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財政部臺灣省中區國稅局
免費服務電話：0800-000-321
網際網路位址：http://www.ntact.gov.tw
網路報稅網址：http://tax.nat.gov.tw

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2008

ALIENS AND INDIVIDUAL INCOME TAX

National Tax Administration of
Central Taiwan Province,
Ministry of Finance,
Republic of China
2008

Offices of National Tax Administration of Central Taiwan Province, Ministry of Finance, Republic of China

Name of the Office	Address	Telephone No.	Fax No.
National Tax Administration of Central Taiwan Province, Ministry of Finance	No. 168, Min Sheng Rd., West District, Taichung City, Taiwan (R.O.C.)	04-23051111	04-23017062
Miaoli County Branch	No. 46, Fucian Rd., Ciankang Village, Miaoli City, Miaoli County, Taiwan (R.O.C.)	037-320063	037-320084
Jhunan Office	3F, No. 135, Fude Rd., Jhunan Township, Miaoli County, Taiwan (R.O.C.)	037-460597	037-460600
Taichung County Branch	No. 36, Daming Rd., Fongyuan City, taichung County, Taiwan (R.O.C.)	04-25291040	04-25291030
Shalu Office	No. 625, Jhongshan Rd., Shalu Township, Taichung County, Taiwan (R.O.C.) No. 61, Jinshang St., Shalu Township, Taichung County, Taiwn (R.O.C.) (Individual Income Tax)	04-26651351 04-26623561	04-26651347 04-26630350
Dongshih Office	(Temp.) No. 1, Jheng 2nd St., Dongshih Township, Taichung County, Taiwan (R.O.C.)	04-25881178	04-25881175
Datun Office	No. 633, Sec. 2, Jhongsing Rd., Dali City, Taichung County, Taiwan (R.O.C.)	04-24852934	04-24853134
Taichung City Branch	No. 99, Sec. 2., Winsin Rd., Situn District, Taichung City, Taiwan (R.O.C.)	04-22588181	04-22580939
Dongshan Office	No. 168, Sec. 2, Fongle Rd., Beitun District, Taichung City, Taiwan (R.O.C.)	04-24225822	04-24227358
Mincyuan Office	No. 168, Min Sheng Rd., West District, Taichung City, Taiwan (R.O.C.)	04-23051116	04-23051159
Dajyh Office	7F, No. 78, Sec. 2, Fuxing Rd., South District, Taichung City, Taiwan (R.O.C.)	04-22612821	04-22602987
Nantou Branch	No. 2, Fusin Rd., Nantou City, Taiwan (R.O.C.)	049-2223067	049-2222057
Puli Office	No. 252, Sec. 2, Jhongshan Rd., Puli Township, Nantou County, Taiwan (R.O.C.)	049-2990991	049-2990909
Jhushyan Office	No. 106, Gongsuo Rd., Jhushan Township, Nantou County, Taiwan (R.O.C.)	049-2641914	049-2641844
Changhua County Branch	No. 187, Sec. 2, Jhongshan Rd., Changhua City, Taiwan (R.O.C.)	04-7274325	04-7274343
Yuanlin Office	No. 319, Hueimins Street, Yuanlin Township, Changhua County, Taiwan (R.O.C.)	04-8332100	04-8332102
Beidou Office	No. 309, Sec.2, Jhongshan Road, Beidou Township, Changhua County, Taiwan (R.O.C.)	04-8871204	04-8871209
Yunlin County Branch	3F, No. 35, Fuwun Road, Douliou City, Yunlin County, Taiwan (R.O.C.)	05-5345573	05-5345585
Huwei Office	4F, No. 118, Guangming Rd., Huwei Township, Yunlin County, Taiwan (R.O.C.)	05-6338571	05-6338591
Beigang Office	No. 58, Minle Rd., Beigang Township, Yunlin County, Taiwan (R.O.C.)	05-7820249	05-7820240

Toll-free call for all offices:0800-000321
Website:http://www.ntact.gov.tw
E-mail:ntact@email.ntact.gov.tw
Website for Filing:http://tax.nat.gov.tw

I. Individual Income Tax

1. Alien individual income tax and the period of residence

For any alien having income from sources in the Republic of China, individual income tax shall be levied on the income derived from such sources in accordance with the Income Tax Act of the ROC. Alien taxpayers are divided into "Non-Residents of the ROC" and "Residents of the ROC" based on their length of stay. The following are the different ways for aliens to file income tax returns.

(1) "Non-Residents" of the Republic of China

a) For an individual who stays in the Republic of China not more than 90 days within a taxable year (January 1st to December 31st), the income derived from sources in the Republic of China shall be withheld according to the withholding rate (see Article 15) and paid at the respective sources. The taxpayer need not file an income tax return.

b) For an individual who stays in the Republic of China over 90 days but less than 183 days within the same taxable year, individual income tax shall be declared and computed ac-cording to the withholding rate (see Article 15) on his or her remunerations derived within or outside the Republic of China for his or her services rendered in the ROC.

(2) "Residents" of the Republic of China

An individual who stays in the Republic of China for 183 days or more within a taxable year is regarded as a resident and the individual income tax shall be declared and assessed by a progressive rate (see Article 14) on the amount of his or her net consolidated income (taxable income) which shall be the annual gross consolidated income (including the various incomes derived within the ROC and the remunerations derived outside the ROC for service rendered in the ROC) minus the exemptions and deductions.

2. Income from sources in the Republic of China

The following categories are considered as income from sources in the Republic of China.

(1) Dividends distributed by companies incorporated and registered in accordance with the Company Law of the Republic of China and by foreign companies authorized by the Government of the Republic of China to operate within the Republic of China.

(2) Profits distributed by profit-seeking enterprises organized in the form of a co-operative or a partnership within the Republic of China.

(3) Remunerations for services rendered by an individual within the Republic of China. Income derived from employer(s) outside the Republic of China for services rendered in the Republic of China for those who have stayed in the Republic of China over 90 days within one taxable year.

(4) Professional income for performance or services rendered by the practitioner of a profession within the Republic of China.

(5) Interest obtained from governments of various levels of the Republic of China, from juristic persons within the Republic of China and from individuals residing in the Republic of China.

(6) Rentals obtained from lease of property situated within the Republic of China.

(7) Royalties obtained from patents, registered trade-marks, copyrights, secret formulas and franchises by virtue of their being made available for use by other persons within the Republic of China.

(8) Gains from the transaction of properties within the Republic of China.

(9) Profits from the operation of industry, commerce, agriculture, forestry, fishery, animal husbandry, mining and metallurgy enterprises within the Republic of China.

(10) Prizes and awards obtained from participating in various contests of skill, games or lotteries, etc., in the Republic of China.

(11) Payments for retirement, severance, resignation, pensions not covered by insurance payment, and benefit of insurance paid by the annuity insurance under the Labor Pension Act provided that such disbursements do not include payments from periodically withheld amounts of salaries and resulting interest, or of annuity premiums under the Labor Pension Act in the yearly individual income tax and resulting interest.

(12) Any other income obtained within the territory of the Republic of China.

3. Definition of "taxable year"

A full year from January 1st to December 31st is a taxable year.

4. Computation of residence

The computation of the period of residence of an alien in the ROC is based on the dates stamped on his or her passport (excluding the date of arrival and including the date of departure). If an alien enters and exits this country a number of times within a taxable year, the period of residence shall be the total number of accumulated days.

5. Determination of income

For an alien who remains in the ROC within one taxable year:

(1) Not more than 90 days:

a) The income tax shall be withheld at the income sources or declared and taxed in accordance with the withholding rate.

b) The income tax shall be exempted for income derived from employer(s) outside the ROC.

(2) More than 90 days:

a) The income derived within the ROC shall be filed in accordance with a withholding statement, dividend voucher or as declared by the taxpayer.

b) Income paid by an employer outside the territory of the ROC must also be reported by the taxpayer. The taxpayer will be required to submit a certificate of earnings notarized by the tax authorities concerned from the employer(s) outside the territory of the ROC. If a certificate from the tax authorities is not available, a notarized certificate issued by a notary public or CPA firm is acceptable. In the case where such a certificate is to be used, a photocopy of the license of the notary public or CPA who issued the certificate must also be submitted. If the taxpayer fails to submit a certificate of earnings issued by the tax authorities or certified by a notary public or CPA, the tax office will assess the amount payable according to the Standard Amounts.

※Any income received in foreign currency should be exchanged into NT dollars on the basis of the official foreign exchange rates or prevailing transfer rates at the time the income is actually or constructively received.

6. When tax payment is due

The tax payment periods for aliens are different for different lengths of period of residence in the ROC.

(1) For an individual staying in the Republic of China for not more than 90 days, the income tax payable shall be withheld directly at the time of payment by the withholder in accordance with the withholding rate. However, in the case that an individual has sole or additional income deriving from sources to which such procedure for withholding is not ordinarily applied, such as for income occurring from property transaction, occasional trade, interest from mortgages, etc., he or she should declare such income and pay such

tax as may be found owing before his or her departure.

(2) For an individual staying in the Republic of China over 90 days but less than 183 days the income tax payable shall be withheld directly at the time of payment by the withholder in accordance with the withholding rate. (The employer is responsible for the preparation of a "Withholding & Non-Withholding Tax Statement" which will be required for use by the taxpayer at the time he or she is filing a tax return.) Furthermore, income derived from abroad for services rendered within the ROC, or any income, to which such procedure for withholding as described above is not ordinarily applied, such as the income occurring from property transaction, occasional trade, interest from mortgages, etc., should be declared and such tax as may be found owing paid before departure.

(3) Any individual staying in the Republic of China for 183 days or more shall file the annual income tax return of the previous year during the period from 1st May to 31st May of the current year.

However, any individual who intends to leave the territory of the ROC in the interim of the year, and will not return within the same year, shall file his or her income tax return 10 days before his or her departure.

7. Tax services

(1) Please file your individual income tax return with the tax authority with jurisdiction over the location of the address of your place of residence given on your ARC.

(2) An alien who stays in Taipei City should file his or her tax return at the Foreign Taxpayers Section, Taipei National Tax Administration, Ministry of Finance. 2, Sec. 1, Jhonghua Road, Taipei.

8. The method of computation of income tax in the case that income tax was initially paid and filed while the alien had stayed less than 183 days, and then the said alien continued to stay for more than 183 days in the same taxable year

If the alien left the Republic of China after he or she had been taxed at the flat rate for non-resident status, and then returned in the same taxable year and continued to stay in the ROC up to 183 days or more, the tax payable for that year should be reassessed at the progressive rate for resident status. Tax previously paid could be credited.

9. The papers and documents to be submitted when filing individual income tax

A valid passport, tax withholding statement, dividend statement, certificate of residence and certificate of earnings paid abroad for services performed in the ROC are basic data. Further, if a taxpayer with special qualifications wants to apply for tax exemptions or deductions, the proper documents of evidence should be submitted to the tax authorities for tax assessment.

10. Scope of exemption

The following categories of income can be exempted by submitting the necessary documents:

(1) Salaries of military personnel in active service.

(2) Salaries of teachers and employees of nurseries, kindergartens, public primary and junior high schools, and private primary and junior high schools.

(3) Scholarships and subsidies granted by governments of the Republic of China or foreign governments, international institutions, educational, cultural, and scientific research organizations or associations, and other public or private organizations for encouragement of advanced studies, research or participation in scientific and professional training, except for the scholarships or subsidies received as remuneration by the taxpayer for service

rendered to the grantors.

(4) Income, derived by virtue of office, of foreign diplomatic officials, consular officials and other persons entitled to treatment accordable to diplomatic officials in the service of foreign embassies, legations and consulates in the Republic of China.

(5) Income, derived by virtue of office, of employees, other than diplomatic officials, consular officials and persons entitled to diplomatic treatment, who, being nationals of a foreign country, are employed by the embassy, legation or consulate of their country or by subsidiary agencies thereof in the Republic of China provided that reciprocal treatment is accorded by the foreign country concerned to employees of Chinese nationality, employed by embassies, legations or consulates of the Republic of China or by subsidiary agencies thereof, in the foreign country concerned.

(6) Salaries paid by foreign governmental agencies, organizations or educational and cultural institutions to foreign technicians and professors of universities and colleges for services rendered within the territory of the Republic of China under technical co-operation or cultural and educational exchange agreements made by and between such foreign governmental agencies, organizations or educational and cultural institutions and those of the Republic of China.

(7) Income derived from written articles, copyright books, musical compositions, musical productions, dramas, cartoons, or as remuneration for speeches and lectures on an hourly basis. However, the total amount of such income for the whole year shall not exceed NT$180,000.

(8) Various payments paid to personnel engaged

in handling various kinds of examinations held by governmental agencies or academic organizations as commissioned by such agencies and in entrance examinations held by public and private schools of various levels.

11. Encouragement of investment

(1) Where an alien invests in the Republic of China in accordance with the Statute for Investment by Overseas Chinese or the Statute for Investment by Foreign Nationals, and acts as the chairman, supervisor, or manager of the company in which he or she invests, staying in the ROC over 183 days within one taxable year for the purpose of managing or administrating the business; the dividends received from the business shall be withheld by the withholder in accordance with the Income Tax Act at the rate of 20% at the time of payment. Thereafter, such a dividend will not be integrated into his or her gross income while filing an individual income tax return.

(2) When a foreign profit-seeking enterprise, whose investment in the Republic of China is approved under the Statute for Investment by Overseas Chinese or the Statute for Investment by Foreign Nationals, sends a director, manager or technical staff to the Republic of China for a stay of not more than 183 days in a taxable year on assignments such as implementation of investment, construction of plants, or market surveys, remuneration received by the director, manager, or technical staff from the foreign profit-seeking enterprise will not be treated as an income source by the ROC, and therefore is not subject to the ROC income tax.

12. The applicable deductions for a resident of the ROC

in filing his or her income tax return of 2008

Residents of the Republic of China are entitled to comply with the following exemptions and deductions.

(1) Exemption: There is an NT$77,000 exemption for each taxpayer, spouse and dependent. In the case that the taxpayer, his/ her spouse or their lineal ascendants have attained seventy years of age, the exemption will be NT$115,500. The dependents must be:

a) Lineal ascendants of the taxpayer or his or her spouse having attained sixty years of age or being incapable of earning a livelihood are supported by the taxpayer.

b) Children of the taxpayer under twenty years of age, or although having attained twenty years of age, who are supported by the taxpayer by reason of school attendance, by reason of physical or mental disability or by reason of incapability of earning a livelihood.

c) Brothers and sisters of the taxpayer or his or her spouse under twenty years of age, or although having attained twenty years of age, who are supported by the taxpayer by reason of school attendance, by reason of physical or mental disability, or by reason of incapability of earning a livelihood. However, the dependents shall not be listed as those deductible if their father or mother belongs to the categories eligible for tax exemption according to Categories (1) or (2) of Article 10.

d) Other relatives or members of the family of the taxpayer within the meaning of Sub-Paragraph 4, Article 1114, or Paragraph 3, Article 1123, of the Civil Code under twenty years of age or having attained sixty years of age who are incapable of earning a livelihood, live together with and depend on the taxpayer.

However, the dependents shall not be listed as those deductible if their father or mother belongs to the categories eligible for tax exemption according to Categories (1) or (2) of Article 10.

※To claim exemption for the spouse or the dependent, the household registration materials or the relative proof issued by the central office where the dependent resides and the certificate that the dependent is alive and supported by the taxpayer should be submitted for identification and verification.

(2) Deductions:

A. Standard Deduction: There is an NT$73,000 deduction for a single person and an NT$146,000 deduction for a married couple filing a joint return.

B. Itemized Deductions: A taxpayer may select "Itemized Deductions" instead of the "Standard Deduction" and attach original receipts for a) to e) deductions below.

a) Donation: Donation made to officially registered educational, cultural, public welfare and charitable organization or agencies is deductible. The deduction should not be more than 20 % of the taxpayer's individual income tax. However, donation made to national defense, for troop cheering, to the government or for the maintenance and repair of antiquities, historic constructions under Article 31-1 of the Cultural Assets Preservation Law is fully deductible. The taxpayer should prepare to provide evidence of official

registration.

b) Insurance Premiums: Premiums paid for life insurance, labor insurance, employment insurance and insurance for military personnel, public functionaries and teachers, of the taxpayer, his or her spouse or their lineal dependents filing jointly are deductible. However, the deductions, excluding those for national health insurance, shall not exceed NT$24,000 for each person per year; premiums paid for national health insurance are fully deductible.

c) Medical and Maternity Expenses: Medical and Maternity Expenses incurred by the taxpayer, his or her spouse, or their dependents filing jointly and supported by the taxpayer are deductible, provided that the payment so made is limited to public hospitals, specially contracted hospitals for public functionary insurance, specially contracted hospitals or clinics for national health insurance, or those hospitals having complete and correct accounting records as recognized by the Ministry of Finance. However, no deduction shall be allowed for the portion covered by insurance payments.

d) Losses from Disasters: Losses from Disasters or force majeure inflicted on the taxpayer, his or her spouse or their dependents filing jointly are deductible. However, no deduction may be made for the portion of losses where insurance benefits, or relief has been received. To claim a deduction, the taxpayer should attach the disaster damage proof issued by tax agencies (branches and offices of the National Tax Administration).

e) Mortgage Interest Paid on a Loan for an Owner-Occupied Dwelling: Taxpayers borrowing money from a financial organization to purchase a house or other property in the ROC for use as an owner- occupied dwelling may deduct the interest paid on the loan from the gross income on one filing unit per year up to a limit of NT$300,000. Such a deduction is limited to one house or other property only. However, if the taxpayer also claims a Special Deduction for Savings & Investment, the special deduction should be subtracted from the abovementioned interest.

f) Rental Expense: Rent for housing in the ROC paid by a taxpayer, his or her spouse, or their lineal dependents filing jointly and used as their own residence rather than for business or performing professional services, may be deducted from their consolidated income up to and within a limit of not more than NT$120,000; however, no deduction can be claimed if he or she also claims the Deduction for "Mortgage Interest Paid on a Loan for an Owner-Occupied Dwelling". To deduct the Rental Expense, the following documents must be attached:

i. Copy of lease contract and payment receipt (such as receipt from landlord, ATM receipt or remittance paper).

ii. The certificate of a family member who has registered his or her residence in the dwelling for the

year, or the taxpayer's deposit to state that the house is for living only.

C. Special Deductions:

a) Property Transaction Losses: A taxpayer, his or her spouse and dependents filing jointly may deduct losses from property transactions for the previous 3 years by attaching related proofs of losses, but the credit may not be more than the gains applied in the same year. Losses from the property transactions applicable to tax exemption are not deductible.

b) Special Deduction for Salary or Wages: Each person receiving salary may claim a deduction for his or her salary only up to a maximum of NT$100,000. One may fully claim a deduction of the amount of one's salary if it is less than NT$100,000.

c) Special Deduction for Savings and Investment: Interest derived from deposits made in financial institutions and profits accrued from trust funds with the nature of savings (5A), as well as dividends occurred from the transaction, gift or inheritance of the tax-deferred stocks (71M) which is divided before Dec. 31, 1998 received by a taxpayer, his or her spouse and the dependents filing jointly listed in his or her gross income return for taxation may exempt from income tax in full, if the total amount of such income for the whole year does not exceed NT$270,000. If the amount exceeds NT$270,000, the deduction shall be limited to NT$270,000. However, interests accrued from postal passbook savings, governmental bonds, corporate bonds and financial bonds, and short-term commercial papers and beneficiary securities or asset-based securities issued according to the Financial Asset Securitization Act and the Real Estate Securitization Act shall be excluded.

d) Special Deduction for Mental or Physical Disability: There is a NT$100,000 deduction for each taxpayer, his or her spouse or their dependents filing jointly having received the manual or certificate of physical or mental disability (a copy of the issued manual or certificate of physical or mental disability must be attached) or a patient in conformity with the provision of paragraph 4 of Article 3 of the Mental Health Act (with a copy of the diagnosis certificate for severe patients issued by the specialist must be attached and irreplaceable by a catastrophic illness card).

e) Special Deduction for Tuition: Taxpayer may claim a maximum deduction of NT$25,000 for each of his or her children who are attending the college/university (student certificate and tuition receipt should be attached when claim deduction). However, no deduction can be claim for the children who is attending an Open University, an Open Junior College, or a five-year junior college for the first three years or have governmental subsidy.

※If a resident of the ROC intends to depart and will not return within the same calendar year, the amounts for exemptions and standard deduction shall be calculated in proportion to the total number of days he or she has stayed in the ROC.

13. A taxpayer may choose to calculate tax due on the salary of him or her and of his or her spouse and file taxes jointly

All income of a taxpayer, his or her spouse, and their dependents shall be filed jointly by the taxpayer on one return. A taxpayer may choose to calculate tax due on the salary of him or her and of his or her spouse and file taxes jointly.

While the taxpayer may choose to calculate tax due on the salary income as a taxpayer and also separately calculate the tax due on salary income of his or her spouse and then combine that tax due with the taxpayer's own when filing their joint return, only the exemption and special deduction of the salary/wage income of the person whose salary income is computed separately can be claimed when calculating the tax due on salary/wage income computed separately.

14. Progressive tax rates (unit: NT$)

This table is applicable to residents.

Net Taxable Income	Tax Rate	Progressive Difference	Tax Payable
0 to 410,000	6%－	0	=
410,001 to 1,090,000	13%－	28,700	=
1,090,001 to 2,180,000	21%－	115,900	=
2,180,001 to 4,090,000	30%－	312,100	=
4,090,001and above	40%－	721,100	=

15. Regulations applicable to non-residents of the Republic of China

The following regulations are applicable to non-residents of the Republic of China:

(1) The withholding tax rate on dividend distributed by a company or profit distributed by a cooperative is 30%. However, it would be 20% in case of the investment which was approved in

accordance with the Statute for Investment by Over-seas Chinese and the Statute for Investment by Foreign Nationals.

(2) The withholding tax rate on salaries is 20%. However, after Jan. 1st, 2009, the total of an individual monthly salary not exceeding 150% of the monthly basic salary approved by the Executive Yuan expect the central designated overseas officers shall be taxed at 6%.

(3) The withholding tax rate on commissions is 20%.

(4) The withholding tax rate on interest is 20%. The interest accrued from beneficiary securities or asset-based securities issued according to the Financial Asset Securitization Act and the Real Estate Securitization Act shall be taxed at the rate of 6%.

After Jan. 1st, 2007, interest accrued from governmental bonds, corporate bonds, and financial bonds shall be taxed at the rate of 20%.

(5) The withholding tax rate on rentals is 20%.

(6) The withholding tax rate on royalties is 20%.

(7) The withholding tax rate on cash awards or payments given in contests or prizes for a chance winning is 20%. However, it is tax-exempted when the prize is not more than NT$2,000 from lottery tickets or uniform invoices under the auspices of the government.

(8) The withholding tax rate on remuneration to a professional practice is 20%.

(9) After deducting a regulative exemption, the retirement payments or pensions shall be withheld at the rate of 20%.

(10) The withholding tax rate on payment of reward for information or accusation is 20%.

Additionally, income which is not subject to the

Withholding Code shall be taxed in scope with the following withholding tax rate. This is:

(1) Income from property transactions shall be filed and taxed at the rate of 35%. (After Mar. 7th, 2008, the rate is 20%.)

(2) Profits from occasional trade shall be filed and taxed at the rate of 30%.

(3) Income from transferring the tax-differed stocks, the par value of the stocks shall be deemed as the taxable income of the transfer year. If the actual transfer price of such stocks at the time of sale or the market value of such stocks at the time of bestowal or distribution of estate is lower than the par value, the actual transfer price or the market value shall be deemed the taxable income. Such an income shall be filed and taxed at the rate of 30%.

However such stocks obtained for the investment approved in accordance with the Statute for Investment by Overseas Chinese or the Statute for Investment by Foreign Nationals, the taxable income shall be taxed at the rate of 20%.

(4) Miscellaneous income shall be filed and taxed at the rate of 20%.

(5) Where a trust deed is set up by a profit-seeking enterprise, the beneficiary shall be taxed at the rate of 20% on the value of his or her entitlement to the trust at the year of setting up, and a newly replaced beneficiary shall be taxed in the year of replacement. Furthermore, the beneficiaries shall be taxed at the rate of 20% on the increasing part of the value of their entitlements when the enterprise makes an increment on the trust fund.

16. Tax credit for selling a dwelling and buying one again within a period of not later than two years

If a house or other property resided in by the taxpayer (hereafter called "former residence") is sold by him or her and the gain from the sale is consolidated and taxed, and within a period of 2 years after the date of public registration of such a sale, another house of other property is purchased and used as an owner-occupied dwelling at a price exceeding the selling price of the former residence, the taxpayer may claim a credit or a refund of the aforesaid income tax on the year in which public registration of such a purchase is completed. This provision shall also be applicable in cases where a taxpayer buys first and sells later.

17. Investment tax credit

(1) Taxpayers who invest in designated technological, investing and consulting enterprises under Article 8 of the Statute for Upgrading Industries before the Dec. 31, 1999 revision may credit up to 20% of the price paid for the acquisition of the registered share certificates of the said enterprises for establishment or expansion against the individual income tax payable for the year in which the two years holding requirement is met. If the credit is larger than the tax payable of the current year, the balance of the said credit may be carried forward for up to four years; the credit for consulting enterprises shall be limited to not more than actual invested money in proportion to paid-up capital.

(2) Taxpayers who invest in newly emerging, important and strategic industries under article 8 of the Statute for Upgrading Industries after the Dec. 31, 1999 revision may credit up to a designated percentage of the price paid for the acquisition of the registered share certificates of the said enterprises or entities against the individual income tax payable within five years starting from the year in which the three years holding requirements is met.

(3) Taxpayers who invest in entities under Article 33 of the Statute for Encouragement of Private Participation in Transportation Infrastructure Projects, may credit up to 20% of the price paid for the acquisition of the registered share certificates of the said entities for establishment or expansion against the individual income tax payable within 5 years starting from the year in which the two years holding requirement is met.

(4) The credit in each year shall be limited to not more than 50% of individual income tax payable, with the exception that this limitation shall not apply to the credit in the final year.

18. The ways a resident shareholder is to file tax on dividends or profits of the year of 1998 or of the following years

(1) When a company or a cooperative making distribution on dividends or profits of the year of 1998 or of the following years to its resident shareholder, the company should prepare "Dividend Voucher" for him or her to file his or her tax return. The resident should aggregate the gross dividend in the Individual Income Tax Return of the year of the dividend received, and use the imputation tax credit carried in the dividend voucher to offset the income tax payable.

(2) When making payment the abovementioned dividends or profits to its non-resident shareholder, the company should issue him or her a "Withholding & Non-Withholding Tax Statement". If the non-resident shareholder continues to stay in the ROC for 183 days or more in the same taxable year, he or she (on thus attaining the status of resident) shall ask the company to correct the" Withholding

"& Non-Withholding Tax Statement" to a "Dividend Voucher" for the filing of the tax return and offsetting of the tax payable.

19. Paying taxes and obtaining refunds

Taxpayers can make payments at any local bank in Taipei with a self-payment bill which is filled out by himself or with a payment bill which is filled out by this Administration for the income tax assessed. If the tax-withholding amount exceeds the tax payable, the overpaid amount will be refunded according to general procedures.

20. Guarantee for temporary leave

An alien, who as a "Resident of the ROC" intends to leave temporarily and return in a short period may apply for an income tax certificate for the current year with his or her payment receipt of the previous year by appointing a Chinese citizen to be the guarantor and filling out an "Agent Appointment and Acceptance" form before he or she applies with the Police Station for an exit permit for the said year.

21. Tax certification

An alien shall obtain an income tax certificate from this Administration before his or her departure or upon application for his or her exit permit or for a visa extension of stay.

To credit one's income tax payment which he or she is obliged to pay in his or her native country, an official certificate of the tax amount (paid to the ROC) will be issued upon his or her request.

22. Penalties

(1) Late filing: Taxpayers shall be surcharged interest on the amount of tax payable. The interest shall be calculated on a daily basis at the interest rate quoted by the Taiwan Post Co., Ltd's one-year fixed deposit.

(2) Omission or misfiling: A penalty of a maximum of two times the amount of the tax evaded.

(3) Failure to file: A penalty of a maximum of three times the amount of the tax payable.

II. Individual Income Basic Tax

1. The individuals who have the obligation of filing an individual income basic tax return

(1) An individual shall file an individual income basic tax return in accordance with the Income Basic Tax Act unless his or her circumstances do not otherwise include any one or more of the following conditions:

a) Non-resident of the R.O.C. (staying less than 183 days within a calendar year in the R.O.C.)

b) An individual who does not apply for any investment tax credits in accordance with the laws and does not have any amount within the scope of the provisions of any of the Subparagraphs of Paragraph 1 of Article 12 of Income Basic Tax Act in his or her annual income tax return or current income tax return.

c) An individual whose basic income as calculated in accordance with Paragraph 1 of Article 12 of the Income Basic Tax Act is less than NT$6,000,000.

(2) An individual whose circumstances do not include any one or more of the conditions mentioned above shall file an individual income basic tax return.

2. The individuals who should file jointly

In the case that the taxpayer, as well as his or her spouse and/or dependents who shall file a joint consolidated income tax return in accordance with the Income Tax Act, have an amount of income which includes any one or more of the conditions applying under the Income Basic Tax Act, he or she shall include any such amount in

II. Individual Income Basic Tax

1. The individuals who have the obligation of filing an individual income basic tax return

(1) An individual shall file an individual income basic tax return in accordance with the Income Basic

Tax Act unless his or her circumstances do not otherwise include any one or more of the following conditions:

a) Non-resident of the R.O.C. (staying less than 183 days within a calendar year in the R.O.C.)

b) An individual who does not apply for any investment tax credits in accordance with the laws and does not have any amount within the scope of the provisions of any of the Subparagraphs of Paragraph 1 of Article 12 of Income Basic Tax Act in his or her annual income tax return or current income tax return.

c) An individual whose basic income as calculated in accordance with Paragraph 1 of Article 12 of the Income Basic Tax Act is less than NT$6,000,000.

(2) An individual whose circumstances do not include any one or more of the conditions mentioned above shall file an individual income basic tax return.

2. The individuals who should file jointly

In the case that the taxpayer, as well as his or her spouse and/or dependents who shall file a joint consolidated income tax return in accordance with the Income Tax Act, have an amount of income which includes any one or more of the conditions applying under the Income Basic Tax Act, he or she shall include any such amount in this return for the calculation of basic income tax.

3. The kinds of item are included in the calculation of the amount of basic income

The following items for which the amount(s) from a source in the R.O.C are included in the calculation of the amount of basic income are:

(1) Net taxable income:

The net taxable income is calculated in accordance with the Income Tax Act (please refer to the Individual Income Tax Return).

(2) Life and annuity insurance payments:

Insurance payments received by the beneficiary, on condition that the beneficiary and the proposer are not the same person and that the life insurance policy and annuities are contracted after this Act came into force. However, in the case of payment made upon the death of the insured person, the part of which aggregate of payments made in a filing unit is equal to or less than NT$30,000,000 may be excluded from the basic income in a calendar year.

(3) Income derived from transactions of securities:

a) Share certificates, certificates of entitlement to new shares, stock share payment certificates and documents of title to any of the securities issued or placed privately by a company that is not listed in a stock exchange or traded in the over-the-counter market.

b) Beneficiary certificates of privately placed securities investment trust funds.

(4) Non-cash donations or contributions:

The amount of non-cash donations or contributions deducted from the gross consolidated income of the individual income tax return.

(5) The amount of balance of the market value in excess of the par value of newly-issued registered share certificates acquired by employees. The market value refers to the price on the date next to the acquisition day of newly issued registered share certificates acquired by employees under Article 19-1 of the Statute for Upgrading Industry.

4. The way in which the amount of basic tax is computed

Subtract NT$6,000,000 from the amount of basic income then multiply the remainder by 20% to produce the amount of basic tax.

5. The way in which the amount of regular income tax is computed

The amount of regular income tax = tax payable -

investment tax credits for the tax payable

6. The principles underlying the income basic tax

   In the case that the amount of regular income tax for an individual is greater than or equal to the amount of basic tax, the income tax of the current year for the said individual shall be calculated in accordance with the Income Tax Act and other relevant laws; whereas in the case that the amount of regular income tax is less than the amount of basic tax, the amount of income tax payable shall also include the balance between the amount of basic tax and regular income tax, in addition to the amount as calculated in accordance with the Income Tax Act and other relevant laws.

7. The way in which the individual income basic tax return is to be filed

   Please attach the individual income basic tax return to the individual income tax return.

Aliens who have any inquiry when filing an individual income tax return that is not fully answered in this folder are welcome to call or come in person to the Foreign Taxpayers Section of this Administration for further information.

Address: 2, Sec. 1, Jhonghua Road, Taipei
Tel: (02) 23113711
Ext:1116、1118

Should the English translation of these instructions differ from the Chinese text of relevant law, the Chinese text shall govern.