



Taiwan: Revisions to the VAT Act to include foreign e-commerce businesses passed by the Legislative Yuan

On December 9, Taiwan's Legislative Yuan completed its third readings of the amendments made by the Taiwan Ministry of Finance (MOF) to the Taiwan VAT regulations by bringing in foreign e-commerce enterprises outside Taiwan selling e-commerce services to domestic individuals to be brought into the Taiwan VAT net. Such foreign enterprises will be required to register and pay VAT in Taiwan.

No other revisions were made by the Legislative Yuan to the draft revisions as put forward and passed by the Executive on September 22. For the analysis on the amendments to the VAT law, please refer to our e-tax alert [issue 87](#) dated October 11, 2016.

The main amendments made to the VAT law are for the purpose of:

1. Increase the scope of VAT tax payer definition to include foreign enterprises selling cross-border e-commerce services to domestic individuals

2. Such foreign enterprises should voluntarily or via appointed agents to register for Taiwan VAT and file VAT returns
3. Insert the penalties for such foreign enterprises and its appointed agents where there is non-compliance of reporting and paying VAT
4. Amend the references of 'business registration' under the VAT law to 'tax registration'

MOF is currently drafting the related detailed implementation rules as well as building the related IT infrastructure and reporting platform to compliment the execution of the VAT law.

The official date for the implementation of the VAT change has not been announced yet. However, given time is needed to set up the IT infrastructure pending the draft detailed implementation rules are subsequently issued, it is expected that some transitional period will be given for the businesses to respond. Currently, it is estimated that the law may come into effect by 1 May 2017.

KPMG Observations

Further detailed guidance and notices are expected to be given under the draft implementation rules, including but not limited to, the minimum VAT registration threshold, clearer definitions for foreign e-commerce enterprises and electronic services, requirement to issue government uniform invoices etc. Businesses that may be impacted should closely monitor the subsequent announcements and detailed rules to be issued by the MOF in the upcoming months. In the meantime, businesses should self-review its system to evaluate how it could respond and comply with the future reporting and filing requirements. KPMG will continue to monitor and track the developments on the VAT law amendments. **K**

Authors

Vivia Huang

Partner, Tax department

Betty Lee

Director, Tax department





Contact us

Stephen Hsu**Head of Tax**

+886 (2) 8101 6666 ext. 01815
stephenhsu@kpmg.com.tw

Willis Yeh**Partner**

+886 (2) 8101 6666 ext. 02281
wyeh@kpmg.com.tw

Kevin Chen**Partner**

+886 (2) 8101 6666 ext. 03174
kchen4@kpmg.com.tw

Sherry Chang**Partner**

+886 (2) 8101 6666 ext. 04590
schang1@kpmg.com.tw

Eric Wu**Partner**

+886 (2) 8101 6666 ext. 03878
ewu2@kpmg.com.tw

Vivia Huang**Partner**

+886 (2) 8101 6666 ext. 03567
viviahuang@kpmg.com.tw

Jessie Ho**Partner**

+886 (2) 8101 6666 ext. 01450
jessieho@kpmg.com.tw

Vivian Ho**Partner**

+886 (2) 8101 6666 ext. 02628
vivianho@kpmg.com.tw

Hazel Chen**Partner**

+886 (2) 8101 6666 ext. 08995
hazelchen@kpmg.com.tw

Ellen Ting**Partner**

+886 (2) 8101 6666 ext. 07705
eting@kpmg.com.tw

Rita Yu**Partner**

+886 (2) 8101 6666 ext. 14139
ryu17@kpmg.com.tw

Kevin Tsai**Partner**

+886 (2) 8101 6666 ext. 04581
ktsai@kpmg.com.tw

Aikey Wu**Partner**

+886 (2) 8101 6666 ext. 07178
aikeywu@kpmg.com.tw

kpmg.com/tw

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Taiwan.

The KPMG name, logo are registered trademarks or trademarks of KPMG International.