Content

Title：	Regulations Governing the Valuation and Recognition of Collateral Accepted by Tax Authorities Ch
Date：	2020.11.10
Legislative：	1. Promulgated per the Order of Tai-Tsai-Shuei-Tze No. 791187710 issued by the Ministry of Finance on April 26, 1990. 2. Amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10904663700 issued by the Ministry of Finance on November 10, 2020; the title was revised to “Regulations Governing the Valuation and Recognition of Collateral Accepted by Tax Authorities.”
Content：	Article 1 These Regulations are enacted pursuant to the provisions set out in Paragraph 2, Article 11-1 of the Tax Collection Act (hereinafter referred to as “the Act”). Article 2 Where a taxpayer provides gold as collateral for tax payment, the local Gold and Jewelry Trade Association shall be commissioned, together with personnel designated by the tax authorities, to appraise its weight and purity. The value of the gold shall be calculated at 90 percent of the amount proportionally converted from the selling price per kilogram of 99.99 percent pure gold bars as announced by the Bank of Taiwan on the day prior to the date the collateral is provided. Where no selling price is available on the day prior to the date the collateral referred to in the preceding paragraph is provided, the value shall be calculated at 90 percent of the amount proportionally converted from the available selling price on the most recent day prior to that day. The appraisal fee referred to in Paragraph 1 shall be borne by the taxpayer. Article 3 Where a taxpayer provides foreign currency as collateral for tax payment, only those currencies quoted by designated foreign exchange banks shall be accepted. The value shall be calculated at 80 percent of the amount converted into New Taiwan Dollars using the closing bid rate on the day prior to the date the collateral is provided. Where no closing bid rate is available on the day prior to the date the collateral referred to in the preceding paragraph is provided, the value shall be calculated at 80 percent of the amount converted into New Taiwan Dollars using the available closing bid rate on the most recent day prior to that day. Article 4 Where a taxpayer provides listed or OTC-listed securities as collateral for tax payment, the value shall be calculated at 80 percent of the amount determined in accordance with the following rules by type of security:

1.Shares and beneficial certificates: The value shall be calculated based on the closing price on the day prior to the date the collateral is provided. However, for initial listed shares for which the five-day price fluctuation limit is not applicable pursuant to Paragraph 2, Article 63 of the Operating Rules of the Taiwan Stock Exchange Corporation, or initial OTC-listed shares for which the five-day price fluctuation limit is not applicable pursuant to Paragraph 4, Article 55 of the Taipei Exchange Rules Governing Securities Trading on the TPEx, the value shall be calculated based on the weighted average transaction price on the day prior to the date the collateral is provided.
2.Corporate bonds: The value shall be calculated based on the par value.
3.Listed or OTC-listed securities other than those specified in the preceding two subparagraphs, where the terms of the issuance agreement, the relevant rules of the Taiwan Stock Exchange Corporation, or the Taipei Exchange do not restrict the provision of such securities as collateral, and the tax authorities have comprehensively assessed that the characteristics of such securities do not affect the collection of the tax payment: The value shall be calculated based on the closing price on the day prior to the date the collateral is provided.
Where no closing price is available on the day prior to the date the collateral referred to in the main text of Subparagraph 1 or 3 of the preceding paragraph is provided, the value shall be calculated based on the available closing price on the most recent day prior to that day. Where no weighted average transaction price is available on the day prior to the date the collateral referred to in the proviso of Subparagraph 1 of the preceding paragraph is provided, the value shall be calculated based on the available weighted average transaction price on the most recent day prior to that day.
Where there are significant fluctuations in the closing prices of listed or OTC-listed securities referred to in the main text of Subparagraph 1 or 3 of Paragraph 1, or the first part of the preceding paragraph, the value shall be based on the average of the daily closing prices of the listed or OTC-listed securities over the one-month period prior to the date the collateral is provided.
The weighted average transaction prices referred to in the proviso of Subparagraph 1 of Paragraph 1 and the latter part of Paragraph 2 shall be calculated by dividing the total transaction amount by the total number of shares traded, as disclosed on the official websites of the Taiwan Stock Exchange Corporation or the Taipei Exchange.
Where a taxpayer provides listed or OTC-listed securities as collateral, the tax authorities shall not be required to refund or notify the taxpayer to make up the difference in the event of any increase or decrease in the market price resulting in a discrepancy with the collateral amount.

Article 5
Where a taxpayer provides land that is readily marketable, free from any dispute over proprietary rights, and sufficient to fully cover the tax payment, or houses that have been registered for ownership, as collateral for tax payment, the value of the land shall be calculated by adding 20 percent to the assessed present value of the land, and the value of the

house shall be calculated by adding 20 percent to the current value of the house as assessed by the tax authorities. However, if the taxpayer provides any of the following documentation showing the current market value and such documentation is verified as accurate by the tax authorities, the value may be determined accordingly:
1.Market prices published in newspapers or magazines.
2.The weighted average selling price of real estate recorded among companies operating in the same industry within each municipality or county (city).
3.Appraisal reports prepared by real estate appraisers.
4.The loan-assessed value of buildings and land as appraised by a bank.
5.Selling price estimated based on transaction data from major real estate agencies, with commissions deducted.
6.The selling price of public real estate sold through court auctions or by the National Property Administration and other relevant authorities.
7.Other fair and objective data on the current market value of land or buildings.
8.Where multiple types of market value data are available, the average thereof may be used as the market value.
Where land or buildings have been encumbered with other rights, the tax authorities shall, in addition to estimating the collateral value of such land or buildings in accordance with the preceding paragraph and Article 6, deduct the value of such rights or the amount of the secured claim. However, where the collateral secures tax obligations entitled to preferential satisfaction pursuant to Paragraph 2, Article 6 of the Act, such deduction shall not be required.
When estimating the value of land in accordance with the preceding two paragraphs, the tax authorities shall not deduct the estimated amount of land value increment tax payable.

Article 6
Where a taxpayer provides land used for roads as collateral for tax payment, such land shall be accepted only if it has been included in the land expropriation compensation plan by the competent acquiring authority, with a compensation budget prepared and approved by the budget-reviewing authority. The value shall be calculated based on the compensation amount approved by the budget-reviewing authority, and Paragraph 1 of the preceding article shall not apply.

Article 7
Where a taxpayer provides property other than those specified in Subparagraphs 1 to 4 of Paragraph 1 of Article 11-1 of the Act as collateral for tax payment, the tax authorities shall first investigate and confirm that such property is readily marketable, suitable for safekeeping, free from any dispute over proprietary rights, and that its value is determined, and shall thereafter submit the case to the Ministry of Finance for approval.

Article 8
Where the property that owned by a third party is provided by a taxpayer as

	collateral for tax payment, the consent of such third party shall be obtained. If the third party is organized as a company or a foundation, the provision of such collateral shall comply with Paragraph 1, Article 16 of the Company Act or Paragraph 1, Article 20 of the Foundations Act, under which the provision of a guarantee must be permitted by other applicable laws, the company’s articles of incorporation, or the foundation’s charter of endowment. Article 9 These Regulations shall come into force from the date of promulgation.

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