Content

Title：	Regulations Governing Application of Investment Tax Credits to Private Institutions Participating in Transportation Infrastructure Projects Ch
Date：	2006.12.21
Legislative：	1.Promulgated per the Order of Tai-Tsai-Tze No. 30251 issued by the Executive Yuan on August 16, 1995. 2.Full text of 15 articles amended and promulgated per the Order of Tai-Tsai-Tze No. 0950055612 issued by the Executive Yuan on December 21, 2006. 3.Full text of 17 articles amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10800518470 issued by the Ministry of Finance on April 8, 2019.
Content：	**Article 1** These Regulations are enacted pursuant to Paragraph 3, Article 29 of the Statute for the Encouragement of Private Participation in Transportation Infrastructure Projects (hereinafter referred to as the "Statute"). **Article 2** The following terms as used in these Regulations shall be defined as follows: 1. "Construction and operation equipment" (1) "Construction equipment" shall mean equipment required to be used directly to construct transportation infrastructure projects. (2) "Operation equipment" shall mean the machinery and the equipment, building(s) and essential constructional facilities as required for the provision of relevant services by any transportation infrastructure. 2. "Construction and operation technologies" shall mean the technologies satisfying either of the following conditions: (1) Patents or know-how required for use on construction or operation equipment referred to in the preceding item; or (2) Know-how or package software as required for performing computer-aided design or management. 3. "Pollution control equipment" shall mean the equipment which

processes, inspects and tests or monitors or classifies the pollution sources or waste generated or recycled in the process of distribution or operation so as to make them in conformance to environmental protection criteria or requirements, including those for air pollution control, noise and vibration control, water pollution control, waste disposal or recycling, environmental inspection, environmental monitoring and necessary civil engineering construction works and facilities.

4. "Pollution control technology" shall mean patent or know-how for exclusive use in support of the operation of the equipment referred to in the preceding item.

5. "Current year" shall mean the year in which the Construction and operation equipment or the Construction and operation technology, or the Pollution control equipment or the Pollution control technology is delivered.

Article 3

Where the total procurement cost of equipment or technology for construction by a private institution participating in a transportation infrastructure project for self-use in the same taxable year exceeds NT$600,000, a portion of such procurement cost as calculated according to the following percentages may be credited against its profit-seeking enterprise income tax payable for the current year. Where the amount of profit-seeking enterprise income tax payable for the current year is less than the creditable amount, the balance of such creditable amount may be credited against profit-seeking enterprise income tax payable in the ensuing four years.

1. For purchase of construction or operation equipment, 7% of the procurement cost can be credited against tax.

2. For purchase of construction or operation technology, 5% of the procurement cost can be credited against tax.

Equipment eligible for tax benefit under Subparagraphs 1 and 2 of the preceding
paragraph shall be limited to brand-new equipment.

Article 4

Where the total procurement cost of equipment or technology for pollution control purchased by a private institution participating in a transportation
infrastructure project for self-use in the same taxable year exceeds NT$600,000, a portion of such procurement cost as calculated according to the following percentages may be credited against its profit-seeking enterprise income tax payable for the current
year. Where the amount of profit-seeking enterprise income tax payable for the current year is less than the creditable amount, the balance of such creditable amount may be credited against profit-seeking enterprise income tax payable in the ensuing four years.

1. For purchase of pollution control equipment, 7% of the procurement cost can be credited against
tax.

2. For purchase of pollution control technology, 5% of the procurement cost can
be credited against tax.

Pollution control equipment eligible for tax benefit under Subparagraph 1 and 2 of the preceding paragraph shall be limited to brand-new equipment.

Article 5

The construction and operation equipment or construction and operation technologies, or the pollution control equipment or pollution control technologies
purchased for self-use by a private institution to which the investment credit provided for under these Regulations applies shall meet the following requirements:

1. The
purchase order(s) shall be placed within two (2) years from the date on which the construction
and operation plan of the private institution is approved by the competent authority; and the delivery of the

equipment or technologies shall be completed within three (3) years after the date on which the purchase order is placed. In the case that, due to special circumstances, the purchase or delivery fails to meet the prescribed time limit, an application stating therein the reasons for an extension of the said deadlines shall be filed with the Ministry of Transportation and Communications for its referral of such extension application to the Ministry of Finance for approval.

2. An application for issuance of certification documents shall be filed with the Ministry of Transportation and Communications within six (6) months from the day following the delivery date of such equipment. When filing an application for an approval of the application of the investment credit benefit to the construction and operation equipment and pollution control equipment purchased for self-use, the scheduled installation completion date or the scheduled commencement date of use of such equipment shall be indicated in the said application to be filed.

3. The application for income tax deduction shall be filed with the tax collection authority by submitting the certification documents obtained under the preceding item and the original vouchers justifying the purchase costs thereof.

The date on which the purchase order is placed referred to in item 1 of the preceding paragraph shall be identified in accordance with the following rules:

1. For the construction and operation equipment or the pollution control equipment purchased from foreign manufacturers: The date of filing an import permit for such equipment shall be taken as the placement date of the purchase order; or in the absence of such an import permit, then the date of

the letter of credit (L/C), the document against payment (D/P), the document against acceptance (D/A) or the exchange settlement certificate
which is issued by a bank and sufficient to justify the purchase of such imported equipment shall be taken as the placement date of such foreign made equipment; or in the absence of any of the foregoing certification documents, then the date of shipment or
the importation date of such equipment shall serve the purpose. However, if such foreign-made equipment is purchased through a sales agent, distributor, trading company or leasing company, then the date of the purchase agreement or the date of a relevant financing
facility agreement shall be taken as the placement date of the purchase order required herein above.

2. For the construction and operation equipment or the pollution control equipment purchased from domestic manufacturers: The date of the purchase agreement or the date of a relevant
financing facility agreement shall be taken as the placement date of the purchase order required herein above.

3. For the construction and operation technologies, or the pollution control technologies purchased from domestic and/or foreign sources: The date of the purchase agreement shall
be taken as the placement date of the purchase order.

4. For the construction to be purchased as operation facilities:
(1) For the brand-new construction purchased directly from other person(s): The execution date of the
purchase agreement shall be taken as the placement date of such new construction; and for the brand-new construction constructed by a contractor under an investment project initiated by the said private institution participating in a public transportation
infrastructure project, the execution date of the building construction agreement shall be taken as the placement date of the purchase order.

(2) Brand-new construction to be constructed by the private institution participating in a public transportation infrastructure project on its own. The date of the construction permit issued by the competent authority shall be taken as the placement date of the purchase order.

The delivery date referred to in Item 1 of the preceding paragraph shall be identified in accordance with the following rules:

1. For the construction and operation equipment or the pollution control equipment purchased from foreign manufacturers: The date of arrival of the shipment of such equipment at the port of entry into the Republic of China shall be taken as the delivery date of such equipment. However, if such foreign-made equipment is purchased through a sales agent, distributor, trading company or leasing company, then the date of arrival of the shipment of such equipment at the business place of the said private institution shall be taken as the delivery date of such equipment.

2. For the construction and operation equipment or the pollution control equipment purchased from domestic manufacturers: The date of arrival of the shipment of such equipment at the business place of the said private institution shall be taken as the delivery date of such equipment. However, if any civil engineering work and water and electricity supply systems installation work are associated with the pollution control equipment purchase project, then the date of completion of such civil engineering work and the water and electricity supply systems installation work shall be taken as the delivery date of such equipment.

3. Where the equipment purchase completion certificate can be applied for only upon completion of purchase of all the equipment under the same transportation infrastructure

project:
The delivery date of the last batch of equipment shall be taken as the delivery date of such equipment. Where all the equipment required is purchased in a package deal under a same-purchase certificate, the foregoing delivery date identification rule shall
apply mutatis mutandis.

4. For the construction and operation technologies or the pollution control technologies purchased: The payment date of the purchase price shall be taken as the delivery date of
such technologies; whereas, in the case that the purchase price is paid in installments, then the date of the payment of the first installment shall be taken as the delivery date of such technologies.

5. For the construction purchased as operation facilities:
(1) For the brand-new building(s) purchased from other person(s): The date of completion of the ownership registration of such construction shall be taken as the delivery date thereof; and for the brand-new building(s) constructed by a contractor under an investment project initiated by the said private institution participating in a public transportation infrastructure
project, the date on which the building(s) is(are) actually constructed and delivered to the said private institution participating in a public transportation infrastructure project shall be taken as the delivery date of such building(s). Whereas, in the case
that the completion date of the construction can not be investigated, then the date of the issuance of the occupation permit of the building(s) by the competent authority shall be taken as the delivery date of such building(s).
(2) For the building(s) constructed by the said private institution participating in a public transportation infrastructure project: The date of issuance of the occupation permit of the building(s) by the competent authority shall be taken as the delivery date of such building(s).

With regard to the case where the equipment purchase completion certificate can be applied for only upon completion of purchase of all the equipment under the same transportation infrastructure project as set forth in Item 3 of the preceding paragraph, such equipment shall refer to the equipment which is purchased under a building or an operation plan approved by the competent authority, and such equipment as is associated with other equipment under the same transportation infrastructure project, and the lack of any such equipment is sufficient to affect the completion of the said transportation infrastructure and the provision of relevant services by such transportation infrastructure; or the equipment must be able to operate jointly with its respective auxiliary equipment before being capable of performing its respective designed function(s).

Article 6

The term "purchase" as used herein shall include purchase with payments by installments and financial leases.

In the case that the financial lease arrangement referred to in the preceding paragraph involves two (2) or more lessees, the equipment shall be limited to those in respect of which the percentage of the right to use or the ownership obtained by each lessee is equally proportional to the consideration paid by each lessee.

Article 7

Where the amount of expenditures invested in research and development by a private entity participating in a transportation infrastructure project in the same taxable year aggregates to NT$3,000,000 or exceeds 2% of its net business revenue, the private institution participating in a transportation infrastructure project may credit 15% of such investment expenditure against its profit-seeking enterprise income tax payable for that current year; in the case that the investment expenses aggregate to NT$3,000,000 and exceed 3% of its net business revenue in that current year, the private institution participating in a transportation infrastructure project may credit 20% of the excessive portion in its business revenue

against its profit-seeking enterprise income tax payable for that current year; and in the case that the amount so deductible exceeds the amount of the amount of profit-seeking enterprise income tax
payable by it in that current year, the excess amount may be used to offset the profit-seeking enterprise income tax payable in the ensuing four (4) years.

The expenditures invested in research and development as referred to in the preceding paragraph shall include the following costs disbursed by a private
institution participating in a transportation infrastructure project for the purpose of improving its building and operation technologies:

1. Salaries paid to the professional research personnel of the research and development unit;

2. Costs incurred by the building and operation department for improving its construction and operation technologies;

3. Costs of consumable materials, raw materials and samples used by the research and development unit;

4. Purchase price of instruments, equipment or instrumental and professional application software exclusively used by the research and development unit;

5. Depreciation or rental of the building(s) used exclusively by the research and development unit;

6. The amortized expenses incurred in the current year for patents, know-how, and copyright(s) purchased solely for the purpose of research and development, except for the payment
of purchase price paid according to the operation volume at a prescribed rate or for periodic payments of purchase prices paid at prescribed amounts;

7. Fees for committing local college(s) or university(ies) or research institute(s) to conduct research programs or for retaining professors of local college(s) or university(ies)

or researcher of research institute(s); and

8. Other expenditures as may be individually approved as research and development expenses by the Ministry of Transportation and Communications and the Ministry of Finance.

Article 8

Where the expenditures invested in personnel training by a private institution participating in transportation infrastructure projects in the same taxable year amount to NT$600,000, the said private institution may credit such investment expenditures at the rate of 15% against its profit-seeking enterprise income tax payable for that current year; in the case that the amount so deductible exceeds the profit-seeking enterprise income tax payable by it in that current year, the excess amount thereof may be used to offset the profit-seeking enterprise income tax payable by it in the ensuing four (4) years.

The expenditures invested in personnel training referred to in the preceding paragraph shall mean the following expenses disbursed by a private institution participating in transportation infrastructure project(s) for training its employees, conducting training programs in connection with its business activities or assigning its employees to receive such training:

1. Hourly pay and traveling expenses paid to the training instructors;

2. Traveling expenses of the trainees and the fees paid by them to the training entity;

3. Fees of training materials, practice materials, stationeries, medical care expenses, insurance premiums, observation fees of teaching programs, subscriptions to books and magazines, meal allowance during training periods, training place charges, and costs of training equipment of which the service life is less than two (2) years;

4. Fees for enrollment in skill certification; and

5. Other expenditures as individually approved by the Ministry of Transportation and Communications and the Ministry of Finance to be the expenditures for personnel training purposes.

The term "conducting" referred to in Paragraph 2 above shall include the conduct of training programs by the private institution on its own, jointly with other entity(ies) or by other entity(ies) under the commission of the said private institution participating in transportation project(s).

Article 9

The research and development expenditures and personnel training expenditures of a private institution to which the investment credit incentive under these Regulations applies shall be based on the amount as assessed by the tax collection authority.

Article 10

A private institution which invests in research and development and personnel training projects pursuant to the provisions of these Regulations shall, when filing its profit-seeking enterprise income tax return for the current year, file an application in the form of the prescribed format accompanied by the relevant documents set forth below to the local tax collection authority for assessment and approval of its investment expenditures:

1. For the research and development expenditures:
(1) The organizational chart and the roster of research personnel of the private institution;
(2) List of instruments and equipment or instrumental and professional application software purchased in the current year solely for research and development purposes;
(3) Layout plan of the research and development unit and the ratio of the area used by such R&D unit to the total area of the building where the unit is located;

(4) Contract(s) or supporting documents evidencing the patent right(s), technical know-how, or copyright(s) purchased and the calculation statements for amortizing such investment expenditures;
(5) Research plans and the records or reports of the research activities conducted; and
(6) Other relevant evidentiary documents.

2. For the personnel training expenditures:
(1) The personnel training plans;
(2)The roster(s) of trainees and the report(s) on the status of the implementation of the training plan; and
(3)Other related certifying documents.

The format of the application form referred to in the preceding paragraph shall be formulated by the Ministry of Finance.

Article 11

Where any of the construction and operation equipment or technologies, or the pollution control equipment or technologies, or the research instruments, equipment, instrumentals and/or professional application software which are procured by a private institution entitled to the investment credit benefit under these Regulations is under any of the following circumstances, the said private institution shall make supplemental payment(s) to the tax collection authority for the profit-seeking enterprise income tax previously deducted, and shall concurrently pay the interest accruable on such deducted income tax for the period from the day following the filing date of its profit-seeking enterprise income tax return for the applicable taxable year till the payment date of the foregoing supplemental income tax at the same daily interest rate adopted by the Chunghwa Post Co., Ltd. for application to the one-year time deposit account:

1. In the case that the construction and operation equipment or the construction and operation technology, or the pollution control equipment and/or the pollution control technology

can not be completely installed or used before the scheduled date, and no application for extension of time limit, with proper reason indicated, is filed with the authority-in-charge and forwarded in due process to the tax collection authority before the deadline,

2. In the case that the construction and operation equipment or construction and operation technology or the pollution control equipment or pollution control technology has been sublet, leased, or resold to another person, rejected, auctioned, scrapped, stolen, withdrawn by another person, or the original purpose of application thereof has been changed, or is being used by a person other than the applicant within three (3) years from the date following the delivery date thereof; or

3. In the case that the instruments and equipment or the instrumental and professional application software purchased in the current year solely for research and development purposes has been sublet, leased, or resold to another person, rejected, scrapped or used not exclusively by the research and development unit within three (3) years from the date following the purchase date thereof.

The provisions set out in the preceding paragraph shall not apply if the scrapping process referred to Subparagraphs 2 and 3 of the preceding paragraph is due to force majeure such as earthquake, storm, flood, drought, plagues of insects, fires, wars, etc.

Where any equipment, technology or instrument is scrapped under the provisions set forth in Subparagraphs 2 and 3 of Paragraph 1 as a result of any cause of force majeure, a list of loss and damages and relevant supporting documents shall be submitted, within 15 days from the day following the date of the occurrence of such disaster, along with an application to be filed with the competent tax collection authority for its information and its conductance of a site survey provided, however, that if such procedure for the reporting

of damage can not be effected within the said deadline, an application for extension of the reporting deadline may be filed prior to the expiration
of the initial deadline under the condition that the duration of such extended deadline shall not exceed 15 days, and that only one request for the extension is permitted.

Article 12

For the construction and operation equipment or the construction and operation technologies, or the pollution control equipment or the pollution control
technology, the research and development plans, and the personnel training programs included in an investment credit benefit application filed under these Regulations, in the case that the data and information pertaining to the procurement transactions, the
purchase prices(costs) and/or the expenses/expenditures shown in the original supporting vouchers and certificates presented by the applicant are found by the tax collection authority to contain false statements, the case shall be dealt with in accordance
with the relevant provisions set forth in the Taxation Collection Act and the Income Tax Act.

Article 13

These Regulations shall not apply to the construction and operation equipment and/or construction and operation technology, the pollution control equipment
and/or pollution control technology purchased by a private institution, nor to the research and development expenditures and personnel training expenses invested by the said private institution, in the case that such purchase costs and such investment expenditures
have been granted investment credit benefit under other laws and regulations.

Article 14

When a private institution applies for its entitlement to the application of the investment credit benefit and thereby reduces its income tax burden
in accordance with the provisions set out in Article 29 of the Statute, the tax deduction rate applicable at the time of purchase shall prevail; whereas, if a private institution has completed the process of signing a transportation infrastructure construction

and operation agreement in accordance with the provisions set out in Article 38 of the Statute or has completed the planning process of a transportation infrastructure construction project initiated on its own and has obtained the approval of the competent
authority prior to this 2006 amendment to these Regulations, then the tax reduction rate applicable at the time of execution of the said agreement or the approval of the said self-initiated project shall prevail.

Article 15

These Regulations shall come into force from the date of promulgation.

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