

Content

Title : Directions for Collection of Business Tax by the Customs [Ch](#)

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Legislative : 1. Promulgated by the Ministry of Finance on 6 February 1986 under Decree No. 7520797.
2. Amendment by the Ministry of Finance on 30 September 1994 under Decree No. 831611863.
3. Amendment by the Ministry of Finance on 27 August 1998 under Decree No. 871960879.
4. Amendment by the Ministry of Finance on 12 November 2001 under Decree No. 0900456957.
5. Amendment by the Ministry of Finance on 25 December 2002 under Decree No. 0910456850.
6. Amendment by the Ministry of Finance on 16 May 2006 under Decree No. 09504520400.
7. Amendment by the Ministry of Finance on 18 November 2009 under Decree No. 09804546160.
8. Amendment by the Ministry of Finance on 8 April 2011 under Decrees No. 10004500142.
9. Amendment by the Ministry of Finance on 22 May 2018 under Decree No. 10704558020.

Content : I. Collection Agency, Taxpayer and Taxable Goods

1. Imported goods, except for articles that are exempted from business tax pursuant to Article 9 of the Value-Added and Non-Value-Added Business Tax Act (the "Act") shall be subject to business tax, which will be collected by the Customs at the time of import. The related collection and administrative relief procedures shall be governed by the Customs Act and the Customs Anti-smuggling Act.
2. The taxpayer of business tax on imported goods shall be the consignee or holder. In the case of the bonded or duty-free goods, however, of an EPZ enterprise in an export processing zone, an SIP enterprise in a science-based industrial park, an ATP enterprise in an agricultural technology park, or an FTZ enterprise in a free trade zone, each having been approved by the government, or of a bonded factory, bonded warehouse, or logistics center supervised by the Customs, or of any other SDA enterprise in a special designated area approved for establishment by the competent authority in charge of the relevant industry and supervised by the Customs (each, a "bonded area business entity"), the goods may be cleared through customs in the name of such entity and the said entity shall be the taxpayer of the business tax, if any, on the goods at the time of import.

3. Goods in any of the following circumstances are imported goods:

(1) Goods that are imported to the R.O.C., with the exception of bonded or duty-free goods imported to an export processing zone, science-based industrial park, agricultural technology park, or free trade zone approved by the government, or a bonded factory, bonded warehouse, or logistics center supervised by the Customs, or any other special designated area approved for establishment by the competent authority in charge of the relevant industry and supervised by the Customs (each, a "bonded area").

(2) Bonded or duty-free goods that are transported from a bonded area to any other area within the R.O.C.

4. For raw materials or supplies that inbound travelers carry into the R.O.C. and that need to be transported to an export processing zone, science-based industrial park, agricultural technology

park, bonded factory, or any other special designated area approved for establishment by the competent authority in charge of the relevant industry and supervised by the Customs, and that have been inspected by the Customs for item names and quantities, and then sealed and sent to the appropriate unit of the export processing zone, science-based industrial park, agricultural technology park, or bonded factory to complete the customs clearance formalities, the respective customs clearance unit will carry out the collection or exemption of business tax on such goods in accordance with the Act and these Directions.

5. For bonded or duty-free goods that are transported into a tax area from a bonded area, the Customs will collect business tax on such goods in accordance with the provisions on imported goods.

II. Exemptions

1. The following imported goods are exempted from business tax:

- (1) Vessels and aircraft used in international transportation and deep sea fishing boats, with the presentation of evidential documents issued by the transportation authority or fishing authority.
- (2) The goods stated in Article 49 of the Customs Act, provided that in case of the transfer of ownership or change in the use of the said goods, which results in payment of customs duties under Article 55 of the Customs Act, the business tax so exempted will become due.
- (3) National ancient curios or remains.
- (4) Pure gold bars, gold bricks, gold foil, gold coins, gold ornaments, ornamented gold, gold products, and pure gold products for industrial use ; the term "pure gold" means its gold content is above 99.9%.
- (5) Newspapers (newsprints) and magazines (periodicals); but for those published in Mainland China, Hong Kong and Macao, the permission of the competent authority is required.

(6) Fertilizers.

2. The following goods are not imported goods and are not subject to business tax:

- (1) Goods to be returned to exporter or in trans-shipment that have not cleared the customs.
- (2) Goods for which customs duty was not paid as required and not picked up after the taxpayer has received the tax memo from the Customs.
- (3) Non-bonded goods do not require customs clearance and are not subject to the collection of business tax by the Customs if they are sold by a bonded area business entity to a domestic business entity in a tax area, or if they fall within the scope of sales services provided by a bonded area business entity to a business entity in a tax area under a processing contract in which no bonded raw materials or supplies are added.

3. Parcels imported by post that meet the duty-free requirements in the Regulations Governing Customs Clearance Procedures for Importing and Exporting Postal Parcels are exempted from business tax. The portion of the postal parcel that exceeds the limit set forth in the aforesaid Regulations or parcels to which the Regulations do not apply shall be subject to business tax based on the full amount of the duty-paid value upon importation.

4. Personal baggage carried in by inward passengers that meet the Scope of Exemption for Personal Baggage Carried by Inward Passengers are exempted from business tax; but articles that exceed the scope of exemption shall be subject to business tax. Goods bought by inward passengers at duty-free shops shall be treated as articles purchased abroad, and the Customs shall collect business tax on articles that exceed the scope of exemption when the passenger passes through the customs.

5. Traveler's checks with face value imported by a bank are treated as bank papers and exempted from business tax.

6. Foreign currencies imported by banks are exempted from business tax.

7. The same batch of goods with a duty-paid value of NT\$2,000 or less is exempted from business

tax, excluding tobacco and alcohol products and agricultural products to which a tariff quota applies.

8. The securities prescribed in Article 1 of the Securities Transaction Tax Act are exempted from business tax.

III. The Applicable Collection Rate and Computation of Tax

1. The applicable collection rate of business tax for taxable goods shall be 5%.

2. Business tax on imported goods shall be computed by applying the prescribed collection rate to the sum of the duty-paid value (DPV) of the goods plus import duty (including special customs duty), commodity tax, tobacco and alcohol tax, and the tobacco health and welfare surcharge. The formula for tax computation is as follows:

Business tax for imported goods = $(DPV + \text{import duty} + \text{commodity tax} + \text{tobacco and alcohol tax} + \text{tobacco health and welfare surcharge}) \times \text{applicable collection rate}$

3. The duty-paid value of imported goods subject to specific duty or compound duty shall be determined pursuant to Articles 29 ~ 35 of the Customs Act and business tax shall be computed according to the formula in the preceding point.

4. The business tax on products of bonded factories sold in the domestic market shall be computed by the following formulas:

(1) If the product of bonded factories sold in the domestic market is levied customs duty based on 70% of their duty-paid value (DPV), the business tax shall be computed by the following formula:

Business tax = $(DPV + \text{import duty calculated based on } DPV \times 0.7 + \text{commodity tax} + \text{tobacco and alcohol tax} + \text{tobacco health and welfare surcharge}) \times \text{applicable collection rate}$

(2) If the product of bonded factories is sold in the domestic market and the fact of the use of domestically-produced and non-bonded raw materials in this product has been confirmed, the business tax shall be computed by the following formula:

Business tax = $\{ DPV + (DPV - \text{value of domestically-produced and non-bonded raw materials}) \times \text{customs duty rate} + \text{commodity tax} + \text{tobacco and alcohol tax} + \text{tobacco health and welfare surcharge} \} \times \text{applicable collection rate}$

(3) If the products of bonded factories sold in the domestic market are manufactured from materials more than 50% of which are single intermediate goods for assembly use, the business tax shall be computed by the following formula:

Business tax = $(DPV + DPV \times \text{customs duty rate} + \text{commodity tax} + \text{tobacco and alcohol tax} + \text{tobacco health and welfare surcharge}) \times \text{applicable collection rate}$

5. The business tax on products of SIP enterprises in a science-based industrial park or ATP enterprises in an agricultural technology park that are sold in the domestic market shall be computed by the following formulas:

(1) If the product sold in the domestic market is also produced domestically, the customs duty shall be levied on the basis of the finished product and the business tax shall be computed by the following formula:

Business tax = $(DPV + \text{import duty calculated based on } DPV \times 0.7 + \text{commodity tax} + \text{tobacco and alcohol tax} + \text{tobacco health and welfare surcharge}) \times \text{applicable collection rate}$

(2) If the non-bonded product sold in the domestic market does not fall under a customs bond and cannot yet be produced domestically, the customs duty shall be levied on the basis of the raw materials or supplies used in the product and the business tax shall be computed by the following formula:

Business tax = $(DPV + \text{import duty of the raw materials or supplies used} + \text{commodity tax} + \text{tobacco and alcohol tax} + \text{tobacco health and welfare surcharge}) \times \text{applicable collection rate}$

6. The business tax on products of enterprises in export processing zones sold in the domestic

market shall be computed by the following formulas:

(1) The business tax on products of EPZ enterprises in export processing zones that are sold in the domestic market = { DPV + import duty calculated based on (DPV – Added Value) + commodity tax + tobacco and alcohol tax + tobacco health and welfare surcharge } × applicable collection rate
Added Value = DPV – value of the directly or indirectly imported and tax-unpaid raw materials, supplies, or semi-finished products used on the products

(2) If the required supporting documents have not been submitted to the Customs for verification of the added value of the products, the added value of the products may be assessed as 30% of the product price in ex-factory status and the business tax computed by the following formula:

Business tax = (DPV + import duty calculated based on DPV × 0.7 + commodity tax + tobacco and alcohol tax + tobacco health and welfare surcharge) × applicable collection rate

7. The business tax on products which are processed, manufactured, reassembled or undergo simple processing by FTZ enterprises inside a free trade zone and transported to the tax zone shall be computed by the following formulas:

(1) For the products processed or manufactured by FTZ enterprises inside a free trade zone:

A. If the customs duty is levied based on the DPV of the products in ex-FTZ status after deduction of the value added within the FTZ, the business tax on the products = { DPV + import duty calculated based on (DPV – Added Value) + commodity tax + tobacco and alcohol tax + tobacco health and welfare surcharge } × applicable collection rate
Added Value = DPV – value of the imported and tax-unpaid, domestically-produced and bonded, or domestically-produced and tax-rebated raw materials, supplies, or semi-finished products used in the products

B. If the required supporting documents have not been submitted to the Customs for verification of the added value of the products, the business tax on the products = (DPV + import duty calculated based on DPV × 0.7 + commodity tax + tobacco and alcohol tax + tobacco health and welfare surcharge) × applicable collection rate

(2) For products reassembled or undergoing simple processing by FTZ enterprises inside a free trade zone:

The customs duty is levied based on the DPV of the products in ex-FTZ status after deduction of the value added within the FTZ, and the business tax on the products = { DPV + import duty calculated based on (DPV – Added Value) + commodity tax + tobacco and alcohol tax + tobacco health and welfare surcharge } × applicable collection rate
Added Value = DPV – value of the imported and tax-unpaid, domestically-produced and bonded, or domestically-produced and tax-rebated raw materials, supplies, or semi-finished products used on the products

8. For imported goods that are exempted from customs duty, commodity tax, and tobacco and alcohol tax, the exempted tax may be excluded from the calculation of the tax basis for business tax.

9. If the values of the data or instructions (software) stored in the media of imported data processing equipment can be separated from the values of the media and are not included in the duty-paid value for the purpose of calculating customs duty, the values of such software may be exempted from the calculation of the tax basis for business tax. However, integrated circuits, semiconductors, and similar items equipped with the circuits or devices are not included in the aforesaid media; the software doesn't include the records of voices, movies, or videos.

10. For goods that are allowed to be bought back by the importer pursuant to Article 61 of the Enforcement Rules of the Customs Act or Article 53 of the Customs Anti-Smuggling Act, the Customs will collect business tax on the goods in line with Article 41 of the Act, but the money paid for buying back the goods thereof shall be excluded from the calculation of the tax basis for business tax.

11. For imported goods that are approved to be examined and released upon payment of a deposit pursuant to Article 18 of the Customs Act, the amount of the business tax, if so levied, shall be included in the payment of the deposit and a subsequent deduction or supplemental payment made when the business tax payable amount has been determined. However, for passenger cars imported for sale, or for a case falling under code number "65" ("Duty Estimated in Advance") or "69" ("Pending Production of Permits for Duty Reduction or Exemption") of the regulations for duty treatment of imported goods, the importer shall first pay business tax based on the declared value, and if afterwards, when the duty-paid value has been determined and at the time when the case is being closed, it is found that the importer is required to make a supplemental payment for the business tax, the amount so owed shall first be paid by deduction from the deposit refundable to the importer, and then, should there still be a remaining unpaid balance after such deduction, paid directly by the importer; if there is a refund to be made on the business tax, no further action is required for the tax refund.

12. In the collection of business tax, the Customs shall follow the provisions for collection of customs duty by rounding up the tax amount to the nearest dollar.

13. For goods or transportation equipment that are released from seizure upon payment of a deposit pursuant to Article 21 of the Customs Anti-Smuggling Act, the amount of the business tax, if so levied, shall be included in the payment of the deposit.

14. If tax-paid imported goods are unused and re-exported without re-importation or the taxpayer has overpaid tax, the Customs Office at the place where the goods are originally imported shall handle and examine the case and refund the business tax or overpayment accordingly. The goods unused and re-exported without re-importation shall be on the condition that the situation is reported to Customs within three months following the date of importation of the original goods and before re-exportation, and that all relevant documents submitted to Customs have been verified as accurate. If the goods are either machinery or equipment, the report and application submitted to Customs may be made within three months following the date of installation, test-run and before re-exportation. If the imported goods are partially used and of different quality, the portion of "unused" goods of different quality re-exported are in conformity with the unused conditions.

15. After approving the application of a business entity for refund of overpaid business tax on imported goods, Customs should input the tax refund data case-by-case into the "Cash Refund File", and provide it together with the business tax data file to the Fiscal Information Agency before the 12th of the following month.

IV. Tax Payment

1. After import declarations for goods that are subject to business tax are classified and valued, Customs personnel should check the tax amount displayed on the computer terminal to see if it is consistent with the amount stated in the "Customs Duties" column of the declaration, and print out the tax memo.

2. The tax memo for imported postal parcels should state the name and address of the recipient and amount of business tax; if the recipient is a business entity, it should affix its uniform invoice seal on the memo.

3. Taxpayer who fails to pay business tax within the prescribed period shall be subject to the following provisions:

- (1) The taxpayer shall pay a late fee equivalent to 1% of tax due for every two days of belated payment beginning from the next day following the prescribed payment deadline.
- (2) If the business tax is thirty days delinquent, the case will not be referred to the court for compulsory execution, but wait for actions imposed on goods where customs duty was not paid.
- (3) If the taxpayer applies for payment of customs duty and taxes and withdrawal of imported

goods before Customs disposes of the goods pursuant to Article 74 of the Customs Act, interest on tax owed shall be charged pursuant to Paragraph 2 of Article 50 of the Act beginning from the next day following the overdue deadline.

(4) If import duty on imported goods was not paid within the time limit prescribed in Article 74 of the Customs Act and Customs disposed of the goods as provided for by the Act, the tax memo issued should be cancelled and business tax will be levied based on the proceeds from the sale of goods. Goods auctioned or sold by Customs shall be subject to business tax, which is computed by the following formula:

Business tax = auction or succession price $\div (1 + \text{applicable collection rate } 5\%) \times \text{applicable collection rate } 5\%$

V. Processing of Special Cases

1. For machinery, apparatus and appliances sent abroad for repair or assembly, or goods exported abroad for further processing and re-imported, and imported goods on which only a rental or royalty is incurred as provided for in Articles 37 and 38 of the Customs Act, business tax will be computed in accordance with the formula in Point III.2 or III.3.
2. Articles exempted from customs duty as stipulated in Articles 51, 52 and 53 of the Customs Act and Paragraph 1, Article 20 of the Enforcement Rules of the Customs Act are also exempted from business tax.
3. For imported goods in compliance with Article 52 of the Customs Act, but not re-exported as required; the original importer shall be the taxpayer who shall pay customs duty as well as business tax on the goods at the same time.
4. Goods that are cleared by Customs on a temporary pass are exempted from business tax. However, if those goods are not re-exported as required, the original importer shall be the taxpayer who shall pay customs duty as well as business tax on the goods at the same time.
5. Exports that are re-imported within five years following the release date for exportation as provided in Article 57 of the Customs Act are not subject to business tax.
6. For imported goods that are subject to penalty due to violation of Subparagraph 7, Paragraph 1, Article 51 of the Act, Customs shall initiate appropriate action. The related collection and administrative relief procedures shall be governed by the Customs Act and the Customs Anti-Smuggling Act.
7. The determination of the effective date for amendment of the Act or adjustment of applicable collection rate shall be governed by customs regulations.
8. The provisions for waiving upward adjustment of customs duty shall be applicable to the collection of business tax.
9. Where imported goods are subject to penalty due to violation of Paragraph 1 of Article 51 of the Act but meet any of the following conditions, the fine may be remitted:
 - (1) In the case that the amount of tax evaded is under NT\$5,000.
 - (2) In the case that the sales amount is not reported or under-reported owing to false declaration of DPV of import goods in accordance with the true document provided as required and the customs brokers make declarations to Customs by reviewing written documents or physical examination for importing cargoes.
10. The tax due, late fees, and interest owed by a taxpayer pursuant to provisions of the Act shall all take precedence over ordinary debts.
11. For imported goods that violate the provisions of the Customs Anti-Smuggling Act, the collection or exemption of business tax as well as the imposition of penalty against the consignee or holder of the goods shall be in accordance with the following principles:
 - (1) For imported goods provided in Article 9 of the Act that are exempted from business tax, the

tax collection or penalty issue does not exist, regardless of whether or not the importation of such goods violates the provisions of the Customs Anti-Smuggling Act.

(2) For importation of goods not provided for in Article 9 of the Act that is suspected of violating the provisions of the Customs Anti-Smuggling Act, actions will be taken according to the provisions below based on the established facts:

a. In cases where the actions of confiscation or fine and confiscation are imposed in the case of goods pursuant to Articles 36, Paragraphs 1 and 3 of Article 37, Article 38, Paragraph 1 of Article 39, Article 39-1 and Article 43 of Customs Anti-Smuggling Act; the payment of business tax and the imposition of penalty as provided in Paragraph 1 of Article 51 of the Act may be waived if the goods are confiscated.

b. In cases where only a fine against tax evasion is imposed, and where the goods are not confiscated pursuant to Paragraph 1, Article 37, Paragraph 2 of Article 39 and Article 43 of the Customs Anti-Smuggling Act, the Customs shall demand payment of business tax and impose a fine in accordance with Subparagraph 7, Paragraph 1, Article 51 of the Act.

c. In cases where the importer of goods that are exempted from customs duty, as provided in Article 49 of the Customs Act, but are subject to business tax is found to evade tax, the Customs shall demand payment of business tax and impose a fine in accordance with Subparagraph 7, Paragraph 1, Article 51 of the Act.

12. Where the importation of goods that are subject to business tax is found to be in violation of the Act and the Customs Anti-Smuggling Act at the same time, but the consignee or holder of the goods applies for withdrawal of the goods under deposit before the Customs takes any action against the violation of the Act, the imposition of a fine and/or posting of security may be waived.

13. Where there is a false declaration of the quality, quantity or weight of goods under 5% but an evasion of amounts of tax over the criteria under the Standards for the Exemption of Penalties for Inappropriate Actions in Taxation Affairs, Customs shall impose a fine in accordance with Subparagraph 7, Paragraph 1, Article 51 of the Act.

14. For imported goods of which period for assessment of business tax shall be in accordance with Article 21 of the Tax Collection Act, the Customs shall demand payment of business tax and impose the relevant fine notwithstanding that customs duty shall not be imposed due to the exceeding of the period for assessment of customs duty as stipulated in the Customs Act.

VI. Data Processing

1. If the Customs Office has a computerized import clearance operation set up:

(1) The Customs Office shall process import declaration forms, including G1, G2, G7, D2, X3 and F2.

(2) The Customs Office shall add the items of business tax and late fees into its program

(3) The Customs Office shall print daily reports of taxes and duties collected, including business tax.

2. If the Customs Office does not have a computerized import clearance operation set up:

(1) The Customs Office shall process import declaration forms, including G1, G2, G7, D2 and F2.

(2) Photocopies of the aforesaid declaration forms shall be sent to the unit of information management of the Customs Office on a daily basis for central processing and filing.

(3) When processing files, the unit of information management of the Customs Office should calculate the business tax due and check it against business tax collected, and forward the information on under or over collection of tax to the responsible unit of the Customs Office. Said responsible unit shall proceed with collection of additional tax or tax refund accordingly.

(4) The Customs shall input the business tax data case-by-case into the relevant data file for small-sum postal parcels with a duty-paid value of under US\$5,000.

3. A customs Office that has a computerized export clearance operation should process export declarations G3, G5, B1, D5, X7 and F5 online instantly.
4. If the Customs Office has not computerized its export clearance operation, photocopies of export declarations G3, G5, B1, D5, and F5 shall be compiled and sent to its unit of information management for central processing and filing after the goods are released.
5. The Department of Information Management of Customs Administration shall provide a complete import and export declaration data file and a complete business tax data file for the month before the 12th of the following month to the Fiscal Information Agency.

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