Content

Title：	Directions on the Levying of Business Tax on Cross-Border Electronic Services Transactions Ch
Date：	2017.04.24
Legislative：	History Note: In case of any discrepancy between the English version and the Chinese text of these Regulations, the Chinese text shall govern. Promulgated by the Ministry of Finance on 24 April 2017 under Decree No. 10600549520
Content：	1.These directions stipulate the levying of business tax on the sales of electronic services to domestic individuals by a foreign enterprise, institution, group, or organization having no fixed place of business within the territory of the Republic of China (R.O.C) as a business entity (hereinafter referred to as the offshore electronic services business entity) pursuant to the provisions of the Value-Added and Non-Value-Added Business Tax Act (hereinafter referred to as the Business Tax Act) and other relevant laws and regulations. 2.The terms used in these directions are defined as follows: 2.1 Electronic services: (1)The services used are downloaded via the Internet or other electronic tools and saved to computers or mobile devices (such as smartphone, tablet computer, etc.) for use. (2)The services are used online or via other electronic tools without being saved into any devices, including services used in digital form, like online games, advertisements, audio-visual browsing, voice frequency broadcasting, information contents (such as movies, soap operas, music, etc.) and interactive communications. (3)Other services used are supplied through the Internet or other electronic tools; for example, the services are supplied through the online platforms set up by an offshore electronic business entity and used at a physical location. 2.2 Domestic individuals: (1)In the case that the services purchased are used without a physical location, the persons who have domiciles or residence within the territory of the R.O.C. or the persons under the following situations: a.Those who use computers or mobile devices for linking to the Internet or other electronic tools through technologies such as electronics, wireless, and optical fiber to purchase services, their equipment, or devices installed within the territory of the R.O.C. b.Those who use mobile devices to purchase services, the country code of their mobile phones is 886. c.Those who can be deduced to be domestic individuals from any information relevant to transactions, such as the billing address, bank account for payment, IP address of equipment or devices, SIM card of a device, etc. (2)In the case that the services purchased are used at a physical location within the territory of the R.O.C, the persons who purchase the services.

The location of services used is identified as follows:
a.Where there is an association between the services supplied and the real estate (such as accommodation services or building repair services, etc.), the real estate is within the territory of the R.O.C.
b.Where the transportation service is supplied, the location of services used is within the territory of the R.O.C.
c.Where the services in various forms of performances, exhibitions, etc. are supplied, the location of services used is within the territory of the R.O.C.
d.For other services used whose location is within the territory of the R.O.C.
3.Taxation registration:
3.1 An offshore electronic services business entity selling electronic services to domestic individuals with an annual sales amount exceeding NT$480,000, shall apply to the competent taxation authority by itself or appointing a tax-filing agent on its behalf to handle the taxation registration pursuant to Article 28-1 of the Business Tax Act and Chapter 3 of the Regulations Governing Taxation Registration (hereinafter referred to as the Registration Regulations).
3.2 An offshore electronic services business entity or the appointed tax-filing agent shall download the taxation registration application form and apply for taxation registration online at the taxation registration platform of the Ministry of Finance (https://www.etax.nat.gov.tw/etwmain/front/ETW118W/VIEW/970) and upload the electronic document as required in Article 14 of the Registration Regulations.
3.3 When an offshore electronic services business entity receives notification from the competent tax authority upon the approval of the taxation registration, it shall make use of its uniform serial number, tax serial number, and registration number of its home country of registration contained within the notification to apply for an exclusive account number and password at the taxation registration platform of the Ministry of Finance (https://www.etax.nat.gov.tw/etwmain/front/ETW118W/VIEW/975). The offshore electronic services business entity can then make any subsequent changes to the taxation registration, file and pay business tax, as well as upload or download relevant official documents online.
3.4 Once the taxation registration application from the offshore electronic services business entity is approved by the competent tax authority, the tax authority shall notify the applicant in writing. If the offshore electronic services business entity appoints a tax-filing agent for the application on its behalf, the notification shall be given to the agent. When necessary, the tax authority may notify the offshore electronic services business entity. If the offshore electronic services business entity agrees, the notification of all official documents may be made electronically, and the offshore electronic services business entity or the tax-filing agent can log in to the taxation registration platform of the Ministry of Finance (https://www.etax.nat.gov.tw/etwmain/ETW101W_IDF?redirectUrl=/front/ETW304W/list) and downloads official documents with its account number and password.
3.5 Where there are any changes in taxation registration (including changes

in a tax-filing agent, duration of appointment, or scope of appointment), the offshore electronic services business entity shall, within fifteen days from the occurrence of the facts, apply for modification registration at the taxation registration platform of the Ministry of Finance.
3.6 Prior to the temporary suspension of a business or the resumption of business after suspension, the offshore electronic services business entity shall file for approval and recordation at the taxation registration platform of the Ministry of Finance.
3.7 Under any of the circumstances specified in Article 17 of the Registration Regulations, an offshore electronic services business entity shall apply for cancellation of registration at the taxation registration platform of the Ministry of Finance within fifteen days from the date of occurrence of the facts.
3.8 The competent tax authority may nullify the taxation registration ex officio if any of the circumstances referred to the events in subparagraph 1 or 2 of Article 17 of the Registration Regulations occurs and the offshore electronic services business entity has not applied for cancellation of registration after six months even if such entity has been notified by the tax authority.
4.The scope and method of tax levy:
4.1 An offshore electronic services business entity who sells electronic services to domestic individuals via its own website or sales electronic system and collects the full payment for the service shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
4.2 A foreign enterprise, institution, group, or organization having no fixed place of business within the territory of the R.O.C. (hereinafter referred to as the foreign supplier A), which sells electronic services to the domestic individual 乙(note 1) via the website or sales electronic system set up by the offshore electronic services business entity B collects the full payment for the service:
(1)The sales of the service is used without a physical location:
a.The foreign supplier A is classified as an offshore electronic services business entity. If it shall apply for taxation registration in conformity with Subparagraph 1 of the preceding point, there supposed to file and pay business tax based on the full payment for the service from the purchaser乙 in accordance with Article 35 of the Business Tax Act.
b.The service fee (e.g., administration fee or commission) charged by the offshore electronic services business entity B from the foreign supplier A is not subject to the scope of business tax levy by the R.O.C.
(2)The sales of the service is used at a physical location:
a.If the aforesaid location is within the territory of the R.O.C.:
(a)The foreign supplier A is classified as an offshore electronic services business entity. If it shall apply for taxation registration in conformity with the Subparagraph lof the preceding point, there supposed to file and pay business tax based on the full payment for the service from the purchaser乙in accordance with Article 35 of the Business Tax Act.
(b)The service fee (e.g. administration fee or commission) charged by the offshore electronic services business entity B from the foreign supplier A is not subject to the scope of business tax levy by the R.O.C.
b.If the aforesaid location is not within the territory of the R.O.C., this

is not subject to the scope of business tax levy by the R.O.C.
4.3 The foreign supplier A sells electronic services to the domestic individual乙via the website or sales electronic system set up by the offshore electronic services business entity B, and the offshore electronic services business entity B collects the full payment for the service:
(1)The sales of services is used without a physical location:
a.The offshore electronic services business entity B who collects the full payment for the service from the purchaser乙shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
b.The payment for the service charged by the foreign supplier A from an offshore electronic services business entity B is not subject to the scope of business tax levy by the R.O.C.
(2)The sale of services is used at a physical location:
a.If the aforesaid location is within the territory of the R.O.C.:
(a)The offshore electronic services business entity B who collects the full payment for the service from the purchaser乙shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
(b)The price payment for the service charged by the foreign supplier A from an offshore electronic services business entity B is not subject to the scope of business tax levy by the R.O.C.
b.If the aforesaid location is not within the territory of the R.O.C., this is not subject to the scope of business tax levy by the R.O.C.
4.4 The domestic business entity甲(note 2) sells electronic services to the domestic individual乙via the website or sales electronic system set up by the offshore electronic services business entity B and collects the full payment for the service:
(1)The sales of service is used without a physical location:
a.The domestic business entity甲who collects the full payment for the service from the purchaser乙shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
b.The domestic business entity甲who pays the service fee (e.g., administration fee or commission) to the offshore electronic services business entity B shall file and pay business tax in accordance with Paragraph 1, Article 36 of the Business Tax Act.
(2)The sale of services is used at a physical location:
a.If the aforesaid location is within the territory of the R.O.C.:
(a)The domestic business entity甲who collects the full payment for the service from the purchaser乙shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
(b)The domestic business entity甲who pays the service fee (e.g., administration fee or commission) to the offshore electronic services business entity B shall file and pay business tax in accordance with Paragraph 1, Article 36 of the Business Tax Act.
b.If the aforesaid location is not within the territory of the R.O.C., this is not subject to the scope of business tax levy by the R.O.C.
4.5 The domestic business entity甲sells electronic services to the domestic individual乙via the website or sales electronic system set up by the offshore electronic services business entity B, and the offshore electronic services business entity B collects the full payment for the service:
(1)The sale of services is used without a physical location:

a.The offshore electronic services business entity B who collects the full payment for the service from the purchaser乙shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
b.The domestic business entity甲who collects the payment for the service from the offshore electronic services business entity B shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
(2)The sale of services is used at a physical location:
a.If the aforesaid location is within the territory of the R.O.C.:
(a)The offshore electronic services business entity B who collects the full payment for the service from the purchaser乙shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
(b)The domestic business entity甲who collects the price payment for the service from the offshore electronic services business entity B shall file and pay business tax in accordance with Article 35 of the Business Tax Act.
b.If the aforesaid location is not within the territory of the R.O.C., this is not subject to the scope of business tax levy by the R.O.C.
4.6 The sales of cross-border electronic services in other transaction models not mentioned above are still to be subject to the levy of tax in accordance with the Business Tax Act. If there are any queries, please request the competent tax authority to ask the Ministry of Finance for further explanation.
5.Taxation filing and payment:
5.1 An offshore electronic services business entity who has already conducted the taxation registration shall file and pay business tax within the specified period at the taxation registration platform of the Ministry of Finance (https://www.etax.nat.gov.tw/etwmain/front/ETW118W/VIEW/985) pursuant to Article 35 of the Business Tax Act.
5.2 An offshore electronic services business entity who encounters a merger, ownership transfer, dissolution, or nullification of business shall file and pay business tax of the current period within fifteen days from the occurrence of the facts in accordance with the Article 33 of the Enforcement Rules of Business Tax Act.
5.3 An offshore electronic services business entity obtains the input documentary evidence from domestic business entities which are not nondeductible circumstances pursuant to Paragraph 1, Article 19 of the Business Tax Act and is obtained as a result of sales of electronic services to domestic individuals in conformity with Paragraph 1, Article 38 of the Enforcement Rules of Business Tax Act, the offshore electronic services business entity may deduct input tax from the output tax.
5.4 When an offshore electronic services business entity selling electronic services in foreign currency files the sales amount and business tax payable or overpaid pursuant to Article 35 of the Business Tax Act, the aforesaid amounts shall be converted into New Taiwan dollars at the spot buying exchange rate (if unavailable, the cash buying exchange rate should be adopted) of the foreign currency closing rates as announced by the Bank of Taiwan on the following dates:
(1)The last day of the taxable period(note 3).
(2)Where a business entity encounters a merger, ownership transfer, dissolution, or nullification of business, the last day of the taxable period prior to the taxable period in which the event occurred.

(3)When the last day of the taxable period falls on a Sunday, national holiday, or other holiday, the last day shall be the day following that day, and if the last day of the taxable period falls on Saturday, the last day shall be the Monday of the following week.
5.5 The foreign exchange rate of the dates listed in the preceding Subparagraph is announced at the taxation registration platform of the Ministry of Finance (https://www.etax.nat.gov.tw/etwmain/front/ETW346W?site=en)
5.6 An offshore electronic services business entity shall pay business tax in terms of New Taiwan Dollars, and if the payment is done through remittance, the business entity shall be responsible for the remittance fee and relevant processing fee.
6.In order to investigate the data on the levying of tax, the competent tax authority or the Taxation Administration of the Ministry of Finance may designate tax investigator(s) to conduct an investigation pursuant to Article 30 of the Tax Collection Act, and the offshore electronic services business entity has the obligation to assist in this matter.
7.If an offshore electronic services business entity is involved in the violation of provisions in the process of taxation registration or filing and paying business tax, penalties will be imposed in accordance with the Tax Collection Act, the Business Tax Act, and other relevant regulations.
note1:Chinese symbol for the domestic individual (the purchaser).
note2:Chinese symbol for the domestic business entity.
note3:Taxable period refer to two-month period (e.g., Jan-Feb, Mar-Apr, etc.).

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