

e-Tax alert

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Taiwan: COVID-19 Tax relief includes tax return filing, payment deferrals for individual taxpayers

The Taiwan government introduced several supportive tax measures covering a wide range of different aspects for COVID-19. This e-tax alert summarizes the major ones relevant to individual taxpayers including: (1) Deferral of tax payments or by installments; (2) Extension of tax filing and payment deadline under special circumstances (e.g. quarantine or isolation) and (3) The tax exemption treatment on the subsidy paid by government to the person who is under isolation or quarantine due to COVID-19.

1. Deferral of tax payments or by installments

On March 25, 2020 Taiwan Ministry of Finance (MOF) announced a special guideline allowing taxpayers having difficulties to make tax payments to apply for deferral of tax payments or by monthly installments.

1.1 Applicable period

The special guideline is applicable to tax payments due date between January 15, 2020 to June 30, 2021.

1.2 Applicable taxpayers

Taxpayers having difficulties to make tax payments by the statutory deadline due to COVID-19 may apply for deferral of tax payments for a maximum of 12 months or by monthly installments of up to 36 months, without late payment interest, if meeting any of the following conditions:

- Entitled to supportive measures under the relevant COVID-19 special relief and restoration regulations as announced by the relevant central competent authorities;
- Under no paid or part paid leave scheme

implemented by employer affected by COVID-19 situation with prior notification to the local labor affair authorities in-charge; or

- situation with prior notification to the local labor affair authorities in-charge
- Suffering from other situations due to COVID-19 (e.g. wage cut, lay off or having monthly working days dropped by 50% from original schedule for two or more months).

1.3 Application procedures

- Taxpayers should submit the prescribed application form along with relevant supporting documents with the competent tax authorities by the original tax payment deadline as stipulated.

1.4 Points to note

- This special relief is only for granting deferral or installment payment of tax. If there is any tax return needs to be filed, the returns should still be filed within the original statutory deadline.
- Tax payments should be made on time following the revised timeline further to the grant of the

above deferral or installment scheme. If fail to make the payments on time, the tax authority will demand for one-off settlement on all outstanding balance within 10 days.

2. Extension of tax filing and payment deadline under special circumstances of quarantine or isolation

On March 5, 2020 Taiwan MOF announced a tax ruling which grant affected taxpayers an extension to file and pay their taxes.

2.1 Applicable period

This ruling is applicable to tax filings or payments originally due in March to May 2020.

2.2 Applicable situations

For individual taxpayers whereas the representative person, in-charge accountant, or the CPA, booker engaged for filing the returns is under isolation or quarantine due to COVID-19 during the original prescribed time limit of tax filing and payments.

2.3 Application procedures

No pre-application is required but taxpayers should attach the notice of isolation, quarantine, medication or other relevant documents during the tax filing procedures under the extended deadline. For taxes levied under special assessment basis (e.g. compared to self-reporting mechanism), taxpayers may also provide the above supporting documents to the relevant in-charge tax authorities before the above extended deadline to facilitate relevant tax assessment arrangements.

2.4 Points to note

In case the above personnel is still under isolated medication by the extended deadline, further 20 days extension is granted following the end of the isolated medication period.

3. Income tax exemption treatments for subsidy received due to quarantine or isolation

For person who is ordered to be self-isolated, quarantined or for person who needs to take leave or is unable to work to take care of family member who is under quarantine due to COVID-19, that person can apply for a subsidy for NTD 1,000 per day per person. The subsidy period is from the day the person begins to self-isolate or quarantine till the end of quarantine period.

According to MOF tax ruling released on March 31, 2020, such government subsidy will be falling under, Article 4-17 of Income Tax Act and be exempted from individual income tax.

4. Travel restrictions

Foreign nationals, starting from March 19, are not allowed to enter Taiwan unless documents of granted entry are provided and shall be quarantined at home for 14 days if granted entry.

KPMG Observations

The Taiwan government announced different supportive measures to encounter the impact of the coronavirus pandemic situation.

In light of the different applicable conditions, procedures and timelines on these policies, taxpayers should evaluate the particular supportive measures that are applicable to them, together with supporting documents and relevant preparations going ahead.

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