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GES NewsFlash

Taiwan — Deductions and Tax Brackets for 2015 Individual Income Tax



July 8, 2014

Overview

In order to mitigate the tax burden of low and middle classes, the Ministry of Finance (MOF) has adjusted the amounts for standard deduction and special deductions accordingly. Besides, in order to have high-income individuals to feedback more to the society, the MOF raises one more bracket in which the net taxable income over NT\$10 million will be taxed at 45%. Based on the above, the deductions and tax bracket will be changed starting from year 2015.

Standard and special deductions

Standard Deduction	Single	90,000
	Married Couple	180,000
Special Deduction for Salary or Wages (Note)		128,000 (per earner)
Special Deduction for Disability		128,000 (per person)

Note: A deduction amount equivalent to the full amount of salary can only be claimed if the total amount is less than the maximum deductible amount.

Progressive tax rates for a resident individual

(NT Dollar)

Net Taxable Income		Tax Rate	Progressive Difference
From	To		
0	520,000	5%	0
520,001	1,170,000	12%	36,400
1,170,001	2,350,000	20%	130,000
2,350,001	4,400,000	30%	365,000
4,400,001	10,000,000	40%	805,000
10,000,001	Up	45%	1,305,000

Deloitte's view

- The above amendment and adjustments are made aiming to lower the tax burden of resident individuals in Taiwan. The nonresident individuals will not be benefited or impacted from the above changes.
- High-income expatriates, especially with the income exceeding NT\$10 million, will have higher tax burden because of the law changes. Therefore, they may consider controlling their length of stay in Taiwan to be less than 183 days in a calendar year so that they can apply for the flat tax rate at 18% for their wage/retirement income and 20% for their income other than wage sourced from Taiwan. Also, having the foreign employer to share the payroll cost may be considered to lower the expatriates' Taiwan tax burden. The offshore salary payment can be pro-rated to be considered Taiwan source income based on the ratio of the number of days the expatriates are physically present in Taiwan over the year if they stay in Taiwan for 299 days or less in a calendar year.

Contacts

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