



A Step Guide to your Taiwan Investment



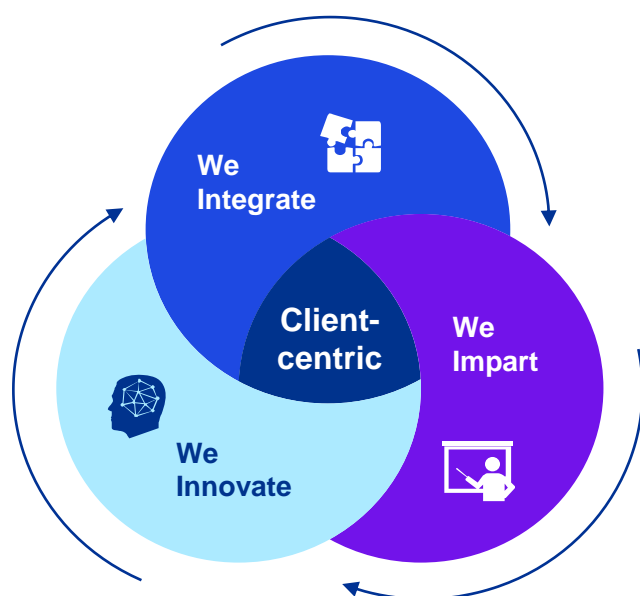
KPMG in Taiwan

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Why KPMG Taiwan as Your Trustworthy Partner?

With growing complexity and scrutiny of corporate governance and anti-tax avoidance regime around the globe, you need a trustworthy, integrated and forward-looking team of seasoned consultants to assist with your business expansion in Taiwan.



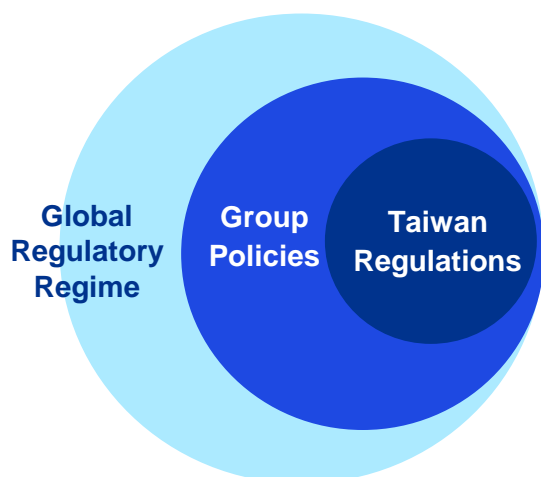
We Integrate

Integrated one-stop shop service.



We Innovate

Aligning local requirements and practice with parent group policies/operations and international regulatory regime.



We Impart

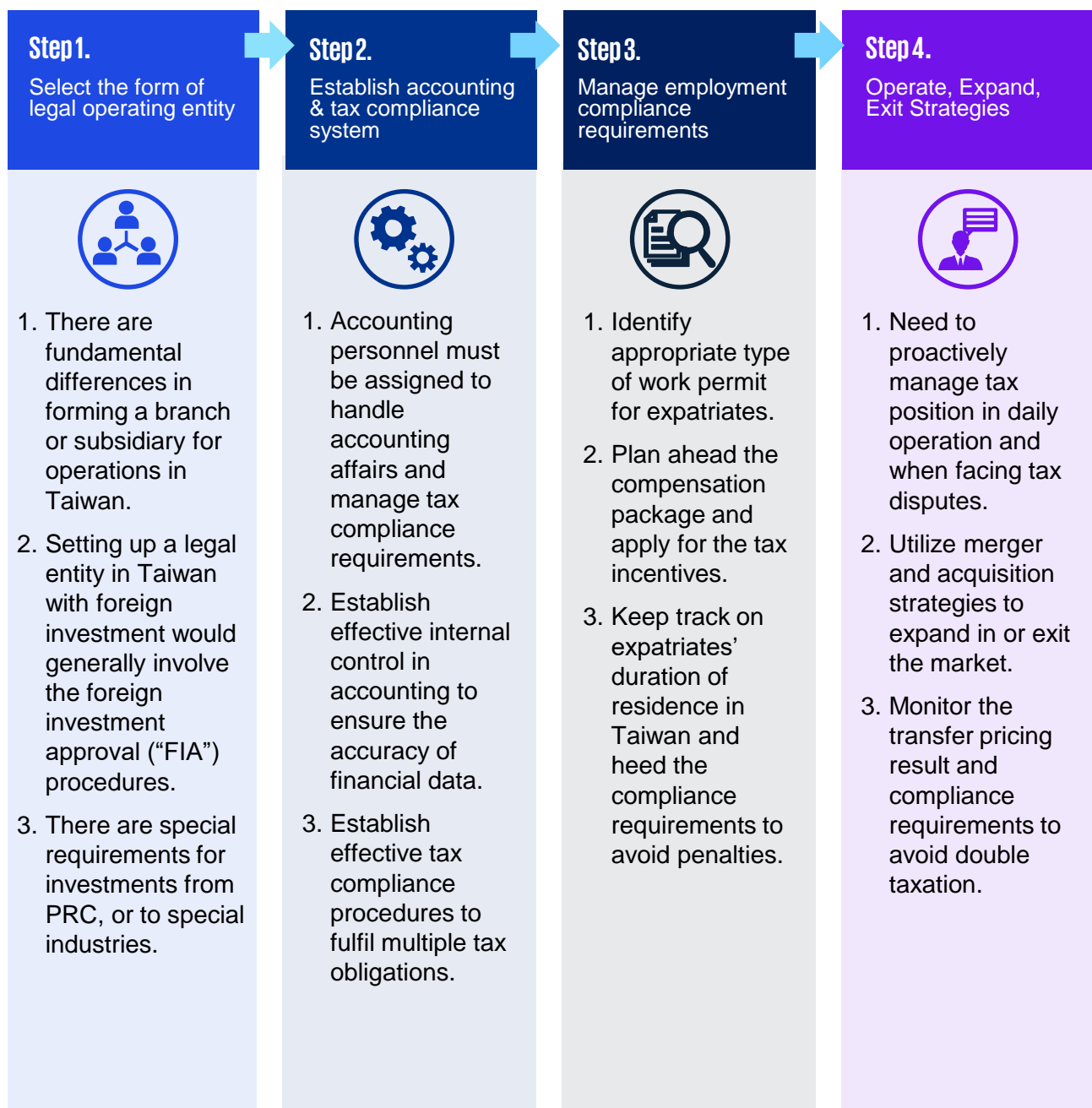
Seamless transitioning of process and compliance to local staff.

When your Taiwan operation expands, smooth handing over of certain aspects of functions (e.g. bookkeeping, payroll or corporate registry and compliance) to your local/regional staff is important and requires experience and sensitivity dealing with various group functions. KPMG experts know how to facilitate effective handing-over dialogue and knowledge sharing among your headquarters, regional management functions and local teams.

Doing Business in Taiwan – A Step Guide

From entity formation, tax, accounting and employment compliance, operation and expansion, all the way to exit, KPMG offers a comprehensive suite of services and solutions around the life cycle of your investment in Taiwan to support your teams to maximize values of your investment in Taiwan.

Key Considerations



Set up a Business – Establishing a Legal Structure



Typical Procedures to Establish a Subsidiary

- 1 Reserve a Chinese name with authority
- 2 Obtain the Foreign Investment Approval with authority
- 3 Obtain capital assessment approval for the remitted capital
- 4 Issue a CPA report for incorporation
- 5 Obtain approval for establishment of company from MOEA
- 6 Reserve the English name
- 7 Obtain the approval for trader registration of the company
- 8 Obtain the approval for tax registration of the company

Estimated time (after filing)
6-8 weeks

Key Considerations – Selecting form of legal entity

There are four kinds of entities that may be established by foreign companies: Representative Office, Branch Office, Subsidiary, Limited Partnership.

From legal and investment perspective, a subsidiary is considered a separate legal entity. It provides more flexibility for transaction planning such as joint venture, setting up second layer of vehicles such as project companies.

Tax considerations could be the key difference between branch or subsidiary choices. Analysis should be run through set up, operation and exit stages for branch and subsidiary.

Taiwan has adopted the so called “pass-through” tax treatment for limited partnerships since 2017. Mind the key conditions that need to be followed for the preferential treatment on capital gains.

Why KPMG?

KPMG has a team of experienced professionals available that works flexibly to provide useful suggestions on investment regulations, assists on planning and executing viable investment decisions, and complete the necessary registration process afterwards.



What KPMG Can Help

1

One-Stop Shopping Advisory Service

Our investment advisory services are:

- Tailormade advisory service on the choice of entity and investing structure that fits the business purpose for optimal tax position.
- Full scope of advisory service, including the branch/ subsidiary establishment process through tax registration and consulting on investment issues.

2

Foreign Investment Approval (“FIA”)

Taiwan’s foreign investments must obtain the FIA from Investment Committee (“IC”), Ministry of Economic Affairs (“MOEA”) or MOEA itself.

KPMG has extensive experience in FIA application and will assist you in dealing with any inquiries from the authority.

3

Capital Contribution CPA Audit

Under the Company Act, companies shall have their injected capital certified by Taiwan CPA as part of the establishment procedures.

KPMG will provide capital audit support along with the investment advisory service.

4

Value-added Advisory and Network of Related Services

KPMG’s investment advisory team possesses extensive experience for handling issues encountered by foreign companies in their branch/ subsidiary establishment and operation such as:

Appointment of responsible person / branch manager

Responsible person’s / Branch manager’s rights and obligations

Capital requirement

Coordination on bank account issues

Finding registration address

Foreign currency exchange

Tax registration issues

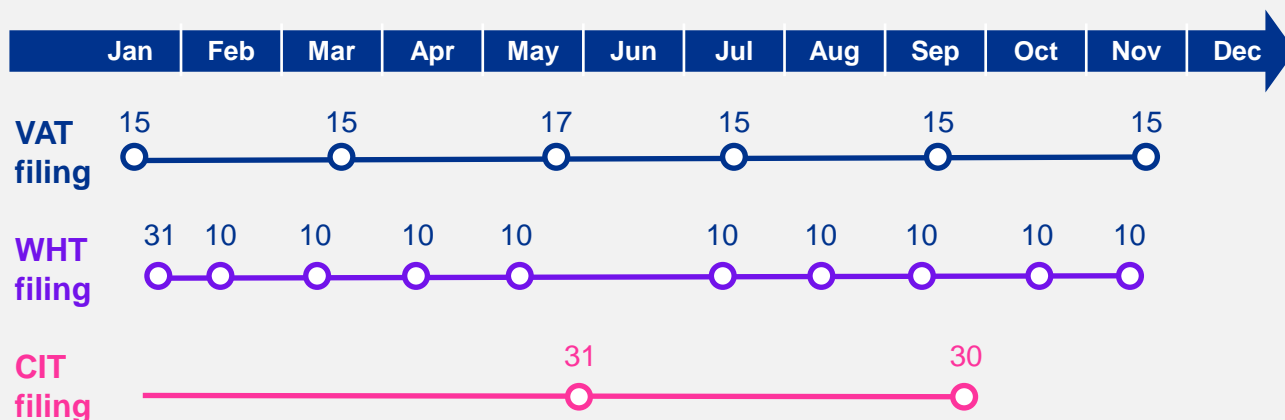
Additional investment and registration issues after establishment, such as capital increase, amendment of company articles

In addition to the assistance with regulatory matters, our team will also guide you through the investment process while working with related parties.

Set up a Business – Setting up the Company Accounts



Taiwan has various types of tax compliance requirements



Key Considerations

Accounting, tax and payroll outsourcing (“ATPO”) services

A company is legally required to appoint accounting personnel to handle accounting affairs. The accounting personnel not only need to compile accounts, but also file various tax returns. When they are performing daily accounting tasks, it is crucial to maintain the accuracy of financial data through establishing effective internal control. In addition, to ensure compliance with tax regulations, a company will have to set up relevant tax compliance procedures to fulfil multiple tax obligations.

Managing tax and statutory compliance in today’s highly complex economic and regulatory environment is no easy task for a company. It could be difficult to complete the abovementioned affairs comprehensively for the company’s accounting personnel. In such cases, a company may by law choose to outsource these tax affairs to certified public accountants to ensure compliance with applicable tax regulations.

What KPMG Can Help?

1

Accounting service

Accounting support

A/R, A/P, Employee expense processing
work outsourcing service

Maintain account books following ROC GAAP

1. Prepare financial statements in accordance with the required templates
2. Prepare related supporting schedules and reconciliation statements

2

Tax compliance service

1. Income tax compliance
2. VAT compliance
3. Stamp tax reporting
4. Withholding tax compliance

3

Payroll outsourcing service

Monthly payroll processing

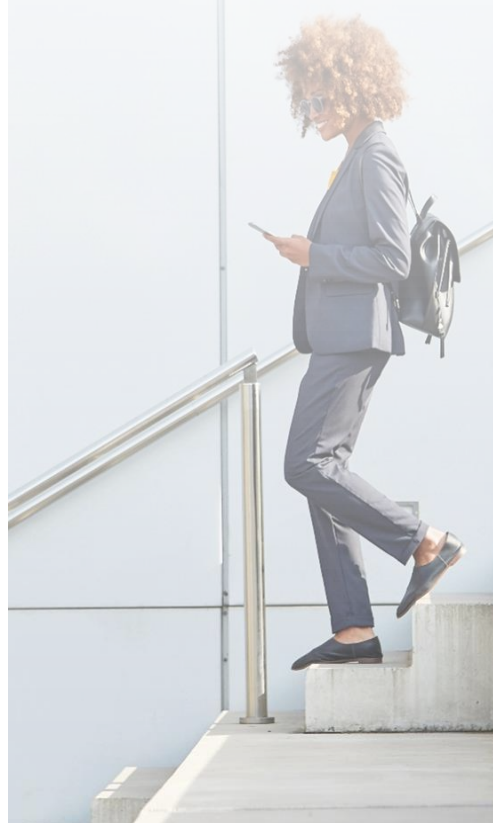
1. Severance /retirement benefit calculation
2. Withholding tax calculation for expatriate employees

Statutory filing

1. Filing application for enrollment/withdraw /contribution salary changes
2. Filing of involuntary termination
3. Filing of 2nd generation NHI withholding

Accounting, Tax compliance, Payroll Outsourcing (ATPO)

Our ATPO team comprises of experienced members who are able to help you take care of accounting affairs and prepare monthly accounting statements and tax reconciliations. We are familiar in regulations and can assist you choosing the most appropriate way to file taxes. We are always glad to handle payroll affairs for you and help you minimize tax risk exposures.



Doing Business in Taiwan – International Assignees



Less than 90 days

- Within a calendar year, stay less than 90 days, no annual tax return filing requirement.
- For any local payroll, employer is required to file 18% withholding tax.

90 Days

Between 90 to 183 days

- Within a calendar year, stay between 90 to 183 days, to be deemed as nonresident.
- Require to file an annual individual income tax return.
- Tax rate is 18% flat rate - nonresident

183 Days

183 days or more

- Within a calendar year, stay over 183 days, to be deemed as resident.
- Require to file an annual individual income tax return.
- Tax rate is from 5% to 40%.

Increasing global mobility needs

As the world becomes more connected and globalized, international mobility raises new challenges on tax, immigration, and workforce mobility administration

Key Considerations

Immigration and Tax Compliance

Foreigners must obtain work permit before working in Taiwan, and may need to obtain the Alien Resident Certificate (ARC) if the valid period of the work permit is more than 6 months.

Foreign professionals specialized in certain fields (see below) can choose to apply for special skilled work permit or Employment Gold Card (EGC), a four-in-one card combining work permit, resident visa, ARC, and re-entry permit, to work and reside in Taiwan.

Frequent travelers, need to keep tracks on assignees' travel days to Taiwan annually (over 90 days per year) to avoid delinquent filing penalty as well as their immigration status.

Specialized Fields for Employment Gold Card (EGC)



Beyond Standard Offerings



GMS Compliance

In-depth understanding of your foreign worker populations, and strategic guidance and training on developing comprehensive compliance solutions to ensure adherence to immigration laws and tax regulations



Immigration Process Assistance

Initiate the seamless application procedures for work permit, visa and ARC and navigate immigration application procedures for you and your employees especially under COVID-19 impacts



GMS Immigration Solution

Coordinate with tax teams to evaluate your business models and hiring policy with recommendations on the most beneficial immigration solutions such as special skilled work permit or EGC



GMS Tax Solution

Design solutions for both the company and the international assignees derive long-term tax savings for the complete compliance cycle, from pre-departure counseling, income tax return preparation and tax reconciliations, to correspondence with tax authorities



The current business traveler climate under COVID-19 impact



What KPMG Can Help?

1

Working with KPMG Global Mobility Services (GMS) network, our team provides professional assignees taxes and immigration services to help multinational companies managing their global workforce in a rapid changing global mobile environment.

2

KPMG Taiwan GMS team can assist you and your assignees throughout the international assignment from securing appropriate work permit, Alien Resident Certificate and Employment Gold Card to meet all tax and immigration regulatory requirements and obtain tax and immigration related benefits in Taiwan. So you and your colleagues can focus on more important business tasks, which are to manage and expand business for the company.



We provide the following services



Preparation of Taiwan and US individual income tax returns



Global mobility advisory from tax or immigration requirements perspectives



Immigration services, including application for work permit, special skilled work permit, ARC and EGC.



Calculating employee's tax equalization followed by company policy



Tax advisory services on equity income plan

Doing Business in Taiwan – Tax Position Management



The only constant in business is change

Faced with increasing complexity and diversity of the prevailing commercial environment, transaction patterns, and rapidly changing tax laws, it is necessary for businesses to thoroughly understand and take full advantage of tax-saving and incentive measures provided by local tax laws in order to manage tax risks effectively and efficiently while keeping tax burdens within reasonable range.

KPMG Approach

Step 1

Tax implication analysis on potential operational issues

We provide comprehensive corporate tax advisory services to assist you identifying the potential tax issues and providing tax planning ideas with support by our global network which brings together the competitive advantage best fit for global clients' needs.

Step 2

Identify tax mitigation measures under tax treaty or domestic laws

Our corporate tax advisory team has the breadth of knowledge and in-depth experience necessary to identify tax savings opportunities and adopt defensible tax treatments. Potential tax mitigation avenues include tax treaty application, withholding tax mitigation, tax incentives under Statute for Industrial Innovation, etc.

Step 3

Tax optimization solution from VCM perspective amid BEPS impact

Our base erosion and profit sharing (BEPS) and value chain management (VCM) team, comprising of international tax professionals, can help multinational companies develop the optimal tax plan and VCM solutions while improving operating efficiency and reducing overall tax burden with the aim to shape a supply that delivers business goals.

What KPMG Can Help?

1

General direct and indirect tax advisory on inbound transactions

2

Tax ruling, incentive, and treaty relief application

3

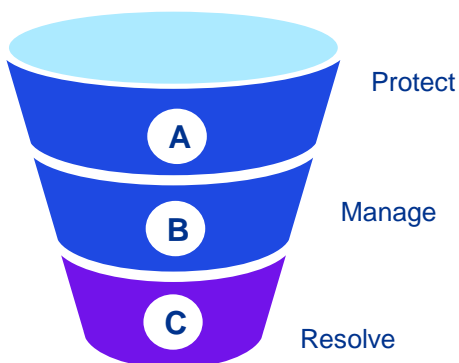
Tax cost minimization for cross-border transactions, e.g. Article 25 application

4

E-services (digital services) related advisory and compliance services

5

Tax dispute and controversy resolution, e.g. tax audit defense, tax administration remedy (recheck, appeal)



Tax management consulting / Dispute and controversy resolution

KPMG maintains close communication with clients to gain insight into their operations and requirements, which, when combined with our knowledge on changing tax laws, enables us to provide advisory services for optimal tax management.

Further, in the world today tax authorities are more than ever under pressure to generate revenue, causing a rise in tax audit activities across all jurisdictions and all types of tax. Particular uncertainty can arise as global businesses seek to access new and developing markets where the local tax environment may be unfamiliar and extremely unpredictable. When a local tax investigation begins, KPMG is ready to help you prepare to manage any tax authority challenge that comes your way.



M&A

Key Tax Considerations

With global competition, how enterprises can win and take the leading role in their field is to be achieved through the combination of organic grow and expanding the business through M&A transactions.

In the current international tax climate, the implementation of different tax measures such as BEPS, makes M&A tax implications more complex. How to structure a transaction or group restructuring to achieve the most effective ways for future operation while managing the steps involved with reasonable tax basis is essential to the success of tax structuring.

It is necessary for businesses to thoroughly understand the tax impacts and take all necessary measures to manage tax risks effectively and efficiently while keeping tax burdens within the reasonable range.

What KPMG Can Help?

1

Tax due diligence and advisory for M&A

2

Tax consulting on optimal adjustment to group investment structure for M&A taking into the tax considerations during investment cycle:

- Market entering, choice of holding structure
- Tax consideration during holding period
- Exiting investment

3

Tax consulting on funding consideration and tax consideration from refinancing model perspective

4

Tax consulting on effective adjustment to group operation model and shareholding structure for M&A





What KPMG Can Help

1

Transfer Pricing

We provide the following services

- Plan on transfer pricing policy by taking into account Group business goal and local practice
- Prepare three-tier transfer pricing documentations (Transfer Pricing Contemporaneous Documentation, Master File and Country-by-Country Report)
- Assist in response to tax authorities' queries and defense on transfer pricing controversy
- Assist companies to manage their operational transfer pricing to reduce the risk of double taxation
- Apply for advance pricing agreement (APA)

2

Trade & Customs

We provide the following services

- Classification determination
- Valuation review and adjustments
- Post-entry audit
- Duty recovery and mitigation
- Filing adjustments for corrections (e.g. transfer pricing adjustments)

Transfer pricing/VCM

Key Tax Considerations –

Transfer Pricing & Value Chain

As cross-border related party transactions are increasing in number and complexity, transfer pricing and value chain management is one of the most critical issues that businesses must pay attention to when operating in various parts of the world.

There is also an increasing trend in transfer pricing scrutiny from tax authorities, even from customs authorities. Hence it is important for multinational companies to know the details of local compliance requirements and trends of audits to plan for the business operation and to design the transfer pricing policies. Business should routinely re-examine their local results and documents to ensure they are consistent with global policies.

KPMG Offers Integrated Professional Services

Invest in Taiwan

To learn more about our “Invest in Taiwan” services, please check out our “A Step Guide to your Taiwan Investment” brochure. The link to a digital version of this brochure is placed below.



KPMG Taiwan

We'd love to hear from you. Please go to our website for a complete introduction of all the other professional services we offer.



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