

GES NewsFlash

Taiwan — The Second Generation National Health Insurance



January 9, 2013

The Taiwan government decided to propose the second generation National Health Insurance (New NHI) starting from January 1st, 2013 to replace the current NHI (Old NHI) scheme.

Under the old NHI, only regular premium needs to be paid. Under the new NHI, the regular premium calculation and collection methods remain unchanged. However, a supplementary 2% premium will be imposed on payments listed below.

- High Bonus (The accumulated paid bonus in a year which is higher than four times of the insured amount)
- Professional practice income
- Interest
- Dividend
- Rental income
- Part-time job income

The premium contributed by the employers is the difference between the total monthly salaries paid and the total monthly insured payroll-related amount for the employees and subject to a 2% premium rate. The supplementary premium is paid along with the regular premium on a monthly basis. As for the employees, the supplementary premium will be collected through withholding at the time of payment at 2% supplementary premium rate.

The premium needs to be paid by the end of the following month after the income payment has been made. Failure to withhold the above income in time, the payer will be subject to a penalty, which is one time of the premium underpaid.

Deloitte's view

The second generation NHI may increase the business cost to the companies, especially the companies with high compensation cost. In addition, the employees may suffer additional premium under the new scheme. Therefore, the companies may consider reviewing the compensation structure to see whether it is necessary to change the compensation structure.

Furthermore, the companies should also review whether they have fully complied with the withholding requirements for various incomes under the new NHI to prevent the penalty.

People to contact

If you have any questions concerning the issues in this *GES NewsFlash*, please contact one of the tax professionals at our Deloitte offices as follows:

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