

Tax exemption incentives for educational, cultural, public welfare, charitable organizations and institutions

Tax item	Tax collection and exemption regulations
<p style="text-align: center;">Profit-seeking enterprise income tax</p>	<ol style="list-style-type: none"> Where the entity satisfies the stipulations of Subparagraph 13 of Paragraph 1 of Article 4 of the Income Tax Act and the tax exemption criteria for education, culture, public welfare or charity institutions or organizations (hereinafter referred to as institutions or organizations) in Article 2 of the Standards Governing Application of Income Tax Exemption to Educational, Cultural, Public Welfare, Charitable Organizations or Institutions established by the Executive Yuan, its income and that of its subsidiary organizations are exempt from income tax, but income from the sales of goods or labor services is not exempt. Paragraph 4 of Article 11 of the Income Tax Act defines organizations or institutions as being “organized in accordance with the provisions of the Book of General Principles of the Civil Code relating to public welfare organization and foundations or in accordance with the provisions of other relevant acts and ordinances and are duly registered with the authority-in-charge.”
<p style="text-align: center;">Individual income tax</p>	<ol style="list-style-type: none"> The remuneration for labor services provided by employees appointed by institutions or organizations and performed within the territory of the Republic of China (Taiwan) is considered income from sources within the Republic of China (Taiwan). In such cases,

	<p>individual income tax is to be levied in accordance with the Income Tax Act.</p> <p>2. Article 9 of the Act for the Recruitment and Employment of Foreign Professionals states that starting from 2018, where a foreign special professional engages in professional work and meets specified conditions (that is, having obtained a foreign special professional employment (work) permit document issued by the Ministry of Labor or the Ministry of Education or an Employment Gold Card issued by the National Immigration Agency of the Ministry of the Interior) and has been approved for the first time to reside in Taiwan for the purpose of work and has an annual salary income of over NT\$3 million, the part of said person's salary income above NT\$3 million in each such tax year in which said person resides in Taiwan shall be halved in amount in the computation of total income for the assessment of individual income tax liability in that year. In addition, the basic tax shall not apply to the said person's overseas income in accordance with the Income Basic Tax Act. Where an employee hired by an institution or organization meets the aforementioned regulations, such incentives shall apply.</p>
<p>Value-added and non-value-added business tax</p>	<p>1. Article 1 of the Value-added and Non-value-added Business Tax Act (hereinafter referred to as the Business Tax Act) states that business tax shall be levied, in accordance with the Act, on the sale of goods or services within the territory of the Republic</p>

	<p>of China (R.O.C.) and on the import of goods. Subparagraphs 2 and 3 of Article 6 of the same Act also state that a business entity refers to a nonprofit-seeking enterprise, institution, organization, or association which sells goods or services, as well as a foreign enterprise, institution, group, or organization which has a fixed place of business within the territory of the R.O.C.</p> <p>2. Subparagraph 4 of Paragraph 1 of Article 8 of the Business Tax Act states that the social welfare services provided by social welfare organizations or institutions or labor organizations, duly established with permission of the competent authority, and social welfare services consigned by the government are exempt from the business tax. Subparagraph 12 of the same Article states that the proceeds from goods sold in tenders, charity sales and charity shows held by charity and relief institutions organized according to the law, provided that the total proceeds are solely used by said institutions after deducting the necessary expenditures for the tenders, charity sales and charity shows are also exempt from the business tax.</p>
Stamp tax	<p>Articles 1 and 5 of the Stamp Tax Act state that documents, books or records drawn upon the receipt of money; deeds for sale of movables; contracting agreements; and contracts for the sale, transfer and partition of real estate drawn up in the territory of the Republic of China (Taiwan) shall be subject to the levy of stamp tax. Subparagraph 14 of Paragraph 1 of Article 6 of the same Act states that receipts for donations issued by</p>

	<p>corporate entities organized for educational, cultural, public/social welfare, or charitable purposes are exempt from stamp tax.</p>
<p>Land value tax</p>	<p>Paragraph 1 of Article 8 of the Land Tax Reduction and Exemption Regulations</p> <ol style="list-style-type: none"> 1. Land used by an incorporated entity (non-profit juristic person, or NPJP), or by registered private school established by such an NPJP, and land used for student training in farming, forestry, fishing, animal husbandry, or mining, and dormitories for students and staff thereof, where such land is registered as NPJP property, shall have full exemption of the land value tax. (Subparagraph 1) 2. Land used directly by private libraries, history or science museums, or fine art galleries that are established with approval from the education authorities pursuant to the Regulations for Establishment and Encouragement of Private Social and Educational Institutions, and academic research institutes established in compliance with the Regulations for Establishment of Academic Research Institutes is eligible for full exemption of the land value tax, provided the aforesaid facilities are registered as an NPJP or established/operated by an NPJP, and such land is owned by the NPJP. (Subparagraph 2) 3. Land used for private social charities and other enterprises for the betterment of public interest which are non-profit; established with the approval of the competent authorities; not limit services to people of

	<p>the same trade, same locality, schoolmates, same clan, or other specific classes of people is entitled to full exemption of the land value tax, provided the aforesaid enterprise acquires the tax exemption status from the competent authority under the municipal, or county (city) government through the local tax collection authority, or has been registered as an NPJP or established/operated by an NPJP, and such land is owned by the NPJP. (Subparagraph 5)</p>
House tax	<p>Paragraph 1 of Article 15 of the House Tax Act</p> <ol style="list-style-type: none"> 1. School buildings and office buildings owned by a private school or an academic research institute on record with the competent authority and duly registered as a non-profitable organization are exempt from house tax. (Subparagraph 1) 2. Houses owned and directly used for its activities by a private charitable institution on record with the competent authority and duly registered as a non-profitable organization are exempt from house tax. (Subparagraph 2) 3. Offices owned and directly used by a non-profit organization whose establishment has been duly approved by the government are exempt from house tax. (Subparagraph 5)
Land value increment tax	<p>Article 28-1 of the Land Tax Act</p> <p>Land donated for the purpose of establishing social welfare enterprises or private school according to law is exempt from land value increment tax, provided the donation meets the following requirements:</p> <ol style="list-style-type: none"> 1. The donee is a non-profit juristic person;

	<p>2. Its articles of incorporation stipulates that upon dissolution, the remaining property of the entity will be transferred to the local government; and</p> <p>3. The donor did not receive any interest in the donated land in any manner.</p>
Vehicle license tax	<p>Subparagraph 9 of Paragraph 1 of Article 7 of the Vehicle License Tax Act</p> <p>Vehicles owned and used exclusively by social welfare institutions or organizations which have an identification document issued by social welfare authorities: up to three vehicles for each social welfare institution or organization are exempt from vehicle license tax. However, vehicles with fixed assisting equipment to carry disabled persons and those who need long-term care, as well as a particular sign showing exclusive use by social welfare institutions or organizations which have an identification document issued by the social welfare authorities and authorized by the municipal or county (city) government: more than three vehicles now are allowed to be exempt from the vehicle license tax for each social welfare institution or organization.</p>
Amusement tax	<p>Article 4 of the Amusement Tax Act</p> <p>1. Amusement activities sponsored by educational, cultural, public interest, charity institutions, or organizations deemed a public interest social organization or foundation under the General Provisions of the Civil Code or duly registered with the competent authorities pursuant to other related laws or regulations where the total proceeds are used exclusively by said institution or organization are</p>

	<p>exempt from amusement tax. (Article 1, Subparagraph 1)</p> <p>2. Amusement activities where the total proceeds after deducting necessary expenses are used for disaster relief or military morale purposes are exempt from amusement tax. (Subparagraph 2 of Paragraph 1)</p> <p>3. The deductible expenses as provided in Item (2) [Subparagraph 2] shall be limited to 20% of the total proceeds. (Paragraph 2)</p>
Deed tax	None
Estate tax	<p>Paragraph 3 of Article 16 of the Estate and Gift Tax Act</p> <p>Property donated by legator, legatee(s), or heir(s) to private incorporated educational, cultural, public welfare, charitable or religious organizations, or ancestor worshipping entities that meet the criteria prescribed by the Executive Yuan, are excluded from the gross estate.</p>
Gift tax	<p>Subparagraph 3, Paragraph 1 of Article 20 of the Estate and Gift Tax Act</p> <p>Property donated to private incorporated educational, cultural, public welfare, charitable or religious organizations, or ancestor worshipping entities that meet the criteria prescribed by the Executive Yuan are excluded from the total amount of gifts.</p>