Content

Title：	Enforcement Rules of the Income Basic Tax Act Ch
Date：	2022.02.22
Legislative：	1.Promulgated by Decree No. 09504524270 issued by the Ministry of Finance on June 5, 2006. 2.Article 3, Article 12, Article 13, Article 14, Article 15-1, Article 18, Article 19, Article 22 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10100515980 issued by the Ministry of Finance on March 14, 2012. 3.Article 5, Article 10, Article 11, Article 12, Article 14, Article 17, Article 18 and Article 22 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No.10100216400 issued by the Ministry of Finance on November 2, 2012. 4.Article 3, Article 5, Article 10, Article 12, Article 13, and Article 19 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No.10604612580 issued by the Ministry of Finance on July 19, 2017. 5.Article 3, Article 12, Article 14, Article 18, and Article 22 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No.10704574090 issued by the Ministry of Finance on June 13, 2018. 6.Article 3, Article 5, Article 14, and Article 22 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No.11104526780 issued by the Ministry of Finance on February 22, 2022.
Content：	Article 1 These Rules are enacted pursuant to the provisions set out in Article 17 of the Income Basic Tax Act (hereinafter referred to as the “Act"). Article 2 Profit-seeking enterprises or individuals obligated to pay income tax under the Act shall, when filing the income tax return, calculate the amount of the income basic tax in accordance with the provisions set out in the Act and shall file the income tax return in the format as prescribed by the Ministry of Finance and shall pay the income tax accordingly. With respect to a profit-seeking enterprise or an individual person failing to declare the amount of its/his/her income basic tax as required in the preceding paragraph, the tax collection authority shall assess and determine the amount of its/his/her basic income and the income basic tax levied thereon based on the information acquired by it through investigation. Article 3 The statutory tax benefit in terms of "investment credit" referred to in Subparagraphs 7 and 8, Paragraph 1, Article 3; Paragraph 2, Article 4; and Articles 6 and 11 of the Act shall mean those investment credit privileges as provided for in the following laws: 1. Articles 6, 7, 8, and 15 of the abolished Statute for Upgrading Industries; 2. Articles 29 and 33 of the Statute for Encouragement of Private Participation in Transportation Infrastructure Projects; 3. Articles 37 and 40 of the Act for Promotion of Private Participation in Infrastructure Projects; 4. Article 42 of the Business Mergers And Acquisitions Act;

5. Articles 14 and 24 of the New Town Development Act;
6. Article 70 of the Urban Renewal Act;
7. Article 23 of the Resource Recycling Act;
8. Article 50 of the Act for the Development of Tourism;
9. Article 7 of the Motion Picture Act;
10. Article 21 of the Act for Establishment and Administration of Science Parks;
11. Articles 10 and 10-1 of the Statute for Industrial Innovation;
12. Articles 5 and 6 of the Act for the Development of Biotech and New Pharmaceuticals Industry prior to the 30 December 2021 amendment and promulgation, and Articles 5 to 7 of the Act for the Development of Biotech and Pharmaceutical Industry;
13. Article 35 of the Act for Development of Small and Medium Enterprises;
14. Other laws containing the provisions governing grant of investment credit incentives.

Article 4

In regard to the condition in terms of "without having applied the investment credit incentive" as set forth in Subparagraphs 7 and 8, Paragraph 1, Article 3 of the Act, it shall refer to the case where a profit-seeking enterprise or an individual taxpayer has not made any income tax deduction by applying for the investment credit incentive provided for in the preceding article when calculating the amount of income tax payable by it in the process of preparing its annual account settlement statements and filing its income tax return for the current year, exclusive of the amount of income tax deductible by the said profit- seeking enterprise through application of the provisions of the investment credit incentive under any relevant governing law against the income tax additionally assessed on the undistributed surplus earnings retained in the previous tax year as calculated in accordance with the provisions set out in Article 102-2 of the Income Tax Act.

Article 5

The term "the taxable income as calculated in accordance with the provisions of the Income Tax Act" referred to in Paragraph 1, Article 7 of the Act shall mean the aggregate amount of the taxable income as calculated in accordance with Article 24 or Article 41 of the Income Tax Act and the taxable income as calculated separately in accordance with Paragraphs 1 to 3 and 5, Article 24-5 of the Income Tax Act, minus the amount of income in respect of which assessment or payment of the profit-seeking enterprise income tax is suspended or exempted, the amount of additional or double costs or expenses in accordance with the Income Tax Act and other laws, and the amount of business operation losses incurred in the preceding years as specified in Article 39 of the Income Tax Act.

When calculating the amount of taxable income as set forth in the preceding paragraph, except for the amount of the income suspended or exempted from assessment or payment of profit-seeking enterprise income tax under the Income Tax Act and the Offshore Banking Act that is required to be subtracted first, the sequential order and amounts for subtraction of income exemptible from assessment or payment of profit-seeking enterprises income tax, the additional or double costs or expenses under other laws, and the amount of business operation losses incurred in preceding years

which are deductible under Article 39 of the Income Tax Act shall be prioritized by the said profit-seeking enterprise at its own discretion when filing its annual income tax return.

The term "the amount of income that is entitled to reduction or exemption from profit-seeking enterprise income tax or that is excluded from the income tax base as may be provided for in such laws as may be promulgated" referred to in Subparagraph 10, Paragraph 1, Article 7 of the Act shall mean the amount of income which is exemptible from assessment or payment of profit-seeking enterprises income tax, the amount of additional or double costs or expenses, and the amount of income which is excluded from the income tax base as newly added by laws.

The formula for use by a profit-seeking enterprise to calculate the amount of its basic income in accordance with the provisions as set out in Article 7 of the Act is hereby given as follows:

Basic Income Amount = Taxable Income + (the Income Amount as set forth in Subparagraph 1, Paragraph 1, Article 7 of the Act － the Loss as set forth in Paragraph 2, Article 7 of the Act) + the Income Amounts as set forth in Subparagraphs 2 to 8, Paragraph 1, Article 7 of the Act ＋ (the Income Amount as set forth in Subparagraph 9, Paragraph 1, Article 7 of the Act － the Loss as set forth in Paragraph 2, Article 7 of the Act) + (the Income Amount as set forth in Subparagraph 10, Paragraph 1, Article 7 of the Act － the Loss as set forth in Paragraph 4, Article 7 of the Act).

The amounts of income as set forth in Subparagraphs 1, 9, or 10, the latter of which may be announced by the MOF, including a specific additional item, in Paragraph 1, Article 7 of the Act, which shall be added into the calculation formula in the preceding paragraph shall be the amounts of the balance after correspondingly subtracting losses mentioned in Subparagraphs 1, 9, or 10, which is an specific addition item that incurred in the current year respectively if the balance is positive; in the case that the balance is negative, such amount shall be excluded from the above calculation, and Paragraphs 2 and 4, Article 7 of the Act shall apply.

If the balance of the preceding paragraph is positive but turned out to be negative after subtracting the losses of the previous years as set forth in Paragraphs 2 to 4, Article 7 of the Act, respectively, such negative figure shall be excluded from the amount of income; the subtraction of losses of the previous years shall be prioritized in sequential order from corresponding income of Subparagraphs 1, 9, or 10 which is a specific addition item year by year. If there is no the amount of income of Subparagraphs 1, 9, or 10, which is an specific addition item to subtract the losses, nor is there a subtraction balance after the subtraction in the current year, it shall defer to subtract in later years in accordance with Paragraphs 2 to 4, Article 7 of the Act.

Profit-seeking enterprises shall calculate the amount of the income as set forth in Subparagraph 1, Paragraph 1, Article 7 of the Act according to the following provisions if there is income derived from stock transactions as set forth in Paragraph 3, Article 7 of the Act:

1. The balance of income derived from stock transactions as set forth in Paragraph 3, Article 7 of the Act after subtracting losses derived from stock transactions of the same Paragraph and Article in the current year should be aggregated with the balance of income or loss derived from other

securities transactions as set forth in Article 4-1 of the Income Tax Act, and the balance of income or loss derived from futures transactions as set forth in Article 4-2 of the same Act.
2. In the case that the aggregated balance of the preceding Subparagraph is negative, such amount shall be excluded from the calculation of the basic income amount; instead, in accordance with Paragraph 2, Article 7 of the Act, such negative amount may be subtracted from any positive amount calculated according to the preceding Subparagraph in the ensuing year.
3. In the case that the aggregated balance of Subparagraph 1 is positive, the profit-seeking enterprise may, in accordance with Paragraph 2, Article 7 of the Act, subtract the negative balance of the previous years as calculated according to the preceding subparagraph. If the balance is positive after such subtraction, that part of the balance, to the maximum amount (a negative balance shall be counted as zero) of the balance of income minus losses from stock transactions in the current year as calculated in accordance with Paragraph 3, Article 7 of the Act, shall be added in half into the calculation of the basic income amount, and the part which exceeds the maximum amount shall be added in full. The aggregation of these two parts shall be added into the calculation of the basic income amount. However, if the balance is negative after such subtraction, such negative amount shall be excluded from the calculation.
Paragraph 3, Article 7 of the Act provides that the calculation of the holding period shall be made according to the first-in first-out method.
In case any income added to the taxable income in the formula as set forth in Paragraph 4 of this Article is derived from a source outside the territory of the ROC and in respect of which the income tax had been paid under the tax law of the country where the income is derived, the taxpayer may, after having obtained a tax payment certificate issued for the same tax year by the tax authority of the country where the income was derived, and having the certificate duly authenticated by the ROC embassy or consulate, or other authenticating institution acceptable to the ROC Government located there, subtract such offshore income tax from the amount of difference as calculated in accordance with Paragraph 1, Article 4 of the Act.
The maximum amount of the offshore income tax deductibles under the preceding paragraph shall be calculated in accordance with the following formula: Maximum Amount of the Deductible Offshore Income Tax = (the Amount of Basic Income Tax as set forth in Paragraph 1 of Article 12 - the Amount of Income Tax as calculated in accordance with the Income Tax Act) × the Amount of the exempted offshore income that should be added into the amount of the Basic Income in accordance with Paragraph 1, Article 7 of the Act ÷ (the amount of exempted onshore and offshore income that should be added into the Basic Income in accordance with Paragraph 1, Article 7 of the Act.
Article 6
With respect to the securities transaction income received by a profit-seeking enterprise from the selling of the shares (stocks) of companies not listed on the Taiwan Stock Exchange (TSE), and/or not traded through Over-the-Counter (“ OTC ”)securities market, and/or the shares (stocks) of emerging companies traded through Over-the-Counter (“ OTC ”)securities market pursuant to Subparagraph 1, Paragraph 1, Article 7 of the Act, if

the selling price thereof is obviously lower than the current price of such stocks at the time of transaction, the current price shall be taken as the selling price of such stocks, unless a due cause and the evidentiary document/certificate of such low selling price have been submitted by the said profit-seeking enterprise and have been duly verified by the competent authority concerned.

The current price referred to in the preceding paragraph shall be determined by making reference to the transaction prices of such stocks sold at the same time and to a corresponding number of such stocks; but if such reference transaction price is not available, then the net value of each share as calculated based on the net assets value of the issuing company on the transaction day shall be taken as the current price of such stocks.

The same period as set forth in the preceding paragraph shall refer to the period of 30 days prior to the transaction date of such stocks; and the corresponding numbers of stocks sold shall be ranging from 50 percent to 150 percent of the total number of such stocks actually sold. When there is more than one reference for current price(s), the average amount of such current price(s) shall be adopted.

Article 7

With respect to the securities transaction income referred to in Subparagraph 1, Paragraph 1, Article 7 of the Act, the method for estimating the transaction cost incurred from such transaction shall be identical with the calculation method adopted under Article 44 and Article 48 of the Income Tax Act and under Article 46 of the Enforcement Rules of the Income Tax Act.

Article 8

With respect to the futures transaction income referred to in Subparagraph 1, Paragraph 1, Article 7 of the Statute, the transaction cost incurred shall be calculated by using the FIFO (First In and First Out) method. However, for any future sales which must be liquidated before the due date, the transaction cost to be incurred therefrom may be estimated and determined using the specific identification method.

Article 9

When calculating the securities transaction income of a profit-seeking enterprise under the provisions set out in Subparagraph 1, Article 7 of the Act, except for the attributable operating expenses and loan interests which may be attributed separately to applicable accounts for book-keeping purposes, all other expenses and interests amortized to the sale of negotiable securities while calculating the transaction cost under the relevant provisions set out in the Income Tax Act may be deducted from the business income derived from the selling of such negotiable securities.

Article 10

Where a profit-seeking enterprise, in accordance with the provisions as set out in Article 49 of the Financial Holding Company Act or Article 45 of the Business Mergers and Acquisitions Act, has elected to name the financial holding company or the parent company after the merger or acquisition to act as the taxpayer for the filing of a combined profit-seeking enterprise income tax return, the amount of its basic income to be declared in the said combined profit-seeking enterprise income tax return shall be the sum

of the amount of the combined taxable income as calculated in accordance with the provisions as set out in the Income Tax Act plus the aggregate amount of the incomes of each of the companies involved in the combined income tax return as indicated in subparagraphs under Paragraph 1, Article 7 of the Act.

For the companies specified in the preceding Paragraph that choose the financial holding company or the parent company after merger or acquisition to act as the tax payer to file a combined profit-seeking enterprise income tax return, and if there is any loss incurred after the effective date of the Act in connection with the amount of incomes specified in Subparagraphs 1, 9, or 10, Paragraph 1, Article 7 of the Act as declared by them, and if such loss has been recognized by the collection authority, then the subtraction of such loss shall be calculated in accordance with the following provisions:

1. Prior to filing the combined declaration, the loss which is incurred after the effective date of the Act in connection with income(s) added by each of the foregoing companies in accordance with Subparagraphs 1, 9, or 10, Paragraph 1, Article 7 of the Act and has been recognized by the collection authority but has not yet been subtracted may be subtracted by the order of the year of the occurrence of a loss from the corresponding current-year amount of income specified in Subparagraphs 1, 9, or 10, which is a specific additional item of Paragraph 1, Article 7 of the Act, within five years after the year in which such loss was incurred by the individual companies. If the balance of Subparagraphs 1, 9, or 10, which is a specific additional item, is negative after the subtraction, the negative balance shall not be included in the income amount.

2. From the year in which the combined profit-seeking enterprise income tax return is filed, the loss which is incurred after the effective date of the Act in connection with income(s) added by each of the foregoing companies in accordance with Subparagraphs 1, 9, or 10, Paragraph 1, Article 7 of the Act and has (have) been recognized by the collection authority may be subtracted by the order of the year of the occurrence of a loss from the corresponding current-year amount of income specified in Subparagraphs 1, 9, or 10, which is a specific addition item, of Paragraph 1, Article 7 of the Act, within five years after the year in which the loss was incurred by the financial holding company or the parent company after merger or acquisition. If the balance of Subparagraphs 1, 9, or 10, which is a specific additional item, is negative after the subtraction, the negative balance shall not be included in the amount of income.

3. After the combined declaration, if any of the foregoing individual companies elects to file individual income declaration due to the change in its equity shareholdings, and if it has incurred any loss in connection with any of the taxable incomes specified in Subparagraphs 1, 9, or 10, which is a specific additional item, in Paragraph 1, Article 7 of the Act within five years, and such loss has been recognized as deductible loss by the collection authority but not yet subtracted, then the said individual company filing such individual income declaration may, within five years from the year in which the same loss incurred by all companies involved in the combined income declaration, subtract by the order of the year of the occurrence of a loss, in compliance with the provisions set out in

Subparagraphs 2 to 4, Article 7 of the Act, from its basic taxable income loss incurred by it at a deduction rate equal to the ratio of the loss incurred by it during each current taxation period in connection with each individual item of such income to the aggregate amount of the losses incurred by all companies in connection with the same individual taxable income as declared in the combined annual profit-seeking enterprise income tax return. After the loss incurred by one or more individual companies filing individual income declaration has (have) been subtracted in accordance with the foregoing provisions, the financial holding company or the parent company after the relevant merger or acquisition process that files the combined income declaration may keep on subtracting by the order of the year of the occurrence of a loss the remaining sum (balance) of the combined loss incurred by other companies in connection with each of the taxable incomes specified in Subparagraphs 1, 9, or 10, which is a specific additional item, in Paragraph 1, Article 7 of the Act in each taxation period during the preceding five years duly recognized by the collection authority as deductible losses but not yet subtracted from the combined amount of the basic incomes of such other companies.

Article 11

Where a profit-seeking enterprise which is exempted from declaring the amount of its income basic tax according to the Act has incurred any loss as specified in Paragraph 2, 3, or 4, Article 7 of the Act, and such loss has been confirmed by the collection authority as a deductible loss, such loss may be deducted from the taxable income by the order of the year of the occurrence of a loss, within five years from the following the year of the occurrence of such loss by the said profit-seeking enterprise while declaring the amount of its income basic tax.

Article 12

The method for calculating the amount of the income basic tax by a profit-seeking enterprise as prescribed in Article 8 of the Act is formulated as follows:

The Amount of Income Basic Tax = (the Amount of Basic Income – NT$ 500,000) × tax rate

The amount of tax levied on foreign-sourced incomes under Paragraphs 9 and 10 of Article 5 of these Rules, the amount of the provisional income tax payment not yet offset, and the withholding income tax amount not yet offset, may be deducted from the amount of income tax difference calculated in accordance with Paragraph 1, Article 4 of the Act when calculating the amount of payable income tax, and shall be paid up by a profit-seeking enterprise before filing its annual income tax return.

Article 13

In the event a profit-seeking enterprise elects to declare the combined business income tax in accordance with Article 49 of the Financial Holding Company Act and Article 45 of the Business Mergers And Acquisitions Act, the holding company filing the combined income tax return or the parent company after the merger and acquisition shall, in accordance with Articles 9 and 10 of the Act, pay the difference between the ordinary income tax amount and the income basic tax amount prescribed in Paragraph 1, Article 4 of the Act and the increased income tax amount assessed by the competent tax authorities.

Article 14

The formulas to be used by an individual taxpayer for calculating his/her basic taxable income and for calculating his/her income basic tax in accordance with the provisions set out respectively in Articles 12 and 13 of the Act are specified as follows:

The Amount of Basic Income = Net Amount of Consolidated Income + the total amount of the dividends and earnings which is chosen to calculate the tax payable separately in accordance with Paragraph 5, Article 15 of the Income Tax Act + (The Amounts specified in Subparagraphs 1, 2, and 4 of Paragraph 1, Article 12 of the Act) + (The Amount specified in Subparagraph 3, Paragraph 1, Article 12 of the Act – the Loss specified in Paragraph 2, Article 12 of the Act) + (The Amount prescribed in Subparagraph 5, Paragraph 1, Article 12 of the Act – the Loss specified in Paragraph 4, Article 12 of this Act).

The Amount of Income Basic Tax = (the Amount of Basic Income – NT$6,000,000) × 20%.

When calculating the basic taxable income using the formula specified in the preceding paragraph, if the amount of balance resulted from subtracting the amount of loss specified in Paragraph 2, Article 12 of the Act from the amount specified in Subparagraph 3, Paragraph 1, Article 12 of the Act and/or the amount of balance resulting from the subtraction of the amount of loss specified in Paragraph 4, Article 12 of the Act from the amount specified in Subparagraph 5, Paragraph 1, Article 12 of the Act are/is of a negative figure, such negative figure(s) shall not be included in the calculation.

For an individual taxpayer, if the amount of the income basic tax is higher than the amount of the ordinary income tax amount, then the amount of difference thereof as calculated under the provisions set out in Paragraph 1, Article 4 of the Act shall be offset against the not-yet-offset withholding tax and tax credit when calculating the income tax payable by him/her, and he/she shall make voluntary payment thereof before filing his/her annual income tax return. However, the withholding tax, with regard to the amount of income which is not allowed to be added to the gross consolidated income, shall not be deducted from the income tax payable.

The amount of regular income tax of an individual as referred to Article 11 of the Act shall include the tax payable of the total amount of the dividends and earnings which is calculated separately in accordance with Paragraph 5, Article 15 of the Income Tax Act.

Article 15

In the event the aggregate amount of income prescribed in Subparagraph 5, Paragraph 1, Article 12 of the Act and declared by a taxpayer in any year is less than One Million New Taiwan Dollars (NT$1,000,000), such amount may be excluded from the annual income tax return. If the aggregated income is greater than or equal to One Million New Taiwan Dollars (NT$1,000,000), the total amount of such income shall be included in the annual income tax return.

Article 15-1

The ceiling on the amount of tax credited in accordance with Paragraph 1, Article 13 of the Act is calculated as follows:

The Ceiling on the Amount of Tax Credited = (the Amount of Income Basic Tax

Calculated in accordance with Paragraph 1, Article 13 of the Act – the Amount of Income Tax Payable in accordance with the Income Tax Act) × [the Income in accordance with Subparagraph 1, Paragraph 1, Article 12 of the Act] ÷ [the sum of Amount in accordance with Subparagraphs 1 to 6, Paragraph 1, Article 12 of the Act]

Article 16

The terms "life insurance" and "annuity insurance" as used in Subparagraph 2, Paragraph 1, Article 12 of the Act shall refer to the life insurance contracts and the annuity insurance contracts coming into force after 1 January, 2006.

Regarding to the insurance referred to in Subparagraph 2, Paragraph 1, Article 12 of the Act, if the aggregate amount of death insurance benefit received by a taxpayer in a whole year is less than New Taiwan Dollar Thirty Million (NTD30,000,000) such income shall not be included in the amount of his/her consolidated income; whereas, if the foregoing aggregate amount paid to the said taxpayer exceeds New Taiwan Dollar Thirty Million (NTD30,000,000), then the portion of such insurance benefit in excess of NTD30,000,000 shall be added in whole amount to the aggregate amount of his/her consolidated income.

Article 17

(Deleted)

Article 18

Where a profit-seeking enterprise or an individual which is required to declare the amount of his/her/its basic taxable income is found to have omitted or under-reported any basic taxable income amount, thereby resulting in any omission or under-reporting of the income basic tax payable, the amount of tax so evaded shall be computed in accordance with the following formula:

1. Where the ordinary income tax amount assessed by the collection authority under the provisions set forth in the Act is higher than or equal to the amount of the income basic tax, the provisions set out in Article 110 of the Income Tax Act shall apply instead of applying the provisions set out in Article 15 of the Act.

2. Where the ordinary income tax amount assessed by the collection authority under the provisions set forth in the Act is lower than the amount of the income basic tax, the amount of tax so evaded shall be computed in accordance with the following formula:

(1) If the taxpayer is a profit-seeking enterprise:

A. Where the amount of the ordinary income tax assessed in respect of the declared amount of the ordinary income is lower than the amount of the basic income tax assessed in respect of the declared amount of the basic income:

The Amount of Tax Evaded = Total Amount of Assessed Income Basic Tax − the Amount of the Income Basic Tax Amount Assessed in respect of the Declared Amount of the Basic Income − the Amount of Withholding Tax on the Amount of Omitted or Under-reported Amount of the Income Basic Tax.

B. Where the amount of the ordinary income tax assessed in respect of the declared amount of the ordinary income is higher than the amount of the income basic tax assessed in respect of the declared amount of the basic income:

The Amount of Tax Evaded = Total Amount of the Assessed Income Basic Tax − the Amount of the Ordinary Income Tax Amount Assessed in respect of the Amount of Declared Ordinary Income − the Amount of Withholding Tax on the Amount of Omitted or Under-reported Income Basic Tax.

C. The amount of the income basic tax assessed in respect of the declared amount of the basic income and the total amount of the assessed income basic tax shall be calculated in accordance with the following formulas:

The Amount of the Income Basic Tax Assessed in respect of the Declared Amount of the Basic Income = (the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income − NT$500,000) × tax rate.

The Total Amount of Assessed Income Basic Tax = [(the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income + the Amount of Omitted or Under-reported Taxable Basic Income) − NT$500,000] × tax rate.

(2) In the case of an individual taxpayer:

A. (A) Where the amount of tax credit is not falsely increased:

The Amount of Tax Evaded = The Amount of Assessed Income Basic Tax − the Amount of the Income Basic Tax Assessed in respect of the Declared Amount of the Basic Income − the Amount of Tax Refund Assessed in respect of the Declared Amount of the Basic Income (no matter whether the tax has been refunded or not) − the Amount of Withholding Tax and tax credit on the Amount of Omitted or Under-Reported Income Basic Tax − the Portion of the Amount of Tax Payable and Exemptible from Fines included in the Amount of Income Basic Tax Omitted or Evaded.

(B) Where the amount of tax credit is falsely increased:

The Amount of Tax Evaded = The Amount of Tax Evaded calculated under (A) + the amount of the tax evaded or over-refunded due to falsely increaseing the amount of tax credit − the amount of tax over-paid or refundable due to omitted or under-reported Income.

B. The amount of assessed income basic tax, the amount of the income basic tax assessed in respect of the declared amount of the basic income and the portion of the amount of tax payable and exemptible from fine included in the amount of income basic tax omitted or evaded shall be calculated in accordance with the following formulas:

The Amount of Assessed Income Basic Tax = [(the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income + the Amount of Omitted or Under-Reported Taxable Basic Income) − NT$6,000,000] × 20%.

The Amount of the Income Basic Tax Assessed in respect of the Declared Amount of the Basic Income = (the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income − NT$6,000,000) × 20%.

The Portion of the Amount of Tax Payable and Exemptible from Fine included in the Amount of Income Basic Tax Omitted or Evaded = (the Amount of Assessed Income Basic Tax − the Amount of Income the Basic Tax Assessed in respect of the Declared Amount of the Basic Income) × [the Portion of the Amount of Income Taxable and Exemptible from Fine included in the Amount of Income Basic Tax Omitted or Evaded ÷ (the Amount of Assessed Basic Income − the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income)]

Article 19

Where a profit-seeking enterprise has conducted a merger, split-up (spin-

off), acquisition or alienation under Article 42 of the Business Mergers And Acquisitions Act and Article 10 or Article 15 of the abolished Statute for Upgrading Industries, each tax-exempt income not included in the amount of the basic income under Article 16 of the Act which may be excluded from the amount of the amount of basic income of that profit- seeking enterprise shall remain excluded from the amount of the basic income tax amount of that profit-seeking enterprise.

Article 20

The product(s) or service(s) proposed in an investment project that remain unchanged under Paragraphs 3 and 4, Article 16 of the Act shall include the product(s) or the service(s) proposed in an application for the alternation of an investment project which was approved before the promulgation of the Act by the central authority in charge of the relevant end-enterprise and for which no additional application for a change to the investment project as been submitted after the promulgation of the Act.

The start-up of work as set forth in Paragraphs 3 and 4, Article 16 of the Act shall mean the work start-up date of a plant building construction project to be decided under applicable building construction laws and regulations; or the date of arrival of the first batch of production equipment at the business place or the production place, in the cases of a new investment project or a capital increase project.

Article 21

The profit-seeking enterprise whose fiscal year does not begin from 1 January of each calendar year shall be subject to the application of the provisions set out in the Act commencing from the fiscal year of 2006.

Article 22

These Enforcement Rules shall take effect on 1 January 2006, except for the provisions set forth in Article 18 hereof, which shall take effect on 1 January 2007; and the portion of the provisions requiring the addition of the amount specified in Subparagraph 1, Paragraph 1, Article 12 of the Act and the provisions as set out in Article 15 of the Act and Paragraph 1, 2 of Article 14 of the Act shall take effect from the enforcement date as specified in Subparagraph 1, Paragraph 1, Article 12 of the Act.

The amended articles of the Enforcement Rules shall take effect on the date of promulgation. The amended provisions of Articles 5, 12 and 18 of the Enforcement Rules with the date of promulgation on 2 November 2012 shall be implemented in fiscal year 2013. The amended provisions of Articles 12, 14 and 18 of the Enforcement Rules with the date of promulgation on 13 June 2018 shall take effect on 1 January 2018. The amended provisions of Subparagraph 12, Article 3 of the Enforcement Rules with the date of promulgation on 22 February 2022 shall take effect on 1 January 2022, Article 5 of the Enforcement Rules shall take effect on 1 July 2021, and the Article 14 of the Enforcement Rules shall take effect on 1 January 2021.

Note: In case of any discrepancy between the English version and the Chinese text of this Act, the Chinese text shall govern.