

FOREWORD

Taxation is one of the most important tasks of a government as it is a major instrument for the government to raise financial resources. The design of the tax system and of that of its administration affect the financial resources available for the implementation of government policy, the tax burden of the people, efficiency in the allocation of resources, the equitable distribution of income, and national economic development.

In response to the requirements for economic and social development and to meet the expectations of the people in relation to the quality of government policy, the Ministry of Finance (MOF) revises the tax laws and regulations, and also implements convenient services in a timely way so as to promote the fairness of taxation and build a sound tax environment.

In 2013, the main objectives of tax policy were still to maintain fairness in taxation and to improve efficiency in collection. In improving the tax system, the MOF revised the Tax Collection Act so as to protect the rights of taxpayers and to prevent tax avoidance; revised the parts of the Income Tax Act concerned with the taxation of capital gains from securities to maintain fairness, restore the momentum in the stock market, and increase the total revenue; and reduced the futures transactions tax rate to decrease costs and attract investors. In the reform of tax administration, the MOF continued to implement tax filing and payment via the internet by providing taxpayers with information on deductions of income tax and also by providing the service of the pre-calculation of their income tax returns.

In addition, to achieve fiscal stability and sustainability, the MOF began to promote ‘The Sound Finance Program’ beginning in early 2014, and the MOF is currently making simultaneous adjustments to the structure of expenditures and revenues, using multiple channels for the cultivation of government financial resources, and revising the tax system and adopting complementary measures to broaden the tax base. In the initial stage of the implementation of the plan, the MOF has reinstated the business tax rate to 5% for enterprises engaged in banking and insurance for their core businesses, modified the taxation on dividends from a full imputation to a partial imputation system, and added a bracket with a tax rate of 45% on the portion of net income over NT\$10 million.

We sincerely hope this Guide to ROC Taxes 2014 will give you a complete picture of our tax system and be a helpful reference.



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