Content

Title：	Securities Transaction Tax Act Ch
Date：	2017.04.26
Legislative：	1.Full text (16 articles) promulgated on 19 June 1965 by Presidential Decree. 2.Amendment to Article 2 promulgated on 27 November 1978 by Presidential Decree. 3.Amendments to Articles 2, 8 and 9 promulgated on 30 December 1989 by Presidential Decree. 4.Amendment to Article 2 promulgated on 30 January 1993 by Presidential Decree. 5.Deletion of Article 14 promulgated on 30 July 1993 by Presidential Decree. 6.Amendment to Article 2-1 promulgated on 30 December, 2009 by Presidential Decree. 7.Article 3 to 5, 9, 9-1, 9-2 and 11 amended, and Article 13 deleted on 29 December 2010 by Presidential Decree No. Hua-Tsung-1-Yi 09900353421. 8.Amendment to Article 2-1 promulgated on 30 December, 2016 by Presidential Decree No. Hua-Tsung-1-Yi 10500165221. 9.Amendment to Article 2-2 promulgated on 26 April, 2017 by Presidential Decree No. Hua-Tsung-1-Yi 10600050391.
Content：	Article 1 Trading of securities, with the exceptions of government-issued bonds, shall be subject to securities transaction tax (hereinafter called the "transaction tax") in accordance with the provisions of this Act. The securities described above refer to bonds issued by governments of all levels, shares issued by companies, corporate bonds, and other securities offered to the public with government approval. Article 2 Sellers of securities shall pay transaction tax for each transaction at the following rates based on the transaction amount: 0.3% for shares or share certificates embodying the right to shares issued by companies. 0.1% for corporate bonds and other securities approved by the government. Article 2-1 In order to increase trading in the bond market, help enterprises raise money, and promote the operation of the capital markets, the securities transaction tax levied on corporate bonds and finance bonds shall be suspended during the period from January 1, 2010 to December 31, 2026. In order to promote the operation of listed or OTC-listed exchange-traded funds(ETF) mainly invested in bonds, the levy on securities transaction tax on the beneficial certificates of those funds publicly offered and issued by the securities investment trust enterprises shall be suspended during the period from January 1, 2017 to December 31, 2026. However, this provision does not apply to the beneficial certificates of an ETF that tracks, simulates, or replicates a multiple of the performance of an index or a multiple of the inverse performance of an index. The funds of the preceding paragraph are restricted to investment in government bonds, common corporate bonds, financial debentures, bonds with

repurchase or resale agreements, bank deposits, and interest rate futures contracts.

Article 2-2

Within one year from the date this Article is in effect, the securities transaction tax shall be levied at the rate of ‘1.5‰’ based on the transaction amount for each sell order, instead of applying the provisions set out in Item 1, Article 2, when a buy order and a sell order for a listed or OTC-listed stock is of the same kind and the equal quantity, and is executed on the spot market through the same brokerage account on the same day.

Article 3

Transaction tax shall be collected by the collecting agent on the date of transaction according to the tax rate specified in Article 2 and paid to the national treasury on the following day along with a filled payment slip.
The collecting agent shall give the securities seller a receipt for the transaction tax collected. The receipt can be in the form of a monthly account reconciliation statement when the tax collecting agent is a securities underwriter.
Transaction tax shall be paid to the national treasury by the securities dealer who sells its own securities on the following day along with a completed payment slip. The provisions as provided in Paragraph 1 herein do not apply.
The collecting agent and the securities dealer specified in the former paragraph shall produce a list daily, which documents the names and addresses of sellers of securities, name, quantity, unit price and total price of securities sold, and tax, and file the same with the local tax authority on the following day.

Article 4

The transaction tax collecting agent as provided in this Act shall be as follows:
In the case where securities are sold by securities underwriters, the underwriters handling such transactions will be the collecting agent.
If the securities may be sold by securities brokers approved by the competent authority to engage in securities trading in stock exchanges on behalf of customers, the securities broker will be the collecting agent.
If the securities are transferred directly by the holder to the transferee, the transferee shall be the collecting agent. If securities are auctioned by the court, the transferee of the securities shall be the auction winner.
The transferee in the preceding paragraph cannot apply to change the collecting agent of the trade if the transferee has collected the tax in accordance the relevant provisions and paid the tax.

Article 5

The local tax authority may inspect the books of the collecting agents and the securities dealers and volume and prices of transactions at any time, and, if deemed necessary, conduct investigation of any related organization, public and private, or individuals, or ask them to provide relevant documents for inspection, and such organizations or individuals may not evade, interfere with or refuse the request.

Article 6

Prior to distributing dividends, the securities issuer shall make public announcements in advance to notify the bearer shareholders to make registration, and produce a statement which indicates the names, addresses, Citizen's ID No. of bearer shareholders and amount of dividend to be distributed, and submit the same to the local tax authority.
At the time securities holders carry out registration for distribution of dividends or transfer, the securities issuer shall examine proof of transaction tax payment by the previous holder, and report to the local tax authority if it is found that transaction tax has not been paid.
The securities issuer shall be held liable for back taxes if it fails to report non-payment of transaction tax as described above.

Article 7

For an individual who informs or reports a case of non-collection or under-collection of transaction tax by a collecting agent, or evasion of tax by a securities seller in a fraudulent or other illicit manner, and the case is found to be genuine, the tax authority shall reward the informant with twenty percent (20%) of the fine received and keep the identity of the informant confidential.
The reward provision in this article does not apply to an informant who is a public servant or who has participated in the tax evasion.

Article 8

A collecting agent that fulfills its collection obligations in compliance with the established procedure and time limit is entitled to a reward equal to one thousandth of the tax collected by said agent, up to NT$24 million each year.

Article 9

A collecting agent or a securities dealer who fails to file the securities transaction list or files a fraudulent list to the local tax authority in violation of Paragraph 4, Article 3 shall be subject to a non-filing surcharge of NT$1,500 to NT$3,000.

Article 9-1

If a collecting agent fails to fulfill its obligation to collect transaction tax or under-collects the tax in violation of Paragraph 1, Article 3, the local tax authority may order said agent to pay any back taxes and impose a fine equal to 1 to 10 times the amount of uncollected tax.

Article 9-2

If a securities dealer fails to pay the tax payable, or the voluntary payment of tax falls short or has been under-reported, the securities dealer is required to make supplemental payment thereof and shall be subject to a fine equal to 1 to 10 times the amount of tax evaded.

Article 10

A buyer or seller of securities who evades transaction tax in a fraudulent or illicit manner in violation of this Act shall be imposed a fine equal to 20 times the amount evaded.
The aforesaid fine will be doubled in the case of a collecting agent who commits the same kind of act.

Article 11

A collecting agent or a securities dealer who fails to surrender the transaction tax collected within the time limit as stipulated in Paragraph 1 and 3, Article 3 shall be subject to a delinquency charge in an amount equal to one percent of the amount in arrears for every two days of delay. If the payment of tax is in arrears for thirty days or longer, the case shall be referred for compulsory enforcement.

Article 12

Taxpayers who receive a payment notice from the tax authority according to this Act asking for the payment of a delay penalty shall pay the amount within ten (10) days from the date the payment notice is received.
If the taxpayer refuses to accept the payment notice produced by the tax authority according to this Act, the tax authority may deposit the notice with the local police station, and attach a delivery notice to the door of the taxpayer's domicile or place of business, and the notice is considered served.
If the aforesaid payment notice cannot be delivered due to the unknown whereabouts of the taxpayer, the tax authority may post the content of payment notice on a newspaper for three days consecutively, and the service of notice is deemed valid ten days after the day of posting.

Article 13

(deleted)

Article 14

(deleted)

Article 15

The format of statements and forms provided in this Act will be decided by the Ministry of Finance.

Article 16

This Act shall be implemented upon promulgation.