

Title: Cross-border E-Commerce Foreign Companies With Annual Sale of Electronic Services to Domestic Individuals Over NT\$480,000 Shall Apply for Taxation Registration.

2019.07.22

National Taxation Bureau of Taipei (hereinafter referred to as the NTBT), Ministry of Finance (hereinafter referred to as MOF) expressed that cross-border E-Commerce foreign companies (hereinafter referred to as the Companies) with annual sale of electronic services to domestic individuals over NT\$480,000 shall apply for taxation registration and file business tax return.

The NTBT explained that with the rising trend of online shopping for electronic services provided by the Companies such as E-books, E-videos, online games or online booking for accommodation, unfair competition resulted from online tax evasion between domestic and offshore companies is growing. To provide fair competition and reduce tax evasion, amended Paragraph 4 of Article 6 and Article 21-8 of Value-added and Non-value-added Business Tax Act (hereinafter referred to as Business Tax Act) were promulgated on December 28 of 2016. In the meantime, MOF stipulated Directions on the Levying of Business Tax on Cross-Border Electronic Services Transactions. From May 1 of 2017, the Companies with annual sale of electronic services to domestic individuals over NT\$480,000 shall apply the competent taxation authority for registration either by themselves or by appoint tax-filing agents which are domestic entities, institutions, groups or organizations with permanent establishment (hereinafter referred to as PE) on their behalf to handle the taxation registration and shall file business tax return before 16th day on odd months under two-monthly filing frequency.

The NTBT further explained only foreign entities, institutions, groups or organizations, providing electronic services to domestic individuals, with no PE in the ROC shall apply for taxation registration and file business tax return in

accordance with the aforesaid amended Business Tax Act. Compared with electronic services, business tax on imported goods will be levied by customs once the goods cross border. While for foreign entities, institutions, groups or organizations, providing electronic services to domestic non-individuals, with no PE in the ROC and under the circumstance excluded from application of Article 36-1 of Business Tax Act, business tax return filing will be up to the said non-individual buyers in accordance with Article 36 of Business Tax Act. Under the aforesaid circumstance the foreign sellers with no PE in the ROC will not be deemed as taxpayerse and does not need to apply for taxation registration accordingly.

The NTBT reminded that information regarding the Companies which have finished taxation registration is available at “Tax on Cross-Border Electronic Services” section on the eTax Portal, Ministry of Finance (website: <https://www.etax.nat.gov.tw>). Any question about taxation on the Companies, please contact tax offices nearby.