

Title: If An Offshore Electronic Service Supplier Fails to Report Its Sales Amounts, It Shall Voluntarily File a Supplementary Tax Declaration and Supplement Payment to Exempt from Punishment

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The National Taxation Bureau of Taipei, Ministry of Finance (hereinafter referred to as the NTBT) expressed that if an offshore electronic service supplier has any electronic service sales to the domestic individuals, it will be in the taxable scope of the new business tax system for its deeds. And if it has sales amounts over NTD480,000 a year, it shall voluntarily supplement tax payment covering the tax amount it failed to declare and file a supplementary tax declaration to the tax collection authorities as soon as possible.

The NTBT stated that after May 1st, 2017, the offshore electronic service suppliers, which have no fixed place of business within the territory of the R.O.C., sell electronic services to individuals in territory of R.O.C., and have sales amounts over NTD480,000 a year, shall go through Taxation Registration by their own or commit representatives to do it, file business tax returns, and pay the business tax according to the provisions. The range of electronic services may include, but not limited to, providing e-books, movies, TV shows, music, and other audio & video services, online games, online reservation, and other electronic services via websites built by one's own or by others. Since the new e-commerce tax collection system has entering into force on May 1st, 2017, offshore electronic service suppliers have come to apply for Taxation Registration one by one through active promotion of the NTBT. However, if one didn't notice and failed to report its sales of electronic services to our domestic individuals before Taxation Registration and with sales amounts over NTD480,000 a year, it shall voluntarily file a supplementary tax declaration and supplement payment covering the tax amount, which it has failed to declare.

The NTBT gave an example to illustrate. Some offshore electronic service supplier, applying for Taxation Registration with the tax collection authority on January 1st, 2019, filed the tax declarations and paid the business tax on time, and

later the tax collection authority found it failed to declare its sales amounts NTD5,250,000 to our domestic individuals for online video services between May in 2017 and December in 2018, namely before its Taxation Registration. Due to failing to voluntarily supplement tax payment and file the tax declaration to the tax collection authority, this suppliers shall be charged with an NTD250,000 (NTD5,250,000/1.05*5%) business tax and additionally fined no more than five times the tax amount failed to declare.

The NTBT reminded that the Online Transaction Review Operation is one of the key 2019 annual working programs in the Ministry of Finance for maintaining fair taxation. To track whether the offshore electronic service suppliers honestly file and pay the business tax, the tax collection authorities gather financial flow data to check the sales amounts reported. The NTBT called on the offshore electronic service suppliers or their representatives to verify the sales amounts by their own. If those suppliers fail to report their sales amounts, they shall soon voluntarily file a supplementary tax declaration on eTax Portal, Ministry of Finance (<http://www.etax.nat.gov.tw/> Home > Tax on Cross-Border Electronic Services > Business Tax > File and Pay Business Tax > Entry and Correction of Filing Data) and supplement payment covering the tax amount which they have failed to declare. According to Article 48-1 of the Tax Collection Act, as long as it is neither a case brought about by an informant nor a case under investigation by an investigator appointed by the tax collection authorities or the Ministry of Finance, the taxpayer shall pay the interest accrued thereon and may be exempt from the punishment of tax evasion.