Content

Title：	Explanatory Decree on the Recognition of Interest on Funds Connected with the Operation of Ships or Aircraft in International Traffic Derived by Singapore Enterprises as Profits from Such Operation under the Renewed Taiwan-Singapore Income Tax Agreement Ch
Date：	2026.09.11
Legislative：	Issuance of Explanatory Decree No. 11524512390 by the Ministry of Finance on September 11, 2026.
Content：	※Should discrepancy due to translation occur, the Chinese version shall prevail. 1. Where an enterprise of Singapore operates ships or aircraft in international traffic within Taiwan and is subject to income tax under the provisions of the Income Tax Act and its relevant regulations, in applying the provision of Paragraph 3 of Article 8 (Shipping and Air Transport) (hereinafter referred to as “this Paragraph”) of the Agreement Between the Taipei Representative Office in Singapore and the Singapore Trade Office in Taipei for the Elimination of Double Taxation with Respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance, signed on December 31, 2025, the term “interest on funds connected with…” prescribed therein shall, in principle, refer to interest generated from the amount of working capital actually registered by such enterprise in accordance with relevant laws and regulations of Taiwan. 2. Where an enterprise referred to in the preceding point is exempt from registering working capital in Taiwan pursuant to the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) or other relevant laws and regulations, the cap on interest eligible under this Paragraph may be calculated based on the minimum working capital required by Taiwan’s shipping or air transport laws and regulations applicable to the enterprise’s business (either shipping or air transport) at the time the interest is received. (For instance, NT$12 million for enterprises operating ships in international traffic pursuant to Article 21 of the current Regulations for Administrating Vessel Carriers; NT$0 for enterprises operating aircraft in international traffic, as the current Regulations of Foreign Civil Air Transport Enterprise imposes no minimum working capital requirement.) 3. Interest under this Paragraph shall not include interest derived from funds used for financial activities such as group treasury operations or short-term investments.