

Alien Individual Income Tax FAQs

1. When are aliens required to submit their income tax returns in Taiwan?

As the duration within a taxable year that aliens stay in Taiwan varies, the following three points can be used as a guide for aliens to report their income tax returns.

For aliens staying in Taiwan for less than 90 days, the income derived from sources in the Republic of China shall be withheld according to the withholding rate and paid at the respective sources. The taxpayer need not file an income tax return. However, if one has income gained from property transactions, occasional trade, interest from mortgages, etc., he/she should declare and pay tax prior to departure.

For foreigners who stay in Taiwan over 90 days, but less than 183 days, the income derived from sources in the Republic of China shall be withheld according to the withholding rate and paid at the respective sources. However, income derived or incomes from overseas sources earned through providing services in Taiwan, will have to be reported prior to departure.

Foreigners who stay in Taiwan over 183 days will be required to report their income to the tax bureau and pay the corresponding taxes before May 31. However, those departing the country in the middle of the year will be required to report income earned in the past year prior to departure.

The tax administration processes income tax returns and payments from May 1 to May 31. The National Taxation Bureau of Kaohsiung, Ministry of Finance, requests that all foreigners who need to pay tax do so as soon as possible to avoid crowding tax offices at the last minute.

2. The Alien Individual Income Tax and the Period of Residence

For any alien having income from sources in the Republic of China, individual income tax shall be levied on the income derived from such sources in accordance with the Income Tax Act of the R.O.C. The alien taxpayers are divided into "Non-Residents of the ROC" and "Residents of the R.O.C." based on their length of stay. The following are the different ways for aliens to file income tax returns.

A. "Non-Residents" of the Republic of China

- a. For an individual who stays in the Republic of China not more than 90 days within a taxable year (Jan. 1 to Dec. 31), the income derived from sources in the Republic of China shall be withheld according to the

withholding rate and paid at the respective sources. The taxpayer need not file an income tax return.

- b. For an individual who stays in the Republic of China over 90 days but less than 183 days within the same taxable year, individual income tax shall be declared and computed according to the withholding rate on his remuneration derived within or outside the Republic of China for his services rendered in the R.O.C.

B. "Residents" of the Republic of China

An individual who stays in the Republic of China for 183 days or more within a taxable year is regarded as a resident and the individual income tax shall be declared and assessed by a progressive rate on the amount of his net consolidated income (taxable income) which shall be the annual gross consolidated income (including the various incomes derived within the R.O.C. and the remuneration derived outside the R.O.C. for service rendered in the R.O.C.) minus the exemptions and deductions.

3.Determination of Salary and Wages Income

For an alien who remains in the R.O.C. within one taxable year :

A. Not more than 90 days:

- a. The income tax shall be withheld at the income sources or declared and taxed by withholding rate.
- b. The income derived from employer(s) outside the R.O.C. is exempted from taxation.

B. More than 90 days:

The income derived within the R.O.C. shall be filed in accordance with a withholding statement, dividend voucher or as declared by the taxpayer. Income paid by an employer outside the territory of the R.O.C. must also be reported by the taxpayer. The taxpayer will be required to submit a certificate of earnings notarized by the tax authorities concerned from the employer(s) outside the territory of the R.O.C. If a certificate from the tax authorities is not available, a notarized certificate issued by a notary public or CPA firm is acceptable. In the case where such a certificate is to be used, a photocopy of the license of the notary public or CPA who issues the certificate must also be submitted. Any income received in foreign currency should be calculated at the average foreign currency exchange rate.

4.Where to file the tax return?

Please file your individual income tax return with the tax authority located in

the district that is shown on your ARC address.

A. Individuals residing in Taipei City should file their returns at the Foreign Taxpayers Section, National Taxation Bureau of Taipei, M.O.F. (No. 2, Sec.1, Zhonghua Road, Taipei City)

TEL : (02)23113711 Ext.1116-1118

B. Individuals residing in Kaohsiung City should file their returns at the Foreign Taxpayers Section, National Taxation Bureau of Kaohsiung, M.O.F. (No. 148,Guangzhou 1st St., Lingya District Kaohsiung City)

TEL : (07)7256600 Ext.7020,7021-7025.

Other individuals residing in Taiwan should file their returns at the branch offices and service centers of the National Taxation Administration.

5.What kinds of papers and documents should be submitted when filing individual income tax?

A valid passport, tax withholding statement, dividend voucher, certificate of residence and certificate of earnings paid abroad for services performed in the R.O.C. are basic data. However, if a taxpayer with special qualifications wants to apply for tax exemptions or deductions, the proper documents of evidence should be submitted to the tax authorities for tax assessment.

6.How do aliens, who stay in the R.O.C. over 90 days in a taxable year, file their income tax returns for income derived from employers outside the R.O.C. for services rendered during their stay in the R.O.C.?

Taxpayers must file income tax returns for remuneration paid by their employers outside the R.O.C. for services rendered in the R.O.C. during their stay.

Taxpayers must also submit a notarized certificate of earnings issued by tax authorities, a CPA, or a notary public. However, a photocopy of the license of the CPA or the notary public who issues the certificate must also be submitted to the tax authorities for review. Aliens' service remunerations, derived from employers outside the R.O.C., should be calculated at the average foreign currency exchange rate.

7.What documents or certificates should be submitted to claim exemption for the spouse or dependents? May an alien resident of the R.O.C. claim exemption for the spouse or dependents that do not live in the R.O.C.?

To claim exemption for the spouse or dependents, the alien should submit

the following documents:

A. Spouse:

- a. The spouse's personal data such as a photocopy of passport or birth certificate.
- b. Documents stating their relationship such as a photocopy of marriage certificate, alien residence certificate with the spouse's name on it or the notarized documents issued by local or foreign government agencies.
- c. Living certificates such as notarized documents, household registration certificate or other documents which prove the spouse was living during the taxable year.

B. Lineal ascendants(who are over 60 years old or under 60 years old but incapable of earning a livelihood by themselves):

- a. Documents stating their relationship such as birth certificate, household registration certificate, or a photocopy of alien residence certificate with the names of the taxpayer's lineal ascendants listed on it.
- b. Proof of support such as remittance certificate or notarized documents.
- c. Living certificates such as notarized documents, household registration certificate or other documents which prove the lineal ascendants were living during the taxable year.
- d. Ascendants who are under 60 years old but incapable of earning a livelihood by themselves should submit certificates issued by public hospitals or local government agencies' notarized documents.

C. Children, brothers or sisters (who are under 20 years old, or over 20 years old and are still attending school, or are physically or mentally disabled) :

- a. Relationship documents such as birth certificate, household registration certificate or a photocopy of alien residence certificate with the taxpayer's dependents' names on it.
- b. Proof of support such as remittance certificate or notarized documents.
- c. Living certificates such as notarized documents, household registration certificate or other documents which prove the children, brothers or sisters were living during the taxable year.
- d. If the taxpayer's children, brothers or sisters are over 20 years old and are still attending school, a school attendance record, a photocopy of student identification card, a photocopy of graduation diploma or tuition receipts issued by the school are needed.

If they are physically or mentally disabled, a doctor's diagnosis certificate is needed. If they are incapable of earning a livelihood by themselves, disability documents issued by a public hospital or notarized documents issued by the local government agencies are needed.

- D. Other dependents**(who are either under 20 years old or over 20 years old but incapable of earning a livelihood by themselves):
- a. Documents stating their relationship such as birth certificate, household registration certificate or a photocopy of residential certificate documenting the taxpayer's relatives' names.
 - b. Proof of the support such as remittance certificates or notarized documents.
 - c. Living certificates such as notarized documents, household registration certificate or other documents which prove the dependents were living during the taxable year.
 - d. Certificates issued by public hospitals or local government agencies notarized documents proving their inability to earn a livelihood by themselves.
 - e. Household registration certificate or notarized document which show they are actually living together. A notarized declaration certifying that he/she is supported by the taxpayer or other appropriate documentation may be requested.

Only alien residents of the R.O.C. may claim exemption for the spouse or dependents excluding other dependents, i.e., uncle, cousin, grandchild and nephew, who are not in the R.O.C., if they submit the above mentioned required certificates.