



Taiwan, China

This guide covers only the taxation of digital services. If you sell goods, this guide does not apply.

VAT on cross-border electronic services comes into force on May 1st, 2017.

VAT Standard rate

The standard VAT rate in Taiwan, and China in 2023 is 5%.

VAT Reduced rate

There is no reduced rate established.

Threshold

Electronic services business entity selling electronic services to domestic individuals is required to file an application for taxation registration when the annual sales amount exceeds NT\$480,000 for the previous year or the current year.

Pieces of evidences

In the case that the services purchased are used without a physical location, the persons who have domiciles or residences within the territory of the R.O.C. or the persons under the following situations:

Those who use computers or mobile devices for linking to the Internet or other electronic tools through technologies such as electronics, wireless, and optical fiber to purchase services, their equipment, or devices installed within the territory of the R.O.C.;

For those who use mobile devices to purchase services, the country code of their mobile phones is 886;

Those who can be deduced to be domestic individuals from any information relevant to transactions, such as the billing address, bank account for payment, IP address of equipment or devices, SIM card of a device, etc.

In the case that the services purchased are used at a physical location within the territory of the R.O.C, the persons who purchase the services. The location of services used is identified as follows:

Where there is an association between the services supplied and the real estate (such as accommodation services or building repair services, etc.), the real estate is within the territory of the R.O.C.;

Where the transportation service is supplied, the location of services used is within the territory of the R.O.C.;

Where the services in various forms of performances, exhibitions, etc. are supplied, the location of services used is within the territory of the R.O.C.;

For other services used whose location is within the territory of the R.O.C.

E-services list

The services used are downloaded via the Internet or other electronic tools and saved to computers or mobile devices (such as smartphones, tablet computers, etc.) for use;

The services are used online or via other electronic tools without being saved into any devices, including services used in digital forms, like online games, advertisements, audio-visual browsing, voice frequency broadcasting, information contents (such as movies, soap operas, music, etc.) and interactive communications; Other services used are supplied through the Internet or other electronic tools; for example, the services are supplied through the online platforms set up by an offshore electronic business entity and used at a physical location.

Registration procedure

Registration can be done via “VAT on cross–border electronic services” at the taxation registration platform of the Ministry of Finance. The application should be accompanied by qualification documents evidencing that an entity has been approved for registration or establishment by its home country and the power of attorney for tax-filing agent if any.

VAT returns filing date

Digital company, whether or not it has sales, shall file a bimonthly tax return prior to the fifteenth day of the following period.

VAT payment date

The VAT amount in NTD must be paid by the fifteenth day of the following period.

Penalties

Digital companies failing to apply for taxation registration under the new regulation, in addition to being ordered to comply with the requirements within a specified time limit, may be penalized with an administrative fine of no less than NT\$3,000 and no more than NT\$30,000.

In case of a failure to comply with the requirements within the specified time limit, the entity may be penalized consecutively for each violation according to the regulation. Where the offshore electronic services business entity evades taxes, it shall be pursued payment of taxes owed and be fined no more than five times the amount of tax evaded, and the operation of its business may be suspended.



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