

Title: The Domestic or Offshore Business Entities Selling the Electronic Services Should Issue Uniform Invoices to File and Pay the Business Tax Based on the Provisions

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The National Taxation Bureau of Taipei, Ministry of Finance (NTBT) expressed that it has recently found that domestic lodging business entities sell accommodation services through an online booking platform operator. The online booking platform has already registered as a cross-border electronic services business entity for tax registration. However, the domestic lodging business entities still issue Duplicate Uniform Invoices to the platform operator, involving the failure to record the necessary particulars on issuing uniform invoices or understating sales amounts on uniform invoices. Those domestic lodging business entities should take the initiative and apply for corrections to the local taxation authority, make supplementary reports, and pay the taxes owed as soon as possible in order to avoid the penalties for supplemental taxes.

NTBT stated that those offshore electronic services business entities which have no fixed places of business, use the internet to sell electronic labor services to the domestic natural persons, and earn an annual revenue exceeding NT\$480,000 should register tax registration, file, and pay the business tax in R.O.C. since May 1st of 2017. A domestic business entity (supplier) uses the platform or the electronic system set up by an offshore electronic services business entity to sell the accommodation services to the domestic natural persons (buyers), and the offshore electronic services business entity receives the payment and deducts the website service fee for the domestic supplier. The supplier in this situation shall issue a Triplicate Uniform Invoice with a title of offshore electronic services business entities to file and pay the business tax. If the supplier doesn't know the business administration number of the offshore electronic service business entity, please go to eTax Portal, Ministry of Finance (<https://www.etax.nat.gov.tw/>) > Tax on Cross-

Border Electronic Services > Business tax > "Inquire about Registered Business Entities" page to get it.

NTBT further states that if the offshore electronic services business entities declare the uniform invoices issued by the suppliers as deductible input tax from output tax, those filing data will be checked with the suppliers' declared sales data. If it is brought out by an informant or disclosed under investigation of the tax collection authorities that the suppliers understated the sales amounts or failed to issue the uniform invoices based on the provisions, those suppliers shall be punished based on the related provisions. The Bureau hereby reminds domestic lodging business entities that they shall issue Triplicate Uniform Invoices with a title of offshore electronic services business entities to file and pay the business tax and that if there are any failures to issue uniform invoices or to pay the tax based on the provisions, they shall take actions to apply for corrections to the local taxation authority, make supplementary reports and payment plus the interests owed due to the late tax payment before the case is brought about by an informant or under the investigation by an investigator appointed by the tax collection authorities or the Ministry of Finance to avoid the penalties for supplemental taxes.

NTBT pointed out, the Bureau received 93 applications forms of offshore electronic services business entities and approved their tax registration up to September 30th of 2018. The total sales amounts declared are about NT\$96,485,530,000, and the total business tax paid was about NT\$4,167,310,000. To control the tax sources and understand whether the offshore electronic services business entities declare the real sales amounts and pay the business tax payables, the Bureau has collected the financial data to check with the sales amounts declared by the offshore electronic services business entities. To avoid the penalties, the offshore electronic services business entities shall preview on their own whether their input vouchers and tax filed are in line with the provisions and whether they involve understating the sales amounts.