

Value-added and Non-value-added Business Tax Act

History

1. Amended and Promulgated on 27 May 1988 by Presidential Decree No. Hua-Tsung-1-Yi 2048.
2. Article 54 and Article 55 deleted and promulgated on 30 July 1993 by Presidential Decree No. Hua-Tsung-1-Yi 3703.
3. Article 8 amended on 18 January 1995 by Presidential Decree No. Hua-Tsung-1-Yi 0248.
4. Article 8 and Article 51 amended on 2 August 1995 by Presidential Decree No. Hua-Tsung-1-Yi 5658.
5. Article 16 and Article 20 amended on 7 May 1997 by Presidential Decree No. Hua-Tsung-1-Yi 8600104810.
6. Article 52 amended on 30 May 1997 by Presidential Decree No. Hua-Tsung-1-Yi 8600126780.
7. Article 8 amended on 29 October 1997 by Presidential Decree No. Hua-Tsung-1-Yi 8600231640.
8. Article 53-1 amended on 17 June 1998 by Presidential Decree No. Hua-Tsung-1-Yi 8700119510.
9. Article 11, Article 21 & Article 60 and the time schedule for issuing sales certificate by enterprises engaged in futures and commercial papers were amended on 28 June 1999 by Presidential Decree No. Hua-Tsung-1-Yi 88001150080.
10. Articles 3-1 and 8-1 amended on 13 June 2001 by Presidential Decree No. Hua-Tsung-1-Yi 9000115180.
11. The title of Business Tax Act was renamed to Value-added and Non-value-added Business Tax Act and amended Articles 1, 11, 41, 49 and 60, and added Articles 1-1, 8-2 on 9 July 2001 by Presidential Decree No. Hua-Tsung-1-Yi 9000134120.
12. Article 11 amended on 15 June 2003 by Presidential Decree No. Hua-Tsung-1-Yi 09200114870.
13. Article 8-2 deleted and Article 11 amended on 22 June by Presidential Decree No. Hua-Tsung-1-Yi 09400092831.
14. Article 8 and Article 11 amended on 3 February 2006 by Presidential Decree No. Hua-Tsung-1-Yi 09500014911.
15. Article 15-1 amended on 12 December 2007 by Presidential Decree No. Hua-Tsung-1-Yi 09600164551.
16. Article 8 and Article 9 amended on 16 January December 2007 by Presidential Decree No. Hua-Tsung-1-Yi 09700003931.

17. Article 9-1 amended on 10 March, 2008 by Presidential Decree Hua-tzung-1 Yi No. 09700029861.

18. Article 7-1 amended on 5 May, 2010 by Presidential Decree Hua-tzung-1 Yi No. 09900110351.

Chapter 1 General Provisions

Article 1

Business tax, in the form of value-added or non-value-added, shall be levied in accordance with this Act on the sale of goods or services within the territory of the Republic of China (R.O.C.) and the import of goods.

Article 1-1

The so called "value-added form business tax" means the tax calculated in line with the Chapter 4, Section I; the so called "non-value-added form business tax" means the tax calculated in line with the Chapter 4, Section II.

Article 2

Taxpayers of business tax shall be as follows:

1. Business entities who sell goods or services.
2. The receivers or holders of imported goods.
3. Those who receive services provided by foreign enterprises, institutions, organizations or associations which have no fixed place of business within the territory of the R.O.C. Also, the agents who handle business for international transport enterprises which have no fixed place of business within the territory of the R.O.C.

Article 3

The definition of sale of goods is the transfer of ownership of goods to others for a consideration.

The definition of sale of services is the supply of services to others or the provision of goods for the use of others for a consideration with the exception of professional services offered by practitioners and services rendered by individuals in employment.

Any one of the following circumstances shall be deemed as a sale of goods:

1. Goods produced, imported or purchased by a business entity for sale but in fact used by itself or transferred to others for no consideration.
2. Goods used to redeem debt or distributed to shareholders or investors; and stock left over when a business entity is dissolved or shut-down.
3. Where a business entity purchases goods under its own name on behalf of a third party and delivers the goods to the third party.
4. Where a business entity consigns goods to others for sale.
5. Where a business entity sells the consigned goods.

The preceding paragraph shall also be applicable to sale of services.

Article 3-1

The transfer or disposition of trust property between trust parties as follows shall not be deemed as a sale of goods regulated in the preceding article:

1. Between settler and trustee, due to the establishment of the trust.
2. Between the former trustee and new trustee, due to a new appointment of trustee during the term of the trust relationship.
3. Between settler and trustee, due to the unsuccessful creation, nullification, revocation, or cancellation of a trust act, or the termination of trust relations.

Article 4

Any one of the following circumstances shall be considered to be the sale of goods within the territory of the R.O.C.:

1. Where goods sold are required to be transported in order to effectuate delivery and the origin of shipment is within the territory of the R.O.C.
2. Where goods sold are not required to be transported in order to effectuate delivery, and the goods are located within the territory of the R.O.C.

Any one of the following circumstances shall be considered to be the sale of services within the territory of the R.O.C.

1. Where services sold are supplied or utilized within the territory of the R.O.C.
2. Where passengers are boarded or goods loaded within the territory of the R.O.C by an international transportation enterprise.
3. Where a foreign insurance enterprise accepts reinsurance policies from an insurance enterprise within the territory of the R.O.C.

Article 5

Any one of the following circumstances shall be considered to be the import of goods:

1. The goods are imported to the R.O.C., with the exceptions of the goods imported to the export enterprises inside duty free export processing zones, enterprises inside the Science-based Industrial Park, or a bonded factory or bonded warehouse supervised by Customs.
2. The goods are transported from the enterprises, factories and warehouses referred to in the proviso of the preceding paragraph to other areas of the R.O.C.

Article 6

Any one of the following shall be regarded as a business entity:

1. A profit-seeking enterprise owned by the private sector, government, or jointly owned by both.
2. A nonprofit-seeking enterprise, institution, organization or association which

sells goods or services.

3. A foreign enterprise, society, institution or organization which has a fixed place of business within the territory of the R.O.C.

Chapter 2 Scope of Reduction and Exemption

Article 7

The business tax rates shall be zero for the sales of goods or services of the following items:

1. Export of goods.
2. Services related to exports or services supplied within the territory of the R.O.C. but used in foreign countries.
3. Goods sold to outbound or transit passengers by the tax-free shops set up according to the act.
4. The sale of machinery and equipment, materials, supplies, fuel and unfinished goods to export enterprises inside the duty free export processing zone, to enterprises inside the Science-based Industrial Park, or to bonded factories or bonded warehouses supervised by the customs house.
5. International transportation. Foreign transport enterprises engaged in international transportation within the territory of the R.O.C. shall qualify for the zero tax rate, provided that reciprocal treatment, or exemption from similar taxes, is given to the international transport enterprises of the R.O.C. by the foreign country in which it is incorporated.
6. Vessels and aircraft used in international transportation and deep sea fishing boats.
7. Sales of goods and maintenance services to vessels and aircraft used for international transportation and deep sea fishing boats.

Article 7-1

Foreign enterprises, institutions, organizations, or associations having no fixed place of business within the territory of the ROC, which purchase the goods or services on which value-added business tax(VAT) is levied to a total of a certain amount of money or more within the ROC for the purpose of engaging in exhibitions or temporary business activities within the period of one year may qualify for a VAT refund on the aforesaid goods or services; however, in the case of the following conditions such goods or services shall not be applicable for tax refund:(i) where the documents of the goods or services purchased are not obtained or kept as in the first paragraph above, or(ii)where the goods or services are purchased under the provisions of subparagraphs 2 to 5 of Article 19 of the Act.

The aforesaid institutions may qualify for VAT refund, provided that reciprocal

treatment, or exemption from similar taxes, is given to the same institutions of the ROC by the foreign country in which they are performing such activities as are described also above.

Regulations concerning the calculation of the one-year period, the scope of exhibitions or temporary business activities, the definition of the certain amount of money or more, the obtaining of documentary evidence, the attached documents, the period of time within which application may be made for the refund and other relevant matters specified in the first paragraph, shall be prescribed by the Ministry of Finance.

Article 8

The following goods or services are exempted from the business tax:

1. The sale of land.
2. The water supplied to farmland for irrigation.
3. The medical services, medicine, ward lodging and meals provided by hospitals, clinics and sanitariums.
4. The rearing and nursing services offered by the nursing homes for children, the elderly or handicapped.
5. The education services offered by schools, kindergartens, and other educational and cultural institutions including cultural services offered under government's consignment.
6. Publication which are textbooks authorized by education authorities for use at various levels of schools and important specialized academic writings awarded by the government according to the law issued by the publishing industry.
7. (Deleted).
8. The goods or services sold by student-run shops of vocational schools which do not serve outsiders.
9. Newspapers, magazines, news letters, advertisements, television and broadcasting programs produced and sold by legally registered newspaper and magazine publishers, news agencies, and television and broadcasting stations, excluding the advertisements sold by newspaper publishers and advertisements broadcasted by television stations.
10. The goods or services sold to their members by cooperatives managed in accordance with the law; and business consigned by government to said cooperatives.
11. The goods or services sold to their members by farmers', fishermen's, workers', commercial and industrial associations in accordance with the law, business consigned by the government to said associations, and the

management fee charged in accordance with Article 27 of "The Agricultural Products Market Transaction Act" for the use of an agricultural products wholesale market and in which the share ownership of farmers' associations, fishermen's associations, cooperatives and government institutions accounts for more than 70%.

12. 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.

13. The goods or services sold by employee welfare organizations of government bodies, state enterprises and social organizations which are organized and operated under relevant laws and are not open to the public.

14. The goods or services sold by prison workshops and their finished goods stores.

15. Services rendered by post and telecommunication offices in accordance with the law; and business consigned under government mandate.

16. Monopoly goods sold at statutory prices by state owned monopoly industries and by business entities which are authorized to sell the monopoly goods.

17. The service of consigned sale of stamp tax tickets and postage stamps.

18. The goods or services sold by peddlers or hawkers.

19. Feed and unprocessed raw agricultural, forestry, fishing and livestock products, and by-products; the agricultural, forestry, fishing and livestock products, and by-products of farmers' and fishermen's harvests sold by farmers and fishermen.

20. The fish caught and sold by fishermen.

21. The sales of rice and wheat flour and the service of husking rice.

22. The sales of fixed assets which are not regularly traded by business entities which compute their business tax according to Section II of Chapter IV.

23. Insurance policies accepted by insurance enterprises for insurance promoted by the government, covering military, government and education entities and their dependents, laborers, students, farmers, fishermen, exports, and compulsory automobile third party liability insurance, and reinsurance premiums paid out by insurance enterprises from premiums received by the same, and life insurance policy reserves, annuity insurance policy reserves and health insurance policy reserves, provided, however, that this does not include income, other benefits and return of policy reserves received on termination of life insurance, annuity insurance and health insurance.

24. The bonds issued by all levels of government and securities upon which a securities transaction tax has been imposed in accordance with the law.

25. Residual or obsolete goods sold at tenders by all levels of government.

26. The sales of weapons, warships, aircraft, tanks and reconnaissance communication equipment for military use to defense agencies.

27. Fertilizer, pesticides, veterinary drugs, agricultural machinery, transportation equipment for farmland, and fuel and electricity used by such machinery and equipment.

28. Fishing boats for coastal or inshore fishery and machinery, equipment, nets and fuel used by fishing boats.

29. Interest on the flow of funds between head and branch offices of banking enterprises, the revenue of trust and investment enterprise derived from trust funds in the manner designated by the settler, provided the settler bears the risk of loss and enjoys the proceeds, and unredeemed items where the proceeds arising from their sale by pawnshops does not exceed the aggregate of principal and interest receivable.

30. Gold bars, gold bricks, gold foil, gold coins and gold ornaments, excluding the processing fee.

31. The research services supplied by scientific or technological institutions which are established under the approval of the government.

32. The sales amount of operating financial derivatives products, corporate bonds, financial bonds, new Taiwan dollar interbank call loans and foreign currency call loans, excluding commissions and service charges of these products.

Any business entity which sells the aforementioned exempt goods or services can apply to the Ministry of Finance to waive the exemption and compute its business tax according to the provisions of Section I of Chapter 4. However, once approved, no changes can be made within three years.

Article 8-1

The proceeds from goods sold in tenders, charity sales and shows held by settler in charitable trust shall be excluded from the sales of the settler, provided that the total proceeds are solely used on the charity business after deducting the necessary expenditures for the tenders, charity sales and charity shows.

The sales from goods sold in tenders, charity sales and charity shows prescribed in the preceding paragraph shall be excluded from the sales of the settler.

Article 8-2

(deleted)

Article 9

Importing any one of the following items shall be exempted from business tax:

1. The goods specified in Subparagraph 6, Paragraph 1 of Article 7 and the fertilizer specified in Subparagraph 27 and the goods specified in Subparagraph 30, Paragraph 1 of Article 8.
2. The goods stated in Article 26 of the Customs Act, provided, however, that in case of transfer of ownership or change in use of said goods, which results in payment of customs duties under Article 31 of the Customs Act, the business tax so exempted will become due.
3. National ancient curios or remains.

Article 9-1

In the case of dealing with an extraordinary economic situation, or a situation to accommodate the supply of goods, the Executive Yuan may make an adjustment in business tax on imported wheat, barley, corn and soy beans and the restriction of Article 10 does not apply.

The categories of goods subject to adjustment of business tax referred to in the preceding paragraph, the range of actual adjustment, and the dates for commencing and terminating such adjustment shall be drawn up jointly by the Ministry of Finance and the related authorities, and be submitted to the Executive Yuan for approval.

Chapter 3 Tax Rates

Article 10

Except as otherwise prescribed by this Act, the business tax rate shall be no less than 5% and no more than 10%. The applicable collection rate shall be determined by the Executive Yuan.

Article 11

The business tax rate shall be 2% for enterprises engaged in banking, insurance, investment trust, securities, futures, commercial paper and pawnshops, but 5% for all other operations which are not connected exclusively with their authorized business, and 1% for reinsurance premiums of insurance enterprises.

The scope of the term "all other operations" and the related rules shall be prescribed by the Ministry of Finance, and submitted to the Executive Yuan for approval.

The enterprises in the first paragraph shall conform to the regulations stipulated by the specific competent authorities, that starting from July 1, 1999,

they shall allocate 3% of their sales (excluding all other operations and reinsurance premiums received by insurance companies) for writing off overdue loans or setting aside allowances for bad debts, with those enterprises failing to do so being assessed an additional 3% business tax surcharge.

The aforementioned allocation of 3% of sales for writing off overdue loans or setting aside allowances for bad debts shall be stopped if the percentage of the overdue loans of the enterprises prescribed in the Paragraph 1 is lower than 1%.

From January 2002 to the date of ceasing allocation to the Financial Reconstruction Fund of the Executive Yuan prescribed under Subparagraph 1, Paragraph 1, Article 3 of "The Rules Governing the Establishment and Administration of the Financial Reconstruction Fund of the Executive Yuan", the business tax revenue collected from the enterprises prescribed in the preceding paragraph, shall be supplied exclusively to the Financial Reconstruction Fund of the Executive Yuan, and shall be used for the improvement of financial institutions with serious problems. The use of these funds shall not be subject to the provisions of the Act Governing the Allocation of Government Revenues and Expenditures.

According to Article 38-1 of the Act Governing the Allocation of Government Revenues and Expenditures, the Executive Yuan shall compensate local governments for the revenue losses due to the decrease of the Centrally-Allotted Tax Revenues after shifting of the business tax revenue to the Fund referred to in the preceding paragraph, unless the Act is subsequently revised.

From January 2011, the business tax revenue from enterprises engaged in banking shall exclusively go to the Deposit Insurance Pay-off Special Reserves; the revenue as is accrued from enterprises as described in the first paragraph other than banking shall go to the other Special Reserves; and the regulations for operation and administration of the reserves shall be prescribed by the Financial Supervisory Commission, Executive Yuan.

Article 12

The business tax rates for special food and beverage services enterprises are as follows:

1. 15% for night clubs or restaurants providing entertaining show programs;
2. 25% for saloons and tea rooms, coffee shops and bars providing hostesses to entertain customers.

Article 13

For small business entities and other business entities exempted by the Ministry of Finance from filing sales amounts, the business tax rate shall be 1%. For consignees of the agricultural wholesale markets and small business entities which sell agricultural products, the business tax rate shall be 0.1%. The definition of small business entities provided in the preceding paragraphs shall be the business entities, excluding those prescribed in Article 11 and 12, whose monthly average sales amount is below the criteria prescribed by the Ministry of Finance in which case the business tax amount shall be determined and assessed by the tax authority.

Chapter 4 Calculation of Tax Computation

Section 1 General Tax Computation

Article 14

Except as otherwise prescribed in section II of this Chapter, business entities shall calculate the output tax based on all sales amounts of goods and services, in accordance with the tax rates prescribed in Article 7 or 10 and round up to the nearest dollar.

The output tax is defined as the amount of business tax to be collected in accordance with the act by the business entity at the time of selling goods or services.

Article 15

The amount of business tax payable or overpaid by a business entity will be the difference between the output tax in a tax period and the input tax in the same period.

The amount of business tax returned by a business entity to a buyer due to sales return of goods or rebates allowed shall be deducted from output tax in the tax period when the return or rebate occurs. The amount of business tax refunded to a business entity due to such business entity's return of goods, or due to a rebate, shall be deducted from the amount of input tax in the tax period when such return of goods or rebate occurs.

The input tax is defined as the business tax paid by a business entity in accordance with the act at the time of purchasing goods or services.

Article 15-1

If a business entity sells its used passenger car or motorcycle purchased from a person who is not required to file a tax computation under this Section, such business entity shall calculate the input tax by the following formula:

Purchased cost of the used
passenger car or motorcycle

Input tax = - - - - - x Applicable collection rate

1 + applicable collection rate

The business entity shall report the input tax as referred to in the preceding paragraph in order to deduct the output tax of the used passenger car or motorcycle in the same period in which it reports the sales amount of such passenger car or motorcycle. However, if the input tax of the used passenger car or motorcycle is higher than output tax of the aforesaid vehicle, the excess portion shall not be deducted.

When the business entity files the input tax as referred to in the first paragraph above, it shall provide relevant documents concerning the purchase of the aforesaid used passenger car or motorcycle.

The preceding paragraphs shall be applicable to cases not currently being assessed or pending final decision at the effective date of this amended Article.

Article 16

The sales amount prescribed in Article 14 refers to all the consideration received from sale of goods or services, including any expense reimbursement other than the sales price of goods or services sold, provided, however that the business tax incurred on such sale is not included.

If the goods referred to in the preceding paragraph are subject to commodity tax or tobacco and alcohol tax, the sales amount shall include the amount of commodity tax or tobacco and alcohol tax.

Article 17

In the event that a business entity sells goods or services at a price unreasonably lower than the market price, the tax authority may determine the sales amount based on the market price.

Article 18

The sales amount of an international transport enterprise transporting outbound cargo or passengers from within the territory of the R.O.C. shall be calculated as follows:

1. Marine transport enterprise: total ticket fares or freight charges for outbound passengers or cargo accepted for transportation from within the territory of the R.O.C.

2. Air transport enterprise:

(a) passenger transportation: ticket fares from the point of embarkation within the territory of the R.O.C. to first-leg stations outside the territory of the R.O.C.;

(b) cargo transportation: freight charges for the entire trip for the cargo accepted for transportation. However, where an international air transport enterprise transships its outbound cargo en route to an aircraft of another international air transport enterprise due to route restrictions or other reasons,

its freight shall be calculated upon the charges actually attributable to the portion made by the first enterprise.

First-leg stations outside the territory of the R.O.C., as provided in Subparagraph 2 (a) of the preceding paragraph, shall be prescribed by the Ministry of Finance.

Article 19

In any of the following events, input tax shall not be deducted from output tax by a business entity:

1. Where supporting documents with respect to purchased goods or services are not obtained or kept according to Article 33.
2. The goods or services purchased are not for the use of principal and ancillary business operation. However, purchases made for assisting national defense construction, troop morale, and contribution to government are not included.
3. Goods or services for social relations purposes.
4. Goods or services rewarded to individual employees.
5. Passenger cars for personal use.

For business entities engaged solely in the business of exempt goods or services as provided in paragraph 1 of Article 8, the input tax shall not be refunded.

In the case that the full deduction is restricted due to the sales of goods or services provided in paragraph 1 of Article 8 representing only a portion of the business entities' business operation, or due to other provisions of this Act, the ratio and calculation method related to the non-deductible amount shall be prescribed by the Ministry of Finance.

Article 20

Business tax on imported goods shall be calculated at the tax rate provided in Article 10 based on the total amount of duty-paying value and customs duty.

If the above-mentioned goods are subject to commodity tax or tobacco and alcohol tax, the business tax shall be calculated based on the amount prescribed in the preceding paragraph plus the commodity tax or the tobacco and alcohol tax.

[Section 2 Special Tax Computation](#)

Article 21

Enterprises engaged in banking, insurance, investment trust, securities, futures, commercial paper and pawnshops shall calculate their business tax based on their sales amount at the tax rate provided in Article 11. However, the business tax for pawnshops may be calculated by the competent authority

upon the assessed sales amount.

Article 22

The special food and beverage service enterprises under Article 12 shall compute the amount of their business tax based upon their sales amount at the tax rate provided in said Article. However, the competent authority may compute it based upon the assessed sales amount according to their investigation.

Article 23

Consignees of the agricultural wholesale markets or small business entities which sell agricultural products, or other small business entities or other business entities exempted by the Ministry of Finance from reporting their sales amount, shall compute their amount of business tax based upon the amount of sales as assessed by the competent authority at the tax rate provided under Article 13, unless, in accordance with the provisions of Article 24, they apply to calculate their tax under Section I of this Chapter and file tax returns in accordance with Article 35.

Article 24

For enterprises engaged in banking, insurance, and trust investment, the sales amount from operations not within the scopes of their exclusively authorized business, as defined in the footnote of "Time Limit for Issuing Sales Documentary Evidence" of this Act, may apply to calculate business tax in accordance with the provisions in Section I of this Chapter and file tax returns in accordance with the provisions of Article 35.

Where application has been made in accordance with the preceding paragraph to calculate the amount of business tax under Section I of this Chapter, application may not be made for alteration for three years following approval.

The Ministry of Finance may gauge the nature and capabilities of small business entities and determine that Section I of this Chapter shall be applied to calculate business tax and Article 35 shall be applied to file tax returns and pay taxes.

Article 25

When a business entity, whose business tax is assessed as prescribed in Article 23, purchases goods or services for business operation, obtains evidence stating amount of pertinent business tax, and files a return as required, 10% of input tax shall be deducted from the assessed tax amount by the competent authority. However, when the assessed tax amount is less than the minimum amount for assessment, this deduction shall not be applicable.

If, as provided in the preceding paragraph, 10% of input tax exceeds the assessed tax amount, the excess may be deductible in the coming period.

Article 26

For consignees of the agricultural wholesale markets or small business entities which sell agricultural products, or other small business entities covered by Article 23 and other business entities exempted by the Ministry of Finance from filing tax returns, the minimum taxable sales amount shall be prescribed by the Ministry of Finance.

Article 27

Section I of this Chapter, with the exception of Article 14, paragraph 1 of Article 15, and the proviso to paragraph 1 of Article 16, applies mutatis mutandis to the tax computation by a business entity under this Section.

Chapter 5 Collection Procedures

Section 1 Registration of Tax Payer

Article 28

Any business entities' head office and its branches with fixed places of business shall file individually with the competent authority an application for business registration before commencement of business. Matters relating to registration shall be prescribed by the Ministry of Finance.

Article 29

Those business entities engaged solely in the business of sales of exempt goods or services, as provided in paragraph 1, Subparagraphs 2 to 5, 8, 12 to 15, 17 to 20 and 31 of Article 8, and government entities of various levels may be exempted from business registration.

Article 30

Provided there is any change in matters registered under Article 28, or there is a merger, consolidation, ownership transfer, dissolution, or cessation of business of a business entity, an application for amendment to registration or de-registration shall be filed with the collection authority-in-charge within fifteen days after the occurrence of such an event.

An application by a business entity under the preceding paragraph, for amendment to registration or de-registration, may only take effect upon the payment in full of taxes, or upon the posting of security, provided, however, that this shall not apply in the case of amendment due to merger, consolidation, increase of capital, or change of scope of business.

Article 31

Prior to temporary suspension of business or a resumption of business after the suspension, the business entity shall file with the collection

authority-in-charge of such event.

[Section 2 Books and Documentary Evidence](#)

Article 32

Business entities selling goods or services shall issue uniform invoices to the buyer at the time stipulated in the "Time Limit for Issuing Sales Documentary Evidence" in this Act. Business entities of a special nature or small business entities may be exempted from issuing uniform invoices, and may, instead, issue ordinary receipts.

The input tax computed under Article 14 should be stated separately with the sales amount on the uniform invoice if the buyer is a business entity. However, if the buyer is not a business entity, only the total amount which includes sales amount and input tax should be stated on the uniform invoice.

The uniform invoice shall be printed and sold by the government, or the business entity shall be authorized to print its own invoices. The forms, items to be recorded, and use of invoices shall be prescribed by the Ministry of Finance.

The collection authority-in-charge may approve a business entity to use a cash register to issue uniform invoices or to issue cash register receipts instead of issuing uniform invoices. The Ministry of Finance shall promulgate regulations governing the use of cash registers.

Article 33

Business entities which deduct input tax from output tax shall maintain the following documentary evidence with their names, addresses, and business administration numbers on them.

1. Uniform invoices specifying business tax paid on purchases of goods and services.
2. Uniform invoices specifying amount of business tax issued by the business entity itself under the circumstances deemed as sales of goods or services as prescribed in paragraph 3 or paragraph 4 of Article 3.
3. Other documentary evidence specifying the amount of business tax and approved by the Ministry of Finance.

Article 34

The Ministry of Finance shall promulgate regulations governing the books of account and documentary evidence.

[Section 3 Tax Return & Payment](#)

Article 35

Except as otherwise prescribed by this Act, a business entity, whether or not it has sales, shall file a bimonthly tax return on a prescribed form for its sales

amount and tax payable or overpaid of the preceding two months together with tax deduction and other appropriate documents with the collection authority-in-charge prior to the fifteenth day of the following period. The business tax payable, if any, shall be paid to the government treasury in advance. The receipt for tax paid shall be enclosed with the tax return.

A business entity which applies zero ratings as prescribed in Article 7 of this act may apply to the collection authority-in-charge for filing a monthly tax return for its sales amount and tax payable or overpaid of the preceding month prior to the fifteenth day of the following month. Once approved to file a monthly tax return, the business entity cannot apply for approval to change the filing period within a year.

The business entities mentioned in the preceding two paragraphs, if using uniform invoices, shall further enclose a detailed list of uniform invoices used.

Article 36

A buyer of services sold by foreign enterprises, institutions, organizations, or associations having no fixed place of business within the territory of the R.O.C. shall, prior to the fifteenth day of the period following the period in which payment is made, compute the amount of business tax on the amount paid in accordance with the tax rate provided in Article 10 or the proviso to Article 11, and paid said tax, provided, however, that where the buyer is a business entity which computes its tax in accordance with the provisions of Section I of Chapter IV, and the purchased services are used solely in the conduct of business in taxable goods or services, no tax shall be owed; where the purchaser is partly engaged in business involving exempt goods or services under Article 8, paragraph 1, the proportion payable shall be determined by the Ministry of Finance.

Where an international transportation enterprise which has no fixed place of business within the territory of the R.O.C., but has an agent within the territory of the R.O.C., sells services, said agent shall, prior to the fifteenth day of the period following the period in which passengers or goods depart the territory (of the R.O.C.), compute the amount of business tax on the sales amount in accordance with the tax rate provided in Article 10, file a tax return, and pay said tax according to Article 35.

Article 37

The business tax upon the performance by foreign artistic and show enterprises within the territory of the R.O.C. shall be reported and paid under Article 35 to the local collection authority-in-charge where the performance takes place. However, in case the duration of the performance at any one

location does not exceed 30 days, tax return and payment shall be filed and made within 15 days after performance is concluded.

Such enterprises shall file and pay business tax before departure if the departure time is prior to the preceding paragraph time limit.

Article 38

The head office and other fixed places of business of a business entity located within the territory of the R.O.C. shall file tax returns and tax payable or overpaid to the local collection authorities-in-charge separately.

A business entity which computes its business tax according to Section I of Chapter IV may apply for approval from the Ministry of Finance to combine the sales of goods or services of the head office and all branches and file a consolidated tax return and tax payable or overpaid to the local collection authority-in-charge of the head office.

Article 39

Under the following situations, the amount of overpaid business tax claimed by a business entity shall be refunded after verification by the collection authority-in-charge.

1. The amount of business tax overpaid is on goods or services subject to zero-tax-rate as provided in the provision of Article 7.
2. The business tax overpaid is on fixed assets obtained.
3. The business tax overpaid is by a business entity whose application has been made for cancellation or registration due to merger or consolidation, business transfer, dissolution or cessation of business.

Overpaid tax resulting from circumstances other than the aforementioned ones may be offset against future business tax payable. Business entities with special situations may apply to obtain approval from the Ministry of Finance to receive tax refunds.

Article 40

For pawnshops and other business entities governed by Article 21 and Article 23, respectively, the collection authority-in-charge shall assess the sales amount and tax payable and issue a payment notice every three months.

For business entities governed by Article 22, the aforementioned procedures shall be done monthly.

The rules in assessing sales amount and tax payable, as mentioned above, shall be prescribed by the Ministry of Finance.

Article 41

The amount of business tax payable on imported goods shall be levied by Customs. With respect to the collection procedures and administrative relief of

business tax, the provisions of the Customs Act and the Customs Smuggling Prevention Act shall apply mutatis mutandis.

Article 42

Tax which is to be paid by the taxpayer of his own accord under this Act shall be paid to the government treasury and accompanied by a tax payment slip prepared by the taxpayer.

In accordance with the provisions of this Act, the collection authority-in-charge shall issue a payment notice for payment of assessed business tax, back collection, and surcharges for belated filing or non-filing. The taxpayer shall pay to the government treasury within 10 days starting from the day following the day the payment notice is received by the taxpayer.

In the event that the payment notice is lost, the taxpayer shall apply to the collection authority-in-charge for re-issuance of such notice. The collection authority-in-charge shall re-issue the notice on the next day following the day of receipt of the application. However, the time limit for tax payment shall still commence from the day following the receipt of the first notice, as provided for in the preceding paragraph.

Article 43

In any of the following circumstances, the collection authority-in-charge may assess the sales amount and tax payable of a business entity and levy the delinquent tax based on the data obtained from investigation.

1. Where the sales amount has not been reported more than 30 days beyond the prescribed time limit.
2. Where accounting records have not been kept, where an entry has not been made in accounting records within the deadline prescribed by regulation and there has been a failure to make such entry after notification, where accounting records have been lost, where audit by the tax authority-in-charge is refused, or where false statements have been made in accounting records.
3. Where business operations have been commenced prior to appropriate registration, or where business has been continued after suspension of registration, and sales amount has not been reported in accordance with regulation.
4. Where the sales amount has not been reported or has been under- reported.
5. Where there has been a failure to issue uniform invoices or where the sales amount shown on uniform invoices has been understated.
6. Where uniform invoices have not been used, although required by regulation.

Where the sales amount reported by the business entity is found to be unusual,

the collection authority-in-charge may, by referring to the circumstances of similar business and other information, determine the sales amount or tax payable and levy the delinquent tax.

[Section 4 Inspection](#)

Article 44

In the course of investigation performed by an inspector appointed by the Ministry of Finance, if a business entity is suspected of failing to issue uniform invoices when required to, the inspector shall record the violation at that locality, with specifications of name of the business entity, time, location, transacted item, and sales amount and refer the case to the collection authority-in-charge so as to transmit the case to the court for imposition of penalty.

The records referred to in the preceding paragraph shall be signed by the business entity or the buyer or the chop (seal) thereof shall be affixed thereto. In the case that both of them refuse to sign or affix their chop (seal), the inspector shall record such factual events.

Chapter 6 Penalty Provisions

Article 45

A business entity failing to apply for a business registration in accordance with the prescribed provision, in addition to being ordered to comply with the requirements within a specified time limit, shall be punished with a fine of no less than 1,000 yuan and no more than 10,000 yuan. In case of a failure in compliance with the requirements within the specified time limit, the business entity may be punished repeatedly.

Article 46

In any of the following circumstances, the business entity, in addition to being notified to make corrections or to comply with the requirements within a specified time limit, shall be fined no more than 5,000 yuan and no less than 500 yuan. Failure in compliance with the rules within the time limit may result in continuous punishment until compliance.

1. The business entity fails to comply with the rules to apply for amendment to registration, de-registration, temporary suspension or resumption of business.
2. The business entity makes false statements in applying for business registration, amendment to registration or de-registration.
3. The business entity fails to submit the account books to the collection authority-in-charge for examination and stamping within the prescribed time period.

Article 47

In any of the following circumstances, the taxpayer, in addition to being notified to make corrections or to comply with the requirements within a specified time limit, shall be fined no less than 1,000 yuan and no more than 10,000 yuan. Failure in compliance with the rules within the time limit may result in continuous punishment and suspension of business.

1. Where uniform invoices have not been used, although prescribed.
2. Where uniform invoices have been supplied for use by others.
3. Where there is refusal to accept payment notice of business tax.

Article 48

In the event a business entity fails to record the necessary particulars or records false data on issuing uniform invoices, in addition to being ordered to make corrections or fulfill the requirements within a specified time limit, the business entity shall be fined for 1% of the sales amount on the uniform invoice. The fine shall be no less than 500 yuan and no more than 5,000 yuan. In case the business entity fails to make corrections after being notified, or fails to make appropriate corrections, it shall be punished repeatedly.

In case the aforementioned unrecorded item on the uniform invoice is the buyer's name, address, or business administration number, the repeated punishment shall be 2% of the sales amount stated on the invoice and shall be no less than 1,000 yuan and no more than 10,000 yuan.

Article 49

In the event that a business entity fails to file the sales amount or a detailed list of uniform invoices used within the time limit as prescribed by in this Act, the business entity shall be liable to a surcharge for belated filing. The surcharge shall be equivalent to 1% of the tax payable for every two days overdue, provided that the filing is less than 30 days past due. The fine shall not be less than 400 or more than 4,000 yuan. If the filing is in excess of 30 days past due, the business entity shall be liable to a non-filing surcharge equivalent to 30% of the tax payable, as determined by the competent authority. The amount of this surcharge shall not be less than 1,000 or more than 10,000 yuan. Where there is no tax payable, the surcharge for belated filing and non-filing shall be 400 yuan and 1,000 yuan, respectively.

Article 50

A taxpayer, failing to pay any tax or surcharge for belated filing or non-filing within the specified time limit, shall be subject to a 1% surcharge on late payment for every two days in arrears, starting from the day immediately following the date the time limit expires; if the payment is not met thirty days after the time limit, the collection authority-in-charge may, in addition to

referring the case to the court for compulsory execution, suspend its business. Any amount of the aforementioned tax or surcharges shall be subject to interest charges calculated on a daily basis at the local bank's prevailing rate for one-year term time deposit. The period of time, during which interest shall be charged, shall start from the date immediately following the date the time limit for late payment expires, to the date the taxpayer makes payment, or to the date the compulsory collection is executed by the court.

Article 51

In any of the following circumstances, the taxpayer shall be pursued for payment of taxes and be fined from one to ten times of the amount of tax evaded. In addition, his business may be suspended.

1. Where business is conducted without application for business registration as required herein.
2. Where, thirty days having lapsed since the prescribed deadline, the sales amount or detailed list of uniform invoices used has not been reported and the amount of business tax due has not been paid.
3. Where the sales amount is not reported or under-reported.
4. Where business is conducted after applying for de-registration or after suspension of business by the collection authority-in-charge in accordance with this Act.
5. Where the amount of input tax has been falsely reported.
6. Where, thirty days having lapsed since the prescribed deadline, business tax has not been paid under paragraph 1 of Article 36.
7. Where tax is evaded in any other way.

Article 52

A business entity found to have failed to issue uniform invoices or understated sales amount on uniform invoices, in addition to paying the tax calculated on the basis of the understated or omitted sales amount at the prescribed tax rate, shall be fined 1 to 10 times of the amount of the tax evaded. Business entities found to have committed such violation three times within a one-year period shall be suspended from business operation.

Article 53

Where suspension of business is imposed as a penalty in accordance with this Act, a time period shall be set, with the maximum period not to exceed six months, provided, however, that where, by the end of the period of suspension, the business entity penalized has not met the required obligation, the penalty may continue to be imposed until such time as the obligation is met.

The penalty referred to in the preceding paragraph shall be enforced with the

assistance of the police authorities and, further, a notice shall be given to the agency in charge of the business entity prior to enforcement.

Article 53-1

A business entity who violates the Business Tax Act is liable to penalties of the current provisions or the previous act, whichever is lesser.

Article 54

(Deleted)

Article 55

(Deleted)

Chapter 7 Supplementary Provisions

Article 56

(Deleted)

Article 57

The tax due, surcharges for belated filing, non-filing, or late payment, and interest owed by a taxpayer pursuant to provisions of this Act and tax which shall be levied at the time of merger, consolidation, transfer, dissolution or discontinuation, and which has yet to be levied, or which shall be paid but the time for payment of which has not expired, shall all take precedence over ordinary debts.

Article 58

In order to prevent tax evasion, maintain control of sources of tax revenue, and promote the use of uniform invoices, the Ministry of Finance shall prescribe uniform invoice reward regulations. Three percent of the annual business tax revenue shall be set aside to support payment of rewards.

Article 59

The enforcement rules of this Act shall be prescribed by the Ministry of Finance and submitted to the Executive Yuan for approval and promulgation.

Article 60

The effective date of the act shall be prescribed by the Executive Yuan. The only exceptions are Article 11 and 21, which were revised on June 28, 1999 and went into force from July 1, 1999.