



TAIWAN

Overview on the Individual Income Tax in Taiwan and key changes in the latest Labor Code

As the seventh largest Asian economy, Taiwan is considered the most technologically advanced computer microchip maker in the world.

From the mid-1980s, Taiwan has been one of the largest manufacturers of electronic components and computer peripherals. These are also considered two key areas of international strength of Taiwan's Information Technology industry.

Taiwan Individual Income Tax

While no changes have been made, here is an overview of individual income tax rates in Taiwan :

Rates		
Individual income tax rate	taxable income	Rate
	Up to NTD 540,000	5%
	540,001 - 1,210,000	12%
	1,210,001 - 2,420,000	20%
	2,420,001 - 4,530,000	30%
	Over NTD 4,530,000	40%
Capital gains tax rate	Same as individual income tax rates	

Income Tax Compliance for Individuals

1. Tax Year – based on calendar year
2. Filing status – income of taxpayer, taxpayer’s spouse and dependents must be consolidated and reported on a single tax return.

3. Filing and payment

- A resident individual must file an income tax return and pay any tax due in May of the following tax year. This applies to non-residents present in Taiwan for more than 90 days.
- Tax on employment income is withheld by the employer
- Resident employees may elect for tax to be withheld either in according to the schedule below or a a flat monthly rate of 5%

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	21%	21%
Interest	10%	10%	15%/20%	15%/20%
Royalties	10%	10%	20%	20%
Fees for technical services	0%	0%	20%	20%

4. Penalties

A late payment penalty of 1% of the unpaid amount calculated every two days (up to a max. of 15% of the unpaid amount will apply. Late payment interest will begin to accrue 30 days after the payment due date. For unreported income, a maximum penalty of twice the underpaid tax amount will apply. This may be increased up to three times to the tax underpaid if the income tax is not filed or filed late.

Highlights of Recent Changes Made

In response to the changing global economic environment, the Ministry of Labour, Republic of China (Taiwan) has gradually implemented a series of changes to better protect the needs of its working population :

- Monthly Basic Wage
- Insured Salary Grading Table of Labor
- Table of Monthly Contribute Wages Classification Table of Labor Pension
- List of the Covered Industry and Schedule of the Premium Rates for Occupational Accident Insurance

Adjustments in the insured salary adjustment has benefited 2.83 million workers under the existing labor insurance and employment insurance schemes, while the monthly contribution wage adjustment benefited 1.14 million workers under the labor pension system.

1. Monthly Basic Wage

Adjusted monthly basic wage from NT\$23,100 to NT\$23,800.

2. Insured Salary Grading Table of Labor

- The first grade of monthly insured salary of labor insurance was adjusted to NT\$23,800.
- For full-time insured persons who were originally insured at a monthly salary of NT\$23,100 in December 2019, their insured salary under labor insurance and employment insurance was adjusted to NT\$23,800.
- This same adjustment also applied to the full-time workers whose monthly contribution wage was lower than the basic wage.

3. Table of Monthly Contribution Wages Classification Table of Labor Pension

Table of Monthly Contribution Classification of Labor Pension							
Promulgated by Ministry of Labor with Order Lao-Dong Fu-3-Tzu-No. 1080136084 on October 30, 2009 and shall become effective on January 1, 2020							
Rank	Grades	Real Wages/Income from Professional Practice	Monthly Contribution Wages/Income from Professional Practice	Rank	Grades	Real Wages/Income from Professional Practice	Monthly Contribution Wages/Income from Professional Practice
Group 1	1	- N.T.\$ 1,500	N.T.\$ 1,500	Group 7	36	N.T.\$ 45,801 - 48,200	N.T.\$ 48,200
	2	N.T.\$ 1,501 - 3,000	N.T.\$ 3,000		37	N.T.\$ 48,201 - 50,600	N.T.\$ 50,600
	3	N.T.\$ 3,001 - 4,500	N.T.\$ 4,500		38	N.T.\$ 50,601 - 53,000	N.T.\$ 53,000
	4	N.T.\$ 4,501 - 6,000	N.T.\$ 6,000		39	N.T.\$ 53,001 - 55,400	N.T.\$ 55,400
	5	N.T.\$ 6,001 - 7,500	N.T.\$ 7,500		40	N.T.\$ 55,401 - 57,800	N.T.\$ 57,800
Group 2	6	N.T.\$ 7,501 - 8,700	N.T.\$ 8,700	Group 8	41	N.T.\$ 57,801 - 60,800	N.T.\$ 60,800
	7	N.T.\$ 8,701 - 9,900	N.T.\$ 9,900		42	N.T.\$ 60,801 - 63,800	N.T.\$ 63,800
	8	N.T.\$ 9,901 - 11,100	N.T.\$ 11,100		43	N.T.\$ 63,801 - 66,800	N.T.\$ 66,800
	9	N.T.\$ 11,101 - 12,540	N.T.\$ 12,540		44	N.T.\$ 66,801 - 69,800	N.T.\$ 69,800
	10	N.T.\$ 12,541 - 13,500	N.T.\$ 13,500		45	N.T.\$ 69,801 - 72,800	N.T.\$ 72,800
Group 3	11	N.T.\$ 13,501 - 15,840	N.T.\$ 15,840	Group 9	46	N.T.\$ 72,801 - 76,500	N.T.\$ 76,500
	12	N.T.\$ 15,841 - 16,500	N.T.\$ 16,500		47	N.T.\$ 76,501 - 80,200	N.T.\$ 80,200
	13	N.T.\$ 16,501 - 17,280	N.T.\$ 17,280		48	N.T.\$ 80,201 - 83,900	N.T.\$ 83,900
	14	N.T.\$ 17,281 - 17,880	N.T.\$ 17,880		49	N.T.\$ 83,901 - 87,600	N.T.\$ 87,600
	15	N.T.\$ 17,881 - 19,047	N.T.\$ 19,047		Group 10	50	N.T.\$ 87,601 - 92,100
16	N.T.\$ 19,048 - 20,008	N.T.\$ 20,008	51	N.T.\$ 92,101 - 96,600		N.T.\$ 96,600	
17	N.T.\$ 20,009 - 21,009	N.T.\$ 21,009	52	N.T.\$ 96,601 - 101,100		N.T.\$ 101,100	
18	N.T.\$ 21,010 - 22,000	N.T.\$ 22,000	53	N.T.\$ 101,101 - 105,600		N.T.\$ 105,600	
19	N.T.\$ 22,001 - 23,100	N.T.\$ 23,100	54	N.T.\$ 105,601 - 110,100		N.T.\$ 110,100	
Group 4	20	N.T.\$ 23,101 - 23,800	N.T.\$ 23,800	Group 11	55	N.T.\$ 110,101 - 115,500	N.T.\$ 115,500
	21	N.T.\$ 23,801 - 24,000	N.T.\$ 24,000		56	N.T.\$ 115,501 - 120,900	N.T.\$ 120,900
	22	N.T.\$ 24,001 - 25,200	N.T.\$ 25,200		57	N.T.\$ 120,901 - 126,300	N.T.\$ 126,300
	23	N.T.\$ 25,201 - 26,400	N.T.\$ 26,400		58	N.T.\$ 126,301 - 131,700	N.T.\$ 131,700
	24	N.T.\$ 26,401 - 27,600	N.T.\$ 27,600		59	N.T.\$ 131,701 - 137,100	N.T.\$ 137,100
Group 5	25	N.T.\$ 27,601 - 28,800	N.T.\$ 28,800	60	N.T.\$ 137,101 - 142,500	N.T.\$ 142,500	
	26	N.T.\$ 28,801 - 30,300	N.T.\$ 30,300	61	N.T.\$ 142,501 - 147,900	N.T.\$ 147,900	
	27	N.T.\$ 30,301 - 31,800	N.T.\$ 31,800	62	N.T.\$ 147,901 -	N.T.\$ 150,000	
	28	N.T.\$ 31,801 - 33,300	N.T.\$ 33,300				
	29	N.T.\$ 33,301 - 34,800	N.T.\$ 34,800				
Group 6	30	N.T.\$ 34,801 - 36,300	N.T.\$ 36,300	Remarks:			
	31	N.T.\$ 36,301 - 38,200	N.T.\$ 38,200		1. The table is provided in accordance with paragraph 5 of Article 14 of the Labor Pension Act.		
	32	N.T.\$ 38,201 - 40,100	N.T.\$ 40,100		2. The amount of monthly contribution wages/income from professional practice shown in the table is expressed in NTD(yuan). The amount in jiao is rounded off to the nearest yuan.		
	33	N.T.\$ 40,101 - 42,000	N.T.\$ 42,000				
	34	N.T.\$ 42,101 - 43,900	N.T.\$ 43,900				
	35	N.T.\$ 43,901 - 45,800	N.T.\$ 45,800				

4. List of the Covered Industry and Schedule of the Premium Rates for Occupational Accident Insurance

- Occupational accident insurance premiums shall be paid by the employer.
- Workers who have no definite employer or who are self-employed shall pay 60% of the insurance premiums while the government subsidises the remaining 40%
- Insurance premium rates for each industry are based on the List of the Covered Industry and Schedule of the Premium Rates for Occupational Insurance Injury.

On October 30, 2018, the Ministry of Labor (MOL) announced amendments which took effect starting January 1, 2019.

- (a) As of 1 January 2019, the contribution rates and actuarial method is used to determine the applicable rate for each industry category have been updated :
1. On and Off Duty Accident Premium – 0.07% (flat rate)
 2. Industry (Business) Category Accident Premium – 0.14% (varies by occupation and risk factor)
 3. Adding both rates together yields an average occupational accident insurance rate of 0.21%.
- (b) The insurance premium rates for business entities with 70 or more employees are adjusted based on the frequency of occupational accidents in accordance with the Regulations Governing Implementation of Labor Insurance Experience Rates for Occupational Accidents.
- (c) Business Category premiums are calculated using the Experience Rate Schedule which is designed to take into account the risks associated with certain workplaces and professions.
- (d) Premiums are adjusted every three years by the ministry and submitted to the Executive Yuan for approval and implementation. The covered industry categories used to calculate occupational accident insurance premium rates remain the same at 55 categories.
- (e) Rate adjustment is based on the amount of occupational accident insurance payments, the total amount of insurance insured, etc.

Source:

[Ministry of Labor, Republic of China \(Taiwan\) | Bureau of Labour Insurance, Ministry of Labour](#)
[Deloitte – International Tax, Taiwan Highlights 2020](#)

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