



ATLAS  
BY BNP PARIBAS

CASH MANAGEMENT

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Taiwan's economic system is characterised by a robust export-oriented model, prominently featuring advanced technology and a strong industrial base. In 2023, the gross domestic product (GDP) of Taiwan amounted to around 23.5 trillion New Taiwan dollars or 755.1 billion U.S. dollars (at current prices). Annual GDP growth dropped to 1.3 percent in 2023 but was forecasted to grow to 3.9 percent in 2024.

As of 2022, projections for GDP growth in the near future have remained optimistic, with expectations of sustaining positive momentum. The medium-term economic outlook for Taiwan has been promising, supported by factors such as innovation, robust infrastructure, and strategic investments. These elements contribute to the country's resilience amid global uncertainties.

Macroeconomic fundamentals have been reported as sound, reflecting prudent fiscal policies and a resilient financial sector. This underlines Taiwan's ability to navigate challenges effectively. The currency exchange rate is influenced by various factors, including trade dynamics and global economic conditions. The New Taiwan Dollar (TWD) is subject to these influences, with the central bank implementing a stable exchange rate policy to ensure competitiveness and economic stability.

## Summary

## BNP Paribas presence

BNP Paribas has had a presence in Taiwan since 1981, the largest French bank in the country, and one of the most significant foreign banks, with branches in Taipei, Taichung and Kaohsiung. These branches offer comprehensive local and cross-border cash management and international trade finance services to Taiwanese, Chinese and foreign corporations. Cash management and international trade finance services are part of a wider suite of services from corporate advisory, capital markets, and specialist financing through to wealth management, asset management and insurance offerings.

## Currency

## Currency

- New Taiwan dollar (TWD).

## Exchange rates

	2019	2020	2021	2022	2023
Exchange rate: TWD per USD	30.92	29.57	28.02	29.77	31.50

Sources: Central Bank of the Republic of China (Taiwan), June 2021.

## Central Bank

- The Taiwanese central bank is the Central Bank of the Republic of China (CBC – [www.cbc.gov.tw](http://www.cbc.gov.tw)).

### Bank accounts

## Resident / non-resident status

- A profit-seeking enterprise that is incorporated in Taiwan or its head office is in Taiwan is considered to be a Taiwanese resident company, unless it is regarded as a resident in another country under a Taiwanese tax treaty.

## Bank accounts for resident entities

	Within TAIWAN	Outside TAIWAN
Local Currency	Permitted without restriction, fully convertible.	Local currency is not available offshore.
Foreign Currency	Permitted without restriction, fully convertible.	Permitted, fully convertible. A resident company must be present in a foreign country to open a foreign currency account

## Bank accounts for non-resident entities

	Within TAIWAN	Outside TAIWAN
Local Currency	Permitted with restrictions, convertible. Only foreign banks, insurers or securities firms with Ministry of Finance approval are permitted to hold TWD cheque accounts	Not applicable.
Foreign Currency	Permitted without restriction, fully convertible.	Not applicable

## Lifting fees











- Per-item-based charges and/or subscription fees are applied on payments between resident and non-resident bank accounts.

### BNP Paribas Cash Management Capabilities

## Collections

Cash collections	
Cheque collections	
Direct debit collections	
Domestic incoming transfers	
Virtual IBAN	
Virtual accounts	
International incoming transfers	
Card acquiring	

## Payments

Cash withdrawals	
Cheque payments	
Direct debit payments	
Domestic outgoing transfers	
Commercial cards	
Virtual cards	
International outgoing transfers	
SWIFT gpi	
Real-time international payments through BNP Paribas' network	
Card issuing	

## Channels

Local e-Banking	
Global e-Banking - Connexis	
SWIFT/ host to host	

Payments & collections

## Market overview



As of August 2023, 13 financial institutions had approximately 310,000 cash cards in business, while 32 institutions had issued 57.67 million credit cards, with a total of 36.83 million active cards. Visa and MasterCard-branded credit cards are the most widely issued.

The Taiwanese government is investing heavily in promoting digital payments and has set a target of 90% of mobile phone users using mobile payments by 2025. Mobile payments totalled TWD 120.9 billion in the first seven months of 2020, a 156% increase year on year. LINE Pay, Apple Pay and JKoPay are the most popular mobile payment methods. This emphasis on mobile and electronic payments has seen a marked decline in the use of cheques by companies and consumers. The launch of internet-only banks (three banks were granted licences in 2019, LINE Bank, Next Bank and Rakuten Bank) is likely to further increase the adoption of digital payments.

Electronic banking services are available from most banks. There is no national electronic banking standard in Taiwan, so companies use banks' proprietary services.

Online and mobile banking services are provided by Taiwan's leading banks.

FISC, an electronic funds transfers system, operates a Mobile Banking Payment System linking telecoms companies with financial institutions. Mobile banking transactions increased 51% and 74% in value and volume terms in 2019. Internet banking transactions increased 14% and 74% in value and volume terms.

## Payment Systems

CIFS	Type	<ul style="list-style-type: none"><li>• Real-time gross settlement.</li></ul>
	Participants	<ul style="list-style-type: none"><li>• 39 domestic banks, 29 local branches of foreign banks, 8 bills finance corporations, and 6 clearing institutions. All direct participants must have settlement accounts with the CBC.</li></ul>
	Transaction types processed	<ul style="list-style-type: none"><li>• High-value and urgent TWD-denominated electronic payments.</li><li>• RMB-denominated payments.</li><li>• Credit card payments</li><li>• Net obligations from the TCH and ACH payment systems.</li></ul>
	Operating hours	<ul style="list-style-type: none"><li>• 09:00–17:40 CST, Monday to Friday.</li></ul>

	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>• Payments are cleared and settled in real time.</li> <li>• Payment cut-off time = 17:00 CST.</li> <li>• TCH and ACH net obligations cut-off time = 15:30 CST.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• The system is open on all business operating days.</li> </ul>
IBRS/FISC RTGS	Type	<ul style="list-style-type: none"> <li>• <a href="#">Net settlement system</a>.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>• 47 direct.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>• Low-value and bulk TWD-denominated electronic payments. There is a maximum threshold of TWD 50 million.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>• 09:00-15:30 CST, Monday to Friday.</li> </ul>
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>• Payments are cleared and settled on a same-day basis.</li> <li>• Cut-off time = 15:00 CST.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• The IRS is closed on all Taiwanese bank holidays.</li> <li>• Taiwan's bank holidays are:</li> <li>• 2nd half 2021: September 21, October 10, December 31..</li> <li>• 2022: January 31, February 1-3, 28, April 5, 6, May 2, June 3, September 10, October 10.</li> </ul>
<a href="#">ACH</a>	Type	<ul style="list-style-type: none"> <li>• Designated time net settlement system.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>• All financial institutions with a CBC account.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>• Direct debits and credits.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> <li>• Direct debit payments are cleared and settled within a two-day cycle.</li> <li>• Direct credit payments are cleared and settled on a next-day basis via the CIFS at 15:00 CST.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• The ACH is closed on all Taiwanese bank holidays.</li> <li>• Taiwan's bank holidays are:</li> <li>• 2nd half 2021: September 21, October 10, December 31..</li> <li>• 2022: January 31, February 1-3, 28, April 5, 6, May 2, June 3, September 10, October 10.</li> </ul>



TCH	Type	<ul style="list-style-type: none"> <li>• Designated time net settlement system.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>• All financial institutions approved to operate checking deposit business with the exception of credit cooperatives and farmers and fishermen associations.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>• Paper-based payments (cheques, bank drafts and promissory notes) which are truncated into electronic items before being processed.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>• 09:00–17:30 CST, Monday to Friday.</li> </ul>
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> <li>• The TCH operates a number of clearing cycles for different payment types.</li> <li>• Intracity cheque payments are settled on a two-day cycle.</li> <li>• Intercity cheques payments are settled within seven days.</li> <li>• eCheque payments are settled on a same-day basis.</li> <li>• Final settlement takes place via the CIFS at 15:00 CST.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• The TCH is closed on all Taiwanese holidays.</li> <li>• Taiwan's bank holidays are:</li> <li>• 2nd half 2021: September 21, October 10, December 31..</li> <li>• 2022: January 31, February 1-3, 28, April 5, 6, May 2, June 3, September 10, October 10.</li> </ul>

## Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax payments.
- High-value and urgent TWD-denominated credit transfers are settled in real time via the CIFS.
- High-value and urgent transfers can also be made through FISC and are processed on a same day basis.
- Low-value and non-urgent TWD-denominated credit transfers can be settled on a same-day basis via the IRS, or settled within two working days via the ACH. Final settlement takes place via the CIFS.
- The FISC operates a clearing and settlement platform for processing domestic and cross-border EUR, JPY, USD and RMB payments.
- Cross-border credit transfers can also be settled via correspondent banking networks. Most banks have a direct connection to the SWIFT network. Some banks can access TARGET2 for high-value transfers or STEP1/STEP2 for low-value transfers through their correspondent banking partners.
- The volume and value of ACG credit (debit) transfers rose by 0.9% and 1.0% in 2019, on 2018 figures, to 124.3 million, with a value of TWD 31,016 billion.

## Cheques

- The cheque is a popular cashless payment instrument. It is primarily used by companies.
- Cheques are truncated into electronic items before being processed via the TCH. Cheques are still manually processed in the Hualien, Taitung and Penghu clearing houses.
- Final settlement takes place via the CIFS on a next-day basis for eCheques, within two working days for intracity cheques and within seven working days for intercity cheques. Foreign cheques take 14 days to clear.
- The volume and value of cheque settlement fell 5.5% and 6.2% in 2019, on 2018 figures, to 83.6 million, with a value of TWD 14,936 billion.

## ATM/POS

- There were 31,216 ATMs in Taiwan at the end of 2020.
- All ATMs and POS terminals are EMV-compliant.
- Payments are processed via the National Credit Card Centre or the Shared Credit Card and ATM System and settled via the CIFS.

## Electronic wallet

- Four electronic stored value card institutions (Easycard Corp., Ipass Corp., icash Corp. and Yuan Hsin Digital Payment Corporation) and one commercial bank are engaged in electronic stored value card business in Taiwan. E-money cards in Taiwan are restricted to a maximum value of TWD 10,000.
- There were 135.2 million stored-value pre-paid cards in circulation at the end of 2020.
- There are 28 e-payment institutions in Taiwan and as of December 2020, there were 11.8 registered users. JKO Pay and IPASS are the largest e-payment institutions.
- E-money payments are settled via the individual schemes.

## Short term investments

# Market overview

## Interest payable on credit balances

- Current accounts are non-interest bearing.

## Demand deposits

- Demand deposits denominated in TWD or major foreign currencies are available for terms up to one year.
- Interest earned by non-residents on foreign currency accounts held at Offshore Banking Units is not taxed.

## Time deposits

- Time deposits are available in TWD or major foreign currencies with terms ranging from overnight to one year.
- Time deposits are not permitted for investors from abroad.

## Certificates of deposit

- Domestic banks and the CBC issue certificates of deposit with terms ranging from one to 12 months.
- Certificates of deposit can be issued paying fixed or variable interest.

## Treasury (government) bills

- The Taiwanese government issues Treasury bills (T-bills) via the CBC. The minimum investment is TWD 5 million.
- T-bills are issued with terms ranging from 63 to 364 days.
- The minimum denomination is TWD 5 million for initial auctions and TWD 1 million at buy-back auctions.

## Commercial paper

- Domestic commercial paper is issued by companies. Most paper is issued as short-term, unsecured promissory notes with terms ranging from one month to one year.

## Money market funds

- Domestic money market funds are available as short-term investment instruments.

- Foreign investors are prohibited from investing over 30% of their funds in money market funds with terms of less than 12 months.

### Repurchase agreements

- Repurchase agreements with maturities ranging from overnight to one week are commonly available in Taiwan.

### Banker's acceptances

- Banker's acceptances are not widely used in Taiwan.

## BNP Paribas Trade Finance Capabilities

### Trade payments

Documentary credits	✓
Documentary collections	✓

### Guarantees

Bank guarantees	✓
Standby letters of credit	✓

### Supply chain management

Receivables	✓
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Payables	✓
Inventory	●

## Trade channels

Connexis Trade	✓
Connexis Supply Chain	✓
SWIFTNet Trade for Corporates	✓
Connexis Connect	●
Connexis Guarantee	●
SWIFTnet Supply Chain	●

- BNP Paribas Global Trade Solutions (GTS) offers dedicated trade finance support, providing traditional trade finance and supply chain management solutions in line with the needs of corporations headquartered in, or operating in Taiwan. The local GTS team supports some of the biggest names in the manufacturing and Information Technology industries based on its expertise, supply chain management solutions and access to the GTS network.

## International trade

## General trade rules

- Taiwan is a member of an Economic Cooperation Framework Agreement (ECFA) with China.
- Taiwan currently has 7 free trade zones, six sea ports and one airport: i) Keelung Port FTZ, ii) Suao Port FTZ, iii) Taipei Port FTZ, iv) Taoyuan Air Cargo Park FTZ, v) Taichung Port FTZ, vi) Anping Port FTZ, vii) Kaohsiung Port FTZ.

## Trade agreements

- FTAs signed with trading partners: New Zealand, Singapore, Eswatini, Paraguay, Guatemala, Panama, Belize, Marshall Islands.

For more details: cf. <https://www.trade.gov.tw/english/Pages/List.aspx?nodeID=672>

## Imports / exports

Imports	Electronic products (18.2%)	Mineral products (15.2%)	Machinery (12.4%)	Chemicals (10.8%)	Base metals (7.3%)	
Primary Import sources	Mainland China & Hong Kong (19.6%)	Japan (17.6%)	Europe (12.6%)	USA (12.4%)	ASEAN countries (11.8%)	Middle East (7.7%)
Exports	Electronics (33.1%)	Information, communication, audio products (10.8%)	Base metals (8.8%)	Plastics & rubber (7.1%)	Machinery (7.5%)	
Export markets	Mainland China & Hong Kong (40.0%)	ASEAN countries (18.3%)	USA (12.0%)	Europe (9.0%)	Japan (7.0%)	South Korea (5.0%)

## Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	309,283	342,706	345,495	330,743	342,303
	- services USD m	41,291	45,213	50,209	51,838	41,263



Imports	- goods USD m	238,323	261,448	278,461	273,072	267,136
	- services USD m	51,778	53,936	56,831	56,905	37,767
Current account as % GDP		13.5	14.7	12.2	10.7	14.2

For updated data, cf.:

<https://tradingeconomics.com/taiwan/imports>

<https://tradingeconomics.com/taiwan/exports>

## Trade finance - Imports

## Documentation

- The following documentations are required for the declaration of imported goods entering Taiwan:
  - **Bill of Landing:** a contract of carriage with the transportation company.
  - **Commercial Invoice:** detailing the value, quantity, and nature of the goods.
  - **Packing List:** describes how the goods were packed.
  - **Certificate of Origin:** only when regulations apply or when requested by customs officer.
  - **Cargo value declaration:** two copies needed in case of special relations between the seller and duty-payer.
  - **Power of attorney:** if the declaration is completed electronically, the customs broker does not need to sign it.
  - **Import permit:** only applicable to restricted articles according to Bureau of Foreign Trade.
  - **Import Car Declaration:** only necessary for the import of cars.
  - Any other documentation for specific goods subject to Taiwanese laws and regulations.

Source:

[Import Cargo-Taipei Customs](#)

## Import licences

- Approximately 157 items classified as controlled are prohibited unless approved by Taiwan International Trade Administration (TITA) as exceptions, and 16 items are allowed to be imported with conditions.

## Import taxes and tariffs

Taiwan uses the Customs Cooperation Council Nomenclature (CCCN) to classify goods and set duty rates. In 2023, average nominal tariff rates for industrial products were 4.13%. For agricultural products it was 15.06%. The overall average nominal tariff rate for imported goods was 6.3%, according to Taiwan Customs.

Source:

[Average Tariff Rates-Customs administration](#)

## Financing requirements

- None

## Risk mitigation

- None

## Prohibited imports

- Prohibited imports are published on a negative list.

To view the whole list, please access the following link:

[Classification of Commodities and Regulations \(trade.gov.tw\)](https://trade.gov.tw)

- Taiwan prohibits the import of certain items in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

## Trade finance - Exports

### Documentation

- The following documentations are required for the declaration of exported goods coming from Taiwan :
  - **Export Declaration Form**
  - **Commercial Invoice:** detailing the value, quantity, and nature of the goods.
  - **Packing List:** describes how the goods were packed.
  - **Export Permit:** for restricted goods only.
  - **Certificate of Origin:** only if needed for specific products.
  - Any other documentation for specific goods subject to Taiwanese laws and regulations.

### Export licences

In accordance with the Taiwan International Trade Administration (TITA), there are export regulations and commodities which are restricted for export:

- Commodities to be exported to specific countries or areas.
- Commodities for which necessary measures need to be taken to restrict.
- Commodities which are restricted.
- Strategic High-Tech Commodities.
- Exportation of endangered species of wild fauna and flora, and products.

Export of commodities included on the “List of Commodities Subject to Export Restriction” shall be filed in accordance with the regulations prescribed in the said List. Those commodities that do not comply with export regulations and have not been given special approval by the TITA shall not be permitted for export.

For exportation of strategic high-tech commodities, the exporter shall first apply for an export permit (license) with the TITA, or the appointed or entrusted government authority.

## Export taxes and tariffs

- None

## Financing requirements

- None

## Risk mitigation

- The Export-Import Bank of the Republic of China (Eximbank) provides export credit insurance and overseas investment insurance in order to let local firms have adequate insurance cover against commercial and political risks involved in export and overseas investment.??
- Domestic and foreign commercial banks also provide private export financing.

Source:

[Export Cargo-Taipei Customs](#)

## Prohibited exports

- Prohibited exports are published on a negative list.
- Taiwan prohibits the export of certain items in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

### Reporting regulations

- The following transactions, exchange receipts require a Declaration Statement which needs to be reviewed by a banking enterprise to confirm the relevant contracts, letters of approval or any other related documents:
  - Foreign exchange transactions involving the TWD of an amount equivalent to or over USD 1 million
  - A single remittance by an association or an individual with a value above USD 500,000 must include a declaration statement.
  - Remittances approved by the competent authorities for direct investment, futures trading or portfolio investment.
  - Any remittances for transactions conducted within Taiwan involving the goods or services located outside of Taiwan.
  - Any outward remittances of the proceeds coming from the sale of shares by an original foreign shareholder of a primary TWSE listed company within the territory of Taiwan or any other foreign company registered as an emerging stock company in Taiwan.
  - Any disbursements of funds and outward remittances of repayments of principal and interest payments by a private company in connection with its medium or long-term debt.
  - Any other remittances subject to other related regulations from the Central Bank of the Republic of China (Taiwan) will also require supporting evidencing documents for a banking enterprise verification.
- An annual aggregate limit of USD 50 million is imposed on inward and outward remittances converted from or to TWD (excluding import/export of goods and provision of services) by any single corporate entity until the declarant has received approval from the Central Bank of the Republic of China (Taiwan).
- Any other related regulations or further information regarding the regulations of FX , disbursements or transaction please visit the Taiwanese Ministry of Justice Database article.

Source:

[Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions - Article Content - Laws & Regulations Database of The Republic of China \(Taiwan\) \(moj.gov.tw\)](https://www.moj.gov.tw/eng/LawsRegulations/LawsRegulationsDatabase/RegulationsGoverningtheDeclarationofForeignExchangeReceiptsandDisbursementsorTransactions-ArticleContent-Laws&RegulationsDatabaseofTheRepublicofChina(Taiwan).htm)

## Reporting method

- Transactions must be reported to the CBC's Department of Banking immediately on the contracting day if the transaction amount is greater than USD 1 million.
- This requirement does not apply to transactions relating to the export or import of goods processed with a documentary bill.
- Forward contract and cross-currency swap transactions must be reported to the CBC's Department of Banking before 12:00 CST the following business day.
- Banks submit reports on behalf of their customers, although the resident entity is ultimately responsible for compliance.

## Exchange controls

- Financial institutions wishing to participate in foreign exchange business must have prior approval from the CBC.
  - The competent authority in charge of foreign exchange administration is the Ministry of Finance.
  - The authority in charge of foreign exchange business is the Central Bank.
  - The following foreign currency conversions are exempt from annual aggregate limit of USD 50 million aggregate restrictions.
    - export/import
    - certain services related transactions, depending on the nature of the transaction.
- 
- [Central Bank of the Republic of China-Foreign Exchange-Foreign Exchange Regulations-Foreign Exchange Regulations \(cbc.gov.tw\)](http://cbc.gov.tw)
  - [Foreign Exchange Regulation Act - Article Content - Laws & Regulations Database of The Republic of China \(Taiwan\) \(moj.gov.tw\)](http://moj.gov.tw)

## Taxation

## Resident / non-resident

- A profit-seeking enterprise that is incorporated in Taiwan or has its head office in Taiwan is considered to be a Taiwanese resident company, unless it is regarded as a resident in another country under a Taiwanese tax treaty.



## Financial instruments

- Gains and income from securities related transactions are exempt from taxable income.
- Income from transactions of futures is exempt from taxable income, since a futures transaction tax has been imposed under the Futures Transaction Tax Act.
- Gains derived from transactions in connection with other types of financial instruments may be treated as ordinary income and taxed at the standard corporate income tax rate.

## Advance tax ruling availability

- A taxpayer can apply to the tax authorities for a ruling to confirm its tax position or clarify a tax issue.
- The Ministry of Finance publishes a list of all public tax rulings.

## Capital gains tax

Taiwan's Land Value Increment Tax was designed to impose a heavy burden on the natural incremental value of land for the purpose of curbing speculation and monopolies on land. In other countries it is normally collected as a capital gains tax or as a regular income tax. According to the Land Tax Act, there are different rates for a profit-seeking enterprise with its head office located within Taiwan, and a profit-seeking enterprise's head office outside of Taiwan:

Head office within Taiwan:

- The balance of income derived from transaction of house and land of a profit-seeking enterprise for the current year after deducting the total amount of land value increment calculated in accordance with the Land Tax Act shall not be added to the amount of income of the profit-seeking enterprise. The tax payable shall be computed separately in Profit-Seeking Enterprise Income Tax 51 accordance with the following tax rates and such tax payable shall be included in the enterprise's income tax return.
- Held no more than two years: 45%.
- Held more than two years, but no more than five years: 35%;
- Held more than five years: 20%;
- House and land that have been held for a period of no more than five years are transferred because of any involuntary cause announced by the MOF: 20%;

- A profit-seeking enterprise who sells house and land where the house is built in partnership with a business entity, and the share of land associated with the unit has been held for a period of no more than five years: 20%;
- House and the share of land associated with the house that are transferred for the first time after the completion of construction and have been held for a period of no more than five years, where the house and land are acquired through participation in urban renewal by providing land, legal buildings, other rights, or capital in accordance with the Urban Renewal Act or the participation in reconstruction in accordance with the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings: 20%

Head office outside of Taiwan:

- For any profit-seeking enterprise having its head office outside the territory of the ROC, its income derived from transaction of house and land within the territory of the ROC shall be calculated as tax payable in accordance with the following tax rates. If the enterprise has a fixed establishment within the territory of the ROC, the tax payable shall be calculated separately from other income derived from sources in the territory of the ROC, and such tax payable shall be included in the enterprise's income tax return filed by the establishment. If the enterprise has no fixed establishment within the territory of the ROC, its business agent or an entrusted agent shall be responsible for the filing of income tax return and paying the income tax:
  - The tax rate shall be 45% for the income derived from the transferred house and land held for a period of no more than two years;
  - The tax rate shall be 35% for the income derived from the transferred house and land held for a period of more than two years.
- The income derived from transaction of house and land referred to in the preceding paragraph indicates the amount of the total revenue after deductions for costs, expenses, and losses; however, the land value increment tax paid in accordance with the Land Tax Act shall not be deducted as expenses or losses.

Source: [Guide to ROC Taxes 2024-Ministry of Finance, R.O.C \(mof.gov.tw\)](https://www.mof.gov.tw/guide-to-roc-taxes-2024)

## Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities				
Non-resident entities				

Taiwan has Withholding Tax Treaties with 35 different countries, each with their own tax rate for the different income types. There are three recognized income types: Dividends, Interest and Royalties.

For the WHT rates for each different country, please visit the MoF link below:

[????????????????\(%\)???-????????? \(mof.gov.tw\)](http://www.mof.gov.tw/withholding-tax-rates)

For non-treaty countries, there is a fixed rate for the income types:

Dividends	Interest	Royalties
21%	15% <sup>1</sup> , 20%	20%

A 15% withholding tax applies to interest paid to a non-resident on short-term bills, interest on securitized certificates, interest on corporate bonds, government bonds or financial debentures, as well as interest derived from repurchase transactions for those bonds or certificates. The rate in all other cases is 20%, unless reduced under a tax treaty.

## Tax treaties / tax information exchange agreements (TIEAs)

Taiwan has 35 Income Tax Agreements.

- **Asia:** India, Indonesia, Israel, Japan, Korea, Malaysia, Saudi Arabia, Singapore, Thailand, Vietnam.
- **Oceania:** Australia, New Zealand, Kiribati.
- **Europe:** Austria, Belgium, Czech Republic, Denmark, France, Germany, Hungary, Italy, Luxembourg, North Macedonia, the Netherlands, Poland, Slovakia, Sweden, the U.K., Switzerland.
- **Africa:** Gambia, Senegal, South Africa, Eswatini
- **Americas:** Canada, Paraguay.

Taiwan also has 12 international Transportation Income Tax Agreements.

- **Asia:** Japan, Korea, Macau, Thailand.
- **Europe:** The European Union, Germany, Luxembourg, the Netherlands (Shipping, Air Transport), Norway, Sweden.
- **Americas:** Canada, the United States.

[III.Treaty Network-Ministry of Finance, R.O.C \(mof.gov.tw\)](http://www.mof.gov.tw/treaty-network)

## Thin capitalisation

- Further, a profit-seeking enterprise will be required to disclose the debt-to-equity ratio and other relevant information in its annual profit-seeking enterprise income tax return.
- The excess interest expenditure on the debts owed directly or indirectly by a profit-seeking enterprise to a related party shall not be considered as expenses or losses if the proportion of related party debt to equity of a profit-seeking enterprise exceeds the ratio of 3:1 as stipulated by the regulations.
- The preceding does not apply to banks, credit cooperatives, financial holding companies, bills finance companies, insurance companies and securities firms.

## Transfer pricing

Regarding the adjustment of income necessary for enterprises with non-arm's-length transactions, it is authorized to have the collection authority-in-charge to adjust the calculation of the income of an enterprise in order to accurately determine its taxable income and tax liability. However, this adjustment can only be done with the prior approval of the MOF and in pursuance of the arm's-length principle.

In the ROC, there can be an evasion or reduction of a profit-seeking enterprise's income tax liabilities, when it has an affiliated relationship with, or is directly or indirectly owned or controlled by another enterprise within or outside the territory of the ROC, and the arrangements of their revenue, costs, expenses, and profit and loss distribution do not conform with the arm's-length principle.

There are also regulations for transfer-pricing activities of both domestic enterprises and multinational enterprises. When the collection authority-in-charge perceives profit-seeking enterprises as having transactions with their related enterprises (i.e., controlled transactions), which are incompatible with the arm's-length principle, the authority may start the process of investigation and adjustments, as long as the requirements prescribed in Article 43-1 of the Income Tax Act have been met.

According to Article 50 of the Financial Holding Company Act and Article 47 of the Business Merger and Acquisition Act, the investigation and adjustment undertaken by the collection authority-in-charge in accordance with the arm's-length principle shall apply to the transactions conducted by any company subject to those acts with its related enterprises, individuals, or non-profit Guide to ROC Taxes 2024 70 organizations (i.e., controlled transactions), and shall also apply to the transactions with its unrelated parties which are considered as non-arm's length.

To determine arm's-length pricing or the profit of controlled transactions in a fair and reasonable way, the MOF enacted and promulgated The Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing. This article introduced the three-tiered transfer-pricing documentation: master file, transfer-pricing report, and country-by-country report.

There are relevant provisions on intangible assets and other transfer pricing issues. These regulations provide the following information:

- a. Transfer of tangible assets.
- b. Use of tangible assets;
- c. Transfer of intangible assets;
- d. Use of intangible assets;
- e. Rendering of services;
- f. Use of funds; and
- g. Other types of transactions prescribed by the MOF.

Presently the following transfer-pricing methods can be used to evaluate whether the result of a controlled transaction is at arm's length, or to determine the arm's-length result:

- a. Traditional transaction methods, including the comparable uncontrolled price method, the comparable uncontrolled transaction method, the resale price method, and the cost-plus method;
- b. Transactional profit methods, including the comparable profit method and the profit-split method; and
- c. Income-based approach. These regulations also define the applicable methods depending on the types of transaction.

The profit-seeking enterprises undertaking controlled transactions are not required to check each transfer-pricing method to determine the one which is the most appropriate; instead, they may select one or more transfer-pricing methods to ascertain the most appropriate one for their facts and circumstances based on the comparability or similarity between the controlled transactions and their comparables and based on the reliability of the adjustments made to eliminate the differences.

## Stamp duty

All the following tax stamps are to be affixed by the person executing the contract or drawing up the receipt.

Taxable document	Rate
Monetary receipts	0.4% except 0.1% for money deposited by bidders
Deeds for the sale of movable property	TWD 4 per piece
Contracting agreements	0.1%
Contracts for the sale, transfer or partition of real estate	0.1%

## Cash pooling

- Taiwan has no specific rules for the taxation of [cash pooling](#) arrangements.

## Financial transactions / Banking services tax

- Other than STT and special BT, Taiwan has no specific taxes on financial transactions/banking services.

Useful doc:

[Guide to ROC Taxes 2024-Ministry of Finance, R.O.C \(mof.gov.tw\)](#).





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