Content

Title：	The Specifically Selected Goods and Services Tax Act Ch
Date：	2015.01.07
Legislative：	History 1.Promulgated on 4 May 2011 by Presidential Decree No. Hua－Tsung-1-Yi 10000085291. 2.Amendment to Article 2,5,26 promulgated on 7 January 2015 by Presidential Decree No.10300201431.
Content：	Chapter 1 General Principles Article 1 A specifically selected goods and services tax shall be imposed, in accordance with the provisions of this Act, on the sale, manufacture, and import of specifically selected goods or the sale of specifically selected services within the territory of the Republic of China. Top↑ Article 2 The specifically selected goods regulated by this Act are the following: 1. Buildings and land: Any unit of a building and the share of land associated with the unit, or any urban land and industrial land in non-urban areas for which a construction permit may lawfully be issued, that has been held for a period of no more than 2 years. Those that meet any provision of Article 5 are not classified as specifically selected goods. 2. Passenger cars: Any passenger car that, including the driver’s seat, has nine seats or less and a selling price or taxable value of not less than NT$3 million. 3. Yachts : Any yacht with a full length of not less than 30.48 meters. 4. Airplanes, helicopters, and ultra-light vehicles : Any airplane, helicopter, or ultra-light vehicle 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, excluding those that are not protected species under the Wildlife Conservation Act, or products made from them.

6. Furniture: Any item of furniture with a selling price or taxable value of not less than NT$500,000.

As used in this Act, "specifically selected services" means any membership rights with a selling price of not less than NT$500,000, except when in the nature of a refundable deposit.

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Article 3

As used in this Act, the "sale of units of buildings, land, and specifically selected services within the territory of the Republic of China" respectively means the following:

1. Units of buildings and land: The sale of any unit of a building or land located within the territory of the Republic of China.

2. Specifically selected services: The sale of specifically selected services for use within the territory of the Republic of China.

As used in this Act, "manufactured within the territory of the Republic of China" means that the manufacturer has registered within the territory of the Republic of China as a manufacturer subject to the specifically selected goods and services tax and manufactures specifically selected goods.

The holding period referred to in paragraph 1, subparagraph 1 of the preceding article means the period starting from the day on which the registration of transfer is completed, either before or after this Act comes into force, until the day on which a sale contract is entered into after this Act comes into force.

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Article 4

The taxpayer in a sale of the specifically selected goods of Article 2, paragraph 1, subparagraph 1 is the original owner, and the specifically selected goods and services tax is collected at the time of sale.

The taxpayer and the time of collection of the tax on the specifically selected goods and specifically selected services of Article 2, paragraph 1, subparagraphs 2 to 6 are as follows:

1. In the case of the manufacture of specifically selected goods, the taxpayer is the manufacturer, and the tax is collected upon release from the factory.

2. In the case of imported specifically selected goods, the taxpayer is the consignee or the holder of the bill of lading or of the goods, and the tax is collected upon importation.

3. In the case of an auction or sale, by a court or other institution, of specifically selected goods for which the tax has not been paid, the taxpayer is the winning bidder, the purchaser, or the assumer of the goods, and the tax is collected at the time of the auction or sale.

4. In the case of a tax-exempt specifically selected good that loses its tax-exempt status due to a transfer or a change in purpose of use, the taxpayer is the person initiating the transfer or the change in purpose of use or the holder of the good, and the tax is collected at the time of the transfer or the change in purpose of use.

5. In the case of the sale of specifically selected services, the taxpayer is the business entity making the sale, and the tax is collected at the time of sale.

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Article 5

Under any of the following circumstances, a specifically selected good under Article 2, paragraph 1, subparagraph 1 will be exempt from the specifically selected goods and services tax:

1. The owner and owner's spouse and lineal relatives of minor age, have only one unit of a building and the land associated with the unit, have completed household registration, with proof of actual residence, and

during the holding period neither provide it for business use nor lease it out.

2. The owner or the owner's spouse under the preceding subparagraph purchases a unit of a building and the land associated with the unit, such that they now hold a total of two such units of buildings and land, and, within 1 year after the date on which transfer registration for the newly acquired building unit and land is completed, they sell the originally acquired building unit and land, or sell the newly acquired building unit and land because of a job transfer, involuntary separation from employment, or any other involuntary cause, and they remain, after the sale, in conformance with the requirements of the preceding subparagraph.

3. The commodity is sold to or by a government at any level.

4. Non-imposition of the land value increment tax has been approved.

5. Land designated as reserved for public facilities under the Urban Planning Act is transferred prior to expropriation.

6. A commodity obtained through inheritance or legacy is sold.

7. A unit of a building is transferred for the first time after completion of construction by the business entity.

8. The commodity is sold in a forced sale pursuant to the Compulsory Execution Act, Administrative Execution Act, or other law.

9. The commodity is the subject of a disposition pursuant to Article 76 of the Banking Act or other law, or pursuant to an order of the competent authority for the relevant industry.

10. An owner, using his or her own residence and land, demolishes and rebuilds or enters into a joint construction and allocation project with a business entity and sells his or her share.

11. A unit of a renewed building and the share of land associated with the unit, which were obtained through distribution in an urban renewal project implemented through rights transformation pursuant to the Urban Renewal Act, are sold.

12. Cases with proof of transactions not for short-term speculation were approved by the Ministry of Finance.

Subparagraph 12 of the preceding paragraph shall be applicable to the cases not currently being assessed or pending final decision at the effective date of the amendment of this Act.

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Article 6

Under any of the following circumstances, a specifically selected good under Article 2, paragraph 1, subparagraphs 2 to 6 will be exempt from the specifically selected goods and services tax:

1. The good is used for the manufacture of another taxable specifically selected good.

2. The good is for export abroad.

3. The good is used for display in an exhibition, and after exhibition is shipped back to the factory or exported.

4. The good is used exclusively for education, research, or experiment by a public or private school or educational or research institute at any level in accordance with the purpose of its establishment, or is used exclusively for participation in or training for international contests.

The specifically selected goods of Article 2, paragraph 1, subparagraph 2 are exempt from the specifically selected goods and services tax if they are exclusively used for research and development, public security, emergency medical care, or disaster relief.

The specifically selected goods of Article 2, paragraph 1, subparagraph 4, are exempt from the specifically selected goods and services tax if not for personal use.

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Chapter 2 Tax Rate and Tax Base

Article 7

The tax rate for the specifically selected goods and services tax is 10 percent, provided that the tax rate for the specifically selected goods of Article 2, paragraph 1, subparagraph 1 is 15 percent if the holding period is no more than 1 year.

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Article 8

"Selling price," with regard to a taxpayer's sale or manufacture of a specifically selected good or specifically selected service, means all considerations collected at the time of sale, including all fees collected in addition to the price, with the exception of the specifically selected goods and services tax provided for herein.

If the specifically selected good or specifically selected service of the preceding paragraph is subject to the commodity tax or business tax, the selling price shall include the commodity tax and business tax.

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Article 9

When a manufacturer releases from the factory any of the specifically selected goods of Article 2, paragraph 1, subparagraphs 2 to 6 and there is no selling price for the good for the given month, the selling price for the good from the previous month or the most recent month shall apply. When there is no selling price for the good from the previous month or most recent month, the selling price for a similar good shall apply. If the good is of a new kind or there is no similar good, the selling price may be temporarily set as the sum of the manufacturing cost, profits, commodity tax, and business tax, and after the sale, the amount of specifically selected goods and services tax adjusted and collected based on the actual selling price.

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Article 10

The taxable value for an imported specifically selected good shall be the sum of the customs value and import duty.

If the specifically selected good of the preceding paragraph is subject to

commodity tax or business tax, the taxable value shall be the sum of the amount calculated pursuant to the preceding paragraph plus the commodity tax and business tax.

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Chapter 3 Tax Calculation

Article 11

The amount of tax on the sale or manufacture of a specifically selected good or specifically selected service shall be calculated based on the selling price specified in Article 8 and the tax rate specified in Article 7.

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Article 12

The amount of tax on importation of the specifically selected goods under Article 2, paragraph 1, subparagraphs 2 to 6 shall be calculated based on the taxable value specified in Article 10 and the tax rate specified in Article 7.

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Chapter 4 Collection

Article 13

Prior to beginning manufacture of any of the specifically selected goods of Article 2, paragraph 1, subparagraphs 2 to 6, a manufacturer shall apply for registration as a manufacturer subject to the specifically selected goods and services tax with the competent tax authority of the place where the factory is located.

If there is any change in the particulars contained in the manufacturer's

application for registration, or if the manufacturer is dissolved or ceases business operations, the manufacturer, within 15 days from the day after the occurrence of the fact, shall apply with the competent tax authority to alter or cancel the registration.

The manufacturer of the preceding paragraph shall apply for alteration or cancellation of registration only after payment of the taxes in full. This restriction shall not apply if an application to alter a registration is the result of a merger, capital increase, or a change in the type of business or the business address.

If a manufacturer has ceased manufacture for a full year or has moved to an unknown location, the competent tax authority may at its sole discretion cancel the manufacturer's registration. If there is found to be any pending case of delinquent tax or legal violation, cancellation shall take place only after the case has been cleared.

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Article 14

When a taxpayer using uniform invoices sells a specifically selected good or specifically selected service, the tax amount shall be stated in the notes section of the invoice.

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Article 15

A taxpayer using uniform invoices shall establish and retain account books, vouchers, and accounting records, sufficient for accurate calculation of the specifically selected goods and services tax, in accordance with regulations.

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Article 16

A taxpayer that sells a specifically selected good of Article 2, paragraph 1, subparagraph 1 shall calculate the tax payable on the sale within 30 days from the day following the day on which the sale contract was entered into, and shall on its own initiative fill out a payment form and pay the tax to the government treasury. The taxpayer shall declare with the competent tax authority the selling price and the tax amount by filling out a declaration form and attaching the payment receipt, contract, and other relevant documents.

A manufacturer shall calculate the tax payable on a given month's release from the factory of the specifically selected goods of Article 2, paragraph 1, subparagraphs 2 to 6 by the 15th day of the following month, and fill out a payment form and pay the tax to the government treasury. The manufacturer shall also fill out a declaration form and attach the payment receipt and other relevant documents and declare the selling price and the tax amount to the competent tax authority.

When any specifically selected good of Article 2, paragraph 1, subparagraphs 2 to 6 on which the tax has not been paid is auctioned or sold by a court or other institution, the winning bidder, purchaser, or assumer of the goods shall declare and pay the tax to the local competent tax authority before collecting the specifically selected good.

The taxpayer of Article 4, paragraph 2, subparagraph 4 shall declare and pay the tax to the competent tax authority within 30 days from the day following the day on which the tax-exempt specifically selected goods are transferred or the purpose of use is changed.

A business entity shall calculate the tax amount payable on its sales of specifically selected services in a given month by the 15th day of the following month, fill out a payment form, and pay the tax to the government treasury. The business entity shall also fill out a declaration form and attach the payment receipt and other relevant documents and declare the selling price and the tax amount to the competent tax authority.

The taxpayer shall declare the tax amount payable on imported specifically selected goods to Customs, and the tax shall be collected by Customs. The Customs Act and the Customs Anti-Smuggling Act apply mutatis mutandis to collection of the tax and procedures for administrative remedy.

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Article 17

A taxpayer that sells a specifically selected good of Article 2, paragraph 1, subparagraph 1 shall declare the selling price and tax amount payable to the competent tax authority at the location of the taxpayer’s headquarters or other fixed place of business or place of household registration. If the taxpayer has no headquarters or other fixed place of business or place of household registration within the territory of the Republic of China, the taxpayer shall declare the selling price and the tax amount to the competent tax authority of the place where the specifically selected goods are located.

A taxpayer selling specifically selected services shall declare the selling price and the tax amount payable to the respective competent tax authority at the place where the taxpayer's headquarters or other fixed place of business is located.

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Article 18

When a taxpayer fails to declare tax by the applicable deadline specified in Article 16, paragraph 1 or paragraphs 3 to 5, or when, without due cause, the declared selling price is lower than the prevailing market price, the competent tax authority may assess a selling price and a tax amount, based on the prevailing market price or data obtained through investigation, and collect the tax.

If any of the following circumstances occurs when a business entity sells the specifically selected goods or specifically selected services of Article 2, paragraph 1, subparagraph 1, the competent tax authority may assess a selling price and a tax amount, based on data obtained through investigation, and collect the tax:

1. Accounting books have not been established, or an entry has not been made in the accounting books within the prescribed deadline, and following notification to make the entry, has still not been made, or accounting vouchers have been lost, or an audit by the competent tax authority is refused, or false entries have been made in the accounting books.

2. When business operations have commenced without due registration pursuant to the Value-Added and Non-Value-Added Business Tax Act, or business operations have continued after application for cessation of business, and a selling price is not reported in accordance with regulations.

When a manufacturer fails to declare tax within the deadline prescribed by

Article 16, paragraph 2, the competent tax authority shall issue a notification to the manufacturer requesting it to make payment and declare the tax within three days. If the manufacturer fails to do so within that deadline, the competent tax authority may assess a selling price and a tax amount, based on data obtained through investigation, and collect the tax.

When, without due cause, the declared selling price of the manufacturer under the preceding paragraph is lower than the prevailing market price, the competent tax authority may assess a selling price and a tax amount, based on the market price or data obtained through investigation, and collect the tax.

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Article 19

The competent tax authority shall issue a payment notice for the payment of any tax amounts assessed by it in accordance with this Act, and the taxpayer shall pay the tax to the government treasury within 15 days from the day following the day the payment notice is served.

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Chapter 5Penalties

Article 20

If any of the following circumstances occurs with respect to a manufacturer, the competent tax authority shall notify the manufacturer to achieve compliance or take corrective action within a prescribed time limit. Failure to do so will result in an administrative fine of no less than NT$10,000 and no more than NT$30,000:

1. Failure to meet the requirements of Article 13, paragraph 1 or 2.

2. Failure to establish or retain account books, accounting vouchers, or accounting records in accordance with Article 15.

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Article 21

When a taxpayer fails to pay the tax within the prescribed time limit, a 1 per cent surcharge shall be imposed on late payment for every 2 days in arrears, starting from the day following the expiration of the time limit. If payment is not made more than 30 days after the time limit, the competent tax authority may refer the case for compulsory execution procedures.

The amount of tax payable under the preceding paragraph shall be subject to interest charges for the period from the date of expiration of the time limit for late payment to the date the taxpayer makes payment or the tax is collected through compulsory execution. The interest shall be calculated per diem at the one-year time deposit rate for postal fixed savings set on January 1st of that year.

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Article 22

If a taxpayer fails to report, under-reports, or does not report in accordance with regulations the sale of the specifically selected goods or specifically selected services of Article 2, paragraph 1, subparagraph 1, the taxpayer will be subject to an administrative fine of not more than three times the amount of the tax evasion in addition to collection of the tax owed.

If a taxpayer sells the specifically selected goods of Article 2, paragraph 1, subparagraph 1 through a nominee, the taxpayer will be subject to an administrative fine of three times the amount of the tax evasion in addition to collection of the tax owed.

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Article 23

A taxpayer that commits any of the following acts involving evasion of the specifically selected goods and services tax in manufacturing or importing the specifically selected goods of Article 2, paragraph 1, subparagraphs 2 to 6 shall be subject to an administrative fine of three times the amount of the tax evasion in addition to collection of the tax owed:

1. Manufacturing and releasing taxable specifically selected goods from the factory without prior registration as required under Article 13, paragraph 1.

2. Selling or changing the purpose of use of tax-exempt specifically selected goods without paying the tax due.

3. Failing to report or under-reporting the selling price, taxable value, or quantity of the goods.

4. Failing to declare imported specifically selected goods in accordance with regulations.

5. Any other act of tax evasion.

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Chapter 6 Supplementary Provisions

Article 24

The specifically selected goods and services tax is a national tax, and is to be collected by the competent tax authority under the Ministry of Finance.

The revenue from the tax referred to in the preceding paragraph is to be used for social welfare, in accordance with budgetary procedures. Regulations for distribution and use of the tax shall be prescribed by the central competent authority and the competent authority for social welfare.

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Article 25

The enforcement rules of this Act shall be prescribed by the Ministry of Finance.

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Article 26

The enforcement date of this Act shall be prescribed by the Executive Yuan.

The amended articles of this Act shall come into force from the date of promulgation.

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Data Source：Ministry of Finance, R.O.C. Laws and Regulations Retrieving System