

Title: Offshore e-commerce suppliers who sell cross-border electronic services to domestic individuals and have annual sales amount over NT\$480,000 must apply for tax registration in the R.O.C.

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The National Taxation Bureau of Taipei, Ministry of Finance (NTBT) expressed that since May 1st, 2017, offshore e-commerce suppliers who sell cross-border electronic services to domestic individuals and have annual sales amounts over NT\$480,000 must apply for tax registration via the eTax Portal, Ministry of Finance; issue cloud invoices; file tax returns; and pay business tax liabilities based on total revenue according to Article 35 of the Value-added and Non-value-added Business Tax Act (hereinafter referred to as the Business Tax Act).

The NTBT further explains that the electronic services sales to “domestic” individuals contain two possible situations:

Situation 1: The services purchased via electronic platforms are physically consumed within the territory of the R.O.C.

As long as the services purchased by domestic individuals via the platform or system of offshore e-commerce suppliers are physically consumed in the territory of the R.O.C., whether the consumers are Taiwanese nationals or with a residence in Taiwan, these services are deemed as sales to domestic individuals by offshore e-commerce suppliers, which include hotel bookings, orders of taxi service, or concert tickets.

Situation 2: The services purchased via electronic platforms are online services, not physically consumed.

Where stickers, online games, or music streaming services purchased by domestic individuals via any system of the offshore electronic service suppliers are consumed by individuals who have domicile or residence, or by anyone who uses computers or mobile devices installed within territory of the R.O.C., or by those who use mobile phones with the R.O.C. country code (+866), or by anyone with

information relevant to domestic consumption, such as local billing address, local bank payment, etc., these services are deemed as sales to domestic individuals by cross-border e-commerce suppliers.

The NTBT pointed out that selling electronic services to domestic individuals via the Internet with annual sales amounts over NT\$480,000 but failing to apply for tax registration in accordance with the regulations may be penalized with an administrative fine of no less than NT\$3,000 and no more than NT\$30,000 in accordance with Article 45 of the Business Tax Act. Cross-border e-commerce suppliers should review their possible deficiencies (tax registration, cloud invoice issuance, correct tax returns, etc.) and take appropriate remedial actions; in this case, a penalty waiver may be legally applied except for the regulated interest.