Content

Title：	The Enforcement Rules of the Specifically Selected Goods and Services Tax Act Ch
Date：	2011.05.27
Legislative：	History Promulgated on 27 May 2011 by MOF Decree No. 10004520960 and implemented on 1 June 2011.
Content：	Chapter 1 General Principles Article 1 These Enforcement Rules are adopted pursuant to Article 25 of the Specifically Selected Goods and Services Tax Act ("the Act"). Article 2 "Yachts," as used in Article 2, paragraph 1, subparagraph 3 of the Act, means yachts as defined in Article 3, subparagraph 7 of the Ships Act, including yachts for personal use and for non-personal use as defined in subparagraphs 8 and 9 of the same article. Article 3 "Airplanes, helicopters, and ultra-light vehicles," as used in Article 2, paragraph 1, subparagraph 4 of the Act, means airplanes, helicopters, or ultra-light vehicles as defined in Article 2, subparagraphs 20, 24, and 25 of the Civil Aviation Act. Article 4 "Turtle shells, hawksbill, coral, ivory, furs, and their products," as used in Article 2, paragraph 1, subparagraph 5 of the Act, means the turtle shells, hawksbill, coral, ivory, and furs, in whole, partial, or processed form, of protected species as defined in the Wildlife Conservation Act. Article 5 "Furniture," as used in Article 2, paragraph 1, subparagraph 6 of the Act, means desks and tables, chairs, cupboards, closets, and beds for everyday use, but not those defined as antiquities under the Cultural Heritage Preservation Act. Article 6 Calculation of the holding period under Article 3, paragraph 3 of the Act, with respect to title over real property acquired through compulsory

execution before registration is filed, shall commence from the date on which the owner obtained the title transfer document. With respect to land distributed back to a landowner as compensation in a zone expropriation process, the holding period shall commence from the date on which the landowner originally acquired the expropriated land.

Article 7

Terms used in Article 4, paragraph 2, subparagraph 2 of the Act are defined as follows:
1. "Consignee of the imported specifically selected goods": The consignee named in the bill of lading or in the shipping manifest for the imported goods.
2. "Holder of the bill of lading of the imported specifically selected goods": The person who is in possession of the bill of lading by virtue of having received assignment from the consignee of the imported specifically selected goods specified in the bill of lading, or the person who files an import declaration with the customs authority in its own name pursuant to authorization by the consignee or assignee of the imported specifically selected goods.
3. "Holder of the imported specifically selected goods": The person in possession of imported specifically selected goods for which the taxable amount has not yet been paid..

Article 8

"Other institution," as used in Article 4, paragraph 2, subparagraph 3 of the Act, means an agency, enterprise, group, or other organization with the authority to conduct public auctions or sales of goods pursuant to applicable laws and regulations.

Article 9

"Business entity," as used in Article 4, paragraph 2, subparagraph 5 of the Act, means an agency, enterprise, group, or other organization operated as a membership system.

Article 10

When selling a newly acquired building unit and its associated land because of "involuntary separation from employment" or "any other involuntary cause" as set out in Article 5, subparagraph 2 of the Act, the owner shall apply to the competent tax authority for determination thereof, submitting relevant documentary evidence and explanations.
The definition of "involuntary separation from employment" and "any other involuntary cause" in the preceding paragraph shall be publicly announced by the Ministry of Finance and published in a government gazette.

Article 11

"Non-imposition of the land value increment tax has been approved," as used in Article 5, subparagraph 4 of the Act means compliance with the provisions of Article 37, paragraph 1 or Article 38-1 of the Agricultural Development Act or other provisions allowing for application for non-imposition of the land value increment tax under applicable laws and regulations, and furthermore where the non-imposition has been approved or determined by the local tax authority.

Article 12

"A unit of a building is transferred for the first time after completion of construction by a business entity," as used in Article 5, subparagraph 7 of the Act, means conformance with the circumstances of any of the following subparagraphs:
1. A business entity sells a unit of a building, which it built on its own land, and the share of land associated with the unit.
2. A business entity sells a unit of a building and the share of land associated with the unit that has been allocated to the business entity in a joint construction and allocation project with another party.
3. A business entity sells a unit of a building that it built in partnership with the landowner and the share of land associated with the unit and concurrently sold with the unit.
4. A business entity, in a joint construction and allocation project with another business entity, sells a unit of a building and the share of land associated with the unit that have been repurchased as stipulated under a repurchase agreement.
5. A business entity sells a unit of a building and the share of land associated with the unit that have been returned from a previous sale.

Article 13

"An owner, using his or her own residence and land, enters into a joint construction and allocation project with a business entity and sells his or her share" as used in Article 5, subparagraph 10 of the Act, includes the circumstance in which an owner transfers title to land to a business entity and the owner then sells a share of the building and associated land that the owner obtains in exchange for the transfer of the land title.

Article 14

The terms used in Article 6, paragraph 2 of the Act are defined as follows:
1. "Specifically selected goods exclusively used for research and development": Passenger vehicles used for the purposes of new model development and design, analysis and testing of functional systems, improvement of safety performance, energy efficiency, and pollution control, or the development and design of parts and components.
2. "Specifically selected goods exclusively used for public security": Police cars equipped with special devices and used by government agencies or institutions, vehicles used for official investigation and inspection, and vehicles used for apprehending and transporting offenders.

3. "Specifically selected goods exclusively used for emergency medical care": Ambulances equipped with special devices and used by government agencies or institutions, government-owned business entities, or medical care institutions established with permission of the competent authority.
4. "Specifically selected goods exclusively used for disaster relief": Vehicles equipped with special devices and used in disaster relief by government agencies or institutions or juristic persons, groups, or other organizations established or registered for the purpose of disaster relief under applicable laws and regulations.

Article 15

"Airplanes, helicopters, or ultra-light vehicles not for personal use" and exempt from the specifically selected goods and services tax under Article 6, paragraph 3 of the Act means any airplane, helicopter, or ultra-light vehicle other than those used in private aircraft flight activities and ultra-light vehicle activities as provided in the Civil Aviation Act.

Chapter 2 Manufacturer Registration

Article 16

A manufacturer applying for registration as a manufacturer subject to the specifically selected goods and services tax in accordance with Article 13, paragraph 1 of the Act shall, prior to commencing production of the specifically selected goods set out in Article 2, paragraph 1, subparagraphs 2 to 6 of the Act, fill out an Application for Establishment and Registration as a Manufacturer Subject to the Specifically Selected Goods and Services Tax in the prescribed format and submit it together with the following documents to the competent tax authority of the location of the factory for review and approval of registration:
1. Manufacturer Registration Form.
2. A photocopy of the document evidencing the manufacturer's company registration or commercial registration.
3. A photocopy of the document evidencing factory registration, but this is not required when factory registration is not required by applicable regulations.
The Manufacturer Registration Form of subparagraph 1 of the preceding paragraph shall contain the following particulars:
1. The categories of the specifically selected goods produced by the manufacturer and their product names.
2. The manufacturer's name, the uniform serial number of its business, and its address.
3. The type of entity as which the manufacturer is organized.
4. Its authorized capital.
5. The name, date of birth, national ID number, household registration address, and seal specimen of the responsible person of the manufacturer.
Manufacturer registration shall be made on the basis of individual factories. If the same company has more than one factory, it shall register them individually with the competent tax authority of the location of each factory.

Article 17

If there is a change to the particulars contained in the Manufacturer Registration Form referred to in paragraph 2 of the preceding article, the manufacturer shall apply for amendment of the registration within 15 days counting from the day following the date on which the change occurs by submitting a new Manufacturer Registration Form in which the changed particulars are noted, together with documentation relating to the amended portions and photocopies thereof. The handling procedures for amendment of the registration are the same as those for a first-time manufacturer registration.

Article 18

A manufacturer that ceases business operations shall, within 15 days counting from the day following the date on which the cessation of business occurs, apply for cancellation of registration to the competent tax authority of the location of the factory, and shall at the same time report the transfer, sale, or storage of production machinery and leftover raw materials stock. The cancellation of registration shall be permitted only after any outstanding taxes on specifically selected goods have been paid and any pending case of a legal violation by the manufacturer has been closed.

Chapter 3 Accounting Books, Accounting Vouchers, and Tax Collection
Article 19

"A taxpayer using uniform invoices" as referred to in Article 15 of the Act shall establish and retain the account books, accounting vouchers, and accounting records in accordance with “The Regulations Governing the Handling of the Account Books and Sales Vouchers of Profit-Seeking Enterprises by the Competent Tax Authorities.”

Article 20

A manufacturer shall also establish the following auxiliary books:
1. Raw materials ledger: Records made according to purchase invoices and the vouchers of the manufacturing division for the requisition and return of materials; warehouse receipt procedures shall be carried out for all principal materials.
2. Finished goods ledger: Records by product category name, made according to the manufacturing division end-of-shift work completion reports and notifications of warehouse receipt, release from factory, or transfer for processing.
3. Warehouse register: A register established and maintained at each warehouse to record the receipt and release of materials, semi-finished goods, and finished goods.
4. Tax exemption register: A register that records the details of tax-exemptions under applicable laws and regulations on taxable specifically

selected goods released from the factory.
5. Tax-exempt materials register: A register that records any tax-exempt material connected with processing a taxable specifically selected good into another taxable specifically selected good, and its factory receipt and requisition for use.
6. Re-sorting and refitting and reprocessing register: A register that records accurately and in detail any quantities exchanged, replenished, or lost, through re-sorting or refitting and reprocessing treatment, respectively, based on sales returns and warehouse and processing records and vouchers.
If a manufacturer has already established account books of the same nature and functions as those of each subparagraph of the preceding paragraph, it may file with the competent tax authority of the location of the factory for recordation to continue to use those books, or to make additions, deletions, or amendments to them at its discretion.
A small-scale manufacturer experiencing substantive difficulties in establishing the required auxiliary account books set out in the subparagraphs of paragraph 1 may apply to the competent tax authority of the location of the factory for approval to substitute for them the use of production and sale journals maintained in the required format.

Article 21

Each time a manufacturer releases a specifically selected good from the factory, it shall keep an itemized record of the quantity by batch in sequential order of release, along with a running cumulative total, for audit purposes.

Article 22

A taxpayer exempt from the collection of specifically selected goods and services tax pursuant to Article 6 of the Act shall retain the following documentation for audit by the competent tax authority:
1. For specifically selected goods used to manufacture other taxable specifically selected goods, the documentary proof of approval for tax exemption, issued by the competent tax authority of the location of the factory of the manufacturer that purchases the tax-exempt specifically selected goods.
2. For specifically selected goods for export sale, the documents of export declaration.
3. For specifically selected goods used for exhibition, the documentary evidence of approval for tax exemption upon release from the factory or importation, issued by the competent tax authority of the location of the factory of the manufacturer or the exhibition site.
4. For specifically selected goods exclusively used in education, research, or experiment, or exclusively for use in participation in international contests and training, the documentary evidence issued by the competent authority or the certificate of inspection and acceptance issued by a public or private school at any level, or the educational or research agency or institution.

5. For passenger vehicles used in research and development, public security, emergency medical services, or disaster relief, the documentary evidence issued by the competent authority.
6. For airplanes, helicopters, or ultra-light vehicles for non-personal use, the documentary evidence issued by the competent authority.

Article 23

When any of the following circumstances applies to the specifically selected goods of Article 2, paragraph 1, subparagraphs 2 to 6 of the Act, tax shall be declared and paid pursuant to Article 16 of the Act:
1. The specifically selected good is processed in the factory into a non-taxable specifically selected good.
2. The manufacturer makes personal use of a specifically selected good that it manufactures for sale.
3. The specifically selected goods are in stock and the taxable amount has not yet been paid on them at a time when the manufacturer applies for cancellation of registration.

Article 24

When specifically selected goods exported abroad are returned after export for any reason, the manufacturer shall first apply to the competent tax authority of the location of its factory for approval of tax exemption for the portion of the goods so returned, and shall additionally apply for tax-exempt re-importation, with the aforementioned documentary evidence, to the customs authority at the place of import, and shall declare and pay tax pursuant to Article 16 of the Act.

Article 25

When a taxpayer uses specifically selected goods or specifically selected services in a trade for the goods, services, specifically selected goods, or specifically selected services of another person, the selling price shall be the higher of the prevailing market prices for the trading in or trading out of the goods or services.

Article 26

The time limit referred to in Article 20 of the Act for a manufacturer to achieve compliance or take corrective action upon notification of the competent tax authority may not exceed 15 days counting from the day following the date on which the notice is served.

Article 27

If, after its release from factory, a taxed specifically selected good of Article 2, paragraph 1, subparagraphs 2 to 6 of the Act is for any reason returned to the original factory, the manufacturer may on its own arrange the return shipment on the basis of the return shipping order and proceed

as follows:
1. Re-sorting: When there is no change in the quality, appearance, shape, and selling price of the returned specifically selected good after re-sorting, it is exempt from the tax on re-release from the factory.
2. Refitting and reprocessing: The manufacturer, after applying in advance and receiving approval from the competent tax authority of the location of the factory, shall use the documentary evidence of payment of the tax to seek a tax refund or to offset the tax paid against relevant fees. When the refitting or reprocessing is completed, the manufacturer shall declare and pay the taxes due on the refitted or reprocessed good at the same time as for the taxable specifically selected goods released from the factory during the given month.

Article 28

When any taxed specifically selected good of Article 2, paragraph 1, subparagraphs 2 to 6 of the Act is for any reason returned after being sold or used, the new good for which it is exchanged shall duly be subject to the specifically selected goods and services tax.

Chapter 4 Tax Exemptions and Refunds
Article 29

A manufacturer purchasing any tax-exempt specifically selected good of Article 6, paragraph 1, subparagraph 1 of the Act shall fill out an application form and apply to the competent tax authority of the location of the factory for approval of tax exemption upon release from the factory or upon importation.
Tax-exempt specifically selected goods of the preceding paragraph may not be transferred for use by another factory except with the approval of the competent tax authority.

Article 30

If a taxpayer displays taxable specifically selected goods that it produces or imports in an exhibition, and after the exhibition, returns the same goods to the factory or exports them, it shall submit information on the nature of the exhibition, exhibition organizer, exhibition site, exhibition period, and quantity needed, together with documentary evidence issued by the exhibition organizer, to the competent tax authority of the location of the factory or the exhibition site for approval of tax exemption upon release from the factory or upon importation.
If the tax-exempt specifically selected goods for exhibition of the preceding paragraph are to be sold in the place where the exhibition is held, tax shall be declared and paid in accordance with Article 16 of the Act.

Article 31

When an imported specifically selected good is exempt from the specifically

selected goods and services tax under Article 6, paragraph 1, subparagraph 4 or Article 6, paragraphs 2 or 3 of the Act, an application for tax-exempt importation shall be filed with the customs authority with documentary evidence issued by the competent authority.

Article 32

With respect to a specifically selected good exempt from the specifically selected goods and services tax pursuant to Article 6 of the Act, if for any reason the relevant evidentiary documentation is incomplete, the taxpayer may first pay the tax for the release of goods from the factory or for importation, and at a later date submit relevant documentary evidence to the competent tax authority of the location of the factory or the customs authority for a refund of the taxes.

Chapter 5 Supplementary Provisions

Article 33

These Enforcement Rules shall be implemented from 1 June 2011.

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