



TAIWAN

Taiwan - Civil Law

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Incorporating a company in Taiwan

Taiwan taxes

If you are willing to incorporate in Taiwan, this article explains the tax laws in Taiwan for a LLC, which is the most common company structure in Taiwan.

A Taiwan resident company is liable to tax on its worldwide income, irrespective of source. The predominant estimated tax rate for offshore income, from our research, but seek professional advice, is 17%. Taiwan does not have known exemptions to remit income earned outside its borders. Taxes are lower than average in Taiwan because the highest corporation tax rate is 17%. Taxable income up to TWD 120,000 may be tax exempt. Undistributed profits may be subject to a surtax of 10%. Taiwan ranks 59th overall with regards to CIT globally.

The valued added tax rate is 5.00%, that ranks Taiwan as 27th when compared to value added tax rate worldwide. Certain goods and services from specified industries are subject to a Gross Business Receipts Tax at a rate from 1% to 5%. Certain commodities are subject to Commodity Tax from 8% to 30%. In terms of other taxation, an employer will contribute 17.81% to the equivalent of a social security fund and an employee will contribute 4.49%. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 27hours. Contributing to this is the number of yearly labor tax payments, which is 5 in TW.

Thin cap standards are in effect. This refers to any sort of restrictions on given company with respect to debt-to-asset ratios. Dividends received by a resident entity from another resident entity are not included in taxable income. Dividends received from foreign entities are taxable, but there is usually a tax credit for foreign tax paid limited to Taiwanese tax rates. Dividends are payments of earnings of the business, voted by the board of directors, to a particular class of shareholders. Dividends can be one of the following stock, cash, or property.

Capital Gains are usually taxed as ordinary income. However, those from the disposal of Taiwanese marketable securities and futures are treated separately and subject to Income Basic Tax at a flat rate of 12%. If securities are held at least 3 years, a 50% exemption may apply. Securities transactions are subject to 0.3% on the gross proceeds. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 20%. This should be interpreted that the taxman expects LLC's to pay tax at 20% of interest payments remitted abroad. Certain interest payments may be subject to a reduced rate of 15%. The dividends withholding tax rate is 20%. This should be interpreted that the tax authorities expects companies to automatically withhold 20% of dividends paid to non-residents. Royalties are subject to a withholding tax of 20%. Which means that a resident entity should withhold 20% of its payments on royalties to non-residents. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in Taiwan. There are inheritance, transfer and real property taxes in Taiwan. There are frequently implemented credits for innovation spend that include breaks on taxation in this country.

The above is not tax or legal advice for your particular circumstances. We are able to reference you to a lawyer in Taiwan who can give you an answer. Ready to get started? Click the free consultation button above or press incorporate now if you are in a hurry.

The vat rate in Taiwan is 5% which ranks 26 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**

- 16 **Tax treaties**
- 17% **Offshore Tax**
- 17% **Corp rate**
- **Loss carryback years**

Taiwan Legalese

When incorporating, you must look at the law in the country, in Taiwan is civil law law. You will want to get some local advice as to how to best structure a company in Taiwan. One is permitted to electronically sign documents.

The country code TW is for Taiwan and the most common company type type in Taiwan is a LLC.

It typically takes about 3 Weeks to setup a LLC in TW. The minimal capitalization, or amount you're expected to put into a bank, is 0, This means you don't have any minimum share capital. The types of consideration you can use to capitalize your company is most commonly legal tender.

. One is typically not permitted to change the jurisdiction.

There must be at least This means it is not possible for you to own a LLC in Taiwan as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is encouraged, up to 20% of the total equity of the company.

A legal entity is only required to have one director. Speaking of shareholders, corporate directors are permitted. Directors are disclosed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an address which can receive any official legal correspondence on behalf of the business. A related requirement, a corporate secretary is another cost you will need to incur.

There is a requirement to file accounts to relevant authorities. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Taiwan is a good option and have given it a score of 84 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 1 Directors required**
- 3 Weeks to form**



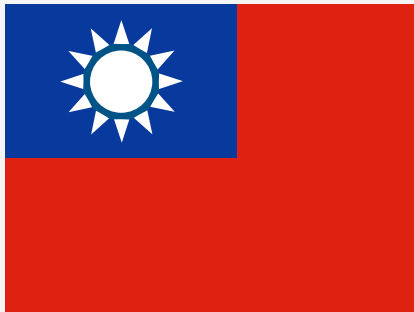
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Country Info



🚩 National Flag of
中华民国 (cmn)

\$ Currency

TWD

☎ Area Code

+886

🏛 Capital

Taipei

✈ Region

Eastern Asia

🗣 Native Languages

Mandarin