Content

Title：	Regulations Governing Scope and Identification of Allowable Deductions of Necessary Expenses from Individual Salary and Wages Ch
Date：	2019.11.08
Legislative：	Promulgated by Decree No. 10804641000 issued by the Ministry of Finance on November 8, 2019.
Content：	Article 1 These Regulations are enacted pursuant to the provision set out in Subparagraph 3, Category 3, Paragraph 1, Article 14 of the Income Tax Act (hereinafter referred to as "the Act"). Article 2 The expenses prescribed in all items of Subparagraph 1, Category 3, Paragraph 1, Article 14 of the Act deducted from salaries and wages shall adopt a cash basis as principle, unless otherwise provided for in these Regulations. Article 3 The expenses pursuant to the provision of the preceding Article deducted from salaries and wages are limited to necessary expenses which are directly related to services rendered and paid by the income receiver. Expenses not related or necessary to the performance of duty or work shall not be deducted from salaries and wages. Article 4 The term “vocational clothing expenses” in Item 1, Subparagraph 1, Category 3, Paragraph 1, Article 14 of the Act refers to the expenses of purchase, rental, cleaning, and maintenance of special clothing or performance costumes which must be worn by the income receiver for performing an occupation but not for daily use. The annual deduction for each person is limited to 3% of the total salaries and wages in performance of his (her) vocation in the current year. The special clothing or performance costumes stated in the preceding Paragraph refer to one of the following items: 1. Uniform or standard clothing that must be worn during the performance of duties in accordance with the law. 2. Clothing required by the employer for business purposes to be worn by the income receiver in the workplace or when performing work services. 3. Protective clothing shall be worn for the purpose of occupational safety. 4. Performance or competition-specific costumes that are required in a performance, music, or sports-related vocation. The income receiver who paid the expenses of purchase, rental, and maintenance, including cleaning, pressing, repair, and care of vocational clothing prescribed in Paragraph 1 should submit receipts prescribed in

Article 7 in order to declare the deductions.

Article 5
The term “upgrading training expenses” in Item 2, Subparagraph 1, Category 3, Paragraph 1, Article 14 of the Act refers to the expenses of participating in courses at specified institutions for the specific skills or expertise which is required to perform duties, do work, or follow legal requirements. The annual deduction for each person is limited to 3% of the total salaries and wages in the current year.
The specified institutions stated in the preceding Paragraph refer to one of the following items:
1. Domestic:
(1) Government research or training institution.
(2) Professional training institution established or registered under the approval of the central competent labor authority.
(3) Teaching hospitals accredited by the central competent health authority.
(4) Schools of all levels.
(5) Foundation or juridical association whose establishment purpose is related to talent training.
(6) Legitimately registered short-term tutorial center.
(7) Corporation whose business is related to talent training.
2. Foreign:
(1) Research or training institution of foreign government.
(2) College, high school, or vocational high school from foreign countries, mainland China, Hong Kong, or Macau which are on the list of approved educational institutions published by the central competent education authority. Those not on the list of approved educational institutions must be approved by the central competent education authority.
(3) Other important foreign research or training institution.
The training expenses paid by the income receiver for participating in courses at institutions or organizations designated or recognized by the competent authority or associations or labor unions for the specific skills or expertise which is required to follow legal requirements are eligible to be filed as upgrading training expenses prescribed in Paragraph 1.
The income receiver who paid for the training (including registration fees and travel expenses) and other necessary expenses (books and supplies, internship, materials, venue, training equipment, etc.) prescribed in Paragraph 1 and the preceding Paragraph should submit receipts prescribed in Article 7 to itemize declare the deductions.
When the tax collection authorities examine the certificates of upgrading training expenses attached, they could contact the central competent authority or the experts and scholars appointed by the authority to determine if there is doubt whether the training institution is one of the items prescribed in Paragraph 2; if the aforesaid training institution is a foreign institution, the tax collection authority may request the foreign offices to assist in identification.

Article 6
The term “vocational tool expenses” in Item 3, Subparagraph 1, Category

3, Paragraph 1, Article 14 of the Act refers to the expenses incurred in purchasing books, periodicals, and tools for performing duties or doing work. If the efficiency of vocational tools is not exhausted within two years and the expenditure exceeds NT$80,000, such tools shall be depreciated or amortized. The annual deduction for each person is limited to 3% of the total salaries and wages in performance of his (her) vocation in the current year.
The books, periodicals, and tools stated in the preceding Paragraph refer to meeting one of the following items:
1. books or periodicals:
Vocational-related books, periodicals, or database in Chinese language or foreign language.
2. tools:
(1) Equipment that is required for the vocation and only for the purpose of use in the duty or at work.
(2) Protective equipment or gear required for the purpose of vocational safety.
(3) Performance or competition-specific equipment or props required in a performance, music, or sports-related vocation.
The depreciation or amortization expenses prescribed in Paragraph 1 must apply the straight-line method and be filed annually; tools with a service life of three years are exempt from estimating its salvage value and shall be calculated on an annual basis; tools which have been in service for less than one year shall be calculated according to the proportion of the length of said period to the year; tools which have been in service for less than a month shall be calculated as a month.
The income receiver who paid the expenses of books, periodicals, and tools prescribed in Paragraph 1 should submit receipts prescribed in Article 7 to declare the deductions.

Article 7
The taxpayer who declares the expenses pursuant to the proviso of the Subparagraph 1, Category 3, Paragraph 1, Article 14 of the Act shall fill out the application for necessary expenses deducted from salaries and wages prescribed by the Ministry of Finance when they file for the annual consolidated income tax returns in accordance with Paragraph 1, Article 71 or Article 71-1 of the Act, and submit the following required documents to the tax collection authority for verification and assessment:
1. Uniform invoice, receipt, or expense documentation containing the name of the buyer. If the buyer is not specified, the taxpayer or the income receiver should submit a proof of payment or make a declaration to state the fact of payment. If the payment is transferred by the employer, the employer shall make a certification and the copy of uniform invoice, receipt, or expense documentation should be submitted.
2. Relevant explanations and documents that support the deduction of expenses in accordance with Article 4 to the preceding Article.
3. Supporting business-related documents of evidences. If necessary, the tax collection authority could ask the taxpayers or the income receiver to provide a business-related proof issued by the employer.
If the uniform invoice, receipt, or expense documentation prescribed in

Subparagraph 1 of the preceding Paragraph are used for other purposes, faithful copies of the original or other supporting documents should be submitted. The taxpayer or the income receiver should make a statement about the reason why the original one cannot be provided and sign it.

If the supporting documents provided by the taxpayer or the income receiver are in a foreign language other than English, the Chinese translation should be attached.

If the taxpayer fails to obtain documents in accordance with the three preceding Paragraphs, or the contents of the documents fail to comply with the regulations, the tax collection authority can not be recognized.

Article 8

If the total amount of the expenses deducted from salaries and wages of the income receiver in accordance with Article 4 to Article 6 is less than the special deduction of income from salaries and wages prescribed in Item 3-2, Subparagraph 2, Paragraph 1, Article 17 of the Act, the tax collection authority shall assess the amount of income from salaries and wages based on all salaries and wages after deducting the special deduction of income from salaries and wages.

Article 9

These Regulations shall come into force from January 1, 2019.

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