . . . . . . . . . . . . . . . . . . 8 am

H
Hong Kong . . . . . . . . . . . . . . . . . . . . . . 8 pm
Hungary . . . . . . . . . . . . . . . . . . . . . 1 pm

I
India . . . . . . . . . . . . . . . . . . . . . . 5.30 pm
Indonesia . . . . . . . . . . . . . . . . . . . . . 7 pm
Ireland . . . . . . . . . . . . . . . . . . . . . 12 noon
Isle of Man . . . . . . . . . . . . . . . . . 12 noon
Israel . . . . . . . . . . . . . . . . . . . . . . 2 pm
Italy . . . . . . . . . . . . . . . . . . . . . . . . 1 pm

J
Jamaica . . . . . . . . . . . . . . . . . . . . . 7 am
Japan . . . . . . . . . . . . . . . . . . . . . . . 9 pm
Jordan . . . . . . . . . . . . . . . . . . . . . . . 2 pm

K
Kenya . . . . . . . . . . . . . . . . . . . . . . 3 pm

L
Latvia . . . . . . . . . . . . . . . . . . . . . . . 2 pm
Lebanon . . . . . . . . . . . . . . . . . . . . . . 2 pm
Luxembourg . . . . . . . . . . . . . . . . . . . . 1 pm

M
Malaysia . . . . . . . . . . . . . . . . . . . . . . 8 pm
Malta . . . . . . . . . . . . . . . . . . . . . . . . 1 pm
Mexico . . . . . . . . . . . . . . . . . . . . . . . 6 am
Morocco . . . . . . . . . . . . . . . . . . . 12 noon

N
Namibia . . . . . . . . . . . . . . . . . . . . . 2 pm
Netherlands (The). . . . . . . . . . . . . . . . . . 1 pm
New Zealand . . . . . . . . . . . . . . . . . . . . . . . . 12 midnight
Nigeria . . . . . . . . . . . . . . . . . . . . . . . 1 pm
Norway . . . . . . . . . . . . . . . . . . . . . . . . 1 pm

O
Oman . . . . . . . . . . . . . . . . . . . . . . . . 4 pm

P
Panama . . . . . . . . . . . . . . . . . . . . . 7 am
Papua New Guinea . . . . . . . . . . . . . . . . . . . 10 pm
Peru . . . . . . . . . . . . . . . . . . . . . . . . 7 am
Philippines . . . . . . . . . . . . . . . . . . . . . . 8 pm
Poland . . . . . . . . . . . . . . . . . . . . . . . . 1 pm
Portugal . . . . . . . . . . . . . . . . . . . . . . . . 1 pm

Q
Qatar . . . . . . . . . . . . . . . . . . . . . . . . 8 am

R
Romania . . . . . . . . . . . . . . . . . . . . . . . 2 pm
Russia -
  Moscow  . . . . . . . . . . . . . . .3 pm
  St Petersburg. . . . . . . . . . . . . 3 pm

S
  Singapore  . . . . . . . . . . . . . . . . .7 pm
  Slovak Republic  . . . . . . . . . . . . . . .1 pm
  Slovenia  . . . . . . . . . . . . . . . . . . .1 pm
  South Africa  . . . . . . . . . . . . . . . . .2 pm
  Spain  . . . . . . . . . . . . . . . . . . . . .1 pm
  Sweden  . . . . . . . . . . . . . . . . . . . . .1 pm
  Switzerland  . . . . . . . . . . . . . . . . .1 pm

T
  Taiwan  . . . . . . . . . . . . . . . . . . . . .8 pm
  Thailand  . . . . . . . . . . . . . . . . . . . . .8 pm
  Tunisia  . . . . . . . . . . . . . . . . . . . . .12 noon
  Turkey  . . . . . . . . . . . . . . . . . . . . .2 pm
  Turks and Caicos Islands  . . . . . . .7 am

U
  Uganda  . . . . . . . . . . . . . . . . . . . . .3 pm
  Ukraine  . . . . . . . . . . . . . . . . . . . . .2 pm
  United Arab Emirates  . . . . . . . . .4 pm
  United Kingdom  . . . . . . (GMT) 12 noon
  United States of America -
    New York City  . . . . . . . . . . . . . . . . .7 am
    Washington, D.C.  . . . . . . . . . . . . . . .7 am
    Chicago  . . . . . . . . . . . . . . . . . . . . .6 am
    Houston  . . . . . . . . . . . . . . . . . . . . .6 am
    Denver  . . . . . . . . . . . . . . . . . . . . .5 am
    Los Angeles  . . . . . . . . . . . . . . . . . . .4 am
    San Francisco  . . . . . . . . . . . . . . . . .4 am
    Uruguay  . . . . . . . . . . . . . . . . . . . . .9 am

V
  Venezuela  . . . . . . . . . . . . . . . . . . .8 am

Z
  Zimbabwe  . . . . . . . . . . . . . . . . . . .2 pm
A. TAXES PAYABLE

COMPANY TAX

Taiwan taxes all profit-seeking enterprises operating in Taiwan. Domestic entities are taxed on a worldwide basis, while other entities pay tax only on income sourced in Taiwan. Where a non-resident company has Taiwan-sourced income but no place of business or agent in Taiwan, the company’s income is taxed at source under the withholding tax regime.

Domestic entities include companies that are incorporated under Taiwan Company Law.

A domestic company is incorporated when it is duly registered with the central competent authority and issued with an approval letter on its registration.

Company tax rates are as follows:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Less than NT$120,000</th>
<th>NT$120,001 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td></td>
<td>17% (1)</td>
</tr>
</tbody>
</table>

1 17% on the total taxable income but the tax may not exceed 50% of the portion of taxable income over NT$120,000.

TAX ON INTEREST

Interest received by a profit-seeking enterprise is taxable as non-operating income. A creditable withholding tax is imposed as follows:

(1) Domestic enterprises – 10%
(2) Foreign enterprises – 20%

For interest from the portion of the pecuniary amount realized by short-term commercial papers at their maturity in excess of the selling price at their initial issuance, 15% of the payment is withheld.

For interest distributed derived from beneficiary securities or asset-backed securities issued in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act, 15% of the distribution is withheld.

For interest on government bonds, corporate bonds or financial bonds, 15% of the payment is withheld.

For interest derived from repo (RP/RS) trade whereby a taxpayer purchases securities or short-term commercial papers as described above in paragraphs 1 to 3 which shall be the net amount of the sale price at their maturity in excess of the original purchase price, 15% of the payment is withheld.

TAX ON RETAINED EARNINGS

Tax imputation system: Individual resident shareholders receiving dividends from a Taiwan company are entitled to an imputed credit for the income tax paid by the company. For corporate shareholders, the dividends received are not considered taxable income. However, the tax credits shall be included in the balance of its shareholder-imputed credit account (ICA) and will be imputed to the shareholders for future dividend distributions. Imputed tax credits do not apply to non-resident shareholders.

Tax on retained profits: Retained profits attract an additional 10% income tax. Profits that are earned in a year but not distributed by 31 December of the following year are subject to 10% advance tax which can be claimed as a credit against the final tax liability of both resident and non-resident shareholders.

CAPITAL GAINS TAX

All gains and losses on the disposal of capital assets are taxable as current year income or deductible as expenses with the exception of marketable securities, futures and land.
Securities Transactions: The levy of tax on gains derived from the sale of marketable securities was suspended. Such transactions, however, are taxed by an ad valorem Securities Transaction Tax. The transaction amount forms the basis of the tax and not the gain per se.

Effective from 1 January 2013, if an individual derives gains from securities transactions, such gains shall be subject to income tax; and, at the same time, if such individual incurs losses in securities transactions in such items, he or she may be entitled to a deduction against the gains from the transactions in the same year.

Futures Transactions: The levy of tax on gains from transactions of futures under Statute for Futures Transaction Tax was suspended. Such transactions, however, are taxed by an ad valorem Futures Transaction Tax. The transaction amount forms the basis of the tax.

Land Transactions: See ‘Land Tax’ below.

BRANCH PROFITS TAX
A foreign company’s branch or any other permanent establishment in Taiwan is subject to income tax only on its income from Taiwanese sources.

If the foreign enterprise has neither a branch nor a business agent in Taiwan, it is subject to withholding tax on its Taiwanese source income.

The repatriation of profits by Taiwanese branches of foreign enterprises is not taxable. It is proposed, but not yet put into practice, that a branch profits tax be imposed on the repatriation of profits by the Taiwanese branch of foreign enterprises so that a branch does not have a tax-preferable treatment over a subsidiary.

SALES TAX/VALUE ADDED TAX (VAT)
VAT at 5% is known as the business tax and applies to business persons in all industries under the VAT system. Export sales and export-related services, however, are subject to zero tax rate. Financial institutions are subject to business turnover tax. Professional practitioners are not subject to VAT or business turnover tax for service revenue earned.

Currently, the tax rate that applies to banks, insurance companies, trust and investment companies, securities traders, futures traders, bills finance companies and pawnshops is 2% (except for reinsurance premium income, for which the rate is 1%).

Profit-seeking enterprises (eg manufacturers, wholesalers and retailers) are collectors of VAT and are required to pay the net VAT, being taxes collected from sales less taxes paid on purchases and business expenses, to their district tax offices and file returns. Zero ratings and exemptions exist for some items.

FRINGE BENEFITS TAX (FBT)
Although there is no separate FBT, perquisites or other benefits supplementing normal wages and salaries are included in the computation of employment income and are taxable as such. Minor exceptions do exist. See ‘Personal Tax’.

LOCAL TAXES
There are no local income taxes although minor provincial, country and city taxes are imposed. See other taxes below.

OTHER TAXES
Other taxes are summarised below.

CUSTOMS DUTY AND TRADE PROMOTION SERVICE FEE
Customs Duty on taxable imported goods is based on the value of the goods including transport and insurance costs or on the quantity imported with different rates depending on the category of the goods. There are no harbour duties but a ‘Trade Promotion Service Fee’ is payable at 0.04% of the value of goods, and a ‘Harbour Service Fee’ is payable based on the weight of goods.

COMMODITY TAX
Commodity Tax (Excise Duty) is imposed on certain designated commodities whether manufactured locally or imported. Commodity Tax on taxable commodities is based on the value or quantities of commodities manufactured or imported depending on the category of commodities.

STAMP TAX
Stamp Tax is imposed on business transaction documents, property titles, permits and the like. The following are exempt from stamp duty: all types of instruments used
by offshore banking branches, documents executed abroad, receipts for the delivery of goods and certain other transactions. Subject to stamp tax are the following documents: receipts for cash, contracts or deeds for purchase or sale of chattels, contracts or deeds for undertaking jobs and contracts or deeds for sale, exchange, donation or division of real property.

SECURITIES TRANSACTION TAX
The rate is 0.3% for a transaction in shares or share certificates embodying the right of shares issued by a company limited by shares and 0.1% of corporate bonds or any securities which have been duly approved by the government. Bonds issued by governments are exempt from securities transaction tax.

The securities transaction tax levied on corporate bonds and finance bonds are exempted from levy for seven years as of 1 January 2010.

FUTURES TRANSACTION TAX
The tax rate is 0.1% for a transaction in option contracts or option contracts on futures. The tax rate for transactions in stock index futures contracts, interest rate futures contracts and other futures contracts varies from 0.0000125% to 0.004%.

LAND TAX
Three types of land tax are imposed: rural land tax, land value tax, and land value increment tax.

(1) Rural Land Tax: Applicable to rural or urban land used for agricultural production. The Rural Land Tax has not been levied since 1987.

(2) Land Value Tax: All land having value is subject to land value tax with a flat rate of 1% applicable to land for industrial use. For residential land meeting certain requirements for self-use, the flat rate is 0.2%. For land reserved for public buildings, the rate is 0.6% if the land is used for buildings during the reserved period. Land used for other purposes is subject to a progressive rate of tax ranging from 1% to 5.5%.

(3) Land Value Increment Tax: The sale of land gives rise to tax imposed on the increase in the assessed value since the previous sale or transfer. Rates vary from 20% to 40% on a progressive scale except for:
   (a) self-use residential land under certain requirements is taxed at 10%
   (b) transfers by inheritance, government approved sales of industrial land and sales followed by replacement purchases in certain circumstances are exempt.

A discount of between 20% and 40% from the amount taxed over the 20% rate is available where the land has previously been held for over 20 years.

DEED TAX
Deed Tax is imposed on the transfer of real estate at tax rates varying from 2% to 6%. Deed Tax is not imposed on the land where Land Value Increment Tax is imposed.

BUILDING TAX
Building Tax is levied annually on the assessed value of buildings and improvements at the following rates: commercial space 3% to 5%; professional offices, private hospitals, and premises of non-profit organisations 1.5% to 2.5%; and residential buildings 1.2% to 2%.

SPECIFICALLY SELECTED GOODS AND SERVICES TAX
Effective from 1 June 2011, a specifically selected goods and services tax shall be imposed on the sale, manufacture, and import of specifically selected goods or the sale of specifically selected services within the territory of Taiwan.

Specifically selected goods and services include:

(1) Buildings and land which has been held for a period of no more than two years.
(2) Passenger cars with nine seats or fewer and a selling price or taxable value of not less than NT$3 million.
(3) Yachts with a selling price or taxable value of not less than NT$3 million.
(4) Airplanes, helicopters, or ultra-light vehicles with a selling price or taxable value of not less than NT$3 million.
(5) Turtle shells, hawksbill, coral, ivory, furs, and their products: any of the aforesaid items that has a selling price or taxable value of not less than NT$500,000.
(6) Any item of furniture with a selling price or taxable value of not less than NT$500,000.
(7) Membership rights with a selling price of not less than NT$500,000, except when in the nature of a refundable deposit.

The tax rate is 10% but 15% tax will be levied if the holding period of buildings and land is no more than one year.
B. DETERMINATION OF TAXABLE INCOME

In arriving at taxable income, certain expenses are allowed against total income. Expenses relating to the earning of business income are generally deductible to the extent that they are ordinary and necessary business expenses. The expenditure must be incurred in the course of operating a business or subsidiary. Certain foreign enterprises are permitted to calculate their taxable income as a percentage of their net income rather than claiming deductions for expenses. A foreign enterprise engaged in certain sectors (e.g. international transport, construction contracting, technical services, equipment leasing), regardless of whether it has a branch or a business agent in Taiwan, may apply to the Tax Authorities to consider a percentage of its gross business income as taxable. This percentage is 10% for an international transport business and 15% for all other businesses.

The following adjustments are required when calculating taxable income.

DEPRECIATION AND DEPLETION
The following methods are acceptable to the Tax Authorities: straight-line, declining-balance, sum-of-year’s-digits, production quantity and machine/working hour methods. In specified circumstances, revaluation of fixed assets so as to increase claims for depreciation is allowable.

Property with a useful life of less than two years or a value of less than NT$80,000 are fully deductible in the year the purchase occurs. There is a depreciation limit of NT$2.5 million on passenger cars.

LOSSES
The carry forward of losses is limited to ten years, while loss carry back is prohibited. In the case of loss carry forwards, these are only available to companies which keep a complete set of accounting records and which file blue returns or returns certified by a CPA.

STOCK/INVENTORY
Inventory may be valued at cost or the lower of cost or net realized value. Cost may be determined using the specific identification, first-in first-out, moving average, weighted average, or other methods approved by competent authority. Uniformity between book and tax reporting is not required.

DIVIDENDS
A domestic company which owns shares in another domestic company is, regardless of the percentage of ownership, exempt from business income tax on the dividends from another domestic company. However, imputation credits may not be used by companies and must be passed on to shareholders who are individuals.

A domestic company is taxable on dividends received from foreign companies although a unilateral foreign tax credit is generally available subject to the requirement of reciprocal treatment by that foreign country and limited to the lesser of foreign tax paid or the tax which would otherwise have been payable in Taiwan.

INTEREST DEDUCTIONS
Interest payable on loans necessary for business operations is deductible in the period it is actually incurred or paid provided certain procedural requirements are satisfied. Interest on borrowings from individuals or firms other than financial institutions over the standard rate prescribed by tax offices will be disallowed to the extent of the excess.

Thin capitalisation rules became effective since taxable year 2011. The excess interest expenditure on the debts owed directly or indirectly by an enterprise to a related party shall not be considered as expenses or losses if the proportion of related party debt to equity of the enterprise exceeds the specified ratio of 3:1.

FOREIGN SOURCE INCOME
Foreign income of Taiwanese corporations is taxable in Taiwan with double taxation being relieved by way of foreign tax credits.

TAXES
All taxes with the exception of income tax and taxes relating to capital acquisitions (e.g. taxes on the purchase of land) are deductible. However, the deduction is only available in the year the taxes are paid or accrued. Fines or penalties under Taiwanese law are not deductible.

INCENTIVES
Based on the Statute of Industrial Innovation, a company may credit up to 15% of the company’s total expenditure on R&D against its business income tax payable for that year. However, this credit shall not exceed 30% of the business income tax payable by the company in that year.
Based on the Biotech and New Pharmaceutical Development Act, biotech and new pharmaceutical companies are entitled to a deduction from their business income tax liability when undertaking R&D on new drugs and high-risk medical devices, as well as the training of personnel. The deduction is limited to 35% of the total amount invested in R&D and personnel training and may be credited against the business income tax within five years from the year the tax liability is incurred.

Besides, investors who invest in biotechnology and new pharmaceutical companies and hold the shares for more than three years are entitled to a deduction from the business income tax payable for a period of five years starting from the year the tax liability is incurred, up to 20% of the acquisition cost of the shares.

The Statute for Private Participation in Infrastructure Projects provides tax incentives and government support for a private company investing in government-approved infrastructure projects. The tax incentives include:

- A company may enjoy a five-year tax exemption on business profits derived from government-approved infrastructure projects.
- Corporate shareholders holding registered stock issued by a private company in a government-approved infrastructure projects for at least four years can offset the shareholder investment tax credit against their business income tax liability. The tax credit is 20% of the cost of the shares.
- A private company investing in government-approved infrastructure or transportation construction projects may credit 5% to 20% of qualified expenditure incurred against its business income tax liability starting from the year the expenditure is incurred.

Under the Offshore Banking Act 1983, domestic and foreign banks can conduct an offshore banking business exempt from income tax, business tax, stamp duties, and withholding tax on interest.

**ALTERNATIVE MINIMUM TAX**

The Income Basic Tax (IBT) Act is effective from 2006. If the amount of regular income tax for a company or an individual is greater than or equal to the amount of basic tax, the income tax shall be calculated in accordance with the Income Tax Act. Where the amount of regular income tax is less than the amount of basic tax, the total tax payable is the amount of the basic tax. According to the Act, capital gains derived from marketable securities and futures and some other income exempted from regular income tax by incentives shall be included in the basic income of the company and subject to IBT.

**FOREIGN TAX RELIEF**

Foreign tax suffered on overseas income is creditable against Taiwanese tax subject to a limit of the Taiwanese tax payable on such income.

Any unused tax credits may not be carried back or forward to other years.

**CORPORATE GROUPS**

Generally, group taxation is not permitted except for meeting the requirements of consolidated tax returns in Business Mergers and Acquisitions Act.

**RELATED PARTY TRANSACTIONS**

Royalties, interest and service fees paid to foreign (and Taiwanese) affiliates require adequate supporting transaction vouchers and documents to be deductible. Such payments are subject to withholding tax. Transactions between related parties are subject to Transfer Pricing Guidelines effective from 1 January 2005 and contemporaneous documentation is required on an annual basis.

**WITHHOLDING TAXES**

Domestic corporations paying certain types of income are required to withhold as follows: (1) (2) (3)

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Salaries</th>
<th>Dividends</th>
<th>Interest</th>
<th>Royalties/rentals</th>
<th>Professional fees/ commissions %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident corporations</td>
<td>N/A</td>
<td>–</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Resident individuals</td>
<td>5 (2)</td>
<td>–</td>
<td>10 (1)</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**Taiwan**

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## G. EXCHANGE CONTROL

At present there is no limit on genuine trade-related remittances whether inward or outward. For non-trade-related remittances, the long standing controls were relaxed from 1997. Business entities can remit up to US$50,000,000 (or the equivalent) into or out of Taiwan each year without advance approval from Central Bank. The limit for individuals remains unchanged at US$5,000,000 per year. Each remittance in excess of US$1,000,000 for a corporate or US$500,000 for an individual requires supporting documentation.

## H. PERSONAL TAX

Individuals are only subject to income tax on Taiwan source income with income derived from foreign sources being exempt from income tax. Residents, both Taiwanese and foreign nationals, pay tax on net consolidated income calculated as the total income received from all Taiwan sources less exemptions and deductions. Non-residents who stay in Taiwan for no more than 90 days within a calendar year are taxed on their gross income under the withholding tax system without allowance for deductions and exemptions. A non-resident staying in Taiwan over 90 days but less than 183 days within a calendar year who has no Taiwanese source income other than salaries from local employers is not required to file an income tax return if 18% tax on local salaries is withheld. In practice, however, a non-resident may prefer to file an annual tax return voluntarily, without allowance for deductions and exemptions, in order to keep a clean tax record in Taiwan.

Residence is determined on the basis of whether a person is domiciled in Taiwan and lives in Taiwan on a regular basis. An individual will also be considered to reside in Taiwan when, although not domiciled in Taiwan, they reside in Taiwan for 183 days or longer within a calendar tax year.

The types of compensation deemed to be taxable income include:
- cost of living allowance
- expatriation premium
- relocation allowance
- education for dependent children
- life insurance premiums exceeding NT$2,000 per month paid by the employer on the employee’s behalf.

Tax-exempt income includes:
- qualifying professional expatriates’ housing provided by the employer may be tax-exempt
- meals allowance of up to NT$1,800 per month
- overtime pay for up to 46 hours per month
- travel expenses to allow a qualifying professional expatriate employee to return to their home country.

### DEDUCTIONS

A taxpayer may select either the ‘standard deduction’ or ‘itemised deductions’ and may, in addition thereto, declare ‘special deductions’.

Standard deduction: For 2013, NT$ 79,000 for a single taxpayer; NT$ 158,000 for a taxpayer and his/her spouse.

Itemised deductions, subject to certain limitations, include:
- Charitable contributions
- Insurance premiums up to NT$24,000 per insured person for life or labour insurance
• Medical and childbirth expenses
• Disaster losses incurred due to force majeure, if not otherwise covered by insurance
• Mortgage interest incurred on self-use residential dwelling up to NT$300,000 per income tax return per year
• Rent for housing up to NT$120,000 per income tax return per year. However, no deduction shall be made for taxpayers who have filed the aforesaid mortgage interest on the same tax return.

Special deductions, subject to certain limitations, include:
• Losses from disposal of properties other than land and securities, not to exceed total gains from disposal of properties in the same taxable year
• Salary or wage earner’s special deduction up to NT$108,000 per salary or wage earner in 2013
• Interest income exclusion up to NT$270,000 per income tax return
• Deduction for the disabled up to NT$108,000 per disabled person in 2013
• Deduction for higher education of children up to NT$25,000 per person (starting from 2012).

EXEMPTIONS
Remuneration for services rendered in Taiwan received from an employer outside Taiwan (with no charge back to a Taiwan entity) by an employee who is a non-resident will be exempt from tax provided the employee stays in Taiwan for no more than 90 days.

Remuneration for services rendered in Taiwan received from an employer outside Taiwan is also exempt if received by non-resident directors, managerial officers and technicians of an approved FIA entity who are sent to Taiwan for no more than 183 days in a tax year to undertake preparatory work such as investment planning, plant construction or market surveys.

PERSONAL EXEMPTION
For 2013, the personal exemption is NT$85,000.

The tax brackets and rates of resident individual income tax for 2013 are as follows:

<table>
<thead>
<tr>
<th>Net taxable income (NTS)</th>
<th>Rates (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 520,000</td>
<td>5</td>
</tr>
<tr>
<td>520,001 – 1,170,000</td>
<td>12</td>
</tr>
<tr>
<td>1,170,001 – 2,350,000</td>
<td>20</td>
</tr>
<tr>
<td>2,350,001 – 4,400,000</td>
<td>30</td>
</tr>
<tr>
<td>4,400,001 and above</td>
<td>40</td>
</tr>
</tbody>
</table>

ALTERNATIVE MINIMUM TAX
The Income Basic Tax (IBT) Act is effective from 2006. The basic tax is calculated in a similar manner as for companies with items added back to calculate the relevant income, including the following:
• Income derived from overseas sources excluded from gross consolidated income
• Non-cash donations or contributions deducted from gross consolidated income
• Insurance payments received by the beneficiary of a life insurance policy or annuity in which the beneficiary and the proposer are not the same person and the life insurance policy and annuities are contracted after this Act coming into force
• Gains derived from transactions of unlisted securities (Note 1)
• The amount of the balance of the market value in excess of the par value of newly issued registered share certificates acquired by employees under the Statute for Upgrading Industries on the date next following the date of acquisition (Note 2)
• The amount of income or deduction which is entitled to reduction, exemption or deduction from the consolidated income tax as may be provided by laws which may be promulgated after the implementation of this Act and thereafter announced by the Ministry of Finance.

Note:
1. Effective from 1 January 2013, only gains derived from transactions of beneficiary certificates of privately-placed securities investment trust funds should be included.
2. This provision has been deleted effective from 1 January 2013.
I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

The following withholding tax rates are applicable to Taiwanese-source dividends, interest and royalties paid to non-residents where the income is not connected with a permanent establishment in Taiwan.

<table>
<thead>
<tr>
<th>Dividends (%)</th>
<th>Interest (%)</th>
<th>Royalties (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Treaty Countries:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>10,15</td>
<td>10</td>
</tr>
<tr>
<td>Belgium</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Denmark</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Gambia</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>10,15</td>
<td>10</td>
</tr>
<tr>
<td>Hungary</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>India</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Israel</td>
<td>10</td>
<td>7,10</td>
</tr>
<tr>
<td>Macedonia</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Malaysia</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>New Zealand</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Paraguay</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Senegal</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Singapore</td>
<td>– (1)</td>
<td>– (2)</td>
</tr>
<tr>
<td>Slovakia</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>South Africa</td>
<td>5,15</td>
<td>10</td>
</tr>
<tr>
<td>Swaziland</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Sweden</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10,15</td>
<td>10</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Vietnam</td>
<td>15</td>
<td>10</td>
</tr>
</tbody>
</table>

1 The treaty limits the aggregate of the corporate income tax and the tax on the dividends to 40% of that part of the taxable income out of which the dividends are declared.
2 The treaty is silent so the domestic rate applies. See Section F above.