Content

Title：	Enforcement Rules of the Income Tax Act Ch
Date：	2018.06.29
Legislative：	1.Approved per the Order of Ren-Wu-Tze No. 14273 issued by the Executive Yuan on June 23, 1943. 2.Promulgated per the Ministry of Finance Order of Yu-Tsan-Tze No. 14410 issued by the Executive Yuan on July 9, 1943. 3.Amended and promulgated per the Order issued by the Executive Yuan on July 5, 1946. 4.Amended and promulgated per the Order of Tai (45) Tsai-Tze No. 0076 issued by the Executive Yuan on January 7, 1956. 5.Amended and promulgated per the Order of Tai-Tsai-Tze No. 0515 issued by the Executive Yuan on January 28, 1957. 6.Amended and promulgated per the Order of Tai-Tsai-Tze No. 0445 issued by the Executive Yuan on January 27, 1958. 7.Amended and promulgated per the Order of Tai-Tsai-Tze No. 1390 issued by the Executive Yuan on March 14, 1959. 8.Amended and promulgated per the Order of Tai-Tsai-Tze No. 1414 issued by the Executive Yuan on March 7, 1963. 9.Article 13, Article 70, and Article 87 amended and promulgated, Article 88 to Article 93 added, and the original Article 88 to Article 103 accordingly changed to Article 94 to Article 109 per the Order of Tai-Tsai-Tze No. 6211 issued by the Executive Yuan on July 30, 1969. 10.Article 26, Article 51, and Article 58 amended and promulgated, Article 8-1, Article 8-2, Article 53 -1, and Article 89-1 added, and Article 36, Article 44, Article 45, Article 53, Article 89, and Article 90 deleted per the Order of Tai-Tsai-Tze No. 2854 issued by the Executive Yuan on March 28, 1972. 11.Article 4, Article 6, Article 9, Article 11, Article 14, Article 16, Article 32, Article 35, Article 37, Article 38, Article 56, Article 60, Article 61, Article 70, Article 71, Article 74, Article 78, Article 79, Article 82, Article 85, Article 95, Article 98, Article 102, and Article 104 amended and promulgated, Article 8-3, Article 57-1, Article 57-2, Article 57-3, 12.Article 69-1, and Article 91-1 added, and Article 3, Article 28, Article 29, Article 30, Article 39, Article 57, Article 62, Article 63, Article 80, Article 84, Article 86, Article 91, Article 92, Article 93, Article 94, and Article 101 deleted per the Order of Tai-Tsai-Tze No. 3216 issued by the Executive Yuan on April 13, 1973. Article 8 and Article 32 amended and promulgated, Article 85-1 added, and Article 6 and Article 66 deleted per the Letter of Tai-Tsai-Tze No. 4221 issued by the Executive Yuan on June 5, 1974. 13.Article 2, Article 9, Article 18, Article 21, Article 32, Article 36, Article 39, Article 49, Article 53 -1, Article 55, Article 57-1, Article 57-2, Article 64, Article 69-1, Article 73, Article 74, Article 76, Article 77, Article 78, Article 79, Article 82, Article 85-1, Article 88, and Article 109 amended and promulgated, Article 8-4, Article 8-5, Article 8-6, Article 21-1, and Article 25-1, and Article 48-1 added, and Article 7, Article 8-2, Article 8-3, Article 22, Article 23, Article 57-3, Article 67, Article 69, Article 85, and Article 103 deleted per the Letter of Tai-Tsai-Tze No. 4210 issued by the Executive Yuan on May 25, 1977. 14.Article 8-5, Article 42, Article 52, Article 56, and Article 104 amended and promulgated, and Article 26, Article 32, Article 38, Article 39, Article 51, and Article 107 deleted per the Letter of Tai-Tsai-Tze No. 5883 issued by the Executive Yuan on June 18, 1979. 15.Article 8-7, Article 8-8, Article 43-1, and Article 43-2 amended, promulgated and added, Article 17, Article 43, Article 47, Article 70, Article 87 and Article 108 amended, and Article 36 and Article 91-1 deleted

per the Ministry of Finance Order of Tai-Tsai-Tze No. 3705 issued by the Executive Yuan on March 26, 1981.
16.Article 8, Article 8-5, Article 8-9, Article 17-1, Article 25, Article 27, Article 46, Article 47, Article 72, Article 83, Article 86, and Article 108 amended and promulgated, and Article 18 deleted per the Order of Tai-Tsai No. 9630 issued by the Executive Yuan on May 26, 1983.
17.Article 16, Article 21-1, Article 25, Article 47, Article 49, Article 56, and Article 58 amended and promulgated, and Article 21-2 and Article 24-1 added per Tai-Tsai-Tze No. 13641 issued by the Executive Yuan on August 16, 1984.
18.Article 21-3, Article 24-2 and Article 60-1 amended, promulgated and added per the Order of Tai-Tsai-Tze No. 2830 issued by the Executive Yuan on February 12, 1985.
19.Article 21, Article 82, and Article 104 amended and promulgated, Article 10-1, Article 25-2, and Article 42-1 added, and Article 24 and Article 41 deleted per the Order of Tai-Tsai-Tze No. 10051 issued by the Executive Yuan on May 16, 1986.
20.Article 10-1, Article 14, Article 16, Article 17-2, Article 21-1, Article 24-2, Article 24-3, Article 33, Article 47, Article 56, Article 83, and Article 96 amended and promulgated per the Order of Tai-Tsai-Tze No. 14001 issued by the Executive Yuan on May 30, 1988.
21.Article 10-1, Article 21, Article 21-1, Article 21-2, Article 24-1, Article 24-2, Article 24-3, Article 25-1, Article 56, Article 57-1, Article 58, Article 104, and Article 108 amended and promulgated, Article 24-4 added, and Article 21-3, Article 24-2, Article 52, Article 53 -1, Article 54, Article 55, Article 74, Article 77, Article 78 and Article 79 deleted per the Order of Tai-Tsai-Tze No. 03851 issued by the Executive Yuan on March 2, 1990.
22.Article 24-4, Article 43-1, Article 43-2, Article 56, Article 60-1, Article 70, and Article 100 amended and promulgated; Article 106 deleted; Article 24-5 added per the Letter of Tai (82) Tsai-Tze No. 31630 issued by the Executive Yuan on September 1, 1993.
23.Article 56, Article 7, Article 71, Article 72, Article 81, Article 85-1, Article 95, and Article 104 amended and promulgated; Article 48-2, Article 48-3, Article 48-4, Article 48-5, Article 48-5, Article 48-6, Article 48-7, Article 48-8, Article 48-9, Article 48-10, Article 61-1, and Article 98-1 added; Article 11, Article 21-2, and Article 43-1 deleted per the Letter of Tai (87) Tsai-Tze No. 29022 issued by the Executive Yuan on June 10, 1998.
24.Article 13, Article 14, Article 15, Article 16, Article 17, Article 17-2, Article 35, Article 37, and Article 73 amended and promulgated per the Order of Tai (88) Tsai-Tze No. 41351 issued by the Executive Yuan on November 10, 1999.
25.Article 5, Article 8, Article 8-1, Article 8-4, Article 8-5, Article 8-7, Article 8-8, Article 24-3, Article 24-4, Article 48-10, Article 50, Article 56, Article 60, Article 61, Article 64, Article 70, Article 71, Article 83, Article 85-1, Article 102, and Article 104 amended and promulgated; Article 3-1, Article 3-2, Article 3-3, Article 8-10, Article 24-6, Article 55-1, Article 83-1, and Article 83-2 added; Article 8-9, Article 105, and Article 108 deleted per the Order of Yuan-Tai-Tsai-Tze No. 0910044539 issued by the Executive Yuan on November 13, 2002.
26.Article 13, Article 24-1, Article 24-3, Article 24-4, Article 24-5, Article 24-6, Article 48-10, Article 70 , Article 72, Article83 , Article 83-1, Article 99, and Article 104 amended and promulgated; Article 69-1 deleted per the Order of Yuan-Tai-Tsai-Tze No. 09604517760 issued by the Executive Yuan on March 5, 2007.
27.Article 88 amended and promulgated; Article 31-1, Article 31-2, Article 31-3, Article 31-4, and Article 85-2 added per the Order of Tai-Tsai-Shuei-Tze No. 09704503790 issued by the Ministry of Finance on February 21, 2008.
28.Article 10-1, Article 21, Article 24-3, Article 24-4, Article 24-5, Article 24-6, Article 25-2, Article 31, Article 31-2, Article 46, Article 48, Article 55-1, Article 56, Article 57-1, Article 58, Article 61-1, Article 64, Article 72, Article 82 and Article104 amended and promulgated; Article 17-3 and Article 65-1 added; Article 59 and Article 98 deleted per the Order of Tai-Tsai-Shuei-Tze No. 09800587250 issued by the Ministry of Finance on November 18, 2009.
29.Article 2, Article 31-2, Article 46, Article 48-5, Article 48-9, Article

56, Article 61-1, Article 70, Article 82 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10000353180 issued by the Ministry of Finance on September 7, 2011.
30.Article 8-11, Article 17-1, Article 19-1, Article 19-2, Article 19-3, Article 19-4, Article 19-5, Article 109 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10104637080 issued by the Ministry of Finance on November 2, 2012.
31.Article 8-11, Article 17-1, Article 19-1, Article 19-2, Article 19-4, Article 19-5, Article 109 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10204596000 issued by the Ministry of Finance on August 26, 2013.
32.Article 48-7, Article 56, Article 60-1, Article 61-1, Article 65-1 and Article 109 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10304618420 on September 30, 2014.
33.Article 8-10, Article 17-1, Article 20, Article 25-1, Article 48-10, Article 56, Article 57-1, Article 60-1, Article 65-1, Article 70, Article 82, Article 83-1, Article 83-2, Article 85-1 and Article 109 were amended and promulgated; Article 10-2, Article 10-3, and Article 24-7 were added; Article 8-11, Article 19-2, Article 19-3, Article 19-4, Article 19-5, Article 48-2, Article 48-3, Article 48-4, Article 48-5, Article 48-6, Article 48-7, Article 48-8, Article 48-9, Article 61-1, and Article 98-1 were deleted per the Order of Tai-Tsai-Shuei-Tze No.10704600500 issued by the Ministry of Finance on June 29, 2018.

Content：

Chapter 1 General Principles

Article 1
The Rules are established in accordance with Article 121 of the Income Tax Act (hereinafter called “the Act”).

Article 2
For "the amount of tax which, computed at the applicable domestic tax rate, is increased in consequence of inclusion of income derived from abroad" stated in Paragraph 2, Article 3 of the Act, the calculation equation is as follows:
The amount of tax which, computed at the applicable domestic tax rate, is derived from domestic income and income from abroad － the amount of tax which, computed at the applicable domestic tax rate, is derived from domestic income＝ amount of tax which is increased in consequence of inclusion in calculation of income derived from abroad

Article 3
(Deleted)

Article 3-1
Where the trustee in a trust deed is an individual, the tax office shall help the trustee apply for issuance of the tax withholder's uniform number.

Article 3-2
When the trustee calculates various income amounts of the beneficiary in accordance with Paragraph 1, Article 3-4 of the Act, the trustee accounting system may adopt either a cash or accrual basis, which shall not be changed once determined. The term for income calculation shall commence on the first day of January and end on the thirty-first day of December of each calendar year.
When the trustee calculates various income amounts of the trust property in accordance with Article 3-4 of the Act, the related costs, necessary expenses and losses shall be deducted from entries under corresponding income categories in accordance with the proportion of amounts under various income categories to the gross income derived from the trust property, except for what can be directly, reasonably and clearly categorized that may be individually categorized, recognized and deducted.

Article 3-3
The time of actual distribution stated in Paragraph 5 and Paragraph 6, Article 3-4 of the Act refers to the time of actual payment, transfer

payment or remittance payment.

Article 4
A “public utility enterprise” stated in the Act refers to a not-for-profit enterprise organization, the portion of which included in total budgets of governments at various levels shall be the net amount of its annual surplus/deficit and the amount of increase/decrease in its funds. However, where there is a regulation requiring its net amount of surplus/deficit to be compiled into total budgets of government at various levels when there is certain substantial amount accumulated, the regulation shall govern.

Article 5
Subsidiaries of organizations or societies stated in Subparagraph 13, Paragraph 1, Article 4 of the Act refer to organizations separately set up to run companies or operate business pertaining to educational, cultural, public welfare and charitable organizations or institutions, in order to fulfill their goals of establishment.

Article 6
(Deleted)

Article 7
(Deleted)

Article 8
“The portion of the transaction income attributable to changes from date of acquisition to December 31, 1973” as stated in Subparagraph 16, Paragraph 1, Article 4 of the Act refers to the portion of the final closing price for negotiable securities of the same type in excess of the acquisition cost in the calendar year of 1973.
For negotiable securities without the closing price stated in the preceding Paragraph because of failure to go public, the value of company's stocks are calculated by the company's net assets assessed by the tax office in the same year according to the number of shares actually issued by the company; for bonds, the calculation is based on the total amount of unpaid balance and unpaid bond interest payable before December 31, 1973.

Article 8-1
Exemption of profit-seeking enterprise income tax for foreign international transportation enterprises in accordance with Subparagraph 20, Paragraph 1, Article 4 of the Act is limited to the cases where there is a reciprocal tax exemption clause in the tax treaty signed with the R.O.C. government or there is consent to reciprocal tax exemption by exchange of diplomatic letters, and where the Ministry of Finance has approved the practice of such tax exemption.

Article 8-2
(Deleted)

Article 8-3
(Deleted)

Article 8-4
According to Subparagraph 16, Paragraph 1, Article 4 of the Act, where the transaction income generated in the sale of property of an individual or a profit-seeking enterprise is exempted from tax; no transaction loss shall be deducted.

Article 8-5
Individual income derived from written articles, musical compositions, musical productions, dramas, cartoons, etc. as stated in Subparagraph 23, Paragraph 1, Article 4 of the Act refers to income derived from publication of the original or translated manuscripts, music scores, music, scripts, comics, etc., income from the sale of rights to others for their publication, or income from freelancing them to newspapers and magazines.

Individual income derived from copyright books stated in Subparagraph 23, Paragraph 1, Article 4 of the Act refers to the income earned based on a certain percentage of sales quantity or amount out of the proceeds resulting from the sale of a person’s work when he or she has had his or her work published by a publisher.
Individual income derived from written articles, copyright books, musical compositions, musical productions, dramas, cartoons, or as remuneration for speeches and lectures on an hourly basis as prescribed by Subparagraph 23, Paragraph 1, Article 4 of the Act is classified as income from professional practice.

Article 8-6
Subparagraph 8, Article 8 of the Act is applicable only to the remuneration for service of personnel stationed in a foreign country and the remuneration is exempt from income tax in that foreign country.

Article 8-7
Those who are eligible for tax exemption as stated in Subparagraph 21, Paragraph 1, Article 4 of the Act shall apply for approval with the governing authority of the subject enterprise, and then submit relevant certification documents to apply for approval with the governing tax office.

Article 8-8
The favorable interest rate stated in Subparagraph 22, Paragraph 1, Article 4 of the Act is determined by the Ministry of Finance.

Article 8-9
(Deleted)

Article 8-10
For a trust fund prescribed in Paragraph 6, Article 3-4 of the Act, the account book required to be prepared by the trustee in accordance with Article 6-2 of the Act shall contain the types of income incurred for the trust property, and shall establish the beneficiary's withheld tax account, which are used to record the amount of tax withheld that can be distributed to the beneficiary.
The commencing and expiry dates for the trustee to keep records of accounts stated in the preceding Paragraph shall be the first day of January and the thirty-first day of December respectively in each calendar year.
The account prescribed in Paragraph 1 has a balance amount of zero when the trust is established; the beginning balance amount for each of the subsequent years shall be equal to the ending balance amount for the preceding year.

Article 8-11
(Deleted)

Article 9
The term of exchange stated in Article 9 of the Act includes cases where the government carries out nationalization with just compensation pursuant to the law, and where compensation is received for accidental damages to property.

Article 10
Where a contact person sent by a foreign profit-seeking enterprise to gather business intelligence and negotiate price quotation does not represent the enterprise in signing of contracts or delivery of goods ordered, the person is not a "business agent" as stated in Paragraph 2, Article 10 of the Act.

Article 10-1
Disasters of force majeure stated in Subparagraph 2-(2)-(iv), Paragraph 1 of Article 17 and Article 35 of the Act refer to earthquakes, storms, floods, droughts, plagues of insects, fire, wars, etc.
To receive deduction for losses in disasters of force majeure described in

the preceding paragraph, the taxpayer shall prepare a checklist of losses and certification papers within 30 days after the disaster happens to report to the tax authority in charge which may then send its staff to conduct investigation.
Where the taxpayer fails to report to the tax authority in charge within the period prescribed in the preceding paragraph to request that the aforesaid office conduct an investigation but is able to prove that his or her losses sustained in the disaster are true by providing sufficient documents, the tax authority in charge shall verify the losses by checking such documents.

Article 10-2
The term “other juristic person” stated in Subparagraph 1, Category 1, Paragraph 1 of Article 14, Paragraph 2 of Article 14-3, Paragraph 4 of Article 15, Article 42, Paragraph 2 of Article 76, Subparagraph 1, Paragraph 1 of Article 88, Subparagraph 1, Paragraph 1 of Article 89, Subparagraph 1 of Article 106, and Article 114-4 of the Act refers to limited partnerships registered in accordance with the Limited Partnership Act and medical care corporations which have been approved by the central competent authority and registered in accordance with the Medical Care Act.

Article 10-3
From January 1, 2018, where a shareholder of a company, a member of a cooperative, or an investor of other juristic person receives the dividends or earnings distributed from its investment in a domestic company, a cooperative, or other juristic person, such income shall be levied according to the following regulations:
1.An individual residing in the Republic of China who receives dividends or earnings distributed from a company, a cooperative, or other juristic person and such dividends or earnings are earned in the year 1998 or any ensuing year thereafter, shall be subject to assessment of income tax in accordance with the provisions of Paragraph 4 or Paragraph 5 of Article 15 of the Act. Dividends or earnings are earned by a company, a cooperative, or other juristic person in the year 1997 or any previous year, shall be computed in the gross consolidated income and said individual shall be subject to assessment of income tax in accordance with the provisions of Paragraph 2 of Article 15 of the Act.
2.The dividends or earnings received by a profit-seeking enterprise organized as a company, a cooperative, or other juristic person having its head office within the territory of the Republic of China shall not be included in its taxable income in accordance with Article 42 of the Act.
3.The dividends or earnings received by an organization or institution established for educational, cultural, public welfare, or charitable purposes shall be included in its taxable income to be levied or exempted from income tax in accordance with the provisions of Paragraph 13 of Article 4 of the Act.
4.The dividends or earnings received by an individual not residing in the territory of the Republic of China or a profit-seeking enterprise having its head office outside the territory of the Republic of China shall be withheld and the withholding tax paid in accordance with the provisions of Article 88 of the Act by the tax withholder.

Chapter 2 Consolidated Income Tax

Article 11
(Deleted)

Article 12
The surplus profit derived by an individual from incidental trading activities as stated in Category 1, Paragraph 1, Article 14 of the Act refers to earnings received by an individual and not by a profit-seeking enterprise from the sale of goods, the calculation of which is governed by provisions of the Act concerning calculation of income from profit-seeking activities.

Article 13

Where a professional practitioner fails to conduct final settlement and filing according to the Act, fails to prepare account records and keep receipts according to the law, or fails to provide account books and receipts to support its declared income, the tax authority may determine its income according to the general charge and fee standards of practitioners of the same profession.
The charge and fee standards stated in the preceding Paragraph are established by the national tax administration under the Ministry of Finance in all districts after consulting with the trade association of each profession, and submitted to the Ministry of Finance for approval.

Article 14
The payment standards for travel expenses, daily living expenses and overtime pay as prescribed by Subparagraph 2, Category 3, Paragraph 1, Article 14 of the Act shall be established by the national tax administration under the Ministry of Finance in all districts, and submitted to the Ministry of Finance for approval.

Article 15
The necessary losses and expenses stated in Subparagraph 1, Category 5, Paragraph 1, Article 14 of the Act refer to the depreciation of fixed assets, depletion of depreciated assets, amortization of intangible assets, repair charges, insurance premiums and reasonable and necessary fees paid to have property leased to receive profits. Pertinent provisions of Section 4, Chapter III of the Act are applicable in deductions for depreciation, depletion and amortization. For deductions for necessary losses and expenses for which the taxpayer can provide substantive proof, the deduction of the declared amount shall be allowed; where the taxpayer fails to provide substantive proof or provides fraudulent proof, the tax authority may make adjustment in accordance with the deduction standards approved by the Ministry of Finance.
The standards stated in the preceding Paragraph shall be established by the national tax administration under the Ministry of Finance in all districts, and submitted to the Ministry of Finance for approval.

Article 16
Money received in the form of rental deposits as stated in Subparagraph 3, Category 5, Paragraph 1, Article 14 of the Act refers to two types of lease terms which are “rent and deposit” and “no rent and deposit only”. The deposit refers to any deposit, etc. provided for lease of property.
Other persons stated in Subparagraph 4, Category 5, Paragraph 1, Article 14 of the Act refer to any individual or juristic person other than the taxpayer, his/her spouse and his/her lineal relatives.
The local prevailing rent stated in Subparagraph 4 and Subparagraph 5, Category 5, Paragraph 1, Article 14 of the Act is established by the national tax administration under the Ministry of Finance in all districts, and submitted to the Ministry of Finance for reference.

Article 17
Where the taxpayer keeps detailed accounting records and actual receipts for the deduction of costs and necessary expenses prescribed by Category 6, Paragraph 1, Article 14 of the Act, the deduction in accordance with the declared amount shall be allowed; where the taxpayer keeps incomplete accounting records and receipts, the tax authority may make adjustments in accordance with the standards approved by the Ministry of Finance.
The standards stated in the preceding Paragraph are to be drafted and established by the national tax administration under the Ministry of Finance in all districts, and submitted to the Ministry of Finance for approval.

Article 17-1
Holding over one year as stated in Category 7, Paragraph 1, Article 14 of the Act refers to cases where there has been a period of over one year from the day of acquisition to the day of transfer.

Article 17-2

Where an individual selling his or her house can present documents certifying the selling price and costs and expenses in the transaction, the calculation of property transaction income shall be verified based on the documents in accordance with Category 7, Paragraph 1, Article 14 of the Act; where the individual fails to declare the above or provide certification documents, the tax authority may determine the income in accordance with the approval standards set by the Ministry of Finance.
The standards stated in the preceding Paragraph are to be established by the national tax administration under the Ministry of Finance in all districts by referring to the actual economic condition and trading activities in the house market in that current year, and submitted to the Ministry of Finance for approval.

Article 17-3
The term “structured product” as stated in the Act refers to a combination of fixed-income products and derivatives products sold by transaction-related parties such as securities firms or banks to a client according to the regulations.
Where an individual is engaged in transactions in the structured products as described in the preceding paragraph and the date of the maturity of the transaction is on or after 1 January 2010, the revenue generated during the duration of the contract after deduction of the costs and necessary expenses shall be the actual amount of income on the same day.
The term “the date of the maturity of the transaction” as stated in the preceding paragraph refers to early termination or settlement at the maturity of the contract. The term “the revenue generated during the duration of the contract” refers to any interim payments or proceeds received upon early termination or settlement at the maturity of the contract. The term “the costs and necessary expenses generated during the duration of the contract” refers to the initial invested principal and fee charges.

Article 18
(Deleted)

Article 19
Those who undertake intermittent lumbering or alternate lumbering in forestry are not subject to the provisions of Paragraph 3, Article 14 of the Acts governing variable income.

Article 19-1
(Deleted)

Article 19-2
(Deleted)

Article 19-3
(Deleted)

Article 19-4
(Deleted)

Article 19-5
(Deleted)

Article 20
Operation of two or more profit-seeking enterprises as stated in Paragraph 1, Article 16 of the Act refers to proprietorship or partnership, of which the setoff is limited to the profit and loss in the same year/period, and the provisions of Article 16 of the Act is not applicable to its investment in corporations, cooperatives, limited partnerships, and medical care corporations.

Article 21
Regarding Subparagraph 1, Paragraph 1, Article 17 of the Act that governs application of the amount of tax exemption for dependents, where children

of the taxpayer, siblings of the taxpayer and his/her spouse that are 20 years of age or older and enrolled in school or supported by the taxpayer due to physical or mental disability, the taxpayer shall submit the school enrollment certificate or a copy of the handbook for the disabled and mentally retarded specified or other such recognized proof issued by the relevant government organization, or a copy of a medical diagnosis issued by a specialist physician as required in Paragraph 1, Article 19 of the Mental Health Act.

Article 21-1
Item 1 to 3, Subparagraph 1, Paragraph 1, Article 17 of the Act that governs application of the amount of tax exemption for dependents does not require cohabitation of the taxpayer and his/her dependants.

Article 21-2
(Deleted)

Article 21-3
(Deleted)

Article 22
(Deleted)

Article 23
(Deleted)

Article 24
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Article 24-1
Item 2-3, Subparagraph 2, Paragraph 1, Article 17 of the Act provides that deduction of medical and childbirth expenses requires submission of papers issued by the hospital. In the case of fraudulent declaration and ascertained tax evasion by unlawful means, the tax authority shall not only pursue the tax payment according to the law, but also report those involved in such criminal activity to the competent judicial authorities for investigation.

Article 24-2
(Deleted)

Article 24-3
Deduction of interest on housing mortgages prescribed in Subparagraph 2-(2)-(v), Paragraph 1, Article 17 of the Act shall meet the following requirements:
1. The house is owned and registered under the name of the taxpayer himself/herself, his/her spouse or their dependents.
2. The taxpayer himself/herself, his/her spouse or dependents completes registration of household on the address, and does not use the house for lease, business operation or professional practice during the taxable year.
3. The taxpayer obtains and submits receipts of interest for the same year paid to financial institutions for the housing loan.

Article 24-4
According to Subparagraph 2-(3)-(iv), Paragraph 1, Article 17 of the Act, a taxpayer who applies for special deduction for the disabled or handicapped shall submit a copy of the handbook for the disabled and mentally retarded specified or other such recognized proof issued by the relevant government organization, or a copy of a medical diagnosis issued by a specialist physician as required in Paragraph 1, Article 19 of the Mental Health Act.

Article 24-5
According to Subparagraph 2-(3)-(v), Paragraph 1, Article 17 of the Act, anyone applying for a special deduction for educational tuition shall submit a photocopy of the receipts for tuition paid or other relevant certificates.

Article 24-6
According to Item 2-6, Subparagraph 2, Paragraph 1, Article 17 of the Act, a taxpayer that declares a deduction for housing rent expenditure shall submit the following certification documents:
1. Certification documents for lease of house and payment of rent: A photocopy of the lease agreement or other certification documents and payment certificates sufficient to prove the above.
2. Certification documents for lease of house for residential self-use: A certificate proving that the taxpayer himself/herself, the spouse or lineal dependents complete registration of household on the address during the taxable year, or the taxpayer' affidavit clearly stating that the leased house is for the residential use of the taxpayer and not for business operation or professional practice within the taxable year.

Article 24-7
The gross consolidated income stated in the preamble of Paragraph 1 and Subparagraph 2-(2)-(ｉ), Paragraph 1, Article 17 of the Act shall exclude the total amount of the dividends and earnings which the taxpayer opts to calculate the tax payable separately in accordance with the provisions of Paragraph 5 of Article 15 of this Act.

Article 25
Taxpayers who fail to itemize their deductions in their tax returns and fail to fill in the application for standard deduction are deemed to have elected to apply for the standard deduction.
Where the taxpayer elects and fills in the application for standard deduction, or is deemed to have elected to apply for the standard deduction in accordance with the preceding Paragraph, the taxpayer shall not request a change to itemized deductions once the tax authority has approv

Article 25-1
The provisions of Article 17-1 of the Act shall not apply to the spouse of the individual who files a joint tax return, or the individual who is the dependent of a taxpayer in his or her tax return in accordance with Article 71-1 of the Act. A full amount of exemption and standard deduction is allowed.

Article 25-2
Where the taxpayer applies for tax credits or tax refunds of the consolidated income tax paid in accordance with Article 17-2 of the Act due to repurchase of another building for self-use, the taxpayer shall submit the following certification documents to the tax authority having jurisdiction where the registered household is in the year the application for such deduction or tax return is filed:
1. The copy of the contracts of the sale of one building and the purchase of the other for self-use and the copy of the certification of receiving and of paying the price of the buildings; or the copy of the contracts used to conduct registration of the transfer of the sold and of the purchased buildings for self-use with the land administration.
2. The copy of the certificates of ownership of the sold and of the purchased buildings for self-use; or the transcripts of building transfer.
3. The household certificates of the years in which the buildings were sold and purchased.
Where the buildings for sale and repurchase are not in the same special municipality or county/city, the handling tax authority shall write and have the tax authority at the place where the building for sale and repurchase are located verify the relevant information before this matter can be handled; after deduction or tax return is approved, the taxpayer shall immediately inform the tax authority at the place where the building for sale or repurchase is located of the relevant information.
The consolidated income tax amount for deduction or return stated in Paragraph 1 refers to the consolidated income tax amount increased due to addition of the property transaction income when the consolidated income for the same year is ascertained.

Chapter 3 Profit-Seeking Enterprise Income Tax

Article 26
(Deleted)

Article 27
The year stated in the Act refers to the fiscal year prescribed by Article 23 of the Act.

Article 28
(Deleted)

Article 29
(Deleted)

Article 30
(Deleted)

Article 31
For the amount of income of a profit-seeking enterprise stated in Paragraph 1, Article 24 of the Act, its calculation equation is stated below as an example:
1. Retail Industry:
(1)Gross Sales Revenue− (Sales Return + Sales Allowance) = Net Sales Revenue
(2)Beginning Inventory+(Purchase − (Purchase Return +Purchase Allowance)) +Purchasing Expenses − Ending Inventory = Costs of Goods Sold
(3)Net Sales Revenue − Costs of Goods Sold = Gross Sales Revenue
(4)Gross Sales Revenue − (Sales Expenses + Managerial Expenses) = Operating Income
(5)Operating Income+Non-Operating Earnings−Non-Operating Loss = Net Income Amount (i.e. the income amount)
2. Manufacturing Industry:
(1)(Beginning Material + Purchased Material − Ending Material) + Direct Labor + Production Expenses = Production Costs
(2)Beginning Work-in-Process Goods in Stock + Production Costs − Ending Work-in-Process Goods in Stock = Finished Goods Costs
(3)Beginning Finished Goods in Stock + Finished Goods Costs − Ending Finished Goods in Stock = Costs of Goods Sold
(4)Gross Sales Revenue−(Sales Return + Sales Allowance) = Net Sales Revenue
(5)Net Sales Revenue−Costs of Goods Sold=Gross Profit
(6)Gross Profit − (Sales Expenses + Managerial Expenses) = Operating Income
(7)Operating Income+Non-Operating Revenue−Non-Operating Loss = Net Income Amount (i.e. the income amount)
3.Other Industries Providing Service or Credit:
(1)Business Revenues − Operating Costs=Business Gross Profit
(2)Business Gross Profit− Managerial or Administrative Expenses = Operating Income
(3)Operating Income + Non-Operating Revenue−Non-Operating Loss = Net Income Amount (i.e. the income amount)

Article 31-1
The face value stated in Paragraph 1, Article 24-1 of the Act is determined by the following rules：
1. Where the coupon rate of government bonds, corporate bonds, and financial bonds obtained by a profit-seeking enterprise was appointed at a fixed rate, the face value shall be the present value computed by discounting at the effective rate. However, in the case that the aforementioned bonds were classified as financial assets of which the change in their fair value shall be recorded as gains or losses in accordance with the Regulations on Business Entity Accounting Handling or the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and which the premium or discount is not amortized at

the effective rate, the face value shall be the par value.
2. Where the coupon rate of government bonds, corporate bonds, and financial bonds obtained by a profit-seeking enterprise was appointed at a floating rate, the face value shall be the par value.
The interest rate of bonds stated in Paragraph 1, Article 24-1 of the Act is determined by the following rules：
1. Where the coupon rate of government bonds, corporate bonds, and financial bonds obtained by a profit-seeking enterprise was appointed at a fixed rate, the interest rate shall be the effective rate at the time of acquisition; where each bond is acquired at different time while belongs to the same issuance period, the interest rate is the average effective rate at the time of acquisition. However, in the case that the aforementioned bonds were classified as financial assets of which the change in their fair value shall be recorded as gains or losses in accordance with the Regulations on Business Entity Accounting Handling or the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and which the premium or discount is not amortized at the effective rate, the interest rate shall be the coupon rate.
2. Where the coupon rate of government bonds, corporate bonds, and financial bonds obtained by a profit-seeking enterprise was appointed at a floating rate, the interest rate shall be the coupon rate.
The effective rate specified in the preceding two paragraphs refers to the rate used to discount future cash flows for the duration of the aforementioned bonds to derive their present value which is equal to the carrying value of the bonds on acquisition。

Article 31-2
The interest income of short-term commercial papers that shall be included in the amount of income of the profit-seeking enterprise as stated under Paragraph 3, Article 24 of the Act refers to the amount calculated by multiplying the proportion of the profit-seeking enterprise’s holding period to the duration of the issuance of the short-term commercial papers with the interest income for the portion of the maturity payment amount of the short term commercial papers that exceeds the first sales price. The tax amount calculated in accordance with the withholding tax rate multiplied by the prescribed interest income is allowed as deduction against the amount of the profit-seeking income tax payable for the annual income tax return.
The gains or losses derived from the property transaction whereby a profit-seeking enterprise sells short-term commercial papers as described in the preceding paragraph before the due date shall be the net amount of the sale price minus the purchase price and interest income calculated as described in the preceding paragraph.
The tax amount calculated in accordance with the prescribed withholding rates stated in Paragraph 2, Article 24-1 of the Act refers to the tax amount calculated in accordance with par value, coupon rate and holding period of government bonds, corporate bonds, and financial bonds and in accordance with the prescribed withholding rates.

Article 31-3
Where the government bonds, corporate bonds, and financial bonds obtained by a profit-seeking enterprise are zero coupon bonds, the daily interest shall be calculated first by amortizing the difference between the purchase price of the bonds and the par value over the period throughout the date of the maturity of the bonds, then calculate the interest revenue by multiplying the daily interest with the number of days held by the profit-seeking enterprise; the amount of tax which is allowed as a deduction against the amount of the profit-seeking income tax payable for the annual income tax return shall be calculated by multiplying the tax withheld in accordance with the provision of Subparagraph 2, Article 85-2 by holding period.
Where the government bonds, corporate bonds, and financial bonds obtained by a profit-seeking enterprise includes option rights such as conversion, swap, repurchase or redemption rights, the interest premium shall be included in the amount of the income in the year of receipt; in the case that the bonds were appointed at a coupon rate, the interest revenue shall

be calculated in accordance with the holding period, at the par value and the coupon rate of the bonds, the amount of tax which is allowed as a deduction against the amount of the profit-seeking enterprise income tax payable for the annual income tax return shall be calculated in accordance with the prescribed withholding rates.

Article 31-4
The rules prescribed in Paragraph 1, Article 24-2 of the Act that gains or losses derived from the buying or selling of securities or financial derivatives as approved by the competent authority shall be included in the profits or losses resulted from issuing call (put) warrants means that the profits or losses of each call (put) warrants issued by issuer as calculated at the expiration date shall be included in the amount of the income of the profit-seeking enterprise in the year of expiration and taxed accordingly.

Article 32
(Deleted)

Article 33
When the interest for a loan is allowed to be subtracted in accordance with Article 30 of the Act, one shall clearly record the real name and address of the creditor in the account book.

Article 34
In a profit-seeking enterprise operated by sole proprietorship or partnership, the loan borrowed by the proprietor or the partner shall all be considered dealings of capital owners, and shall not be listed as interest.

Article 35
The maximum interest rate standard approved by the tax office as stated in Paragraph 2, Article 30 of the Act is established by the national tax offices under the Ministry of Finance in all districts by referring to the market interest rate in each district, to be further submitted to the Ministry of Finance for approval.

Article 36
(Deleted)

Article 37
The general salary standard stated in Article 32 of the Act is investigated and established by the national tax offices under the Ministry of Finance in all districts during a two-month period prior to the beginning of the fiscal year, and submitted to the Ministry of Finance for approval.

Article 38
(Deleted)

Article 39
(Deleted)

Article 40
The value increased due to expenditure in expansion, replacement, improvement, or repair as stated in Article 34 of the Act refers to the commensurate amount increased because the value of the fixed assets increases compared to the scheduled expected value given ordinary maintenance or repair when received due to expenditure in expansion, replacement, improvement, or repair; the so-called increase of efficiency refers to the fact that the efficiency of the part under expansion, replacement, improvement, or repair reaches 2 years or longer.

Article 41
(Deleted)

Article 42

The amount of income stated in Subparagraph 2, Article 36 of the Act refers to the amount of income approved by the governing tax office, where the donated amount that shall be listed as expenses or losses shall be adjusted according to the approved amount of income in accordance with statutory limits.

Article 42-1
The various penalty fines stated in Article 38 of the Act refer to fines imposed in accordance with various laws and regulations.

Article 43
When a profit-seeking enterprise entrusts another or is entrusted to sell or buy goods, both sides shall reach a written agreement for future reference.

Article 43-1
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Article 43-2
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Article 44
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Article 45
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Article 46
The methods of actual cost evaluation stated in Article 44 of the Act are as follows:
1. Where the specific identification method is adopted, the actual cost of the specific inventories serves as the acquisition prices of the inventories.
2. Where the first-in, first-out method is adopted, inventories shall be categorized in light of their nature, where inventories in the same category are separately listed and counted according to the order of the dates when the assets are acquired, with the inventory with the closest date to the year end listed at the forefront. The prices so collected and listed serve as the acquisition prices of the inventories.
3. Where the weighted average method is adopted, inventories shall be categorized in light of their nature, and for those of the same category, in order to come up with the price of each unit, the cost of the inventories of the beginning of the year and of the supplements of the year shall divided by the total quantity.
4. Where the moving average method is adopted, inventories shall be categorized in light of their nature, and, upon acquisition of inventories in the same category each time, the quantity and the acquisition price shall be jointly calculated with the quantity and the acquisition price kept last time in the same category, in order to come up with the average price for each unit. Upon the next time of acquisition, the average price for each unit is calculated according to the same method, using the acquisition price of the unit last acquired and adjusted in the then current year as the acquisition price of the inventories.
5. Where the retail price method is adopted, the price shall be set in advance according to product type, and the cost rate found from the purchasing cost, with the set price for each product times its cost rate to be used as the acquisition price for each unit of the inventories.
Where any of the first-in, first-out method or the moving average method is adopted as the method of inventory evaluation, the continuous inventory system shall be used.

Article 47
Where a profit-seeking enterprise conducts installment payment sales by adopting the gross profit percentage method to calculate losses and profits, its creditor’s right receivable shall not include the bad debts for offset: When the price difference apportion method or the common sales

method is adopted, the above rule is also applicable to the price for installment payments recorded on the contract and the creditor's right to the difference on the current sales price.

Article 48
Depreciation methods for fixed assets stated in Article 51 of the Act are as follows:
1. Where the average method is adopted, the balance amount of the fixed asset cost minus the salvage value equally shared according to the years of durability prescribed in the Table of the Service Life of Fixed Assets shall be used to calculate the depreciation amount for each period.
2. Where the fixed-rate progressive decrease method is adopted, the balance amount order of the depreciation amount for each period subtracted from fixed assets for each period shall be used as the basis for calculating depreciation for each time/period, and a fixed percentage shall be used to calculate the depreciation amount.
3. Where the sum-of-years`- digits method is adopted, the balance amount of the fixed asset cost minus the salvage value multiplied by a decreasing fraction where the denominator is the sum of the years` digits of the service life and the numerator is the digit of the year of use in a reverse order shall be used to calculate the depreciation amount for each period. However, the years of the service life shall not be shorter than the years of durability prescribed in the Table of the Service Life of Fixed Assets.
4. Where the production quantity method is adopted, the balance amount of the fixed asset cost minus the salvage value shall be divided by the estimated total production quantity to calculate the depreciation amount per unit of production, and then multiplied by the actual production quantity realized in each period to calculate the depreciation amount for each period. However, the period of the estimated total production quantity shall not be shorter than the years of durability prescribed in the Table of the Service Life of Fixed Assets.
5. Where the working time method is adopted, the balance amount of the fixed asset cost minus the salvage value shall be divided by the estimated total working time to calculate the depreciation amount to be assumed in each unit of working time, then multiplied by the actual working time used in each period to calculate the depreciation amount for each period. However, the estimated total working time shall not be shorter than the years of durability prescribed in the Table of the Service Life of Fixed Assets.

Article 48-1
Where a profit-seeking enterprise adding equipment to prevent water pollution or air pollution shortens the year of durability in accordance with the proviso of Paragraph 2, Article 51 of the Act, it shall submit the certificate issued by the governing industrial authority in conducting final settlement and filing of tax income for the same year to be jointly filed with the governing tax office for approval.

Article 48-2
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Article 48-3
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Article 48-4
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Article 48-5
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Article 48-6
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Article 48-7
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Article 48-8
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Article 48-9
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Article 48-10
The measure “to make up the losses incurred in past years” as set forth in Subparagraph 1, Paragraph 2, Article 66-9 of the Act shall mean an action taken by a profit-seeking enterprise to use the undistributed surplus earnings available in the current year to make up the losses to be offset as calculated up to the final settlement date of the previous year in accordance with the Business Entity Accounting Act, Securities and Exchange Act, or other laws used in preparing financial reports; and the term “the losses incurred in the following year as audited and certified by a certified public accountant” shall mean the total amount of after-tax net income (or loss) for the period, adding the amount of other profit items adjusted to the current year’s undistributed earnings other than after-tax net income (or loss) for the period, and deducting the amount of other loss items adjusted to the current year’s undistributed earnings other than after-tax net income (or loss) for the period of a profit-seeking enterprise as audited and certified by a certified public accountant after having audited the financial statements made for that current year by the said profit-seeking enterprise.
The term “dividends or earnings which have been distributed from the earnings gained in the current year” as set forth in Subparagraph 2, Paragraph 2, Article 66-9 of the Act shall be limited to the amount of dividends or earnings distributed of the date of distribution in the fiscal year in which the relevant incomes are derived as defined before the end of the next fiscal year. The term “date of distribution” stated in this Paragraph refers to the base date for profit-seeking enterprises to distribute dividends and bonuses; where the base date for distribution of dividends and bonuses is not decided or the base date for distribution of dividends and bonuses is unclear, the date when the profit-seeking enterprise's shareholder's meeting adopts distribution of dividends and bonuses shall apply.
The terms “legal reserve of surplus earnings,” “legal reserve,” and “public welfare reserve” as set forth in Subparagraph 3, Paragraph 2, Article 66-9 of the Act shall refer to the amount thereof actually set aside in the current year from the operating profits by a profit-seeking enterprise.
In the case the amount of after-tax net income for the period and the amount of other profit and loss items adjusted to the current year’s undistributed earnings other than after-tax net income for the period of a profit-seeking enterprise as audited and certified by a certified public accountant after having audited, prepared, and submitted the annual financial statements by that profit-seeking enterprise is subsequently adjusted by the competent authority per its notice given to the said profit-seeking enterprise, then a correction of the amount of undistributed surplus earnings originally declared in the above-said annual financial statements shall be made by the said profit-seeking enterprise in accordance with the provisions set out in Paragraph 4, Article 66-9 of the Act.
Beginning from 2005 and in each year thereafter, if a profit-seeking enterprise holds any of the mandatory or restricted surplus earnings as specified in Subparagraphs 4 and/or 5, Paragraph 2, Article 66-9 of the Act remaining undistributed prior to the end of the fiscal year following the year such cause of restricted surplus earnings ceases, such part of the undistributed surplus earnings shall be levied on profit-seeking enterprise income tax in accordance with the provisions set out in Paragraph 5, Article 66-9 of the Act.

Chapter 4 Tax Levy Procedure

Article 49
A taxpayer shall conduct filing of the consolidated income tax with the tax

authority in the district where the registered household is located when the tax return is filed; a profit-seeking enterprise shall conduct filing of the profit-seeking enterprise income tax with the tax authority in the district where the registered enterprise is located when the tax return is filed.
A profit-seeking enterprise with its head office located within the territory of the Republic of China and other fixed places of business within the territory of the Republic of China shall jointly conduct filing with the tax office in the registration district where the head office of the profit-seeking enterprise files the tax return. An enterprise with its head office located outside the territory of the Republic of China and other fixed places of business located within the territory of the Republic of China shall conduct filing with the tax office in the registration district where its fixed places of business files tax returns separately.
For a foreign profit-seeking enterprise without any fixed place of business within the territory of the Republic of China but with a business agent, the business agent shall conduct filing with the tax office in the registration district where it files the tax return.

Article 50
The date of filing shall be based on the date the tax return is delivered to the tax office; the tax return sent by mail shall be done by registered mail, and the date stamped and shown on the mail shall be the filing date; for a tax return sent through the Internet, the date the filed information is transmitted to the tax office shall be the date of filing.

Article 51
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Article 52
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Article 53
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Article 53-1
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Article 54
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Article 55
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Article 55-1
When an incorporated profit-seeking enterprise conducts alternative computation of its profit-seeking enterprise income for the first-half year in accordance with Paragraph 3, Article 67 of the Act, one half of the expenses or losses based on the whole year that may be subtracted according to the Act shall be subtracted.
Computation of the provisional tax paid under Paragraph 3, Article 67 of the Act shall be handled in accordance with Article 40 of the Act.

Article 56
An approved small-scale profit-seeking enterprise as stated in Subparagraph 3, Article 69 of the Act refers to a profit-seeking enterprise that is small in scale, and of which the amount of sales per month is unable to reach the standard for the use of uniform invoices to investigate and levy business tax.
Those who are exempted from the profit-seeking enterprise income tax according to the Act or other related laws and regulations as stated in Subparagraph 4, Article 69 of the Act refer to education, culture, public welfare, charity institutions or organizations and their associated operating organizations, consumer cooperatives operated in accordance with law doing no business with outsiders, and state-owned public utility enterprises that are exempted from the income tax in accordance with

Subparagraph 13, Subparagraph 14, and Subparagraph 19, Paragraph 1 of Article 4 of the Act, as well as all profit-seeking enterprises of which the income is exempted from profit-seeking enterprise income tax in accordance with Article 9, Article 9-2, Article 10, Article 15, and Article 70-1 of the abolished Statute for Upgrading Industries; Article 18 of the Act for Establishment and Administration of Science Parks; Article 28 of the Statute for Encouraging Private Organizations to Participate in Transportation Construction; Article 36 of the Act for Promotion of Private Participation in Infrastructure Projects; Article 42 and Article 44 of the Business Mergers and Acquisitions Act; Article 13, Paragraph 1 of Article 22-7 and Paragraph 1 of Article 22-16 of the Offshore Banking Act; Article 35 of the International Airport Park Development Act; Article 29 of the Act for the Establishment and Management of Free Trade Zones; Article 23-1 of the Statute for Industrial Innovation; and other laws and regulations.

Article 57
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Article 57-1
Where an individual dies or vacates his or her residence within the territory of the Republic of China and leaves the territory, except when the spouse of the individual files a joint tax return according to law, or the individual is the dependent of a taxpayer in his or her tax return, he or she is allowed not to file income tax returns under Paragraph 3, Article 71 of the Act if his or her income to be filed does not exceed the total of the amount of tax exemption and the standard deduction of the year converted in accordance with Article 17-1 of the Act; however, if an application has been filed for refund of the tax withheld and the tax credit as specified in the provisions of Paragraph 4, Article 15 of the Act, or subject to separated taxation as stipulated in the provisions of Paragraph 4, Article 15 of the Act, the said taxpayer shall still be required to file the annual income tax return.

Article 57-2
For consolidated income tax returns prescribed by Paragraph 1 and Paragraph 2, Article 71-1 of the Act, Article 77 of the Act governing final settlement and return of the consolidated income tax shall be applicable. Where a final settlement and tax return form required by Article 71-1 Paragraph 3 of the Act is for the use of an operational subsidiary opening its business to the public, Article 77 of the Act governing final settlement and return of the profit-seeking enterprise income tax shall apply; where the form is for the use of a non-profit organization and its operational subsidiary without opening its business to the public, it shall be separately prescribed by the Ministry of Finance.

Article 57-3
(Deleted)

Article 58
According to Paragraph 3, Article 71 of the Act, whether the gross consolidated income exceeds the total of the amount of tax exemption and the amount of standard deduction for the same year shall be reviewed and calculated by the tax authority based on the information acquired during investigation. Where the amount of reviewed and calculated gross consolidated income exceeds the total amount stated in the preceding paragraph and the taxpayer fails to file income tax returns according to law, the tax authority shall proceed in accordance with Article 79 of the Act.

Article 59
(Deleted)

Article 60
A taxpayer that appoints an agent to file his tax return in accordance with Paragraph 2, Article 72 of the Act shall have the agent present a letter of undertaking to be submitted to the governing tax authority for approval,

and then the agent may perform the duty to file the tax return on behalf of the principal in accordance with the Act
Where an individual not residing within the territory of the Republic of China or a profit-seeking enterprise without any fixed place of business within the territory of the Republic of China and business agent accrues income not within the scope of withholding under Article 88 of the Act and is unable to conduct the filing by himself, he shall apply to the tax authority for approval and appoint an individual residing within the territory of the Republic of China or a profit-seeking enterprise with a fixed place of business to file the tax return as an agent.
"Having income which does not fall within the withholding scope as provided in Article 88 of the Act" as stated in Paragraph 1, Article 73 of the Act refers to income derived from sources within the territory of the Republic of China prescribed in Article 8 of the Act, income for which the amount of tax payable shall be separately withheld but unable to be included in the scope of withholding under Article 88 of the Act in accordance with Paragraph 2, Article 2 of the Act, or income included in the scope of withholding but unable to reach the withholding cut-off amount or the withholding agent is not specified by Article 89 of the Act. The phrase "make tax payment according to the prescribed tax rates" refers to a situation where an individual not residing within the territory of the Republic of China accrues income not within the scope of withholding, the applicable withholding rate shall be the withholding rate of income for the similar category in the same year at the time when he or she exits the territory before the income tax declaration deadline for the year begins. The phrase "shall file a tax return and make tax payment in accordance with the regulations concerned" refers to a situation where a taxpayer does not leave within the time limit prescribed for filing income tax return in the taxable year as prescribed by Article 71 and Article 72 of the Act, his or her income shall be subject to the withholding rates prescribed as above.

Article 60-1
Where an offshore banking unit has its head office located within the territory of the Republic of China, in addition to filing the tax return in accordance with Article 73-1 of the Act, its head office shall file the annual income tax return for the other income of the unit jointly in accordance with Paragraph 2, Article 3 and pay profit-seeking enterprise income tax in accordance with the Act, the Offshore Banking Act, and the Income Basic Tax Act.
For sharing expense with institutions operating at the same location, the offshore banking unit, the offshore securities branch, or the offshore insurance branch shall submit the proposed apportion method to the tax office in charge for reference within three months after the date the offshore banking unit, the offshore securities branch, or the offshore insurance branch begins operation.

Article 61
Where the agent appointed in accordance with Paragraph 2, Article 72 and Paragraph 2, Article 73 of the Act and Paragraph 2, Article 60 of the Rules fails to file a tax return on behalf of the taxpayer within the prescribed period of time, the tax authority shall determine the taxpayer's amount of income and amount of tax payable and shall notify the agent to pay in accordance with Article 79 of the Act.

Article 61-1
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Article 62
(Deleted)

Article 63
(Deleted)

Article 64
Calculation of liquidation income is as follows:

Inventory liquidation revenue － Inventory liquidation cost ＝ Inventory liquidation profit/loss
Non-inventory asset liquidation profit ＋ Profit from liability payoff ＋ Assessed residual asset profit after liquidation ＋ Other profits ＝ Liquidation profit
Non-inventory asset liquidation loss ＋ Creditor's right collection loss ＋ Assessed asset Loss after liquidation ＋ Liquidation expenses ＋ Other Losses ＝ Liquidation loss
Inventory liquidation profit/loss ＋ Liquidation profit － Liquidation loss ＝ Liquidation income or loss
Liquidation income － Approved amount of loss incurred in past years that is deductible according to law － Various profits not counted as income according to law － Various income exempted from tax according to law ＝ Taxable income for liquidation
Article 31 regarding calculation of related costs of goods sold is applicable to calculation of the inventory liquidation cost as stated in the preceding paragraph.

Article 65
Liquidation income shall be calculated for tax levy for the then current year according to the profit-seeking enterprise income tax rate in the same year. However, Article 40 of the Act shall not be applied.

Article 65-1
Where a profit-seeking enterprise organized as a sole proprietorship or a partnership files the annual income tax return in accordance with Paragraph 2, Article 71 of the Act or makes its current final report on total business income or income earned from liquidation in accordance with Paragraph 4, Article 75 of the Act, the sole proprietor or partners shall calculate the withholding tax of the income of the aforesaid enterprise based on the respective percentage of his or her investment or partnership contract and deduct the aforesaid withholding tax from his or her consolidated income tax payable on his or her annual income tax return for the year.

Article 66
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Article 67
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Article 68
Where the taxpayer fails to submit various appendix tables or certification documents according to the rules when filing the tax return, the tax authority shall notify him or her to resubmit corrected documents within 7 days.

Article 69
(Deleted)

Article 69-1
(Deleted)

Article 70
When a company capitalizes its undistributed surplus earnings by issuing additional equity shares, the amount of dividend shares distributed by the said company to each of its individual shareholders residing within the territory of the Republic of China, exclusive of the dividend shares which are distributed in accordance with the provisions set out in Article 16 and Article 17 of the abolished Statute for Upgrading Industries before its amendment and promulgation on December 31, 1999, shall be included by each of such shareholders having received such dividend shares into the aggregate amount of his/her incomes to be declared in his/her annual consolidated income tax return to be filed in the taxable year in which such capitalization project of undistributed surplus earnings is effected, and the income tax levied on such income shall be paid by the shareholders

receiving dividend from such shares under the law accordingly. However, for such shareholders as may receive dividend shares and who have no residence within the territory of the Republic of China, and for the profit-seeking enterprise whose head office is located outside the territory of the Republic of China, the assessment and withholding of the income tax levied on the dividend shares distributed to and received by the foregoing shareholders shall be effected by the issuing company in accordance with the provisions set out in Article 88 of the Act when making distribution of such dividend shares.

Article 71
A taxpayer that conducts a make-up final settlement and filing in accordance with Paragraph 1, Article 79 of the Act shall still submit relevant statements, forms and receipts in accordance with Paragraph 1, Article 76 of the Act; as for the belated filing surcharge or the non-filing surcharge additionally levied in accordance with Article 108 of the Act, the tax office shall notify the taxpayer by completing and issuing an approval notice recording the facts and their basis.
A profit-seeking enterprise that conducts a make-up final settlement and filing of undistributed earnings in accordance with Paragraph 2, Article 102-3 of the Act shall still submit relevant statements, forms and receipts in accordance with Paragraph 4, Article 102-2 of the Act; as for the belated filing surcharge or the non-filing surcharge additionally levied in accordance with Article 108-1 of the Act, the tax office shall notify the profit-seeking enterprise by completing and issuing a notice recording the facts and evidencing documents in accordance with Paragraph 1, Article 116 of the Act.

Article 72
The term "data/information found during investigation" as used in Paragraph 4, Article 3-4; Paragraph 5 and Paragraph 6, Article 75; Article 79; Paragraph 1 and Paragraph 3, Article 83; Paragraph 2, Article 102; Paragraph 2, Article 102-3; and Paragraph 2, Article 108 of the Act shall mean the data/information pertaining to the income/revenue, loss, costs and expenses of the tax-payer involved.

Article 73
The Profit Standards of the Same Trade set by Article 79 and Article 83 of the Act are established by the national tax offices under the Ministry of Finance in all districts, and are reported to the Ministry of Finance for reference.

Article 74
(Deleted)

Article 75
When the tax office asks the opinions of trade associations in accordance with Paragraph 4, Article 80 of the Act, it shall prepare written materials attached with the “Income Standard Examination Form” to request answers to be given within a definite time.

Article 76
Mistakes in recording or calculation on notices as stated in Paragraph 2, Article 81 of the Act solely refer to mistakes in written records or computation errors of numbers for various verified items on notices. A person who has a dissenting view on verified facts or application of laws may apply for reexamination in accordance with Article 35 of the Tax Collection Act.

Article 77
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Article 78
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Article 79

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Article 80
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Article 81
Where a taxpayer fails to present the portion of account books, documents and receipts stated in Article 83 of the Act that relates to the income amount or the income amount for a certain period in the tax year, the tax office may determine the income amount regarding that portion in accordance with the information found or Profit Standard of the Same Trade.
Where the taxpayer fails to present the portion of account books, documents and receipts stated in Article 83 of the Act that relates to the undistributed earnings, the tax office may determine undistributed earnings regarding that portion in accordance with the information found.

Article 82
The time of payment stated in Paragraph 1, Article 88 of the Act refers to the time when actual payment, transfer payment, or remittance payment is made.
The dividends payable by a company that are not paid within 6 months after the date the shareholders' meeting resolves to distribute the earnings are deemed paid.

Article 83
Where any of the taxable incomes itemized in Article 88 of the Act is exemptible from income tax under any Subparagraph of Paragraph One, Article 4 of the Act, no income tax withholding shall be made in respect of such income. However, if any of such incomes is subject to fixed-amount tax exemption, the portion of the amount in such income exceeding the taxation threshold shall still be subject to tax withholding.
The interest income derived by a banking institution from money-lending business and the commission income derived by a profit-seeking enterprise from issuing uniform invoices, leasing business and/or the royalty income under the law shall all be exempted from income tax withholding.

Article 83-1
Where the trustee in a trust act invests the trust property in a profit-seeking enterprise, the said profit-seeking enterprise shall name the said trustee as the taxpayer, and shall thus issue to the beneficiary a dividend voucher (warrant) in accordance with the provisions set out in Paragraph 1, Article 102-1 of the Act.
The trustee referred to in the preceding paragraph shall, based on the dividend amount or the earning amount distributed to it and in accordance with the provisions set out in Paragraph 1, Article 3-4 of the Act, calculate the amount of income receivable by the beneficiary, and shall further, within the time limit specified in Article 92-1 of the Act, fill out and issue to the beneficiary a dividend voucher (warrant), whereas, if there are two or more beneficiaries involved, the said trustee shall, in accordance with the distribution ratios as specified in Paragraph 2, Article 3-4 of the Act, calculate respectively the amount of income receivable for each individual beneficiary.
Where the beneficiary referred to in the preceding paragraph is an individual person not residing in the territory of the Republic of China or a profit-seeking enterprise whose head office is located outside the territory of the Republic of China, then the said trustee shall, in accordance with the provisions set out in Paragraph 3, Article 89-1 of the Act, withhold the income tax from the amount of income payable to the beneficiary by the said trustee; and shall further issue to the said beneficiary a withholding tax voucher (certificate) in accordance with the provisions set out in Article 92-1 of the Act, and will be exempted from issuing the dividend voucher (warrant).

Article 83-2
For a trust fund prescribed in Paragraph 6 of Article 3-4 of the Act, its trustee shall separately put the tax withheld by the withholding agent in

accordance with Paragraph 1 of Article 89-1 of the Act into the beneficiary's tax withholding account according to the income categories.
When a trustee for the trust fund stated in the preceding Paragraph actually distributes the trust benefits, he shall apply the ratio of the balance amount in the beneficiary's withheld tax account to the accumulated undistributed balance amount for each category of income, according to the income amount for each category distributed to each beneficiary this time, to separately calculate the withheld tax for each category of income enjoyed by the beneficiary. The calculation equation is as follows:
Beneficiary's various income taxes withheld = (Balance amount in the beneficiary's withheld tax account for each individual category of income) ÷ (Accumulated undistributed balance amount for each category of income) × (Income amount distributed to the beneficiary for each category of income this time).
The trustee shall subtract the withheld tax held for the beneficiary this time calculated in accordance with the preceding Paragraph from the balance amount in the beneficiary's withheld tax account for each individual category of income.
When a trustee for the trust fund stated in Paragraph 2 actually distributes the trust benefits which are the dividends or earnings distributed by a domestic company, a cooperative, or other juristic person after January 1, 2018, he or she shall be subject to Article 10-3 (of these Enforcement Rules).

Article 84
(Deleted)

Article 85
(Deleted)

Article 85-1
When a withholding agent completes and files the withholding statement in accordance with Paragraph 1, Article 92 of the Act, he shall accurately list the name or title of the income receiver, his address, identification number, year of income, total payment amount, amount of tax withheld, etc. in detail in accordance with the prescribed format.
When a trustee completes and files the withholding statement or the withholding exemption statement and related statements in accordance with Article 92-1 of the Act, he shall accurately list the name or title of the income receiver, its address, identification number, year of income, total payment amount, amount of tax withheld, etc. in detail in accordance with the prescribed format.
The total payment amount stated in the preceding Paragraph refers to the income calculated or distributed by the trustee to the beneficiary in accordance with Article 3-4 of the Act.
When a profit-seeking enterprise fills in the dividends statement in accordance with Paragraph 1, Article 102-1 of the Act, it shall accurately list the name or title of the income receiver, its address, identification number, year of payment, year of income, amount of dividends or amount of earnings, etc. in detail in accordance with the prescribed format.

Article 85-2
The tax withholder of the interest from government bonds, corporate bonds, and financial bonds shall withhold the tax in accordance with the following rules:
1. Where the coupon rate was appointed at a fixed or floating rate, the tax withholder shall withhold the tax at the time when interest is paid in accordance with the prescribed withholding rate.
2. In the case where the bonds are zero coupon bonds, the tax withholder shall withhold the tax at the time of maturity in accordance with the prescribed withholding rate and the difference between the par value and the issuance price of the bonds.
3. In the case where the bonds include option rights such as conversion, swap, repurchase and redemption rights, the tax withholder shall withhold tax at the time when interest premium is paid in accordance with the

prescribed withholding rate; in the case where the bonds are appointed at a coupon rate, the tax withholder shall be subject to the provision otherwise provided for in Subparagraph 1 above.

Article 86
(Deleted)

Article 87
Where a taxpayer leases out property to receive deposit or any fund similar to deposit, or where the taxpayer receives the price of a lien created on property, it shall, in accordance with Subparagraph 3, Category 5, Paragraph 1, Article 14 of the Act, calculate its lease income using the one-year deposit interest rate generally adopted by local banks, to be self-declared when filing annual income tax returns.

Article 88
A taxpayer that lends his or her property to others without any consideration shall enter into a no-consideration lending agreement with the other party, with such agreement being attested by two third-party persons and notarized under the relevant articles of the Act on Authentication.

Article 89
(Deleted)

Article 89-1
Where the various incomes subject to withholding prescribed in Paragraph 1, Article 88 of the Act are incomes earned in kind, in the form of valuable securities or in foreign currencies, Paragraph 2, Article 14 of the Act shall apply upon computation.

Article 90
(Deleted)

Article 91
(Deleted)

Article 91-1
(Deleted)

Article 92
(Deleted)

Article 93
(Deleted)

Article 94
(Deleted)

Article 95
When a holder of bearer shares or corporate bonds is claiming dividends or interest distributed by a company, the holder shall present the citizen's identification card for the profit-seeking enterprise or the withholding agent to record his/her name, address and identification number; if the holder is a profit-seeking enterprise, it shall present its company title, person-in-charge, name, address and business administrative number to be recorded by the profit-seeking enterprise or the withholding agent and proceed in accordance with Article 92 and Article 102-1 of the Act.

Article 96
Where a withholding agent refunds what was excessively withheld from the taxpayer in accordance with Article 94 of the Act, the withholding agent may apply with the governing tax authority for refund or may offset it against a commensurate portion of the tax to be withheld and paid at the same year. The withholding agent shall go to the governing tax authority to proceed on the refund procedure if the year has come to an end.

Article 97
In the course of filing an annual income tax return, a taxpayer whose tax is paid to and withheld by different jurisdictions shall have the tax authority where he/she files annual income tax return to verify and refund the tax if a refund is granted.

Article 98
(Deleted)

Article 98-1
(Deleted)

Chapter 5 Rewards and Punishments

Article 99
With respect to the disciplinary action in terms of "business suspension" to be enforced under Article 112 of the Act, the duration of such business suspension shall expire on the date whereupon the tax-payer subject to such disciplinary action has fulfilled its obligation as required by the Act.

Article 100
The public announcement of business suspension shall be posted on an obvious spot around the main entrance of the premises of the profit-seeking enterprise, which shall not be covered, scratched or torn by the profit-seeking enterprise. Otherwise, the enterprise will be reported by the tax office to related law enforcement agencies.

Article 101
(Deleted)

Article 102
Where a taxpayer violates Article 71 of the Act by failing to conduct final settlement and filing by the specified deadline, while filing by himself before the late filing notice issued by the tax office is delivered, he shall be additionally levied a belated filing surcharge in accordance with Paragraph 1, Article 108 of the Act;
Where a taxpayer is late for the deadline for make-up declaration specified by the late filing notice, while filing by himself before the tax office delivers the notice of approved income amount and amount of tax payable, he shall be additionally levied a non-filing surcharge in accordance with Paragraph 2, Article 108 of the Act.
Where a profit-seeking enterprise violates Article 102-2 of the Act by failing to conduct filing of undistributed earnings by the specified deadline, while filing by itself before the tax office delivers the notice of late filing, it shall be additionally levied a belated filing surcharge in accordance with Article 108-1 Paragraph 1 of the Act; where it is late for the deadline for make up declaration specified by the late filing notice, while filing by itself before the tax office delivers the notice of approved undistributed earnings and tax amount to be additionally levied, it shall be additionally levied a non-filing surcharge in accordance with Paragraph 2, Article 108-1 of the Act.

Article 103
(Deleted)

Article 104
The act of a taxpayer failing to pay the income tax beyond the prescribed time limit (the deadline date) as set forth in Article 112 of the Act shall include any of the following circumstances:
1.(deleted)
2.Failing to pay the assessed provisional tax beyond the deadline date specified in the tax payment notice issued by the tax authority in charge in accordance with the provisions set out in Paragraph Two, Article 68 of the Act;
3.Failing to pay the tax payable declared in the annual income tax return

beyond the deadline date specified in Article 71 of the Act (of the current taxation year);
4.Failing to pay the additional income tax assessable on the undistributed surplus earnings (of the preceding taxation year) beyond the time limit (deadline date) specified in Article 102-2 of the Act (of the current taxation year);
5.Failing to pay the assessed income tax beyond the time limits (deadline date) respectively specified in the income tax payment notice issued under Article 100, Article 114, Article 114-2 of the Act, and/or in accordance with the Taxation Act; or
6.Failing to pay the tax payable declared in the current final report on total business income or income earned from liquidation beyond the deadline date specified in Paragraphs 1 and 2, Article 75 of the Act.

Article 105
(Deleted)

Article 106
(Deleted)

Article 107
(Deleted)

Chapter 6 Supplementary Provisions

Article 108
(Deleted)

Article 109
The Rules shall come into force on the day of promulgation.
The amended articles of the Enforcement Rules shall come into force on the day of promulgation; however the articles amended on November 2, 2012 shall come into force on January 1, 2013.The articles amended on August 26, 2013 shall come into force on January 1, 2013; Article 48-7 amended on September 30, 2014 shall come into force on January 1, 2013；Article 65-1 amended on September 30, 2014 shall come into force in year 2015.
The Articles of this Enforcement Rules amended on June 29, 2018 shall come into force retroactively on January 1, 2018; however, the text of Article 8-11, Article 17-1, Article 19-2, Article 19-3, Article 19-4, and Article 19-5 shall come into force retroactively on January 1, 2016, the text of Article 48-10 and Article 65-1 shall come into force in fiscal year 2018, the text of Article 61-1 and Article 70 shall come into force on January 1, 2019.

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