


Content

Title :	Enforcement Rules of Value-added and Non-value-added Business Tax Act 
Date :	2017.05.01
Legislative :	History <ol style="list-style-type: none"><li>1. Announced on October 2, 1980</li><li>2. Amended on January 29, 1986</li><li>3. Issuance of Decree No. 17786 by the Executive Yuan on 25 June 1988.</li><li>4. Amended Articles 11, 24, 37, 46, 47, 52 and 54 and added Article 16-3 by the Order of Tai (84) Tsai-Tze No.38805 issued by the Executive Yuan on 1 November 1995.</li><li>5. Article 2 deleted by the Order of Tai (88) Tsai-Tze No.25146 issued by the Executive Yuan on 30 June 1999.</li><li>6. Articles 52 amended by the Order of Tai (89) Tsai-Tze No. 16247 issued by the Executive Yuan on 7 June 2000.</li><li>7. Articles 1, 28 and 38 amended by the Order of Tai (90) Tsai-Tze No. 055663 issued by the Executive Yuan on 17 October 2001.</li><li>8. Article 11 amended by the Order of Tai (95) Tsai-Tze No. 0950056732 issued by the Executive Yuan on 13 December 2006.</li><li>9. Articles 3, 6, 7, 7-1, 11, 13-1, 15, 16-1, 16-3, 16-4, 17, 18, 20, 21, 24, 28, 28-1, 29, 30, 32-1, 38, 38-1, 38-2, 51 and 52 amended by the Order of Tai (100) Tsai-Tze No. 1000021481 issued by the Executive Yuan on 22 June 2011 with entry into force on the same day.</li><li>10. Articles 38 and 47 amended by the Order of Tai (100) Tsai-Tze No. 1010007170 issued by the Executive Yuan on 6 March 2012.</li><li>11. Articles 16-4,28,29,38 and 47 amended by the Order of Tai (103) Tsai-Tze No. 1030018242 issued by the Executive Yuan on 2 May 2014.</li><li>12. Article 38 amended by the Order of Tai (104) Tsai-Tze No. 1040064965 issued by the Executive Yuan on 23 December 2015 with entry into force on the same day.</li><li>13. Article 4, 6 and 34 amended; Article 4-1, 11-1, 32-2 and 38-3 added; Article 28-1 deleted by the Order of Tai (106) Tsai-Tze No. 1060010181 issued by the Executive Yuan on 1 May 2017 with entry into force on the same day.</li></ol>
Content :	Chapter 1 General Provisions Article 1 These Enforcement Rules are adopted pursuant to Article 59 of the Value-Added and Non-Value-Added Business Tax Act ("the Act").  Article 2 (deleted)  Article 3 The term "consignee of imported goods" as used in Subparagraph 2 of Article 2 of the Act, means the consignee named in the bills of lading or in the shipping manifest for the imported goods. The term "holder of imported goods" means the person in possession of imported goods for which the taxable amount has not yet been paid.  Article 4 The term "fixed place of business" as used in the Act means a fixed place for operating business of selling goods or services, including head office, administrative office, branch, limited partnership branch, business office, factory, maintenance shop, workshop, machine shop, warehouse, mining field, construction site, show room, liaison office, operating office, service station, operating division, branch store, sales outlet, auction house, and other similar places.

#### Article 4-1

The term "electronic services" as used in Article 2.1 of the Act means services which are in conformance with one of the following conditions:

- 1.The services used are downloaded via the Internet and saved to computers or mobile devices for use.
- 2.The services are used online without being downloaded and saved into any devices.
- 3.Other services used are supplied through the Internet or other electronic tools.

#### Article 5

The term "consideration" as used in Paragraphs 1 and 2 of Article 3 of the Act includes receiving a payment or obtaining goods or services.

#### Article 6

The term "practitioner" as used in Paragraph 2 of Article 3 of the Act means a lawyer, certified public accountant, architect, technician, physician, pharmacist, registered professional midwife (registered midwife), medical technologist (technician), programmer, actuary, real estate appraiser, physical therapist, occupational therapist, dietitian, psychologist, professional land registration agent, bookkeeper, author, broker, scrivener, performer, maritime pilot, program producer, trademark agent, patent attorney, arbitrator, bookkeeping and tax return filing agent, painting or calligraphy artist, printmaker, diviner, artisan, public safety inspector, notary public, and any other person who makes a living through skills or art.

#### Article 7

Terms used in Paragraph 2 of Article 6-1 and Paragraph 9 of Article 7 of the Act are defined as follows:

- 1."Enterprise inside an export processing zone" means an enterprise established in accordance with the Act Governing the Establishment and Administration of Export Processing Zones.
- 2."Enterprise inside a science-based industrial park" means an enterprise established in accordance with the Act Governing the Establishment and Administration of Science-Based Industrial Parks.
3. "Enterprise inside an agricultural technology park" means an enterprise established with approval, in an agricultural technology park in accordance with the Act Governing the Establishment and Administration of Agricultural Technology Parks.
4. "Enterprise inside a free trade zone" means an enterprise established in accordance with the Act Governing the Establishment and Administration of Free Trade Zones.
5. "Bonded factory" means a bonded factory approved by and registered with Customs in accordance with "The Regulations Governing Customs Bonded Factories" .
6. "Bonded warehouse" means a bonded warehouse approved by and registered with Customs in accordance with "The Regulations Governing the Establishment and Administration of Bonded Warehouses" .
7. "Logistics center administered by Customs" means a logistics center approved by and registered with Customs in accordance with "The Regulations Governing Customs Clearance for Goods in Logistics Centers" .

#### Article 7-1

The term "bonded goods" as used in Article 5 and the term "goods" as used in Subparagraphs 8 and 9 of Article 7 of the Act means goods registered by a bonded zone business entity into the relevant ledgers stamped by Customs, or into the computer-processed ledgers, for possible inspections by the supervising Customs.

The term "goods or services for operational use" as used in Subparagraph 4 of Article 7 of the Act means goods or services used for approved trade, warehousing, logistics, container (cargo) distribution, transit, transshipment, forwarding, customs clearance, assembling, sorting, packaging, repairing, fabricating, processing, manufacturing, examining,

testing, exhibition, technical services, and other approved operational uses of bonded goods within a bonded zone, or goods or services for export.

The term "taxable zone" as used in Subparagraph 8 of Article 7 of the Act means any other area of the ROC other than the bonded zones.

#### Article 8

The term "entertainment program" as mentioned in Subparagraph 1 of Article 12 of the Act refers to the existence of any one of the following situations during business hours:

1. The presence of at least two performers playing musical instruments; or
2. The presence of a professional singer or performer.

#### Article 9

The term "small business entity" as used in the Act means a business entity of a small-scale with sporadic transactions, the monthly sales amount of which does not reach the threshold for using uniform invoices.

#### Article 10

The term "other business entities exempted by the Ministry of Finance from reporting sales amounts" as used in the Act refers to the following business entities operating businesses of a special nature:

1. Barbershops and hair salons,
2. Bathhouses,
3. Taxi operations, and
4. Other businesses approved by the Ministry of Finance.

### Chapter 2 Reductions and Exemptions

#### Article 11

A business entity applying for a zero business tax rate on goods or services pursuant to Article 7 of the Act shall submit the following documentary evidence:

1. With the exception of goods declared with Customs for export for which the submission of documentary evidence is not required, if the goods are exported via a postal institution or an express delivery enterprise approved by and registered with Customs in accordance with "The Regulations Governing Customs Clearance Procedures for Express Consignments", and the free on board value of the goods is not more than NT\$50,000, a photocopy of the receipt slip issued by the postal institution or the express delivery enterprise. If, however, the free on board value exceeds NT\$50,000, the goods shall still be declared with Customs for export, and the submission of documentary evidence is not required.
2. For services relating to export or services provided in the ROC but used overseas, if the foreign exchange obtained has been settled for sale to or deposited into a bank designated by the ROC government, the documentary evidence of the foreign exchange sale or deposit issued by the designated foreign exchange bank; if the foreign exchange obtained has not been sold and settled or deposited into a bank designated by the ROC government, a photocopy of the original receipt of the foreign exchange with the amount specified therein.
3. For goods sold to a transit or outbound passenger by a duty-free shop established in accordance with applicable laws and regulations, the sales slip approved by the supervising Customs to be stored in electronic media and that contains the passport number or travel document number of the transit or outbound passenger. But for duty-free shops set up in an international airport or a control area of a harbor, it is not required that the passport number or travel document number of the transit or outbound passenger be recorded on the sales slip.
4. For goods or services sold to a bonded zone business entity for its operational use, the deduction copy of the uniform invoice signed by the bonded zone business entity, with the exception of goods declared with Customs and deemed exported, for which the submission of documentary evidence is not required.
5. For operations of international transport, the "Statement of Sales Revenue Generated from Transporting Goods or Passengers Abroad".
6. For sale of a vessel or aircraft for international transport use, and

- for sale of a deep sea fishing boat, a photocopy of the sales contract.
7. For sale of goods or provision of repair and maintenance services to a vessel or aircraft for international transport use or to a deep sea fishing boat, with the exception of the goods declared with Customs for export, for which the submission of documentary evidence is not required, the documentary evidence issued by Customs showing that the goods or services have been delivered for use or a photocopy of the repair and maintenance contract.
8. For goods sold by a bonded zone business entity to a taxable zone business entity and exported directly without being transported to the taxable zone, the documentary evidence issued by Customs with respect to the export declaration by the taxable zone business entity and a photocopy of the sales contract.
9. For goods sold by a bonded zone business entity to a taxable zone business entity for export and placed in a bonded warehouse or logistics center administered by an enterprise inside a free trade zone or by Customs, the documentary evidence issued by Customs showing that the goods are deemed exported or imported and a photocopy of the sales contract.
10. Other documentary evidence as approved by the Ministry of Finance.

#### Article 11-1

A business entity, selling electronic services to foreign individuals through a business entity which shall apply for taxation registration in line with Article 28-1 of the Act, applying for a zero business tax rate pursuant to Subparagraph 2 of Article 7 of the Act shall submit not only the documentary evidence prescribed in Subparagraph 2 of the preceding Article but also the documentary evidence of overseas use provided by a business entity which has already made the taxation registration pursuant to Article 28-1 of the Act.

#### Article 12

The duty-free shops eligible for application of the zero business tax rate under Subparagraph 3 of Article 7 of the Act refers only to those which are established in accordance with the Regulations Governing the Establishment and Administration of Duty-free Shops.

The aforementioned duty-free shops shall register with the tax authority in charge by presenting the documents evidencing approval of their establishment.

#### Article 13 (Deleted)

#### Article 13-1

When foreign international transport enterprises carry outbound goods or passengers from within the territory of the ROC, if it is found or proven that foreign countries in which the foreign international transport enterprises are incorporated impose no business tax or similar taxes, or that the foreign countries grant a zero tax rate or exemption from business tax or similar taxes on the operations of ROC international transport enterprises within their territory, then Subparagraph 5 of Article 7 of the Act shall apply.

If a foreign international transport enterprise referred to in the preceding paragraph has no fixed place of business within the territory of the ROC but has an agent in the ROC, the input tax paid in the ROC by the agent may be reported for deduction by the agent, provided that the input voucher specifies that the purchaser (invoice to) is the agent and complies with Article 33 of the Act.

#### Article 14

The business entities which apply for exemption from business tax pursuant to Subparagraph 26 of Paragraph 1 of Article 8 of the Act shall present documents issued by the purchasing unit or the user unit of the Ministry of National Defense, stating the items, specifications, quantities, unit prices, total amount of the sale and the fact that such products conform to Subparagraph 26 of Paragraph 1 of Article 8 of the Act.

#### Article 15

The agricultural machinery and equipment eligible for the exemption of business tax under Subparagraph 27 of Paragraph 1 of Article 8 of the Act shall be limited to machinery and equipment for soil preparation, transplanting, fertilizing, irrigating, draining, harvesting, drying, and other farming uses. The agricultural tractors shall be limited to those conforming to the scope of specifications set forth by the competent authority of the relevant industry.

#### Article 16

(Deleted)

#### Article 16-1

The application for exemption of business tax on fuel oil used by agricultural machinery and equipment and agricultural tractors referred to in Subparagraph 27 of Paragraph 1 of Article 8 of the Act shall be handled according to the criteria for the use of fuel oil approved by the competent agricultural authority and with the proof of purchase of fuel oil issued by the same.

The application for exemption of business tax on the fuel oil used by fishing boats referred to in Subparagraph 28 of Paragraph 1 of Article 8 of the Act shall be handled according to the criteria for use of fuel oil approved by the competent authority and with the proof of purchase of fuel oil issued by the same.

#### Article 16-2

Machinery and equipment which are used for fishing boats and exempt from business tax under Subparagraph 28 of Paragraph 1 of Article 8 of the Act shall be limited to fishing equipment, main engine, auxiliary engine, freezing equipment, power generator, communication equipment, fish searching equipment, navigation equipment and other machinery and equipment used for fishing boats conforming to any of the following conditions:

1. Machinery and equipment which are for exclusive use on fishing boats and conforming to the specifications specified by the central competent authority of agricultural affairs.

2. Machinery and equipment which are not for exclusive use on fishing boats, but are sold for use on fishing boats.

Any business entity selling the goods set forth in Subparagraph 2 of the preceding paragraph shall indicate on the uniform invoice the business license number of the fishing business of the purchaser or the reference number of the letter of the competent authority approving the building of the fishing boat involved and shall keep a photocopy of said approval letter on file for verification by the tax collection authority.

#### Article 16-3

The term "feed" as used in Subparagraph 19 of Paragraph 1 of Article 8 of the Act means foodstuffs that provide nutrition to livestock, poultry, or aquatic animals or promote their health and growth, as defined in Article 3 of the Feed Administration Act; the categories of feed include vegetable feed, animal feed, supplementary feed, and compound feed.

The term "unprocessed raw agricultural, forestry, fishery, and livestock products, and by-products thereof" as used in Subparagraph 19 of Paragraph 1 of Article 8 of the Act means any of the following:

1. Unprocessed, original agricultural, forestry, fishery and livestock products and by-products.

2. Agriculture, forestry, fishery, and livestock products and by-products that have only been subject to simple treatment by slaughtering, cutting, cleaning, shelling, or freezing without any alteration being made to their fundamental nature, and that are not mechanically sealed in bottles (or cans or tubs). However, those sold together with other goods or services are excluded.

3. Other products determined by the Ministry of Finance in consultation with the Council of Agriculture, Executive Yuan.

The "agricultural, forestry, fishery, and livestock products and by-products harvested or captured by farmers or fishermen and sold by the same" as provided in the latter part of Subparagraph 19 of Paragraph 1 of Article 8 of the Act, and "fishery products captured and sold by fishermen" as provided in Subparagraph 20, shall be limited to those produced or captured and sold solely by the farmer or fisherman themselves, and exclusive of those purchased from others.

#### Article 16-4

The term "social welfare services" as used in Subparagraph 4 of Paragraph 1 of Article 8 of the Act means services required to provide social welfare services, vocational rehabilitation services, and public assistance services in accordance with the Protection of Children and Youths Welfare and Rights Act, the Senior Citizens' Welfare Act, the People with Disabilities Rights Protection Act, the Public Assistance Act, the Domestic Violence Prevention Act, the Sexual Assault Crime Prevention Act, the Sexual Harassment Prevention Act, and other laws and regulations relating to social welfare.

#### Article 17

The term "antiques" as used in Subparagraph 3 of Article 9 of the Act means artistic works, articles of everyday use and ritual and ceremonial use, and books and documents produced by people of all eras and ethnicities and having cultural significance.

#### Article 17-1

Where a wholesale dealer in an agricultural products wholesale market purchases agricultural products from the said wholesale market and sells such products in the same wholesale market or another wholesale market, the sales amount thereof shall be eligible for application of 0.1% business tax rate prescribed in Paragraph Two, Article 13 of Act.

#### Chapter 3 Calculation of Tax

#### Article 18

When a business entity uses goods or services in a trade for the goods or services of others, the sales amount shall be the higher of the prevailing prices for the goods or services traded-out and traded-in.

#### Article 19

The sales amount in the circumstances of deemed sales of goods as specified in Paragraph 3 of Article 3 of the Act shall be determined as follows:

1. Under Subparagraphs 1 and 2: the current price of goods.
2. Under Subparagraphs 3 to 5: for purchasing goods on behalf of a third party, the actual price of the goods purchased; for requesting a third party to sell goods and for selling goods on behalf of a third party, the agreed sales price of the consigned goods.

The business entity undertaking sales or purchases referred to in Subparagraph 2 above shall prepare written agreements for verification. The provisions of the preceding two Paragraphs shall also be applicable to the deemed sale of services as prescribed in Paragraph 4 of Article 3 of the Act.

#### Article 20

Where a business entity sells goods by an installment method, the price stipulated to be received in each installment shall be the sales amount, unless it is stipulated that, at the time of the collection of the first installment, the entire price receivable is to be defined as the sales amount.

#### Article 21

Where a business entity sells a parcel of land together with building fixed on the land, unless the selling price for the land and that for the building are stated separately, the sales amount for the building shall be calculated based on the ratio of the assessed standard price of the unit of the building (inclusive of business tax) to the total of the government-assessed current value of the land and the assessed standard price of the

unit of the building (inclusive of business tax). The formula for calculation is as follows:

Selling price of the building =

Assessed standard price of the unit of the building  
× (1 + Applicable tax rate)  
Selling price of  
the land and building ×

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Government-assessed current value of the land +  
Assessed standard price of the unit of the building  
× (1 + Applicable tax rate)

Sales amount of the building = Selling price of the building ÷ (1 +  
Applicable tax rate)

Article 22

Where a business entity issues government uniform invoices before it makes delivery of the goods or before it renders services, the amount in the issued government uniform invoices shall be treated as its sales amount.

Article 23

The incentive bonus earned or paid by a business entity in accordance with a sales contract shall be treated as purchase or sales discount, respectively.

Article 24

With respect to a business entity subject to business tax calculation under Section 1 of Chapter 4 of the Act, the sales amount for security deposits it receives from the leasing out of property shall be calculated on a monthly basis, provided that for any term of lease of less than a full month, the sales amount need not be calculated. The formula for calculation is as follows:

Sales amount =

Fixed interest rate for a one-year postal time deposit as announced on 1  
January of the lease year ÷ 12  
Security deposit ×

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1 + Applicable tax rate

With respect to a business entity subject to calculation of business tax under Section 2 of Chapter 4 of the Act, the sales amount for security deposits it receives from the leasing out of property shall be calculated on a monthly basis, provided that for any term of lease of less than a full month, the sales amount need not be calculated. The formula for calculation is as follows:

Sales amount = Security deposit × Fixed interest rate for a one-year postal time deposit as announced on 1 January of the lease year ÷12

#### Article 25

The term "current price" as used in the Act refers to the current market price prevailing in the locality for the sale of the same goods or services.

#### Article 26

Goods or services for entertainment purposes referred to in Subparagraph 3 of Paragraph 1 of Article 19 of the Act shall include the entertainment of guests at a banquet and gifts which have nothing to do with the promotion of business.

The term "passenger car for personal use" as used in Subparagraph 5 of Paragraph 1 of Article 19 of the Act refers to a passenger automobile having not more than nine seats and which is not used for the sale of goods or rendering of services.

#### Article 27

Where the personal effects brought in by passengers entering into the territory of the ROC exceed the duty-exemption limit, the excess shall be subject to business tax to be calculated, in accordance with Article 20 of the Act, on the duty-paid value determined based on "The Rules Governing the Declaration, Examination, Duty Payment, and Release of Personal Effects Carried by Incoming Passengers" .

#### Article 28

Where the value of an imported postal parcel exceeds the limit for the exemption of duty set out in "Regulations Governing Customs Clearance Procedures for the Import and Export of Postal Parcels" , a business tax shall be imposed at the full amount of the value of the duty to be paid upon importation in accordance with Article 20 of the Act.

#### Article 28-1

(Deleted)

#### Article 29

In the event a business entity subject to calculation of business tax under Section 1 of Chapter 4 of the Act fails to submit the input tax vouchers for deduction from the output tax in the current reporting period, it may defer submission of the vouchers until the following reporting period. If the business entity still fails to do so in the following reporting period, it shall, in the reporting period when it actually submits the vouchers for deduction from the output tax, specify the reasons. However, the time period for submission of the input tax vouchers for deduction from the output tax shall be limited to ten years.

#### Article 30

A deduction copy of the uniform invoice marked with the words "Remedial Issuance for Tax Evasion" may not be used as a voucher for deduction from the output tax or for reduction of the assessed tax. However, this requirement does not apply if the remedial uniform invoice is issued as a result of a report from the purchaser.

If any of the following circumstances exists, the supplemental business tax collected by Customs may not be reported for deduction from the output tax:

1. When a business entity importing goods is found to have under-reported the duty-paid value of the imported goods under any of the circumstances set out in the subparagraphs of Paragraph 1 of Article 51 of the Act.
2. Where a bonded zone business entity, a duty-free shop administered by Customs, or a duty-free shop on an offshore island takes inventory of its bonded goods and the quantity of the actual inventory is less than the quantity of the ending book inventory.

#### Article 31

Where a business entity, whose business tax is determined by the tax

authority in charge as prescribed in Article 23 of the Act, has documents supporting the purchases stated in Paragraph 1 of Article 19 of the Act, the tax paid on such purchases cannot be credited based on Article 25 of the Act.

#### Article 32

Where a business entity applies, based on article 23 and paragraph 1 of Article 24 of the Act, for changing the method of calculating its business tax into the one provided in Section I of Chapter IV of the Act, a decision shall be made by the tax authority in charge within one month. Such business entity shall use government uniform invoices, set up books of accounts from the first day of the month in which approval of change is granted by the tax authority in charge, and file business tax returns and pay the tax in accordance with the reporting period specified in Article 35 of the Act.

The creditable tax on goods or services purchased, as prescribed in Paragraph 2 of Article 25 of the Act, which is unused before the change mentioned in the preceding Paragraph is made may be claimed against the business tax payable after the change is made.

The preceding two Paragraph shall be applicable mutatis mutandis to those small-scale enterprises which are determined by the Ministry of Finance as having to calculate their business tax in accordance with Section I of Chapter IV of the Act.

#### Article 32-1

Where a business entity subject to calculation of business tax under Section 1 of Chapter 4 of the Act sells goods or services to a non-business entity and issues a uniform invoice pursuant to the latter part of Paragraph 3 of Article 32 of the Act, the formula for calculation of the sales amount and output tax to be reported in accordance with Article 35 of the Act is as follows:

Output tax = Total amount of the uniform invoices issued in the current reporting period ÷ (1 + Applicable tax rate) x Applicable tax rate

Sales amount = Total amount of the uniform invoices issued in the current reporting period - Output tax

The output tax referred to in the preceding paragraph shall be rounded up to the nearest New Taiwan Dollar.

#### Article 32-2

A business entity specified in Subparagraph 4 of Article 6 of the Act selling electronic services in foreign currency shall convert the foreign currency into New Taiwan Dollar at the closing spot buying exchange rate announced by the Bank of Taiwan on the following dates when it files a tax return for its sales amount and tax payable or overpaid in accordance with Article 35 of the Act:

1. The last day of the taxable period.

2. Where a business entity encounters a merger, ownership transfer, dissolution, or nullification of business, the last day of the prior taxable period of any of these events.

A business entity specified in Subparagraph 4 of Article 6 of the Act, who pays business tax by remittance, shall bear remittance charges and relevant service fees and remit the tax computed in accordance with the preceding paragraph to the designated public treasury.

Regarding the closing exchange rate posted by the Bank of Taiwan specified in Paragraph 1, if the spot-buying exchange rate is unavailable, a business entity shall convert the foreign currency into New Taiwan Dollar with the cash-buying exchange rate instead.

If the last day of a period specified in Paragraph 1 falls on Sunday, national holiday, or any other holiday, the last day shall be the day following that day instead, and if the last day of a period specified in Paragraph 1 falls on Saturday, the last day shall be the Monday of the following week instead.

#### Article 33

Where a business entity which files its tax returns under Article 35 of the Act goes into merger, undergoes transfer of ownership, dissolution or

winding-up, it shall apply, within fifteen days after the occurrence of the event, to the competent tax authority for checking and approval of a tax return for the current reporting period together with a detailed list of uniform invoices issued and the documents supporting the refundable or creditable tax. If there is any business tax payable, it shall be paid to the public treasury beforehand, with the payment receipt attached to the return.

Where a business entity whose business tax is determined by the competent tax authority based on Articles 21 to 23 of the Act goes into merger, undergoes transfer of ownership, dissolution or winding-up, it shall apply to the competent tax authority, within fifteen days after the occurrence of the event, for determination of its business tax payable. Where the business entity's business tax is determined by the competent tax authority based on Article 23 of the Act and where it has input vouchers supporting its tax paid on purchases of goods or services for the current period, such input vouchers shall be attached.

#### Article 34

Where a business entity, which computes its business tax based on the provisions of Section I of Chapter IV of the Act, is in the process of liquidation due to dissolution or nullification of business and has to dispose of its unsold goods or services, it shall still be required to apply to the tax collection authority for use of uniform invoices and shall declare the amount of business tax payable or over-paid in accordance with Article 35 of the Act.

Where a business entity has sales and business tax payable or over-paid during the liquidation period, it shall file a business tax return with the tax authority in charge within fifteen days from the date on which the liquidation period expires for payment or refund of the business tax.

The expiration date of the liquidation period mentioned in the preceding two Paragraphs for the company organization shall be in accordance with the Company Act; for the limited partnership organization shall be in accordance with the Limited Partnership Act; and for others shall be three months from the date of dissolution or nullification.

Where a business entity fails to report its business tax payable in accordance with Paragraphs 1 and 2 of this Article, the tax authority in charge shall determine its amount of sales and tax payable and collect the tax in accordance with Article 43 of the Act.

#### Article 35

Inventory losses or casualty losses on goods, raw materials and supplies, work-in-process, semi-finished products and finished goods shall be allowed if such losses have been reported to and approved by the competent tax authority.

### Chapter 4 Assessment and Collection Procedures

#### Article 36

A business entity, which computes its business tax based on the provisions of Section I of Chapter IV of the Act and has not yet commenced its operations, may file application with the tax authority in charge for issuance of an identification number in order to obtain the documentary evidence conforming to Article 33 of the Act when it makes purchases of goods or service.

#### Article 37

The collateral provided by a business entity in accordance with Paragraph 2 of Article 30 of the Act shall be limited to those which meet the rules under Article 11-1 of the Tax Assessment and Collection Act.

#### Article 38

When a business entity subject to calculation of business tax under Section I of Chapter 4 of the Act files its tax returns pursuant to Article 35 of the Act, the documents it shall submit in connection with the tax refundable or creditable and other relevant documents for submission are as follows:

1. Deduction copy of uniform invoices, stating the amount of business tax.

2. Deduction copy of the certificate of payment for business tax collected by Customs, stating the amount of business tax.
3. Photocopy of the receipt copy of the cash register issued duplicate uniform invoices, stating the business administration number of the business entity.
4. Documentary evidence of return of or allowance for sale/purchase, and the "Declaration of Overpaid Business Tax Returned by the Customs".
5. Required documents as prescribed in Article 11 of these Rules for the application of the zero tax rate.
6. Documentary evidence as prescribed in Article 14 of these Rules.
7. "Statement of Input Vouchers of a Business Entity Purchasing Used Passenger Cars or Motorcycles".
8. Deduction copy of the receipt payable before December 2015 issued by a water company, electricity company, gas company, or other public utility company, stating the purchaser's name, address, and business administration number.
9. With respect to the share of input tax paid by the business entity for water, electricity, or gas utility expenses it shares with others, a photocopy of the deduction copy of the receipt in the preceding subparagraph and the documentary evidence of the apportioned expense and tax paid by the business entity. With respect to bills payable after January 2016, a photocopy of the uniform invoice and the documentary evidence of the apportioned expense and tax paid by the business entity; With respect to non-physical electronic invoices, the alphabetic letters and numbers of the uniform invoice, or documentary evidence of the apportioned expense and tax paid by the business entity.
10. A photocopy of the receipt or stub of the train (coach) ticket, high speed railway ticket, boat ticket, or airplane ticket purchased for an employee's business trip and issued by a transportation enterprise.
11. With respect to goods auctioned or sold off by Customs and the deduction copy of the "List of Goods Auctioned or Sold" is issued by Customs.
12. Certification copies of electronic uniform invoices, stating the business administration number of the business entity and the amount of business tax.
13. Other vouchers approved by the Ministry of Finance and containing the amount of business tax, or a photocopy thereof.

With the approval of the competent tax authority, a business entity may use storage media of magnetic tapes, or disks containing the purchases /sales data or transmit those data via the internet in place of the documentary evidence specified in Subparagraphs 1 to 4 and Subparagraphs 7 to 13 of the preceding paragraph.

If a business entity falls under any of the following circumstances, it may apply to the competent tax authority for approval to report input tax by using an itemized statement of input vouchers in place of the input tax deduction copies:

1. Its business income tax returns have been audited, attested, and filed by a certified public accountant.
2. It is approved to use the blue tax return form to report profit-seeking enterprise income tax.
3. It is organized as a company limited by shares, and its stock is listed on the stock exchange.
4. It has operated for three consecutive years or more with annual sales figures of NT\$100 million or more and has reported no losses.
5. The number of input voucher deduction copies is enormous.

A business entity using photocopies of vouchers under Subparagraphs 3 and 10 of Paragraph 1 above as documentary evidence of tax refundable or creditable shall aggregate the input tax on a period-by-period basis. The formula for calculation of input tax is as follows:

Input tax = Total amount of the vouchers × [Applicable tax rate ÷ (1 + Applicable tax rate)]

The input tax referred to in the preceding paragraph shall be rounded up to the nearest New Taiwan Dollar.

When business entities receive non-physical electronic invoices and certificates of sales return, purchase return or allowances on purchased merchandise referred to those sales, they shall report input tax by using

an itemized statement of input vouchers in place of the original input tax deduction copies.

#### Article 38-1

With respect to a business entity that reports the sales amount and the business tax payable or overpaid pursuant to Paragraph 1 of Article 35 of the Act, unless it has applied for approval to report on a monthly basis, it shall report to the competent tax authority on a two-month basis the sales amount and the business tax payable or overpaid for the preceding period by the 15th of January, March, May, July, September, and November, respectively, every year.

With respect to a business entity that reports the sales amount and the business tax payable or overpaid pursuant to Paragraph 2 of Article 35 of the Act, if it applies to report on a monthly or two-month basis, the altered period shall be applicable to the business entity from the first odd month after the approval is obtained.

#### Article 38-2

With respect to a business entity that sells goods or services prescribed in Paragraph 1 of Article 8 of the Act and has applied and obtained an approval pursuant to Paragraph 2 of the same article to waive the application of the provisions governing exemption of business tax, if it intends to revert to its original tax-exempt status, it may apply the provisions regarding exemption of business tax only after applying to the Ministry of Finance and obtaining its approval.

With respect to a banking, insurance, or trust investment enterprise that has applied and obtained an approval pursuant to Paragraph 1 of Article 24 of the Act to calculate the business tax in accordance with Section 1 of Chapter 4 of the Act for the sales amount generated from operations not exclusively authorized to the industry to which the enterprise belongs, if it intends to revert to calculation of the business tax in accordance with Section 2 of Chapter 4 of the Act, it may do so only after applying to the competent tax authority and obtaining its approval.

With respect to a business entity that sells goods and services prescribed in Article 7 of the Act and has obtained an approval pursuant to Paragraph 2 of Article 35 of the Act to report the sales amount and the business tax payable or overpaid on a monthly basis, if it intends to revert to reporting on a two-month basis instead, it may do so only after applying to the competent tax authority and obtaining its approval.

With respect to a business entity that calculates the business tax in accordance with Section 1 of Chapter 4 of the Act and has obtained an approval pursuant to Paragraph 2 of Article 38 to have the sales amount and the business tax payable or overpaid reported by the head unit in a consolidated manner, if it intends to revert to having the same reported separately by the head unit and the other fixed places of business, it may do so only after applying to the Ministry of Finance and obtaining its approval.

#### Article 38-3

For a business entity which shall apply for taxation registration in line with Article 28-1 of the Act, the documents it shall submit in connection with the tax refundable or creditable and other relevant documents for submission pursuant to Article 38 shall be limited to those for the sales of electronic services to domestic individuals.

#### Article 39

Where a business entity which computes its business tax based on the provisions of Section 1 of Chapter 4 of the Act is approved to report, based on Paragraph 2 of Article 38 of the Act, consolidated tax payable or refundable to the local competent tax authority of its head office, it shall still have each of its fixed places of business, other than the head office, report their sales amounts and the input vouchers supporting the tax paid on goods or services purchased to the respective local competent

tax authority.

Article 40

Where a business entity which computes its business tax based on the provisions of Section I of Chapter IV of the Act reports its sales, tax payable or overpaid as prescribed in Paragraph 1 of Article 38 of the Act, any business tax overpaid by its fixed place of business shall be offset against future business tax payable by the head office when the registration of such fixed place of business is cancelled.

Article 41

In the event that the business tax payable by the other fixed places of business of a business entity, remains unpaid despite demand for payment by the tax authority in charge, the tax authority in charge may demand payment from the head office of the business entity or deduct the unpaid tax from the overpaid tax of the head office.

Article 42

Where as business entity which computes its business tax based on the provisions of Section I of Chapter IV of the Act and has overpaid business tax as a result of applying zero tax rate under Article 7 of the Act, the amount of the tax refundable shall be the amount calculated by imposing on the zero-tax rate sales amount the tax rate prescribed in Article 10 of the Act.

Article 43

Where a business entity, which computes its business tax based on the provisions of Section I of Chapter IV of the Act acquires fixed assets, the amount of the tax refundable shall be the amount of the tax paid on such acquisition.

Article 44

Where a business entity, whose business tax is determined by the competent tax authority as prescribed in Article 23 of the Act, claims a 10% tax credit, in accordance with Article 25 of the Act, on the tax paid on goods or services purchased, its input vouchers of the tax paid on goods or services purchased shall be filed with the competent tax authority on a calendar quarter basis prior to the 5th day of January, April, July and October.

Credit cannot be claimed if the input vouchers are not filed within the aforementioned deadlines or if the input vouchers submitted do not fall within the current period.

Article 45

For a business entity covered by Article 23 and the provision to Article 21 of the Act, the business tax of which is determined in accordance with Paragraph 1 of Article 40 of the Act, a tax assessment notice shall be prepared and issued by the tax authority in charge and sent to the business entity concerned for payment prior to the end of January, April, July and October.

Article 46

(Deleted)

Article 47

The "deemed as sale of goods" as prescribed under Subparagraph 5, Paragraph 3 of Article 3 of the Act shall include goods confiscated and later auctioned or sold by the Customs, pledged collaterals, goods overdue for clearance, goods which failed to pay customs duty, or non-returnable goods. These "deemed as sale of goods" are not subject to Article 19.

When the Customs auctions or sells goods that are subject to business tax, the Customs shall remit the business tax to the public treasury after the auction or sale is executed. Along with the auction or sale, the Customs shall provide a detailed statement describing the goods auctioned or sold to the purchaser as supporting documents for accounting and deduction purposes.

With respect to goods auctioned or sold off by a court of execution or by an administrative enforcement organization, the court of execution or administrative enforcement organization shall, within five(5) days after the completion of said auction or permitted seizure of goods, notify the local competent tax authorities of the amount realized by auction or seizure, for them to assess the business tax and reply accordingly. The business tax so assessed shall be withheld by the court of execution or administrative enforcement organization.

The preceding business tax shall be calculated in accordance with the assessment based on the amount realized by auction or seizure by the court of execution or administrative enforcement organization at the prescribed tax rate.

The local competent tax authorities shall, after receiving the business tax withheld by the court of execution or administrative enforcement organization, fill in the notice of business tax due and remit it to the public treasury.

#### Article 48

Where documents used by a business entity are discovered by the tax authority in charge as evidence of tax evasion or omission, the case may be handled as follows:

1. Account books: The business entity shall apply to the tax authority in charge for transcribing by itself or making a photocopy of the books and set up, in accordance with the provisions governing the maintenance of books of accounts as prescribed in Article 34 of the Act, a new set of account books to record subsequent transactions.

2. Accounting and other documentary evidence: If photocopy of the original documents is sufficient proof of the tax evasion or omission, the business entity shall sign and chop on the photocopy to the effect that such photocopy is identical to the original document. After verification by the tax authority in charge of the photocopy, the original document may be returned to the business entity.

#### Chapter 5 Penalty Provisions

##### Article 49

The provisions regarding imposition of surcharges on belated reporting or non-reporting as specified in a article 49 of the Act shall apply to the filing of the declaration of amount of sales or the detailed statement of uniform invoices effective from April 1, 1986, the date on which the amendment of the Act come into force.

##### Article 50

For collection of the charge for belated reporting and non-reporting as prescribed in Article 49 of the Act, the tax authority in charge shall prepare a collection list every month and issue payment notices within fifteen days from one month after the due date for reporting.

##### Article 51

The time limit referred to in Articles 45 to 48-1 for matters that require compliance to be achieved or corrections to be made may not exceed 15 days counting from the day following the date on which the notice is served.

##### Article 52

The circumstance "the amount of input tax is falsely reported" as set out in Subparagraph 5 of Paragraph 1 of Article 51 of the Act includes any filing for a tax refund or credit under any circumstance in which the Act prohibits deduction of the input tax amount, or in which no purchase has in fact occurred, or in which an input tax voucher has been falsified. The amount of tax evasion for circumstances set out in Subparagraphs 1 to 6 of Paragraph 1 of Article 51 of the Act shall be determined in accordance with the following provisions: 1. For circumstances set out in Subparagraphs 1 to 4 and Subparagraph 6, the amount of tax evaded shall be the delinquent tax amount leviable assessed by the competent tax authority based on the data it obtained from investigation, including the input tax that has been reported pursuant to Article 35 of the Act and that is not of any type of input tax provided in Article 19 therein, and the input tax calculated in

accordance with Paragraph 2 of Article 15-1 of the Act. 2. For the circumstance set out in Subparagraph 5, the amount of tax evaded shall be the actual amount of tax evaded as a result of false reporting of input tax that has been discovered by the competent tax authority.

Chapter 6 Supplementary Provisions

Article 53

The format of the various documents, forms, books, and receipts required by the Act will be prescribed by the Ministry of Finance.

Article 54

These Enforcement Rules shall come into force on April 1, 1986.

Amendments to these Enforcement Rules shall come into force on a date to be prescribed by an order of the Executive Yuan, with the exception of the articles amended on June 25, 1988, which shall come into force on July 1, 1988.

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