

CHAPTER XV

OTHER TAXES

I. Stamp Tax

A. General Description

The Stamp Tax Law was amended in January, 1986. After the amendment, only four items remained taxable. The revenue generated from stamp taxation amounted to only 0.5% of total tax revenue in 2007. This trend indicates that the stamp tax will be phased out in the not too distant future.

B. Tax Scope

The items currently subject to the levy of the stamp tax are:

1. Receipts of monetary payments: e.g., the receipt, slip, release, bank book, payment record, and the like issued to identify monetary payments.
2. Deeds for sale of movables.
3. Contracting agreements: Agreements executed for the completion of a specifically ordered work or task, e.g., construction contracts, printing contracts, OEM contracts, and the like.
4. Deeds or contracts for sale, gratuitous transfer, partition or exchange of real estate or pledge of lien on real estate to be submitted to government agencies for registration.

C. Taxpayers

The taxpayers of the stamp tax vary depending upon the category of documentation. In principle, the person who executes contracts, deeds, or receipts shall be subject to the levy of the stamp tax. They are:

1. A person who executes monetary receipts shall pay stamp taxes by affixing stamps purchased at government-designated offices.
2. A person who executes contracting agreements.
3. A person who executes contracts or deeds for sale, gratuitous transfer, partition, or exchange of real estate or pledge of lien.
4. A person who executes contracts for the sale of movables.

D. Exemptions

1. Contracts or deeds executed by all levels of government agencies.
2. Monetary receipts executed by public or private schools or colleges.
3. Deeds or documents executed by government-owned or private enterprises internally and not involved in rights or obligations with third parties, e.g., the payrolls of employees, and receipts issued for internal use between the head office and branches.
4. Debit notes sent out for claim of payments or audit purposes.
5. Copies or abstracts, in which case a tax stamp is annexed to the original, with the exception that when such copy or abstract is presented in place of its original, the stamp tax becomes payable.
6. Bus tickets, boat tickets, airfare tickets, and other tickets for carriage of passengers or cargoes.
7. The receipts from sales of self-cultivated agricultural products issued by farmers or issued by wholesalers at the first wholesale level on behalf of farmers.
8. Receipts identifying payments of salaries or wages.
9. Receipts identifying payments of social benefits, alimony, or retirement pay.
10. Receipts for taxes or donations to the government issued by collecting agencies.
11. Receipts presented to the government for compensation by those who obligatorily make disbursement in lieu of the government.
12. Receipts identifying tax refunds.
13. Receipts issued for sales of tax stamps.
14. Receipts for donations issued by corporate entities organized for educational, cultural, social welfare, or benevolent purposes.
15. Receipts issued by the Agricultural Land and Water Association to its members for payment for irrigation services.
16. Contracts for construction or repair of aircraft, ships, or boats engaged in transnational navigation.
17. Documents evidencing corporate mergers.

E. Tax Rates

1. Monetary receipts: Tax stamps are affixed at 0.4% of the amount received, with the exception of 0.1% for money deposited by bidders.

2. Contracting agreements: Tax stamps are affixed at 0.1% of the contract price.
3. Contracts of deeds for sale, gratuitous transfer, exchange, or partition of or pledge of lien on real estate: Tax stamps are affixed at 0.1% of the contract price or value of the real estate.
4. Contracts for sale of movables: Tax stamps are affixed at NT\$12 per piece.

F. Tax Returns and Payments

The stamp tax can be paid by one of the following three methods:

1. Affixation of tax stamps: Taxpayers may purchase tax stamps at government-designated offices and affix them on the contracts, deeds, receipts, or documents executed, and after affixation the edges of the stamps should be chopped in order to cancel them. Such chops may be replaced by personal signature.
2. Affixation of tax payment receipts: In the case that the tax payable is so large that the method provided in the preceding paragraph is impractical, a taxpayer may apply to the local tax authority for issuance of a tax payment notice and pay the stamp tax to a designated financial institution, and then affix the payment receipt to the taxable documents.
3. Collective payment method: A simplified payment procedure may be used in cases where a great number of contracts, deeds, or receipts are executed by any publicly-owned or private enterprise in its everyday business. The stamp taxes incurred thereon within every two months may, upon the approval of the competent authority, be paid by submission of a collective tax return within the first 15 days after the two-month period, in which case affixation of tax stamps is waived.

G. Other Provisions

1. Investigation

Tax offices are obliged to monitor the payment of stamp tax from time to time. An investigation shall be made of the major taxable items or businesses, in the company of local police personnel or government officers.

2. Penalty provisions

- a. Any omission in affixing tax stamps or affixing fewer tax stamps than required, or when the stamp tax has not been collected, shall be imposed a penalty of five or up to fifteen times the tax payable.
- b. In case of payment of the stamp tax through the collective method, a late payment shall be subject to a belated surcharge of 1% for every two days up to 15%, beyond which the tax owed shall be referred to the courts for enforcement, together with a

penalty to be imposed of one or up to five times the tax payable.

- c. A penalty of five or up to ten times the stamp tax shall be imposed in the event that the taxpayer fails to cancel the edges of the stamps or otherwise nullify the stamps.
- d. A penalty of 20 or up to 30 times the value of the stamp tax shall be imposed in the event that the stamps having been chopped on the edges or otherwise nullified are affixed on newly-executed taxable items.

II. Securities Transactions Tax

A. General Description

In September, 1946, the ROC promulgated the Securities Transactions Tax Act (hereinafter referred to as the STTA). The act provides that all securities exchange transactions are subject to a securities transactions tax.

The STTA was first revised in December, 1955, but imposition of the STT was not enforced in the ROC until January, 1956.

Subsequently, the government of the ROC, considering the underdeveloped nature of the economy at the time, suspended the imposition of the STT for the three periods below:

1. October, 1960 to June, 1965;
2. August, 1971 to December, 1972; and
3. June, 1985 to December, 1986.

The STTA was reimposed in January, 1987, but not until 1st January, 1990 was it fully imposed in accordance with the revision of the Income Tax Law and the Statute for Securities Transactions Tax.

B. Tax Scope

The STT is imposed upon securities exchange transactions. Securities are defined as: (a) shares or share certificates issued by companies; (b) corporate bonds; (c) any securities offered to the public which have been duly approved by the government; and (d) government bonds.

C. Taxpayers

Whoever sells securities pays the STT. A securities dealer which sells its own securities shall pay STT itself; except that, to facilitate collection, the STT is withheld and paid by the tax collecting agent upon each securities exchange transaction since there are a great number of people selling securities, and such sellers are in different locations. This means that while securities sellers are the taxpayers, the STT is usually collected through tax collecting agents.

D. Tax Rates

The STT is calculated at the following rates for each securities exchange transaction price:

1. 0.3% of the shares or share certificates issued by companies.
2. 0.1% of the corporate bonds or any securities offered to the public which have been duly approved by the government. However, transactions of corporate bonds and financial debentures shall be exempted from the STT during the period from 1st January, 2010 to 31st December, 2016.

E. Exemptions

All government bonds are entitled to exemption from the STT.

The following types of securities are also entitled to exemption from the STT:

1. Any new shares issued by a new company or by a company in connection with an increase in its capital.
2. Any corporate bonds initially issued and offered to the public which have been duly approved by the competent authority.
3. Any securities acquired by succession or donation.

F. Tax Returns and Payments

As noted above, the STT is usually withheld by a tax collecting agent for and on behalf of the particular seller at 0.3% or 0.1% of the transaction price on the day on which each securities exchange transaction is concluded and then paid to the National Treasury the next day. The tax collecting agent and the securities dealers who sell their own securities are also required to submit a statement to the competent authority prior to or on the fifth day of the following month. The statement shall include the name and address of the seller; the name, quantity, unit price, and total price of the securities traded; and the aggregate amount of the STT. Upon withholding the STT, the tax collecting agent shall issue and deliver a receipt to the seller. The receipt can be in the form of a monthly account reconciliation statement when the tax collecting agent is a securities underwriter.

The following institutions shall be deemed tax collecting agents:

1. In the case where securities are sold by securities underwriters, the underwriters handling such transactions will be the collecting agents.
2. Whoever is allowed by the competent authority to do business as a securities broker and to securities for and on behalf of clients through the stock exchange.
3. A transferee of securities if a securities holder transfers his or her securities to the transferee directly. If securities are auctioned by the court, the transferee of the securities shall be the auction winner.

G. Other Provisions

1. Collecting fee

A tax collecting agent shall be entitled to collect a fee of 0.1% of the STT collected in accordance with legal procedures and within the prescribed time limit; however the collecting fee for each agent shall not exceed NT\$24 million in each year.

2. Penalty

a. A tax collecting agent shall be required to collect the STT defaulted and pay a penalty ranging from one to ten times the STT defaulted if the agent fails to collect the STT payable or if the STT is under-collected. The collecting agent shall be fined NT\$1,500 to NT\$3,000 as a non-filing surcharge if he or she fails to file an exchange transaction list or files a fraudulent list. Securities dealers under Article 3, Paragraph 3 are required to act in the same way as collecting agents in the payment of tax and filing of exchange transaction lists and shall be fined as above in the case of failure to pay the tax or file.

The process of administrative remedy shall not be applied in the case of the above non-filing surcharge.

b. Any securities seller or buyer who evades the STT in a fraudulent or improper manner shall be penalized 20 times the amount evaded; any tax collecting agent who is guilty of committing the same act shall be subject to a penalty of 40 times the amount evaded.

c. If a tax collecting agent or a securities dealer fails to surrender any of the STT collected within the prescribed time limit, the agent or securities dealer shall, for every two days he or she is in default, pay a surcharge for the belated payment calculated at 1% of the amount in arrears. The case shall be referred for compulsory enforcement if the agent is in default for 30 days or longer.

III. Futures Transactions Tax

A. General Description

The Futures Transactions Tax Act was enacted and promulgated by the President on 20th June, 1998, pursuant to the Futures Transactions Act for the stable development of the futures market and to achieve a balance of the tax burden between the futures market and the stock market.

B. Tax Scope

Transactions of futures within the ROC shall be subject to futures transactions tax in accordance with the provisions of this Act.

C. Taxpayers

The definition of a taxpayer is taken to mean both parties to the futures transaction. However, the collection of futures transactions tax in the ROC is accomplished by futures brokers directly involved in futures transactions, who act as collection agents for the government.

D. Tax Rates

1. Stock index futures contracts: Transaction tax is levied per transaction at a rate of not less than 0.0000125% and not more than 0.06%, based on the value of the futures contract.
2. Interest rate futures contracts: Transaction tax is levied per transaction at a rate of not less than 0.0000125% and not more than 0.00025% based on the value of the futures contract.
3. Option contracts or option contracts on futures: Transaction tax is levied per transaction at a rate of not less than 0.1% and not more than 0.6%, based on the premium paid.
4. Other futures contracts: Transaction tax is levied per transaction at a rate of not less than 0.0000125% and not more than 0.06%, based on the value of the futures contract.

The applicable rates in the items of Paragraph 1 shall be decided respectively by the MOF subject to the approval of the Executive Yuan.

In a futures contract where the buyer and seller settle by the difference in value upon or before the expiration of the contract, the transaction tax payable by each shall be levied based on the settlement price in the market at the rates provided in the following regulations.

1. Option contracts or option contracts on futures regulated in Item 3 of Paragraph 1 shall be levied at the rates of Items 1, 2, or 4 of Paragraph 1 according to kind.
2. Futures contracts regulated in Items 1, 2, or 4 of Paragraph 1 shall be levied at the rates of that item.

E. Tax Returns and Payments

To enhance the timely collection of tax data, the futures transaction tax regulations require that futures brokers collect tax on each day's transactions according to the effective rate at that time.

The following day a form detailing the tax collected on the previous day must be filled out by the broker and sent to the National Treasury.

The agent must also record daily the names and addresses of the principals dealing in futures that day, along with the type of futures transacted, quantity transacted, total value of the transaction, and total tax paid. This data should be collected and a monthly report submitted to the authority-in-charge of the futures transactions tax.

F. Other Provisions

1. Collection Fee

To promote complete service on the part of the tax collection agent, the Ministry provides a financial award for meritorious service equal to one thousandth of the total tax revenue. However, this financial award for each agent cannot exceed NT\$24 million in each year.

2. Penalty

With respect to agents who fail to fulfill their obligations with respect to the required collection of taxes, the tax authorities are empowered to force the agent to pay any back taxes and may also fine the agent from between 10 to 30 times the amount of uncollected taxes. If minor reporting irregularities are found, the agent may be fined from NT\$15,000 to a maximum of NT\$30,000. Delays in remitting tax collections to the National Treasury can result in charges which have to be paid by the agent.

IV. Vehicle License Tax

A. General Description

The collection of license plate taxes in our country began in 1936. For purposes of revenue generation, some provinces, cities, and prefectures began to collect license fees or user fees for cars and ships which are similar to a vehicle license tax. Due to differences in local procedures, the standards for collecting such fees differed widely. In February, 1947, all such collection procedures were standardized when the General Provisions for the Vehicle License Tax Collection Act were promulgated. Following several amendments, this Act was superseded by the Vehicle License Tax Act in May, 1950.

The Vehicle License Tax Act was amended nine times between 1955 and 1979. Initially, this tax was collected directly by city and prefecture governments. Gradually, via various amendments, the responsibility for levying and collecting vehicle license tax was transferred to the provincial level and was administered directly by cities. Very clear provisions now cover collection and registration procedures. Due to the rise in social standards and economic prosperity, the number of vehicles in use has greatly increased

and this tax has become a major source of revenue for local governments.

In 1979, Article 6 of the Act was amended in order to implement the government policies of discouraging wasteful expenditures on luxury items and of encouraging energy conservation. Under the amended law, vehicle types were divided into three categories: 1) small passenger vehicles, 2) large passenger vehicles, and 3) motorcycles. The license taxes are levied on a progressive basis according to the total cylinder displacement volume of the engine of the vehicle.

In 1995, the Act was amended in order to reduce the burden on people whose income is below the average level and to restrict the growth in the number of private small passenger vehicles. Therefore, there is no tax on motorcycles below 150 cubic centimeters, and the tax on private small passenger vehicles or motorcycles above 151 cubic centimeters increases according to the total cylinder displacement volume of the engine of the vehicle.

In 1998, the Act was amended in order to relax the requirements of exemption for mentally and physically disabled persons, to change the collection procedure from that of making public announcements regarding levy information to delivering tax notifications to taxpayers, and to lower fine criteria.

In 2001, the Act was amended again. The main purposes of the amendments were to enlarge the scope of exemption, improve the collection procedure, revise some unfeasible articles, and lower the amounts of fines.

To make the tax burden of the motorcycles of which the cylinder displacement is over 250 cubic centimeters more reasonable, the Act was amended to lower this tax in 2005.

The vehicles used in the taxi-cab industry will be regarded as vehicles used for mass transportation and be exempted from vehicle license tax according to Paragraph 3 of Article 2 of the Statute for the Development of Mass Transportation, which was promulgated on 30th November, 2005.

The Vehicle License Tax was amended on 8th August, 2007 whereby such tax as was levied on heavy motorcycles was reduced. The tax on heavy motorcycles with a cylinder displacement below 250 cubic centimeters was reduced from NT\$1,650 to NT\$800, the tax on other heavy motorcycles with a cylinder displacement of over 250 cubic centimeters was referred to the tax on private small passenger vehicles, and the cylinder displacement volume of small passenger vehicles exempt from vehicle license tax due to being located on the offshore islands was adjusted from 1,800 cubic centimeters to 2,400 cubic centimeters.

In order to protect the rights of the taxpayer appropriately, Article 31 of the Vehicle License Tax Act was amended on 30th December, 2009. The amount of the penalty shall not exceed NT150,000.

B. Tax Scope

The owner of any form of transportation equipment using public roads or rivers, notwithstanding whether the use is for public, private, or military purposes, must apply to the tax authorities for an appropriate vehicle license and pay the tax due. Public roads and rivers are those roads and rivers open for public use.

Transportation equipment is defined as vehicles and vessels. At present, vessels used for transportation purposes and non-motorized vehicles are not subject to the collection of a vehicle license tax.

C. Taxpayers

Owners or users of any form of transportation equipment subject to licensing hereunder are required to pay the vehicle license tax.

D. Tax Rates

The vehicle license tax is levied upon motor vehicles according to the following rate schedules:

Table of Rates for Small Passenger Vehicles

Cylinder Displacement (Cubic Centimeters)	Annual Fee (NT\$) for Small Passenger Vehicles (Seating 9 or Fewer)	
	Private	Commercial
500 and below	1,620	900
501 - 600	2,160	1,260
601 - 1,200	4,320	2,160
1,201 - 1,800	7,120	3,060
1,801 - 2,400	11,230	6,480
2,401 - 3,000	15,210	9,900
3,001 - 4,200	28,220	16,380
4,201 - 5,400	46,170	24,300
5,401 - 6,600	69,690	33,660
6,601 - 7,800	117,000	44,460
7,801 and above	151,200	56,700

Table of Rates for Motorcycles

Cylinder Displacement (Cubic Centimeters)	Annual Fee (NT\$) for Motorcycles
150 and below	0
151 - 250	800
251 - 500	1,620
501 - 600	2,160
601 - 1,200	4,320
1,201 - 1,800	7,120
1,801 and above	11,230

Table of Rates for Large Passenger Vehicles and Commercial Vehicles

Cylinder Displacement (Cubic Centimeters)	Annual Fee (NT\$) for Large Passenger Vehicles (Seating 10 or More)	Trucks
500 and below	-	900
501 - 600	1,080	1,080
601 - 1,200	1,800	1,800
1,201 - 1,800	2,700	2,700
1,801 - 2,400	3,600	3,600
2,401 - 3,000	4,500	4,500
3,001 - 3,600	5,400	5,400
3,601 - 4,200	6,300	6,300
4,201 - 4,800	7,200	7,200
4,801 - 5,400	8,100	8,100
5,401 - 6,000	9,000	9,000
6,001 - 6,600	9,900	9,900
6,601 - 7,200	10,800	10,800
7,201 - 7,800	11,700	11,700
7,801 - 8,400	12,600	12,600
8,401 - 9,000	13,500	13,500
9,001 - 9,600	14,400	14,400
9,601 - 10,200	15,300	15,300
10,201 and above	16,200	16,200

Note: The tractor portion of a tractor-trailer truck is taxed at a rate 30% higher than that for a comparably-sized truck.

E. Exemptions

The following forms of transportation equipment are exempt from the vehicle license tax:

1. Military T/O transportation (designated contingent strength only, additional vehicles taxed).
2. Vessels on which tonnage levies have already been collected by a customs house and which are navigating within the jurisdiction of the said customs house.
3. Specially-equipped vehicles used exclusively for public safety purposes, such as police squad cars, detective and investigation unit cars, vehicles used for transporting prisoners, fire engines, specialized relief vehicles, and ocean rescue vessels.
4. Specially-equipped vehicles belonging to public hospitals or other public organizations and used exclusively for public health purposes, such as ambulances, hospital vehicles, water spraying vehicles, sewage trucks, and refuse vehicles.
5. Cars owned by foreign nationals who enjoy diplomatic privileges, provided that approval has been granted by the Ministry of Foreign Affairs and special licenses have been obtained from the transportation authorities.
6. Specially-marked transportation vehicles used exclusively for transport of the mail.
7. Specially-marked or -equipped exhibition cars used exclusively for promoting education and culture.
8. One vehicle owned and used only by a mentally or physically disabled person who bears an identification document issued by the authorities and a driving license. However, in the case that the mentally or physically disabled person is unable to qualify for a driving license, one vehicle only for their own family is exempt.
9. Specially-marked vehicles owned and used by a social and welfare institution organization which have an identification document issued by the social and welfare authorities. Three such vehicles or under a total of three such vehicles are exempt for each social and welfare institution or organization.
10. Buses used exclusively for mass transportation and owned by enterprises of the highway bus industry or urban district bus industry, where these enterprises have been approved by the competent authority.
11. Transportation equipment driven on an offshore island and the license for such vehicle having been obtained from the transportation authorities of the offshore island.

However, if the cylinder displacement of a small passenger vehicle is over 2400 cubic centimeters, the vehicle will be subject to the vehicle license tax.

12. Vehicles used in the taxi-cab industry will be exempted from vehicle license tax.

F. Collection Procedures

1. The vehicle license tax shall be collected in April each year; however, one-half of the tax on commercial vehicles may be paid during the normal collection period and the remainder paid by October of the same year.
2. The tax collection authorities shall, prior to the time when the tax is to be collected, deliver tax notifications to owners or users, and make public announcements with respect to the amount of tax due on the various types of transportation equipment and the beginning and ending dates of the collection period.
3. The owner or user of the vehicle shall report to the transportation and tax collection authorities to change or renew the license and pay the tax within the prescribed period.
4. A temporary license issued to the owner or user of a transportation vehicle or license for automobile testing issued to an automobile transportation agency, a sales agent, a manufacturer or a repair shop shall be valid for a period not to exceed 15 days and the amount of tax payable shall be calculated on a daily basis in accordance with the type of transportation equipment in question.
5. If, after the transfer of a vehicle or as a result of change in the purpose of its use, the vehicle, which was originally tax exempt, becomes taxable, the new owner or user shall pay the vehicle license tax for the taxable period.
6. The vehicle license tax payable for a newly produced, imported, or assembled vehicle, when it first comes into use, shall be calculated by subtracting the amount of tax for the number of days that have elapsed from the amount of tax for the whole year.

G. Other Provisions

1. If the owner or user of a previously licensed vehicle fails to renew the said license and pay the corresponding tax within the prescribed period, a surcharge of 1% of the amount of the tax payable for each two days of default, up to a maximum of 30 days, shall be charged.
2. Where it is discovered that the owner or user of a vehicle, for which tax has not been paid after expiration of the period for delayed payment continues to use it on public roads and rivers, the violator shall be liable for the tax due plus a fine of one times the amount of the tax and shall not be imposed the surcharge described in Article 25.

In the case where there is use of a license plate previously reported lost or canceled and its owner still uses public roads and rivers, the violator shall be liable for the tax due plus a fine of twice the amount of the tax.

3. The following actions shall be construed as the removal of a license for use on another vehicle and violators shall be subject to a fine equivalent to twice the amount of the tax payable; however, the total fine imposed shall not exceed NT\$150,000:
 - a. The license plate of a vehicle is sold or removed for use on another vehicle.
 - b. Use of a license plate previously reported lost or canceled;
 - c. The machinery, framework, or seating of a licensed vehicle is changed or modified and the owner or user fails to make application for a change in registration to the transportation and tax authorities; and
 - d. A vehicle, originally tax exempt, becomes taxable and the owner or user fails to change the registration and pay the tax due.
 - e. The machinery, framework, or seating of a licensed vehicle which was originally exempted from tax or subject to a lower tax rate is changed or modified and thus becomes taxable or subject to a higher tax rate and the owner or user fails to make application for a change in registration to the transportation authority.
4. In cases where a newly purchased vehicle is without a license plate, a temporary license or an automobile testing license, and its owner fails to apply for a license but still uses public roads and rivers, the violator shall be liable for the tax due plus a fine of twice the amount of the tax.

V. Deed Tax

A. General Description

A deed tax was inaugurated in our country during the Eastern Chin Dynasty slightly more than 1,600 years ago, with contracts transferring land and building titles as the basis of assessment. At that time, since no modern type of taxation such as income tax, commodity tax, customs duties, or dues had been introduced to China, the deed tax, and the tax on farm land, were the most important sources of the government's fiscal revenue.

The Act on Deed Tax currently in force has been amended seven times since it was first promulgated in December, 1940, with unification of the collection of the deed tax not being attained until December, 1945, when the MOF announced "The Guidelines for the Assessment of Standard Prices" for immovable property for the whole country. In July, 1964, the deed tax was designated a local tax. In recent years, the revenue realized from the collection of the deed tax has constituted around 0.9% of total tax revenue and has

become one of the major sources of fiscal revenue for local governments.

In January, 1951, the Executive Yuan promulgated “The Provisional Measures for Uniform Collection of Various Taxes and Assessments in Taiwan Province During the Period of Communist Rebellion” under which collection of the deed tax was suspended. In its place, a land registration fee was imposed in accordance with the Land Act at a rate of 1%, and as such a rate was far below the then effective average rate of 5% for the deed tax, financing for local governments was seriously affected.

As a result, collection of the deed tax was resumed and has been continued since February, 1952.

B. Tax Scope

Article 2 of the Statute on the Deed Tax provides that for transactions involving purchases and sales, acceptance of dien, exchange, bestowal or partition of immovable property, or acquisition of ownership thereof by virtue of possession, a report shall be made by using the prescribed deed forms for payment of the deed tax. However, if the land is located in an area where land increment tax is assessed, the deed tax shall be exempted.

So-called immovable property refers to both the land and the fixtures on the land. However, since now the appraisal of land value has been completed for all the land in the Taiwan area and the land value increment tax is assessed for transfer of land title or creation of dien, the deed tax is collectable in practice in the ROC only upon such immovable properties as a house or building and other fixtures on land.

C. Taxpayers

The taxpayers of the deed tax are those who acquire the title to or dien of the immovable properties, as described below in accordance with the respective deeds:

1. Deed tax on a purchase: To be reported and paid by the purchaser.
2. Deed tax on the creation of a dien: To be reported and paid by the dien-holder.
3. Deed tax on an exchange: To be reported and paid by each party to the exchange on the portion allocated to each party.
4. Deed tax on a bestowal or a donation: To be reported and paid by the donee.
5. Deed tax on a partition: To be reported and paid by the partitioner.
6. Deed tax on a possession: To be reported and paid by the person who takes possession of the immovable property and legally acquires its ownership.

D. Tax Rates

The deed tax is assessed according to respective deeds at different rates, as

described below:

1. Tax rate

- a. Deed tax on a purchase and sale: 6% of the value of the deed.
- b. Deed tax on creation of a dien: 4% of the value of the deed.

Where immovable property is first placed under a dien and then sold and the dien-holder and the purchaser are the same person, or the dien-holder acquires the ownership of the property through a dien, the deed tax at a rate of 2% of the value of the deed for the original dien shall be assessed so as to make up the difference between the deed tax on a purchase and sale and the deed tax on the creation of a dien.

- c. Deed tax on an exchange: 2% of the value of the deed.

In the event that there is payment for the discrepancy in the exchange values, the deed tax shall be imposed upon the difference at the rate set forth for the deed tax on a purchase. If the value of each of the exchanged properties is different but there is no payment for this discrepancy, the deed tax on an exchange shall first be imposed on the basis of the exchanged property the value of which is lower, then the difference between the property of higher value and the property of lower value shall be deemed as a donation made to the party originally owning the lower value property by the party originally owning the higher value property for assessment of the deed tax on a donation.

- d. Deed tax on a bestowal or a donation: 6% of the value of the deed.
- e. Deed tax on a partition: 2% of the value of the deed.
- f. Deed tax on a possession: 6% of the value of the deed.

2. Calculation of the tax

The amount of the deed tax is calculated by multiplying the applicable tax rate by the value of the deed which is the standard price as determined by the real estate assessment committee of the local government. In the case of publicly-owned property purchased or bid from the government agency or immovable property acquired at court auction, and where the purchase price is below the standard price, the deed tax shall be imposed on the purchase price.

E. Reductions and Exemptions

In order to meet the needs of various government policies, such as the

development of postal or telecommunications enterprises, encouragement of investment, export promotion, construction of public housing, etc., the measures for reductions and exemptions which have been adopted are as follows:

1. Immovable properties acquired for public use by all levels of government, local autonomous agencies, and public schools. However, this exemption shall not be applicable if such properties are used for any business purpose.
2. Immovable properties acquired for business use by government-operated postal and telecommunications enterprises.
3. Immovable properties whose ownership is acquired by exchange of publicly-owned immovable properties or by exchange of immovable properties as a result of land consolidation to meet the official needs of government bodies.
4. Where ownership of a building which has not yet been completed is transferred, and the new owner of the building does not receive the use license, such a transaction is not subject to the deed tax.
5. Transactions involving building(s) in the process of construction, which are transferred from one constructor to another for the purpose of continuing construction and where the second constructor receives a use license, will not be subject to the deed tax.
6. Public housing units constructed by the government or through encouragement of investment.
7. Public housing units repurchased by public housing authorities by exercising the option to repurchase.
8. In the case of profit-seeking enterprises specifically approved by the Ministry of Economic Affairs for merger or consolidation, the deed tax and stamp tax resulting therefore shall be exempted for the purpose of promoting reasonable and sound operation and management.
9. Acquisition of a newly constructed standard factory building in an export processing zone from the Export Processing Zones Administration (EPZA) by an export enterprise, or acquisition from the EPZA of a building construction purchased by the EPZA by requisition.
10. The transfer of a trust house based on a trust relationship between the interested parties.

F. Tax Returns and Payments

1. A taxpayer shall file a statement of deed tax, accompanied by the contract and related documents with the local tax collection office of the place in which the immovable property is located, (in a county, to be filed with the government of a township or city under the jurisdiction of the county) within 30 days from

the date of the conclusion of the deed contract for purchase, acceptance of dien, exchange, bestowal or donation, partition of immovable properties, or from the date of applying for registration according to law to become the owner by virtue of possession. However, if a building has never been subject to a first-time registration of construction and then is the subject of a transaction involving purchase, exchange, bestowal or donation, or partition, both sides signing the contract shall jointly file a statement of deed tax.

2. In the case of disputes arising from the transfer of immovable properties, the starting date for reporting the deed tax shall be the date of final judgment rendered by the court.
3. For immovable property sold at court auction, the starting date for reporting the deed tax shall be the date of issue of the certificate for transfer of title to the immovable property by the court.
4. For immovable property sold by government agencies, the starting date for reporting shall be the date of issue of the certificate for transfer of title issued by such a government agency as specified therein.
5. Where a building which has not yet been completed is the subject of a transaction involving purchase, exchange, bestowal or donation, the new owner of the building becomes the original constructor of the construction license or the constructor of the said building changes to another constructor, and the new constructor receives a use license. For such a transaction, the starting date for reporting the deed tax shall commence from 30 days after than the date of the issuance of a use license by the competent construction authority.
6. The tax collection office (in case of a county, township or city under the supervision of the county) shall, within 15 days of receipt of a statement of deed tax filed by a taxpayer, complete an examination, determine the amount of tax due, and issue a tax notice to the taxpayer for payment within the prescribed time limit.

G. Other Provisions

1. Surcharge for belated filing

A taxpayer who fails to file a statement of deed tax within the prescribed period must pay a surcharge equal to 1% of the amount of the tax for each three days of delay; however, the total fine imposed shall not exceed the amount of tax determined to be due or NT\$15,000.

2. Surcharge for belated payment

A taxpayer who fails to pay the deed tax within the prescribed period must pay a surcharge equal to 1% of the amount of the tax for each two days of

delay. If the taxpayer fails to pay the tax and the surcharge for belated payment or the surcharge for belated filing for 30 days or more after the prescribed period, the matter shall be referred to the court for enforcement.

3. Administrative fine

A taxpayer who fails to file a statement of deed tax upon transfer of immovable properties and his or her failure to do so has been discovered by the competent tax collection office at its own initiative or upon information brought by another person shall, in addition to payment of the tax due, be penalized by imposition of an administrative fine equal to one to three times the amount of tax due.

VI. Amusement Tax

A. General Description

The Feast and Amusement Tax Act was first promulgated in April, 1942 with a view to supporting the financing of local governments and to extend protection to social customs. The feast tax, however, proved too difficult to administer. Audit manpower in the competent authorities was insufficient to prevent tax evasion by consumers and restaurants for their mutual benefit. Further, few developed countries have levied a feast tax. Thus, to improve the tax system and to lessen the difficulties in tax administration, the government abolished the Feast and Amusement Tax Act in June, 1980, canceling the feast tax as such and integrating it into the business tax; the Amusement Tax Act was enacted at the same time as the legal basis for the assessment of the amusement tax.

B. Tax Scope

The amusement tax shall be levied on the prices of tickets sold or the fees collected by amusement businesses which provide any kind of on-site equipment or activities for entertainment. In the case that no tickets are sold but drinks or entertainment devices are supplied to the consumers, the tax shall be levied on the amount of the charges. The scope of the tax is as follows:

1. The cinema.
2. Professional singing, story-telling, dancing, circus, magic, acrobatics shows, and all kinds of performances in night clubs.
3. Drama, music performances, and amateur singing, dancing, etc.
4. All kinds of competitions and contests of skill.
5. Dance halls.
6. Golf clubs and the like that are provided as a form of recreation for consumers.

C. Taxpayers

Taxpayers of the amusement tax are those who pay the prices to enjoy the amusement. Providers or sponsors of sites, equipment, or activities for entertainment act as collection agents. To take the cinema as an example, those who watch movies are the taxpayers, while the theaters that collect the tax-included tickets and pay the tax to the treasury are collection agents.

D. Tax Rates

The Amusement Tax Act specifies maximum legal rates, and the collection rates shall, within the maximum rates, be prescribed by the provincial and the city governments, respectively, approved by the local assembly of the same level, and reported to the MOF for its record. The maximum legal rates are as follows:

Classification	Legal Maximum Rates
The cinema	
Chinese-language films	30%
Foreign-language films	60%
Professional singing, story-telling, dancing, circus, magic, acrobatics shows, and all kinds of performances in night clubs	30%
Drama, music performances, and amateur singing, dancing, etc.	5%
All kinds of competitions and contests of skill	10%
Dance halls	100%
Golf clubs	20%
Other activities that are provided as a form of recreation for consumers	50%

E. Exemptions

Those amusement activities which meet any of the following regulations are exempt from the amusement tax:

1. All kinds of amusement provided by educational, cultural, public welfare, charitable institutions, or organizations conformable to a public welfare corporation or a foundation under the General Provisions of the Civil Act or duly registered with the competent authorities in accordance with other related laws or regulations, where the total proceeds are exclusively used by the said institutions or organizations.

2. All kinds of amusement, where the total proceeds, after deduction of necessary expenses, are used for disaster relief or military morale purposes, provided, however, that the deductible expenses shall not exceed 20% of the total proceeds.
3. Cultural and amusement activities provided temporarily and free of charge for employees by institutions, organizations, privately-owned or publicly-owned enterprises, schools, and other organizations.

F. Tax Returns and Payments

1. Collection agents of the amusement tax shall, at the time of collection, issue and deliver tickets as documentary evidence and shall have the tickets torn upon entry of the ticket holders; failure to do so shall be considered as non-collection. However, small-scale businesses, whose tax amounts are assessed according to the law by the competent authority, need not issue tickets.
2. All the tickets uniformly printed, serially numbered, and stamped by the competent authority shall be sold at cost to amusement businesses for their use. However, where tickets are sold for such amusement activities as may be temporarily provided, the responsible persons shall, prior to providing the amusement activities, submit the tickets with serial number and price indicated thereon to the competent authority for stamping, complete the tax payment guarantee procedure, and report and pay the tax collected in due time.
3. Collection agents shall, prior to the 10th day of the following month, file returns and pay the tax collected each month. However, small-scale businesses or those operated in a special style, whose tax payable is assessed by the competent authority, shall pay the tax within 10 days of the day following the receipt of the tax-payment notice prepared by the said authority.
4. Those who temporarily provide amusement activities for a consideration shall, prior to the provision of such activities, apply for registration with the competent authorities and ascertain whether or not it is necessary to pay the tax; where the amusement activities are provided free of charge, providers shall, prior to providing such activities, report to the competent authority for record by the authority.
5. Where the amusement activities are temporarily provided for a consideration, the competent authority shall, once every five days, calculate the tax payable and issue a tax payment notice to the taxpayers requiring them to pay the tax within 10 days of the day following the receipt of the notice.

G. Other Provisions

1. Collection agents who pay the tax collected to the Treasury within the prescribed time limit shall be given by the competent authority a pecuniary award equivalent to 1% of the amount of the tax paid. The aforementioned pecuniary award shall be deducted by collection agents from the tax payable each time they make a tax payment.
2. Collection agents who fail to collect, under-collect, under-report, or do not report the amusement tax shall, in addition to being pursued for payment of the tax, be liable to a fine of five to ten times the amount of tax payable, and their business operations may also be suspended for a maximum period of not more than one month; However, if by the end of the period of suspended business operations the agents still have not discharged the required obligation, the penalty may continue to be imposed until such time as the obligation is discharged.
3. Collection agents who fail to apply for registration with the competent authority prior to the opening of business, removal, change to a new business, alteration, reorganization, merger, transfer of ownership, or suspension of business shall be liable to a fine of not less than NT\$15,000 and not more than NT\$150,000.