

AUTHORITY GUIDE

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Introduction

This guide provides explanation of the recently enacted amendment to the Taiwan Value-Added and Non-Value-Added Business Tax Act (hereinafter as "VAT Act").

On 9 December 2016, the draft amendment to the VAT Act was passed by the Legislative Yuan. The amendment to the law requires foreign suppliers having no fixed place of business with Taiwan which sells electronic services to domestic individuals (B2C) shall register and file returns for VAT purposes.

The amendment has not detailed the definition and scope of electronic services. It is anticipated that the Ministry of Finance will plan for subsequent enactment or amendment of related regulations to provide further clarification.

On 25 January 2017, a gazette (No.1060001430) was issued to stipulate that, the amendments to VAT Act, including the tax on electronic services, will become effective from 1 May 2017.

Please note the amendment has no impact on the cross-border B2B service supplies.

The current configuration of Determination for electronic services for the authority of Taiwan provides the tax calculation aligned with the new requirements.

Bellow you can find examples of expected results for Taiwan for supply of electronic services by a foreign supplier to an individual consumer located within Taiwan.

PART II – TAX RESULT EXAMPLE

Test 1: Foreign Electronic Services – Sale (Seller is registered in Taiwan)

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Electronic Services
Seller Primary	Singapore
Buyer Primary	Taiwan
Seller Registration	Singapore: M2-1234567-8 Taiwan: 12345678

The following image shows the details of the sale.

View Results: 1		Gross Amount: 100.00		Eff%: 5%						TT	IT
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt				
Country: SINGAPORE	Singapore	Not Liable	NL	O	0	0%	0.00				
Country: TAIWAN	Taiwan	VAT	S	O	0	5%	5.00				
5.00 USD											
<input type="checkbox"/> Authority Messages:											
Authority	RuleOrder	Message									
Singapore	5001	GCSCL18: No GST Liability in Sellers country.									
Taiwan	10000	GCSCL14: Output VAT in Buyer's country.									

Test 2: Foreign Electronic Services – Sale (Seller is not registered in Taiwan)

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Electronic Services
Seller Primary	Singapore
Buyer Primary	Taiwan
Seller Registration	Singapore: M2-1234567-8

The following image shows the details of the sale.

View Results: 1 ▾	Zone	Gross Amount: 100.00		Eff%: 0%		Type			Dir	Fee	Rate	Tax Amt	TT	IT
		Authority	Invoice Desc											
		Country: SINGAPORE	Singapore	Not Liable		NL	O		0%		0.00			
		Country: TAIWAN	Taiwan	Not Liable		NL	O		0%		0.00			
0.00 USD														
Authority Messages:														
Authority	RuleOrder	Message												
Singapore	5001	GCSCL18: No GST Liability in Seller's country.												
Taiwan	5001	GCSCL32: Seller cannot invoice VAT since seller is not registered in Buyer's country.												

In this case, a message saying that the seller must register in Taiwan will be returned.

Test 3: Foreign Electronic Services – Purchase (Seller is registered in Taiwan)

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Electronic Services
Seller Primary	Singapore
Buyer Primary	Taiwan
Seller Registration	Singapore: M2-1234567-8 Taiwan: 12345678

The following image shows the details of the purchase.

View Results: 1 ▾	Zone	Gross Amount: 100.00	Eff%: 5%	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Authority	Country: TAIWAN	Invoice Desc		S	I		5%	5.00		
	Taiwan	VAT						5.00	5.00 USD	
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
Taiwan	10000	GCBCL222: Input VAT in Buyer's country.								

CONCLUSION

This guide explains law changes that will become effective in Taiwan on 1 May 2017 in connection with the provision of electronic services by foreign suppliers to individual consumers located in Taiwan. Please contact Customer Support with any additional questions.