

Title: Offshore E-commerce Suppliers to Set up the Cloud Invoice Issuance System as Soon as Possible

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The National Taxation Bureau of Taipei, Ministry of Finance (NTBT) expressed that offshore business entities supplying E-commerce services should issue cloud invoices starting from January 1, 2019. Although business entities that fail to do so are temporarily exempt from penalty this year during the one-year transitional period, the Bureau has actively implemented guidance measures on business cloud system setup in a prompt and appropriate manner, in order to protect both consumer's rights and offshore business entities' interests.

NTBT states that any offshore business entities having no fixed place of business within the territory of the R.O.C., providing electronic services to domestic individuals with annual sale over NTD480,000, should apply for the tax registration, file tax returns, and pay the business tax. Due to Taiwan's unique uniform invoice system, to facilitate these offshore business entities to file and pay the business tax in the initial stage, the Ministry of Finance (MOF) granted these business entities a temporary penalty exemption from issuing uniform invoices between May 1, 2017 and December 31, 2018. Moreover, considering there are time-consuming factors, such as global cloud operation and required system modification, the MOF agrees to alleviate the relevant business burden by granting a one-year penalty relief specifically on the system-planning adaptation. However, if these offshore business entities do not issue cloud invoices after January 1, 2020 and are thus in violation of the relevant laws and regulations, they will be given penalties according to Article 48 and Article 52 of the Value-added and Non-value-added Business Tax Act, and Article 44 of Tax Collection Act.

NTBT further states that so far foreign business entities, including UpToDate, Google, and Sony, and Digital River GmbH, have already issued cloud invoices on schedule this year, commencing in January, March, and April respectively. Other offshore electronic services business entities are also planning to follow suit before the

deadline.

NTBT emphasizes that the tax collection authorities are actively tutoring the counseling electronic services business entities to introduce the cloud invoices. If the business entities concerned have any questions or difficulty, please contact the Bureau immediately. The Bureau hopes to achieve a win-win situation in which consumers' rights regarding the uniform invoice lottery is assured, and offshore electronic services providers may avoid being fined.