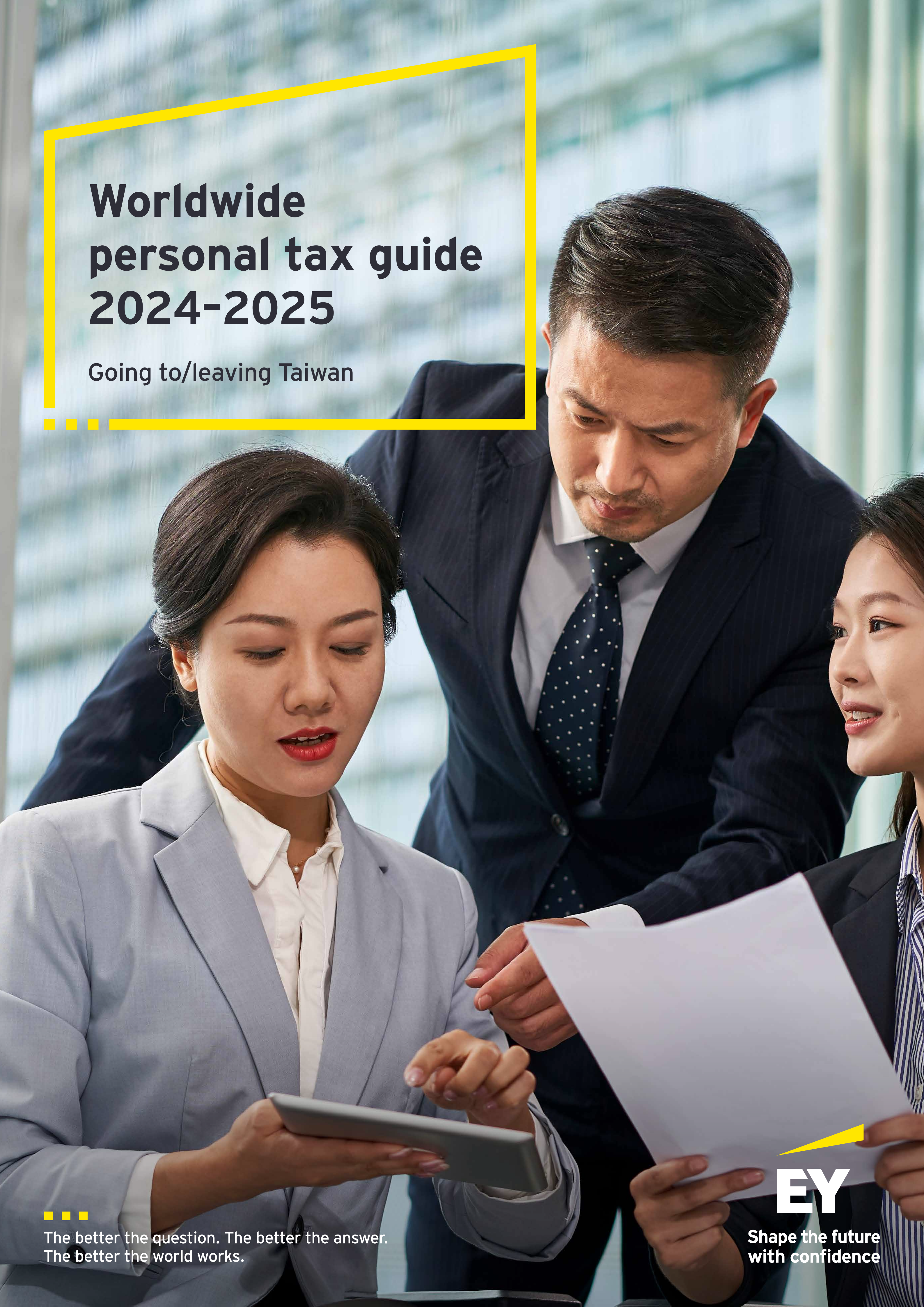
Worldwide personal tax guide 2024–2025

Going to/leaving Taiwan



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Local information	
Tax authority	Ministry of Finance
Website	www.mof.gov.tw/eng
Tax year	1 January to 31 December
Tax return due date	31 May
Is joint filing possible	Yes
Are tax return extensions possible	No

2024 National Income Tax Rates

Taxable Income Band TWD	Tax Rates
1-590,000	5%
590,001-1,330,000	12%
1,330,001-2,660,000	20%
2,660,001-4,980,000	30%
4,980,001+	40%

The income tax rate brackets may be adjusted if the accumulated consumer price index has risen at least 3% over the previous rate adjustment.

A resident may deduct the personal exemption, and either the standard deduction or itemised deductions, whichever is higher, as well as special deductions, from consolidated gross income to arrive at taxable income. A non-resident is not entitled to personal exemptions or deductions.

Who is liable?

Resident and non-resident individuals are subject to consolidated (personal) income tax on income earned from Taiwan sources. Taiwan-source income includes all employment income derived from services performed in Taiwan, regardless of where the compensation is paid.

Resident individuals are subject to income basic tax for the income earned from foreign sources. The income basic tax is a type of alternative minimum income tax, where the taxable income includes foreign source income and other income basic tax add back items.

The income of a taxpayer's dependents is also included in the taxpayer's taxable income.

Residence status for tax purposes

Individuals are considered residents of Taiwan if they are domiciled and reside in Taiwan or, if not domiciled, if they have resided in Taiwan for at least 183 days in a tax year. If an expatriate enters and departs Taiwan several times within a calendar year, the resident days are accumulated.

Income subject to tax

Individuals in Taiwan are subject to Taiwan consolidated income tax. However, the amount of income subject to tax and the applicable rates depend on the length of stay as well as on the individual's residence status.

An individual's consolidated gross income is the total of the following categories of Taiwan-source income:

- Business profits, including dividends, profits distributed by cooperatives and partnerships, profits from a sole proprietorship and profits from sporadic business transactions
- Income from a professional practice
- Salaries, wages, allowances, stipends, annuities, cash awards, bonuses, pensions, subsidies and premiums paid by an employer for group life insurance policies that offer payment on maturity, but not including the voluntary pension contribution and the voluntary annuity insurance premiums based on the Labor Pension Act, which are up to 6% of the individual's monthly wage or salary
- Interest income
- Rental income and royalties
- Self-employment income from farming, fishing, animal husbandry, forestry, and mining

The content of this document was updated in April 2025. The content is next expected to be updated in April 2026.

- Gains from sales of rights and properties other than land
- Cash or payments in kind received as winnings in competitions or lotteries
- Retirement pay, severance pay, non-insurance old-age pension payments and insurance payments made under annuity insurance based on the Labor Pension Act received by the individual
- Other income

Taxable income of residents is computed by deducting from consolidated income certain allowable exemptions and deductions. The income of a taxpayer's dependents is also included in the taxpayer's taxable income.

Employment income — In general, a non-resident staying in Taiwan for no longer than 90 days during a calendar year is not subject to Taiwan income tax on salary received from an offshore employer, provided the payment is not charged back to any Taiwan entity; otherwise, the income is subject to an 18% withholding tax on salary received from a resident employer.

Non-residents are subject to Taiwan income tax on Taiwan-source employment income, regardless of where the income is paid, at a fixed rate of 18% on salary income.

For foreigners with foreign employers who stay in Taiwan less than 300 days in a calendar year, salary not borne by a Taiwan entity may be allocated based on the number of days present in Taiwan to determine the amount taxable in Taiwan.

Expatriates and 'foreign professionals' are exempt from income tax on certain benefits they receive.

Investment income — Dividend and interest income are subject to consolidated income tax and are taxed together with other income at the applicable rates. Alternatively, resident individuals may choose between paying tax at the applicable rates, or paying tax at a separate rate of 28% for all the Taiwan source dividend income received.

However, interest income from postal savings accounts is excluded from gross income. In addition, the following types of interest income are subject to withholding tax and are not included in gross income:

- Interest income from short-term commercial paper is subject to a 10% withholding tax for residents and 15% for non-residents.
- Interest income from beneficiary securities or asset-based securities issued according to the Financial Asset Securitization Act and the Real Estate Securitization Act is subject to a 10% withholding tax for residents and 15% for non-residents.
- Interest income from public debts, corporate bonds or financial bonds is subject to a 10% withholding tax for residents and 15% for non-residents.

The rate of withholding tax on other interest for non-residents is 20%. For dividends, the rate of withholding tax is 0% for residents and 21% for non-residents.

Rental income and royalties are included in taxable income. The rate of withholding tax is 10% for residents and 20% for non-residents.

Other income — The taxable amount of a lump-sum severance payment received in 2024 is calculated by specific rules.

For severance payments received in instalments, the taxable income amount is the total of all payments received in 2024 in excess of the TWD859,000 annual deduction.

The exemption amount for the severance payment may be adjusted if the accumulated consumer price index has increased by at least 3% over the last adjustment.

Income tax paid by an employer on behalf of its expatriates should be treated as the expatriates' salary income if the employment contract or other related document states that such tax payments constitute part of the expatriate's compensation package. If the income tax paid by an employer does not constitute part of the expatriate's compensation package, it is considered a gift to the expatriate and is treated as the expatriate's other income.

Foreign professionals — The decree "Preferential Tax Treatment for Foreign Professionals" provides for the preferential taxability of certain assignment benefits paid in accordance with an assignment agreement for a foreign national who qualifies as a "Foreign Professional."

To qualify as a "Foreign Professional" and accordingly enjoy certain preferential tax treatment for assignment-related benefits, an individual must satisfy specific conditions.

Foreign special professionals — The Act for Recruitment and Employment of Foreign Professionals provides a tax incentive for individuals who have obtained the foreign special professional work permit or Employment Gold Card and are approved for residing in Taiwan as a result of employment for the first time.

If a foreign special professional meets both of the following requirements, 50% of the annual salary income in excess of TWD3 million is exempt from Taiwan income tax and non-Taiwan source income is excluded from the calculation of the individual basic tax:

- The individual physically resides in Taiwan for at least 183 days during the tax year.
- The individual receives Taiwan taxable salary income in excess of TWD3 million during the tax year.

Under the 2021 amendment of the Act, starting from the first tax year that the foreign special professional meets both requirements, the above tax incentive can be applied for five consecutive years. However, if the foreign special professional does not meet both requirements in any one of the tax years during the five-year span, the tax incentive for that particular year is forfeited and cannot be deferred. Except for losses derived from the disposal of properties, no loss may be carried forward or back.

Taxation of share-based compensation — Based on tax decrees issued by the Ministry of Finance, on the exercise of a stock option, the difference between the fair market value of the shares at exercise and the exercise price (that is, the option spread) is taxed as other income.

Taiwan employers have a reporting requirement, but not a withholding requirement, with respect to the option spread. Taiwan employers must issue non-withholding statements to employees who exercise stock options.

Capital gains and losses

Income tax on capital gains derived from securities transactions is suspended and losses on such transactions are not deductible.

A securities transaction tax is imposed on proceeds from sales of shares at a rate of 0.3%.

Income tax on income derived from transactions in futures is suspended, and losses on such transactions are not deductible.

Gain from sales of real properties — Capital gains from sales of real properties are subject to different tax schemes, depending on the property acquisition date and the length of the holding period.

For real properties acquired on or after 1 January 2016, the new capital gain tax scheme applies. For resident taxpayers, the final tax rate on the capital gains ranges from 15% to 45%, depending on the length of holding period. For a resident taxpayer who sold his or her home used for the purpose of self-dwelling for more than six years, the capital gains up to TWD4 million are exempt from tax, and the portion exceeding TWD4 million is subject to a 10% tax rate. For non-resident taxpayers, the tax rate is 35% for property held for more than two years and 45% for property held for not more than two years.

Gain from sales of other properties — Capital gains from sales of other properties are taxed together with other income at the applicable rates.

Losses from disposals of properties are deductible only to the extent of gains from the disposals of properties in the same tax year. Net losses may be carried forward for three years.

Other taxes

Estate tax — Estate tax is imposed on the estate of a decedent who was a citizen of Taiwan or who owned property (including movable property, immovable property, and all other rights and interests of monetary value) in Taiwan. If the decedent was a Taiwan national regularly domiciled in Taiwan, tax is levied on all property, wherever located. If the decedent was a foreign citizen or Taiwan citizen regularly domiciled outside Taiwan, tax is levied only on property located in Taiwan.

The basis for estate tax is the prevailing value of property at the time of death, less legal exclusions, exemptions, and other deductions. Land and buildings are valued at an officially assessed value determined by the relevant government agencies.

In general, an exemption of TWD13,330,000 is allowed for each decedent. There are numerous other allowable deductions under specific conditions.

Estate tax is at a rate of 10% for the first TWD50,000,000, the next TWD50,000,000 is taxed at a rate of 15%, with anything in excess of TWD100,000,000 being subject to estate tax at a rate of 20%.

Gift tax — Gift tax is imposed on gifts made by a donor who is a citizen of Taiwan or who owns property (including movable property, immovable property, and all other rights and interests of monetary value) in Taiwan. If the donor is a Taiwan citizen regularly domiciled in Taiwan, the tax is levied on any donated property, wherever located. If the donor is a foreign national or Taiwan citizen regularly domiciled outside Taiwan, tax is levied only on donated property located in Taiwan.

Gifts are valued based on the prevailing value at the time of donation. Land and buildings are valued at officially assessed values determined by government agencies.

An annual exemption of TWD2,440,000 per donor is allowed for taxable gifts. There are also various other exemptions.

Gift tax rates are levied at 10% for the first TWD25,000,000, 15% for the next TWD25,000,000, and anything in excess of TWD50,000,000 is subject to gift tax at a rate of 20%.

A donor must file a gift tax return with the local tax bureau within 30 days after making a gift if the aggregate amount of total gifts during the calendar year, including the current gift, exceeds the TWD2,440,000 annual exemption.

Social security

No social security taxes are levied in Taiwan. However, nominal labour insurance premiums and national health insurance premiums are imposed at various rates on each person employed by a Taiwan business entity.

A supplementary premium for national health insurance at a rate of 2.11% is payable by the employer and employee if further conditions are met.

Tax filing and payment procedures

Married couples must file joint tax returns except for the first year of marriage and the year of divorce, when they may choose to file as single or as married. If filing jointly, spouses may choose to separately compute tax on their salary income or their total taxable income, whichever is more beneficial.

The following are the tax filing procedures for aliens, depending on the length of their residence in Taiwan:

- In general, a non-resident staying in Taiwan for 90 days or less is only subject to withholding tax on income received from a Taiwan entity and, accordingly, does not need to file an income tax return. For these individuals, income tax payable is withheld directly by the payer at the time of payment at various tax rates depending on the respective income classification.

However, capital gains derived from property transactions and other income that is not subject to withholding tax must be declared and any tax due must be paid on the filing of the tax return.

- An individual present in Taiwan for longer than 90 days generally must file an annual income tax return.

  If an individual is non-resident and stays over 90 days but less than 183 days they do not necessarily need to file an annual income tax return. A non-resident is not required to file an income tax return if:

  1. All relevant income has withholding tax withheld at the correct tax rate
  2. They do not receive any income that is not subject to withholding tax
  3. No Taiwan-sourced income is received from offshore

It should be noted however that if the non-resident individual has any underpayment of tax, e.g. receives Taiwan-sourced income not subject to withholding, the individual is liable for paying the tax overdue and tax penalties may be imposed by the tax authorities.

For taxpayers who file returns after 31 May following the end of the tax year, interest is charged on the net amount of tax payable at a specified interest rate set annually by Taiwan tax authorities.

If an item of income is omitted or if the return is improperly filed, the tax authorities may assess a penalty of up to two times the amount of the additional tax due. If the taxpayer fails to file a tax return, the tax authorities may assess a penalty of up to three times the tax payable.

Double tax relief and tax treaties

Taiwan has entered into comprehensive tax treaties with 35 jurisdictions.

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