

Title: Should offshore electronic services business entities have evaded their tax, please file a supplementary tax declaration as soon as possible.

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The National Taxation Bureau of Taipei, Ministry of Finance (NTBT) expresses that after the implementation of the new taxation system for offshore electronic services business tax, as of March 19th, 2018, 78 offshore electronic services business entities had applied for Taxation Registration, filing sales amount for NT\$56,613 million, paying business tax for over NT\$2,455 million. Among of these tax data, the sales amount filed for January and February, 2018 was NT\$13,409 million, the tax payable for January and February, 2018 was NT\$608 million. In addition, 3 business entities had voluntarily filed a supplementary tax declaration with sales amount amounted to around NT\$ 6 million and made supplementary payment amounted to NT\$ 290 thousand.

NTBT explains that in order to investigate whether these offshore electronic services business entities and their business counterparts have evaded their tax burden, NTBT has conducted a tax investigation. During the investigation, NTBT realizes that many of them are still unclear about the latest business tax regulations. NTBT therefore provides a simple example of consumers booking hotel rooms with 3 different booking platforms for them to help them determine whether they should pay business tax (please refer to the attachment).

NTBT appeals that offshore electronic services business entities should file and pay the business tax in accordance with relevant regulations. If offshore electronic services business entities' sales amount or tax payable declared by them is under-reported, please file a supplementary tax declaration and make supplementary payment covering the tax amount which they failed to declare in accordance to Article 48-1 of Tax Collection Act before they are reported by informants or investigated by the tax collection authorities or the Ministry of Finance in order to avoid any punishments.

Table: 3 types of transactions between domestic consumers and offshore booking platforms

Type	Company	Type of platform	The Payee of the reservation fee	The Taxpayer of the business tax	Obligation to apply for taxation registration by offshore platforms
1	A	Booking platform	Booking Platform A	Booking Platform A	V
2	B	Booking platform	Domestic Hotel	Domestic Hotel	X
3	T	Searching platform	Depends on the contracts between booking platforms and domestic hotels. Searching platform would bill booking platforms for the service fee rather than consumers.	Depends on who is the payee(booking platforms or domestic hotels)	X

Note:

Type 1: After charging reservation fee from domestic individuals, offshore booking platform A would deduct the service fee from the payment and then remit the net amount to domestic hotels. Domestic hotels should issues the uniform invoices with net amount to platform A.

Type 2: When domestic hotels charge fee from consumers, they shall issue uniform invoices with full amount to consumers. In addition, domestic hotels should file the amount of service fee they pay to the offshore platforms.

Type 3: The payment that offshore booking platforms pay to searching platform is not subject to the scope of business tax levied by the R.O.C government.

Figure: 3 types of transactions between domestic consumers and offshore booking platforms

