



Thinking beyond borders: Management of extended business travelers – Taiwan

April 2026

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01

Key message

Individuals paid by foreign employers who reside in Taiwan for 90 days or less in a calendar year are not taxed.

An 18 percent withholding tax for 2026 applies to the salary income of non-residents paid by Taiwanese employers.

The income tax in Taiwan for individuals is based on a territorial basis. Generally, if the foreign individual is a tax resident, only income derived from activities or work carried out in Taiwan, or income paid from outside of Taiwan but related to Taiwan services, is subject to tax. However, offshore income is subject to another tax regime, generally referred to as alternative minimum tax (AMT), effective since 1 January 2010.

1 Key message

Extended business travelers who are in Taiwan for 90 days or less will not be subject to personal income tax in Taiwan (if the expatriate's compensation is paid by a foreign employer with no recharge to a Taiwanese enterprise), or there will be an 18 percent withholding tax for 2026 if the expatriate's compensation is paid by a Taiwanese enterprise.

Tax returns must be filed by 31 May of the following year (i.e., the year ending 31 December). No extension is granted.

02

Income tax

2 Income Tax

2.1 Liability for income tax

A person's liability for Taiwanese tax is determined by residence status. An individual is considered resident if they remain in Taiwan for 183 days or more, and the individual will be taxed on remuneration received for services rendered in Taiwan.

An individual is considered to be non-resident if they remain in Taiwan for 90 days or less in a calendar year. There is no tax payable if the expatriate's compensation is paid by a foreign employer with no recharge to a Taiwanese enterprise. If, however, the compensation is paid by a Taiwanese enterprise or charged back to a Taiwanese enterprise from a foreign employer, an 18 percent withholding tax for 2026 applies on the compensation for services rendered in Taiwan.

An individual is also considered to be non-resident if they remain in Taiwan for more than 90 days but less than 183 days. The individual will be taxable on remuneration received for services rendered in Taiwan and an 18 percent tax rate for 2026 will apply. A non-resident tax return should be filed.

2.2 Definition of source

Employment income is generally treated as Taiwanese-sourced compensation where the individual performs the services while physically located in Taiwan.

2.3 Tax trigger points

Where an individual remains in Taiwan for 90 days or less, the individual may remain exempt from Taiwanese tax to the extent that they are paid by a foreign employer with no recharge to a Taiwanese enterprise.

If there is a recharge to a Taiwanese enterprise, non-residents are subject to 18 percent tax on their gross salary income for 2026.

2.4 Types of taxable income

For extended business travelers, the types of income that are generally taxed are employment income.

2.5 Tax rates

A resident's net taxable income is taxed at graduated rates ranging from 5 percent to 40 percent for 2026. The maximum tax rate is currently 40 percent on net taxable income earned over \$5,190,001 Taiwanese dollars (TWD) for 2026.

For non-residents subject to tax in Taiwan, the applicable tax rate for the salary income will be fixed at 18 percent on gross salary income related to services rendered in Taiwan.

03

Social Security

3 Social Security

3.1 Liability for social security

Under current Taiwan pension rules, a Taiwanese enterprise normally makes a contribution of 6 percent of earnings (New Pension System) into employees' individual pension fund accounts for its Taiwanese employees, and 2 percent to 15 percent of earnings (Old Pension System) to its non-Taiwanese employees' pension fund accounts to comply with the Labor Bureau's regulations for foreign employees.

However, effective January 1, 2026, the amended Act for the Recruitment and Employment of Foreign Professionals Article 24 now provides that foreign professionals and foreign special professionals engaged in professional work are mandatorily covered under the Labor Pension Act (New Pension System) by the Taiwanese enterprise, regardless of whether they hold permanent residency. Employers must therefore contribute no less than 6% of monthly wages to the employee's individual pension account with the Bureau of Labor Insurance.

Accordingly, after the 2026 amendment, the same 6% mandatory contribution rate applied for Taiwanese employees now also applies for foreign employees who meet the definition of "foreign professional" under the Act, and the prior contribution rate ranging from 2 percent to 15 percent as aforementioned are no longer applicable.

There is no requirement for Taiwan enterprises to contribute to a retirement fund for expatriates if the expatriate's compensation is paid by a foreign employer, with no recharge to a Taiwanese enterprise.

National health insurance is 5.17 percent of gross salary where employers are liable for 60 percent of the premium, employees are liable for 30 percent of the premium, and the government is liable for the remaining 10 percent. The premium calculation considers an average of 1.56 dependents per insured person. The insurable amount is capped.

Labor insurance premium contributions also must be made by the employer, employee and the government. The insurance rate is currently 11.5 percent (employer at 70 percent, employee at 20 percent and the government at 10 percent respectively) of gross salary. The insurable amount is capped.

04

Compliance obligations

4 Compliance obligations

4.1 Employee compliance obligations

Income tax returns must be filed and any tax due should be paid by 31 May of the following year (i.e., the year ending 31 December). No extension is granted, and interest is charged on any unpaid tax after 31 May. There are also penalties for omissions and failure to file a tax return. The tax compliance rules are the same for residents and non-residents.

4.2 Employer reporting and withholding requirements

For a taxpayer receiving salary income, the Taiwanese employer must withhold tax payable at the time of payment per the prescribed rates and withholding procedures, and report and pay the tax withheld in accordance with the provisions of the tax law. Taiwanese employers are not subject to payroll tax.

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Immigration

5 Immigration

5.1 Work permit/visa Requirements

Foreign nationals and overseas Chinese citizens must apply for a visa before entering Taiwan. There are four main types of visas: visa exempted, landing, visitor, and resident visas. The type of visa required will depend on the purpose of the individual's entry into Taiwan.

Pursuant to the Employment Service Act, the foreign staff shall obtain work permit before s/he starts to work in Taiwan. When a foreign entity dispatches its foreign staff to perform the work set out in the agreement/contract with a local company for over 30 days, s/he needs to obtain the work permit as well.

Starting from 8 February 2018, for foreign individual who have special skills, the local employer can apply for "special skilled work permit" and then apply for first-time Alien Resident Certificate (ARC) for such individual. Such foreign individual once having stayed over 183 days in a calendar year during their valid work permit period can enjoy a tax incentive that provides 50 percent tax exemption off the excess portion of the annual wage that is over TWD 3 million. This is available for a maximum of five consecutive years during the work permit valid period.

For those with special skills can apply for an Employment Gold Card (EGC) alternatively, which is a four-in-one card combining work permit, resident visa, ARC and a re-entry permit, which should also allow the foreign individual to enjoy the tax incentive as mentioned above.

2026 expanded eligibility under Foreign Professionals Act Amendments (in force 1 January 2026):

- Top-1,500 university graduates (per MOE list) are exempt from the 2-year experience requirement for professional work permits.
- Top-200 university graduates (within 5 years) may apply directly for a personalized work permit (valid up to 2 years; non-extendable) without employer sponsorship.
- Foreign graduates of Taiwan institutions (associate degree or above) may work up to 2 years after graduation without a separate work permit (open-work window).

5.2 Requirements

A foreign individual who intends to obtain a work permit should comply with one of the following requirements:

- Has Ph. D. degree or master's degree in related field; or
- graduated from a university with a major in a related field and at least 2 years of work experience related to the position to be held; or
- has at least 5 years of work related to the position to be held and 5 related training certificates; or
- has worked at a multinational corporation for at least 1 year and been assigned by such corporation to Taiwan.

New 2026 flexibilities:

- Top-1,500 university graduates are exempt from the 2-year experience requirement;

- Top-200 university graduates (within 5 years) may apply directly for a personalized work permit (up to 2 years; non-extendable) without employer sponsorship.

The foreign individual should provide relevant documents to verify the above qualification. However, for foreign individuals who are dispatched to Taiwan and shall work in Taiwan for less than 90 days, above documents can be exempted.

After obtaining the work permit from the relevant authority, if the foreign individual will stay over 6 months in Taiwan, his/her needs to use their work permit over 6 months to obtain an ARC in Taiwan. The ARC also contains the foreign individual's local identification number which is also used for tax filing purposes.

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Other issues

6 Other issues

6.1 Double taxation treaties

In addition to Taiwan's domestic arrangements that provide relief from international double taxation, Taiwan has entered into double taxation treaties with 35 countries/jurisdictions to prevent double taxation and allow cooperation between Taiwan and overseas tax authorities in enforcing their respective tax laws. The qualifying expatriate is required to submit the supporting documents at the time of filing the annual income tax return.

6.2 Permanent establishment implications

Permanent establishment could be created as a result of extended business travel, but this would be dependent on the type of services performed and the level of authority the employee has.

6.3 Indirect taxes

Business tax, in the form of gross business receipts tax (GBRT) and value-added tax (VAT), is imposed on the importation of goods into Taiwan and the sale of goods and services within Taiwan. The current rate for GBRT and VAT is 5 percent. In certain circumstances, the rates may be reduced to 2 percent or 0 percent. Other indirect taxes include customs duty, stamp duty, and land tax.

6.4 Transfer pricing

Taiwan has a transfer pricing regime. A transfer pricing implication could arise to the extent that the employee is being paid by an entity in one jurisdiction but performing services for the benefit of the entity in another jurisdiction, in other words, a cross-border benefit is being provided. This would also be dependent on the nature and complexity of the services performed.

6.5 Local data privacy requirements

Taiwan has data privacy laws.

6.6 Exchange control

There are generally no currency restrictions for inbound and outbound transfers by residents of Taiwan. However, if the annual amount of remittances and foreign-exchange conversions by an individual exceeds USD 10 million, prior approval from the Central Bank is required.

6.7 Non-deductible costs for assignees

Non-deductible costs for both an assignee and an employer include contributions to non-Taiwanese pension funds.

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