

This guide has been prepared by an independent third-party law firm.

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TAIWAN – TAX CONSIDERATIONS ON SHORT-TERM LETTINGS

The following information can help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation in Taiwan.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. The timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Taiwan, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value added tax (VAT)

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we don't update this information in real time, so you should confirm that the laws or procedures have not changed recently.

We also draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.

INCOME TAX

If you earn income in Taiwan, it is likely that you will be required to pay income tax on this income to the Taiwan tax authorities. Below is a brief outline of the tax that may arise on income earned from short-term lettings in Taiwan and some information on how this tax can be paid over to the Taiwan tax authorities.

Taiwan's tax year runs from 1 January to 31 December.

Coming within the charge of income tax in Taiwan.

You are required to pay income tax in Taiwan if you are:

- Resident in Taiwan;
- Not a resident in Taiwan but deriving Taiwan source income, including rental income from properties located in Taiwan.

You are required to include the income from short-term lettings in Taiwan in your annual income taxable income declared through the annual income tax returns and to be taxed depending on your residence status in Taiwan.

Reporting tax in Taiwan.

If you are a citizen of Taiwan or resident in Taiwan for more than 183 days in a calendar year, you can use the regular form for income tax filing. Otherwise, you should use the form specifically for expatriates.

When completing an income tax return, you can use the income tax return application, the online software and the paper income tax return form. More information on filing income tax returns can be found [here](#).

Reporting tax - filing deadline.

The income tax return filing starts on 1 May and ends on 31 May of the upcoming year.

For example, an income tax return for 2023 has to be filed between 1 May and 31 May 2024.

No postponement of the above filing deadline will be allowed under normal circumstances.

Reporting tax - payment deadline.

The above filing of income tax return should be accompanied with tax payments. Once your tax return has been filed, the Taiwan tax authorities will review the return and issue an assessment to you with notice of payment/refund for difference in taxable income assessed. For more information we refer to [this website](#).

Taiwan Tax Authority contact details.

Depending on where you live in Taiwan, you can contact one of the five tax collection offices in Taiwan listed on [this website](#).

If you are not a tax resident in Taiwan, you can contact the National Taxation Bureau of Taipei at 886-2-23113711.

Taiwan income tax rates.

The income tax rates for individuals for the year 2023 are listed below:

Net Taxable Income	Tax Rate	Progressive Difference
NTD 0 – NTD 560,000	5%	None
NTD 560,001 – NTD 1.26 million	12%	NTD 39,200
NTD 1,260,001 – NTD 2.52 million	20%	NTD 138,600
NTD 2,520,001 – NTD 4.72 million	30%	NTD 382,200
Over NTD 4,720,001	40%	NTD 854,200

If you are not a tax resident of Taiwan, you will be taxed at a flat rate of 20%.

Taiwan rules applicable to income earned in relation to short-term lettings.

If you temporarily let out your properties in Taiwan, the income will be taxable in Taiwan. You are required to report such income in your annual income tax returns.

A fixed percentage of the rental income can be deducted as cost/ expenses. This percentage will change from time to time. For the year 2022, this rate is 43%. The rate applicable for 2023 will be announced before May 31, 2024.

Taiwan income tax obligation for non-resident individuals.

If you are a non-Taiwan resident, meaning you are not a Taiwan citizen and don't reside in Taiwan for more than 183 days in a calendar year, you may have an obligation to file an income tax return if you derive rental income from properties located in Taiwan. We suggest you consult a professional tax advisor on your Taiwan tax obligations based on your circumstances.

Taiwan income tax obligations for a Taiwan resident in receipt of foreign rental income.

If you are a Taiwan resident individual, you must report your offshore income if you earn more than NTD one million offshore income in a calendar year. .

The above offshore rental income will be subject to a special tax regime generally referred to as Alternative Minimum Tax ("AMT"). You first report a regular tax liability excluding offshore income. You then add in offshore income to the regular taxable income to reach a so-called

basic income and apply a flat rate of 20% and an annual deduction (NTD6.7 million for 2023) to reach another tax liability under AMT. At the end, you are required to pay whichever tax liability is higher.

VALUE ADDED TAX

Value added taxes can be complicated and you should take time to understand the rules as they apply to you and your particular situation. Broadly speaking, Value-Added Tax (VAT) in Taiwan is a tax on consumption. Most goods and services supplied in Taiwan are subject to VAT.

VAT in Taiwan covers only business sellers with sales volume exceeding a certain threshold or with certain legal forms. An individual person who supplies goods and/or services in Taiwan does not have to charge VAT on the sales. We suggest you consult a professional tax advisor on your Taiwan tax obligations based on your circumstances.