Content

Title：	Enforcement Rules of the Income Basic Tax Act Ch
Date：	2012.11.02
Legislative：	History Note: In case of any discrepancy between the English version and the Chinese text of this Act, the Chinese text shall govern. 1.Promulgated by Decree No. 09304163770 issued by the Ministry of Finance on June 5, 2006. 2.Article 3, Article 12, Article 13, Article 14, Article 15-1, Article 18, Article 19, Article 22 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No. 10100515980 issued by the Ministry of Finance on March 14, 2012. 3.Article 5, Article 10, Article 11, Article 12, Article 14, Article 17, Article 18 and Article 22 amended and promulgated per the Order of Tai-Tsai-Shuei-Tze No.10100216400 issued by the Ministry of Finance on November 2, 2012.
Content：	Article 1 These Rules are enacted pursuant to the provisions set out in Article 17 of the Income Basic Tax Act (hereinafter referred to as the “Act"). Top↑ Article 2 Profit-seeking enterprises or individuals obligated to pay income tax under the Act shall, when filing the income tax return, calculate the amount of the income basic tax in accordance with the provisions set out in the Act and shall file the income tax return in the format as prescribed by the Ministry of Finance and shall pay the income tax accordingly. With respect to a profit-seeking enterprise or an individual person

failing to declare the amount of its/his/her income basic tax as required in the preceding paragraph, the tax collection authority shall assess and determine the amount of its/his/her basic income and the income basic tax levied thereon based on the information acquired by it through investigation.

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Article 3

Article 3

The statutory tax benefit in terms of "investment credit" referred to in Subparagraphs 7 and 8, Paragraph 1, Article 3; Paragraph 2, Article 4; and Articles 6 and 11 of the Act shall mean those investment credit privileges as provided for in the following laws:

1. Articles 6, 7, 8, and 15 of the abolished Statute for Upgrading Industries;

2. Articles 29 and 33 of the Statute for Encouraging Private Organizations to Participate in Transportation Construction;

3. Articles 37 and 40 of the Act for Promotion of Private Participation in Infrastructure Projects;

4. Article 37 of the Business Mergers And Acquisitions Act;

5. Articles 14 and 24 of the New Town Development Act;

6. Article 49 of the Urban Renewal Act;

7. Article 23 of the Resource Recycling Act;

8. Article 50 of the Act for the Development of Tourism;

9. Article 39-1 of the Motion Picture Act;

10. Article 18 of the Act for Establishment and Administration of Science Parks; and Article 15 of the Act for Establishment and Administration of Science Parks in force before its amendment and promulgation on 20 January 2001;

11. Article 42 of the Interim Statute for Reconstruction after the 921 Earthquake; and Article 41 of the abolished Interim Statute for Reconstruction after the 921 Earthquake prior to its amendment and promulgation on 29 November 2000;

12. Article 10 of the Act for Industrial Innovation.

13. Articles 5 and 6 of the Act for the Development of Biotech and New Pharmaceuticals Industry.

14. Other laws containing the provisions governing grant of investment credit incentives.

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Article 4

In regard to the condition in terms of “without having applied the investment credit incentive” as set forth in Subparagraphs 7 and 8, Paragraph 1, Article 3 of the Act, it shall refer to the case where a profit-seeking enterprise or an individual taxpayer has not made any income tax deduction by applying for the investment credit incentive provided for in the preceding article when calculating the amount of

income tax payable by it in the process of preparing its annual account settlement statements and filing its income tax return for the current year, exclusive of the amount of income tax deductible by the said profit-seeking enterprise through application of the provisions of the investment credit incentive under any relevant governing law against the income tax additionally assessed on the undistributed surplus earnings retained in the previous tax year as calculated in accordance with the provisions set out in Article 102-2 of the Income Tax Act.

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Article 5

The term "the taxable income as calculated in accordance with the provisions of the Income Tax Act" referred to in Paragraph 1, Article 7 of the Act shall mean the aggregate amount of the taxable income as calculated in accordance with Article 24 or Article 41 of the Income Tax Act minus the amount of incomes in respect of which assessment, or payment of the profit-seeking enterprise income tax is stopped or exempted pursuant to the provisions set out in the Income Tax Act and other laws and the amount of income after having deducted its business operation loss incurred in the preceding years as specified in Article 39 of the Income Tax Act.

When calculating the amount of taxable income set forth in the preceding paragraph, except for the amount of the incomes exempt from assessment and/or payment of profit-seeking enterprise income

tax under the Income Tax Act and the Offshore Banking Act that are required to be deducted first, the amount of incomes which are exemptible from assessment or payment of profit-seeking enterprises income tax under other laws and the amount of business operation losses incurred in preceding years which are deductible in accordance with the relevant provisions of other laws, and the sequential order for deductions under the provisions set out in Article 39 of the Income Tax Act shall be selected and determined by the said profit-seeking enterprise at its own discretion when filing its annual income tax return.

The formula for use by a profit-seeking enterprise to calculate the amount of its basic income in accordance with the provisions set out in Article 7 of the Act is hereby given as follows:

Basic Income Amount = Taxable Income + (the Income Amount as set forth in Subparagraph 1, Paragraph 1, Article 7 of the Act － the Loss as set forth in Paragraph 2, Article 7 of the Act) + the Amount of the Incomes as set forth in Subparagraphs 2 to 8, Paragraph 1, Article 7 of the Act ＋ (the Income Amount set forth in Subparagraph 9, Paragraph 1, Article 7 of the Act － the Loss as set forth in Paragraph 2, Article 7 of the Act) + (the Income Amount as set forth in Subparagraph 10, Paragraph 1, Article 7 of the Act － the Loss as set forth in Paragraph 4, Article 7 of the Act)

If after the amounts of the additional taxable income set forth in Subparagraphs 1, 9, and 10, Paragraph 1, Article 7 of the Act

and the amount of the income of each category in the current year have been added into the calculation formula set forth in the preceding paragraph and the profit-seeking enterprise has subtracted the losses of the same category, respectively, and the amount of the balance after subtracting such losses is positive, such enterprise shall add such balance into the calculation of the formula in the preceding paragraph, and, in the case that the balance is negative, such amount shall be excluded from the above calculation, and Paragraph 2, Article7 of the Act shall apply.

If the balance of the preceding paragraph is positive and the losses of the previous year set forth in Paragraphs 2 to 4, Article 7 of the Act have been subtracted, respectively, and the amount of the balance is a negative figure, then such negative figure shall be excluded from the calculation; and, moreover, at the time of subtracting the losses of the previous year from the amount of income, the sequential order for the year of the occurrence of a loss shall be offset against income of the same category year by year in sequence.

When the profit-seeking enterprise calculates the amount of the additional income set forth in Subparagraph 1, Paragraph 1, Article 7 of the Act, if there is income derived from stock transactions as prescribed in Paragraph 3, Article 7 of the Act, the following provisions shall apply:

1. The income derived from stock transactions set forth in

Paragraph 3, Article 7 of the Act with deduction of the losses derived from stock transactions in the current year performed under the provisions of the aforesaid paragraph and article, the income or losses derived from securities transactions except for stocks set forth in Article 4-1 of the Income Tax Act, and the income or losses derived from futures transactions set forth in Article 4-2 of the same Act shall be combined.

2. After the calculation of the total amount of income or losses according to the previous subparagraph, if the balance is negative, then such negative amount shall be excluded from the calculation of the basic income amount and, in accordance with Paragraph 2, Article 7 of the Act, such negative amount shall be deducted from the positive balance following the calculation made in accordance with the preceding Subparagraph 1 from any ensuing years.

3. After the calculation of the combined amounts according to Subparagraph 1 above, if the balance is positive, the profit-seeking enterprise may, in accordance with Paragraph 2, Article 7 of the Act, deduct the negative balance of the previous year as calculated according to the preceding subparagraph. If, after the deduction of such negative balance from the positive balance of the previous year, the balance is positive, and, the calculation of the balance (negative balance counted as zero) is made in accordance with Paragraph 3, Article 7 of the Act that for income derived from stock transactions in the current year minus losses from stock transactions in the current year, only one-half of the amount

of such balance shall be added into the calculation of the basic income amount, in addition to the amounts accruing in full from the other two types of transactions given in the first subparagraph above, to give the combined total as described in the first subparagraph. However, if, after the deduction of such negative balance, the balance is still negative, such negative amount shall be excluded from the calculation.

Paragraph 3, Article 7 of the Act provides that the calculation of the holding period shall be made according to the first-in first-out method.

In case any income added to the taxable income in the formula set forth in the third Paragraph of this Article is derived from a source outside the territory of the ROC and in respect of which the income tax paid under the tax law of the source income country where the income is derived, the taxpayer may, after having obtained a tax payment certificate issued in the same tax year by the tax authority of the source income country where the income was derived, and having the certificate duly authenticated by the ROC embassy or consulate, or other authenticating institution acceptable to the ROC Government and located in the foreign place where such income was derived, subtract such offshore income from the amount from the balance calculated in accordance with Paragraph 1, Article 4 of the Act.

The maximum amount of the offshore income deductibles under the preceding paragraph shall be calculated in accordance with the following formula:

Maximum Amount of the Deductible Offshore Income = (the Amount of Basic Income Tax set forth in Paragraph 1 of Article 12 - the Amount of Taxable Income as calculated in accordance with the Income Tax Act) × the Amount of the Tax-Free Offshore Income that should be added into the amount of the Basic Income in accordance with Paragraph 1, Article 7 of the Act ÷ (the amount of Tax-Free Onshore Income and the Tax-free Offshore Income that should be added into the Amount of the Basic Income in accordance with Paragraph 1, Article 7 of the Act.

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Article 6

With respect to the securities transaction income received by a profit-seeking enterprise from the selling of the shares (stocks) of companies not listed on the Taiwan Stock Exchange (TSE), and/or not traded through Over-the-Counter (“OTC”) securities market, and/or the shares (stocks) of emerging companies traded through Over-the-Counter (“OTC”) securities market pursuant to Subparagraph 1, Paragraph 1, Article 7 of the Act, if the selling price thereof is obviously lower than the current price of such stocks at the time of transaction, the current price shall be taken as the selling price of such stocks, unless a due cause and the evidentiary document/certificate of such low selling price have been submitted by the said profit-seeking enterprise and have been duly verified by the competent authority concerned.

The current price referred to in the preceding paragraph shall be determined by making reference to the transaction prices of such stocks sold at the same time and to a corresponding number of such stocks; but if such reference transaction price is not available, then the net value of each share as calculated based on the net assets value of the issuing company on the transaction day shall be taken as the current price of such stocks.

The same period as set forth in the preceding paragraph shall refer to the period of 30 days prior to the transaction date of such stocks; and the corresponding numbers of stocks sold shall be ranging from 50 percent to 150 percent of the total number of such stocks actually sold. When there is more than one reference for current price(s), the average amount of such current price(s) shall be adopted.

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Article 7

With respect to the securities transaction income referred to in Subparagraph 1, Paragraph 1, Article 7 of the Act, the method for estimating the transaction cost incurred from such transaction shall be identical with the calculation method adopted under Article 44 and Article 48 of the Income Tax Act and under Article 46 of the Enforcement

Rules of the Income Tax Act.

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Article 8

With respect to the futures transaction income referred to in Subparagraph 1, Paragraph 1, Article 7 of the Statute, the transaction cost incurred shall be calculated by using the FIFO (First In and First Out) method. However, for any future sales which must be liquidated before the due date, the transaction cost to be incurred therefrom may be estimated and determined using the specific identification method.

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Article 9

When calculating the securities transaction income of a profit-seeking enterprise under the provisions set out in Subparagraph 1, Article 7 of the Act, except for the attributable operating expenses and loan interests which may be attributed separately to applicable accounts for book-keeping purposes, all other expenses and interests amortized to the sale of negotiable securities while calculating the transaction cost under the relevant provisions set out in the Income Tax Act may be deducted from the business income derived from the selling of such negotiable securities.

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Article 10

Where a profit-seeking enterprise has, in accordance with the provisions set out in Article 49 of the Financial Holding Company Act or in Article 40 of the Business Mergers and Acquisitions Act, elected to name the financial holding company or the parent company after the merger or acquisition to act as the taxpayer for the filing of a combined profit- seeking enterprise income tax return, the amount of its basic income to be declared in the said combined profit-seeking enterprise income tax return shall be the sum of the amount of the combined taxable income as calculated in accordance with the provisions set out in the Income Tax Act plus the aggregate amount of the additional incomes of each of the companies involved in the combined income tax return as indicated in Subparagraphs under Paragraph 1, Article 7 of the Act.

For the companies specified in the preceding paragraph that choose the financial holding company or the parent company after merger or acquisition to act as the tax payer to file a combined profit-seeking enterprise income tax return, and if there is any loss occurred after the effective date of the Act in connection with the amount of the additional incomes specified in Subparagraphs 1, 9, and 10, Paragraph 1, Article 7 of the Act as declared by them, and if such loss has been confirmed by the collection authority, then the deduction of such loss shall be effected in accordance with the following provisions:

1. Prior to filing the combined declaration, the loss which is incurred after the effective date of the Act in connection with the additional income(s) added by each of the foregoing companies in accordance with Subparagraphs 1, 9, and 10, Paragraph 1, Article 7 of the Act and has been confirmed by the collection authority but has not yet been subtracted may be subtracted by the order of the year of the occurrence of a loss from the current-year income specified in each of the above mentioned Subparagraphs within five years after the year in which such loss was incurred by the individual companies. If the balance is negative after the subtraction, the negative balance shall not be included in the income amount.

2. From the year in which the combined profit-seeking enterprise income tax return is filed, the loss which is incurred after the effective date of the Act in connection with the additional income(s) added by each of the foregoing companies in accordance with Subparagraphs 1, 9, and 10, Paragraph 1, Article 7 of the Act and has (have) been confirmed by the collection authority may be subtracted by the order of the year of the occurrence of a loss from the current- year income specified in each of the above mentioned Subparagraphs within five years after the year in which the loss was incurred by the financial holding company or the parent company after merger or acquisition. If the balance is negative after the subtraction, the negative balance shall not be included in the amount of income.

3. After the combined declaration, if any of the foregoing individual companies elects to file individual income declaration due to the

change in its equity shareholdings, and if it has incurred any loss in connection with any of the additional taxable incomes specified in Subparagraphs 1, 9 and 10, Paragraph 1, Article 7 of the Act within five years, and such loss has been confirmed as deductible loss by the collection authority but not yet deducted, then the said individual company filing such individual income declaration may, within five years from the year in which the same loss incurred by all companies involved in the combined income declaration, subtract by the order of the year of the occurrence of a loss, on a year after year-basis and in compliance with the provisions set out in Subparagraphs 2 to 4, Article 7 of the Act, from its basic taxable income loss incurred by it at a deduction rate equal to the ratio of the loss incurred by it during each current taxation period in connection with each individual item of such additional income to the aggregate amount of the losses incurred by all companies in connection with the same individual additional taxable income as declared in the combined annual profit-seeking enterprise income tax return. After the loss incurred by any or more individual companies filing individual income declaration has (have) been deducted in accordance with the foregoing provisions, the financial holding company or the parent company after the relevant merger or acquisition process that files the combined income declaration may keep on subtracting by the order of the year of the occurrence of a loss the remaining sum (balance) of the combined loss incurred by other companies in connection with each of the additional taxable incomes specified in Subparagraphs 1, 9 and 10,

Paragraph 1, Article 7 of the Act in each taxation period during the preceding five years duly confirmed by the collection authority as deductible losses but not yet subtracted from the combined amount of the basic incomes of such other companies.

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Article 11

Where a profit-seeking enterprise which is exempted from declaring the amount of its income basic tax according to the Act has incurred any loss as specified in Paragraph 2, 3, or 4, Article 7 of the Act, and such loss has been confirmed by the collection authority as a deductible loss, such loss may be deducted from the taxable income by the order of the year of the occurrence of a loss, within five years from the following the year of the occurrence of such loss by the said profit-seeking enterprise while declaring the amount of its income basic tax.

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Article 12

The method for calculating the amount of the income basic tax by a profit- seeking enterprise as prescribed in Article 8 of the Act is formulated as follows:

The Amount of Income Basic Tax = (the Amount of Basic Income －

NT$ 500,000) × tax rate

The amount of tax levied on foreign-sourced incomes under Paragraphs 8 and 9 of Article 5 of these Rules, the retained refundable income tax amount set forth in Article 100-1 of the Income Tax Act, and the amount of the provisional income tax payment not yet offset and the withholding income tax amount not yet offset, may be deducted from the amount of income tax difference calculated in accordance with Paragraph 1, Article 4 of the Act when calculating the amount of payable income tax, and shall be paid up by a profit-seeking enterprise before filing its annual income tax return.

In the event the amount of income tax difference as calculated in accordance with the provisions set out in Paragraph 1, Article 4 of the Act and referred to in the preceding paragraph is offset by the provisional income tax payment and the amount of the withholding income tax, such amount of income tax difference may be included in the balance in the shareholder imputation tax credit account for the then current tax year. The date of inclusion shall be the last day of the fiscal year as prescribed in Article 23 of the Income Tax Act.

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Article 13

In the event a profit-seeking enterprise elects to declare the combined business income tax in accordance with Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers And Acquisitions Act, the holding company filing the combined income tax return or the parent company after the merger and acquisition shall, in accordance with Articles 9 and 10 of the Act, pay the difference between the ordinary income tax amount and the income basic tax amount prescribed in Paragraph 1, Article 4 of the Act and the increased income tax amount assessed by the competent tax authorities.

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Article 14

The formulas to be used by an individual taxpayer for calculating his/her basic taxable income and for calculating his/her income basic tax in accordance with the provisions set out respectively in Articles 12 and 13 of the Act are specified as follows:

The Amount of Basic Income = Net Amount of Consolidated Income + (The Amounts specified in Subparagraphs 1, 2, 4, Paragraph 1, Article 12 of the Act) + (The Amount specified in Subparagraph 3, Paragraph 1, Article 12 of the Act － the Loss specified in Paragraph 2, Article 12 of the Act) + (The Amount prescribed in Subparagraph 6, Paragraph 1, Article 12 of the Act － the Loss specified in Paragraph 4, Article 12 of this Act).

The Amount of Income Basic Tax = (the Amount of Basic Income – NT$6,000,000) × 20%.

When calculating the basic taxable income using the formula specified in the preceding paragraph, if the amount of balance resulted from subtracting the amount of loss specified in Paragraph 2, Article 12 of the Act from the amount specified in Subparagraph 3, Paragraph 1, Article 12 of the Act and/or the amount of balance resulting from the subtraction of the amount of loss specified in Paragraph 4, Article 12 of the Act from the amount specified in Subparagraph 6, Paragraph 1, Article 12 of the Act are/is of a negative figure, such negative figure(s) shall not be included in the calculation.

For an individual taxpayer, if the amount of the income basic tax is higher than the amount of the ordinary income tax amount, then the amount of difference thereof as calculated under the provisions set out in Paragraph 1, Article 4 of the Act shall be offset against the not-yet- offset withholding tax and deductible tax when calculating the income tax payable by him/her, and he/she shall make voluntary payment thereof before filing his/her annual income tax return.

However, the withholding tax, with regard to the amount of income which is not allowed to be added to the gross consolidated income, shall not be deducted from the income tax payable.

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Article 15

In the event the aggregate amount of income prescribed in Subparagraph 5, Paragraph 1, Article 12 of the Act and declared by a taxpayer in any year is less than One Million New Taiwan Dollars (NT$1,000,000), such amount may be excluded from the annual income tax return. If the aggregated income is greater than or equal to One Million New Taiwan Dollars (NT$1,000,000), the total amount of such income shall be included in the annual income tax return.

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Article 15-1

The ceiling on the amount of tax credited in accordance with Paragraph 1, Article 13 of the Act is calculated as follows:

The Ceiling on the Amount of Tax Credited = (the Amount of Income Basic Tax Calculated in accordance with Paragraph 1, Article 13 of the Act - the Amount of Income Tax Payable in accordance with the Income Tax Act) × [the Income in accordance with Subparagraph 1, Paragraph 1, Article 12 of the Act] ÷ [the sum of Amount in accordance with Subparagraphs 1 to 6, Paragraph 1, Article 12 of the Act]

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Article 16

The terms "life insurance" and "annuity insurance" as used in

Subparagraph 2, Paragraph 1, Article 12 of the Act shall refer to the life insurance contracts and the annuity insurance contracts coming into force after 1 January, 2006.

Regarding to the insurance referred to in Subparagraph 2, Paragraph 1, Article 12 of the Act, if the aggregate amount of death insurance benefit received by a taxpayer in a whole year is less than New Taiwan Dollar Thirty Million (NTD30,000,000) such income shall not be included in the amount of his/her consolidated income; whereas, if the foregoing aggregate amount paid to the said taxpayer exceeds New Taiwan Dollar Thirty Million (NTD30,000,000), then the portion of such insurance benefit in excess of NTD30,000,000 shall be added in whole amount to the aggregate amount of his/her consolidated income.

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Article 17

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Article 18

Where a profit-seeking enterprise or an individual which is required to declare the amount of his/her/its basic taxable income is found to have

omitted or under-reported any basic taxable income amount, thereby resulting in any omission or under-reporting of the income basic tax payable, the amount of tax so evaded shall be computed in accordance with the following formula:

1. Where the ordinary income tax amount assessed by the collection authority under the provisions set forth in the Act is higher than or equal to the amount of the income basic tax, the provisions set out in Article 110 of the Income Tax Act shall apply instead of applying the provisions set out in Article 15 of the Act.

2. Where the ordinary income tax amount assessed by the collection authority under the provisions set forth in the Act is lower than the amount of the income basic tax, the amount of tax so evaded shall be computed in accordance with the following formula:

(1) If the taxpayer is a profit-seeking enterprise:

A. Where the amount of the ordinary income tax assessed in respect of the declared amount of the ordinary income is lower than the amount of the basic income tax assessed in respect of the declared amount of the basic income:

The Amount of Tax Evaded = Total Amount of Assessed Income Basic Tax − the Amount of the Income Basic Tax Amount Assessed in respect of the Declared Amount of the Basic Income − the Amount of Withholding Tax on the Amount of Omitted or Under-reported Amount of the Income Basic Tax.

B. Where the amount of the ordinary income tax assessed in respect of the declared amount of the ordinary income is higher than the amount

of the income basic tax assessed in respect of the declared amount of the basic income:

The Amount of Tax Evaded = Total Amount of the Assessed Income Basic Tax − the Amount of the Ordinary Income Tax Amount Assessed in respect of the Amount of Declared Ordinary Income − the Amount of Withholding Tax on the Amount of Omitted or Under-reported Income Basic Tax.

C. The amount of the income basic tax assessed in respect of the declared amount of the basic income and the total amount of the assessed income basic tax shall be calculated in accordance with the following formulas:

The Amount of the Income Basic Tax Assessed in respect of the Declared Amount of the Basic Income = (the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income − NT$500,000) × tax rate. The Total Amount of Assessed Income Basic Tax = [(the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income + the Amount of Omitted or Under-reported Taxable Basic Income) − NT$500,000] × tax rate.

(2) In the case of an individual taxpayer:

A. The Amount of Tax Evaded = The Amount of Assessed Income Basic Tax − the Amount of the Income Basic Tax Assessed in respect of the Declared Amount of the Basic Income − the Amount of Tax Refund Assessed in respect of the Declared Amount of the Basic Income (no matter whether the tax has been refunded or not) − the Amount of Withholding Tax and Imputation Tax Credit on the Amount of Omitted or Under-Reported Income Basic Tax − the Portion of the Amount of Tax Payable and Exemptible

from Fine included in the Amount of Income Basic Tax Omitted or Evaded.

B. The amount of assessed income basic tax, the amount of the income basic tax assessed in respect of the declared amount of the basic income and the portion of the amount of tax payable and exemptible from fine included in the amount of income basic tax omitted or evaded shall be calculated in accordance with the following formulas:

The Amount of Assessed Income Basic Tax = [(the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income + the Amount of Omitted or Under-Reported Taxable Basic Income) − NT$6,000,000] × 20%.

The Amount of the Income Basic Tax Assessed in respect of the Declared Amount of the Basic Income = (the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income − NT$6,000,000) × 20%.

The Portion of the Amount of Tax Payable and Exemptible from Fine included in the Amount of Income Basic Tax Omitted or Evaded = (the Amount of Assessed Income Basic Tax − the Amount of Income the Basic Tax Assessed in respect of the Declared Amount of the Basic Income) × [the Portion of the Amount of Income Taxable and Exemptible from Fine included in the Amount of Income Basic Tax Omitted or Evaded ÷ (the Amount of Assessed Basic Income − the Amount of the Basic Income Assessed in respect of the Declared Amount of Such Income)]

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Article 19

Where a profit-seeking enterprise has conducted a merger, split-up (spin-off), acquisition or alienation under Article 37 of the Business Mergers And Acquisitions Act and Article 10 or Article 15 of the abolished Statute for Upgrading Industries, each tax-exempt income not included in the amount of the basic income under Article 16 of the Act which may be excluded from the amount of the amount of basic income of that profit-seeking enterprise shall remain excluded from the amount of the basic income tax amount of that profit-seeking enterprise.

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Article 20

The product(s) or service(s) proposed in an investment project that remain unchanged under Paragraphs 3 and 4, Article 16 of the Act shall include the product(s) or the service(s) proposed in an application for the alternation of an investment project which was approved before the promulgation of the Act by the central authority in charge of the relevant end-enterprise and for which no additional application for a change to the investment project as been submitted after the promulgation of the Act.

The start-up of work as set forth in Paragraphs 3 and 4, Article 16 of the Act shall mean the work start-up date of a plant building construction project to be decided under applicable building construction

laws and regulations; or the date of arrival of the first batch of production equipment at the business place or the production place, in the cases of a new investment project or a capital increase project.

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Article 21

The profit-seeking enterprise whose fiscal year does not begin from 1 January of each calendar year shall be subject to the application of the provisions set out in the Act commencing from the fiscal year of 2006.

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Article 22

These Enforcement Rules shall take effect on 1 January 2006, except for the provisions set forth in Article 18 hereof, which shall take effect on 1 January 2007; and the portion of the provisions requiring the addition of the amount specified in Subparagraph 1, Paragraph 1, Article 12 of the Act and the provisions as set out in Article 15 of the Act and Paragraph 1, 2 of Article 14 of the Act shall take effect from the enforcement date as specified in Subparagraph 1, Paragraph 1, Article 12 of the Act.

The amended articles of the Enforcement Rules shall take effect on the date of promulgation. The amended provisions of Articles 5, 12

and 18 of the Enforcement Rules with the date of promulgation on 2 November 2012 shall be implemented in fiscal year 2013.