

Act for the Recruitment and Employment of Foreign Professionals

Tax Incentives of Income Tax

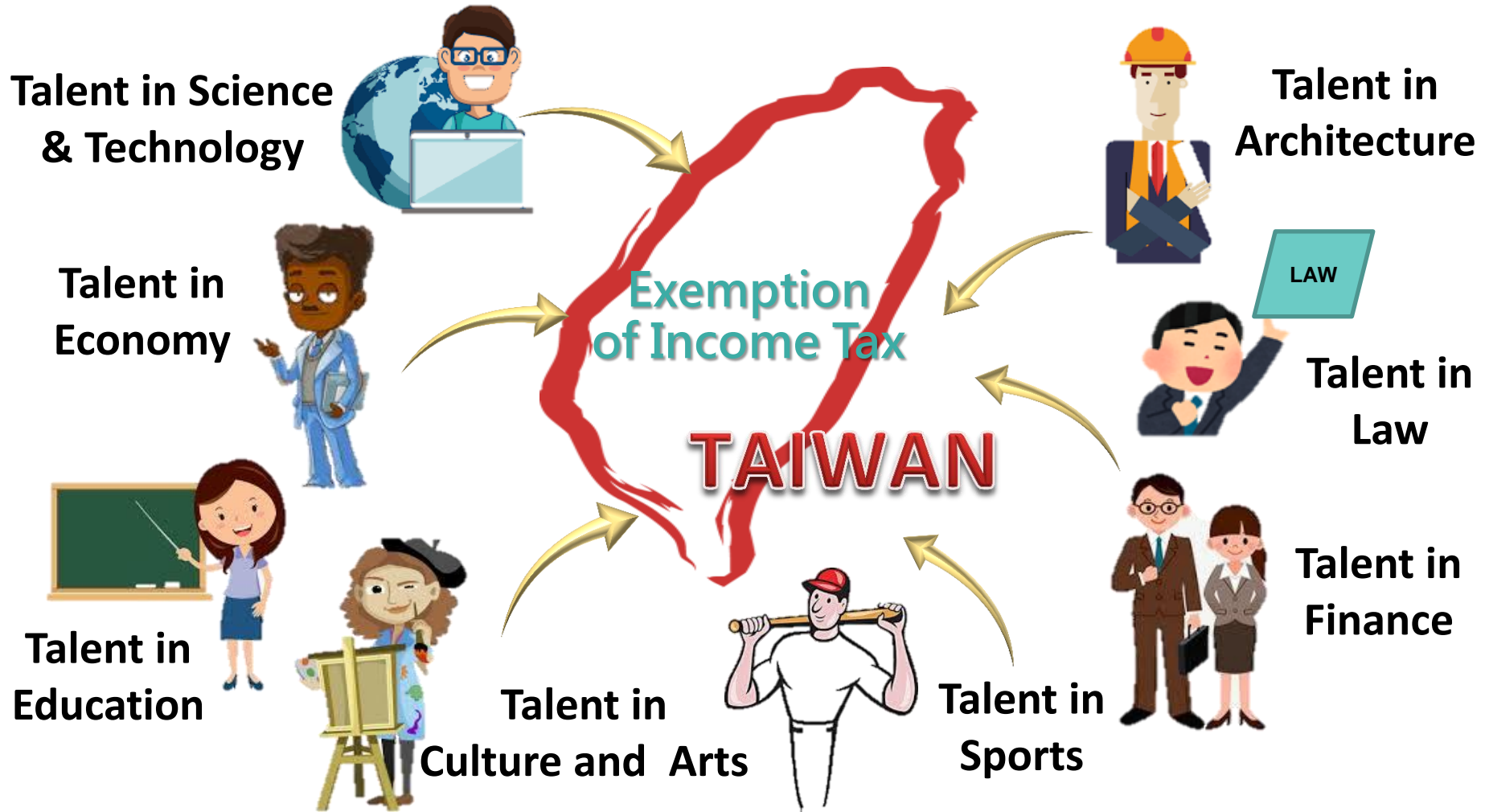
Ministry of Finance

March 5, 2018





Exemption of Income Tax of Foreign Special Professionals (1/9)





Exemption of Income Tax of Foreign Special Professionals (2/9)

A foreign special professional who has been recognized to possess the special expertise announced by the central competent authority and has obtained the foreign special professional employment (work) permit document or the Employment Gold Card.

Requirements

01

He/she has for the first time been approved to reside in the R.O.C. for the purpose of work.

02

He/she has engaged in professional work related to the recognized special expertise in the R.O.C.

03

During the five years prior to his/her employment engaged in professional work or his/her obtaining the Employment Gold Card, he/she did not have household registration in the R.O.C., and he/she didn't reside in the R.O.C. for a full 183 days of the year.

Tax Benefits

He/she for the first time has met the requirements that during the first three years starting from the year when he/she has resided in the R.O.C. for a full 183 days of the year and has had an annual salary income of over NT\$ 3 million. The tax benefits are as following:

- ☑ One half of the amount of the salary income exceeding NT\$ 3 million of each such year may be excluded from the gross amount of consolidated income of the year for the assessment of individual income tax liability.
- ☑ Overseas income may be excluded from the income basic tax.

The tax benefits can be deferred, and the deferral period isn't over five years.



Exemption of Income Tax of Foreign Special Professionals (3/9)

The period of tax benefits

Case 1

- He/she has obtained the foreign special professional employment (work) permit document issued by the Ministry of Labor in 2018.
- He/she has met the requirements that he/she has resided in the R.O.C. for a full 183 days of the year and has obtained an annual salary income of over NT\$ 3 million by engaging in professional work during the years 2018~2020.



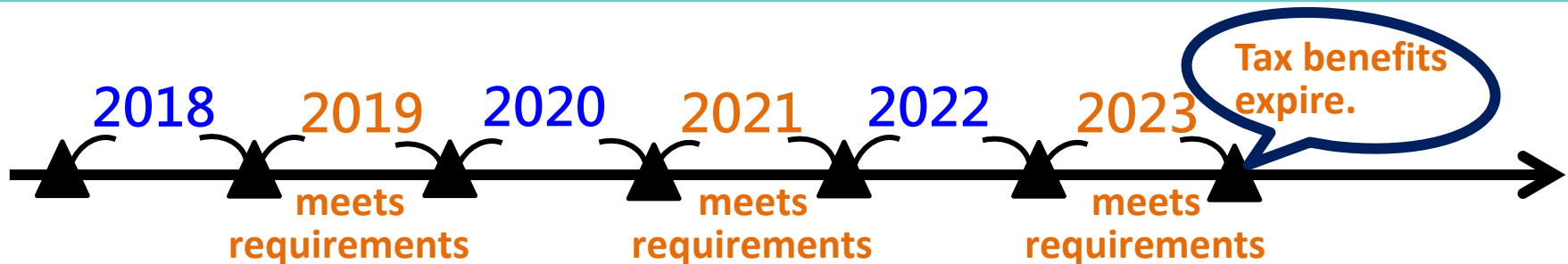
He/she can apply for reduction and exemption of income tax in 2018~2020.

Exemption of Income Tax of Foreign Special Professionals (4/9)

The period of tax benefits

Case 2

- He/she has obtained the foreign special professional employment (work) permit document issued by the Ministry of Labor in 2018.
- He/she has met the requirements that he/she has resided in the R.O.C. for a full 183 days of the year and has obtained an annual salary income of over NT\$ 3 million by engaging in professional work in 2019, 2021, 2023 (He/she has not resided in the R.O.C. for a period of 183 days of the year or does not have an annual salary income of more than NT\$3 million in 2018, 2020, 2022).



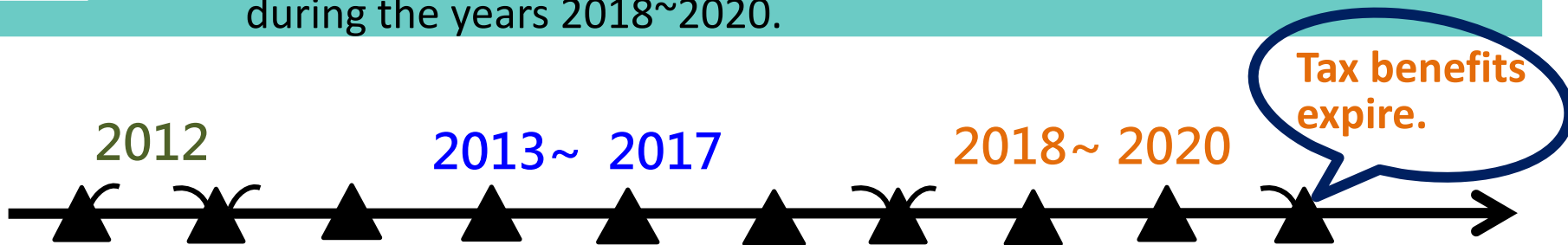
He/she can apply for exemption of income tax in 2019. Because the tax benefits can be deferred and the deferral period isn't over five years (the deferral period shall start from 2019 to 2023), he/she can apply for exemption of income tax in 2019, 2021, 2023.

Exemption of Income Tax of Foreign Special Professionals (5/9)

The period of tax benefits

Case 3

- He/she had resided in the R.O.C. for the purpose of study in 2012 and returned to his/her country of origin in 2013.
- He/she has obtained the foreign special professional employment (work) permit document issued by the Ministry of Labor in 2018, and he/she has met the requirements that he/she has resided in the R.O.C. for a full 183 days of the year and has obtained an annual salary income of over NT\$ 3 million by engaging in professional work during the years 2018~2020.



He/she can apply for exemption of income tax in 2018~2020. (The reason for residing in the R.O.C. in 2012 can't be attributed to engaging in professional work, and he/she did not have household registration in the R.O.C. nor has resided in the R.O.C. for a period of 183 days within five years before he/she comes to R.O.C. in 2018.)



Exemption of Income Tax of Foreign Special Professionals (6/9)

Calculation of Exemption of Income Tax



- ◆ He/she has met the requirements for apply the tax benefits and has had an annual salary income of NT\$ 15 million.
- ◆ He/she has had income derived from sources outside the R.O.C of NT\$ 2 million.



The Tax Incentives

- ▾ **Exemption of Salary Income:**
 (Annual salary income of NT\$ 15 million - NT\$ 3 million)*50% = NT\$ 6 million
- ▾ **Taxable Salary Income:**
 NT\$ 15 million - Exemption of Income of NT\$ 6 million = NT\$ 9 million
- ▾ **Overseas income:**
Such income (NT\$ 2 million) would be excluded from the income basic tax.

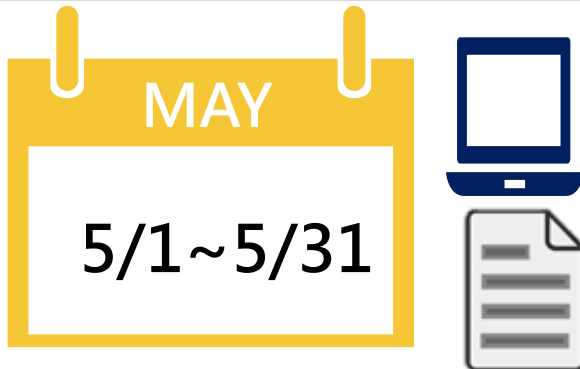


Exemption of Income Tax of Foreign Special Professionals (7/9) Application Time

A foreign special professional who meets the requirements of tax benefits shall submit relevant documents to the jurisdictional tax collection authority at the following time:

when he/she files his/her annual income tax return (in May every year)

when he/she files the departure income tax return in the current year before he/she leaves the R.O.C





Exemption of Income Tax of Foreign Special Professionals (8/9)

The documents should be submitted(1/2)

<p>A foreign special professional who has obtained “the foreign special professional employment (work) permit document” issued by the Ministry of Labor or the Ministry of Education</p>	<p>A foreign special professional has held an “Employment Gold Card”</p>
<ul style="list-style-type: none"> ✓ A photocopy of the foreign special professional employment (work) permit document issued by the Ministry of Labor or the Ministry of Education. 	<ul style="list-style-type: none"> ✓ A photocopy of the Employment Gold Card.
<ul style="list-style-type: none"> ✓ The application form for reduction and exemption of income tax. 	



Exemption of Income Tax of Foreign Special Professionals (9/9)

The documents should be submitted(2/2)

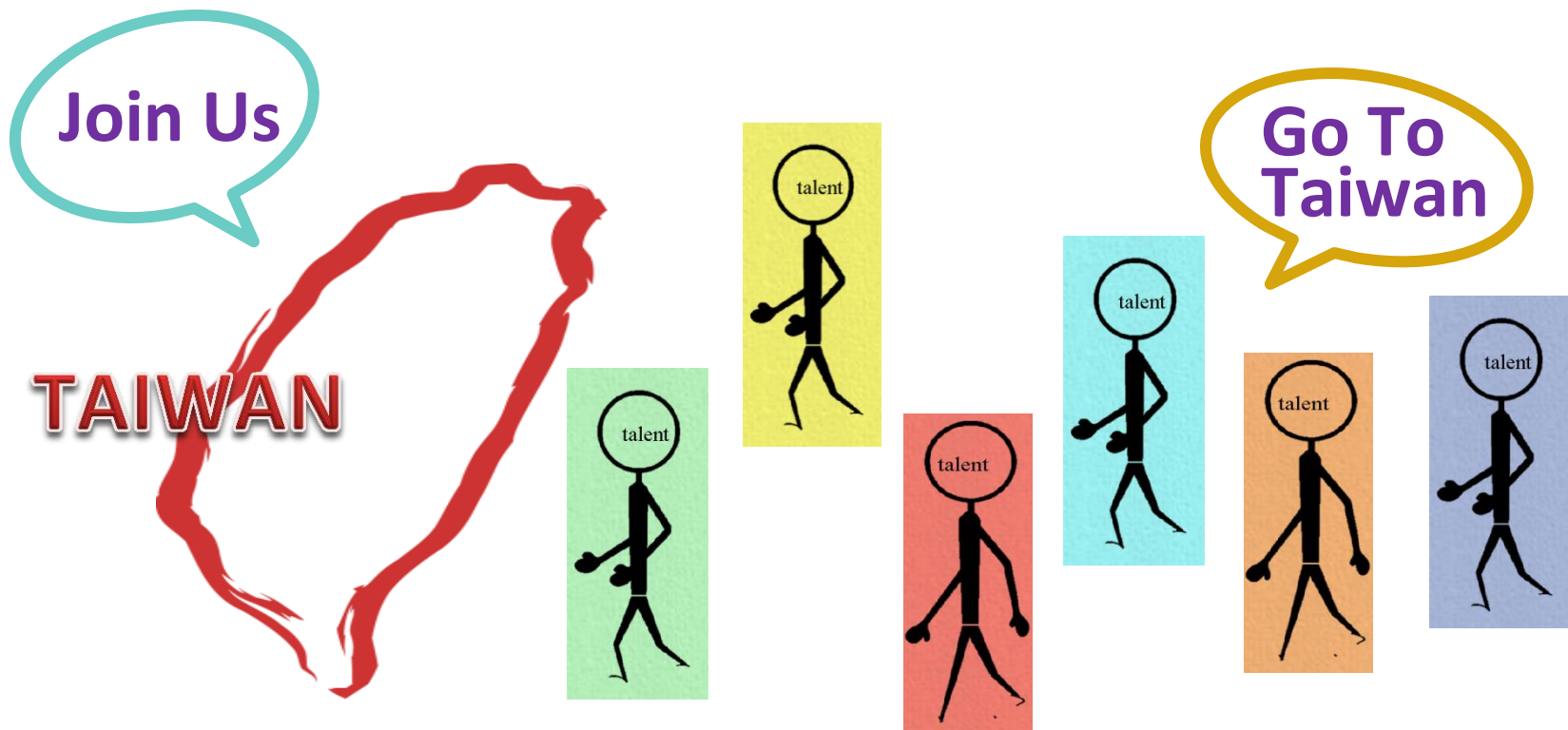
A foreign special professional who has obtained “the foreign special professional employment (work) permit document” issued by the Ministry of Labor or the Ministry of Education

A foreign special professional who has held an “Employment Gold Card”

- ✓ The supporting document of the first-time approval to reside in the R.O.C. for the purpose of work [i.e., a photocopy of the Alien Residence Certificate (ARC) showing employment as the reason for residence]. If it is not the first-time approval to reside in the R.O.C., the supporting document showing the previous approval not related to the engagement of the professional work (i.e., a photocopy of the ARC explaining the residing purpose for studying Chinese, being a foreign student, being a foreign spouse, or visiting relatives) is required.
- ✓ An employment contract or other supporting documents showing that the foreign special professional has engaged in professional work related to his/her special expertise recognized by the relevant central competent authority in the R.O.C.



Provide a friendly tax environment and enhance Taiwan's competitiveness





End of Briefing

Please let us have your comments and suggestions.