

Taiwan: Foreign e-service providers required to register and pay VAT

Taiwan's Executive Yuan announced on 13 February 2017 that the new VAT rules requiring nonresident business entities providing electronic services (e-services) to domestic individuals to register with Taiwan's tax authorities for VAT purposes and pay a 5% VAT in Taiwan will apply as from 1 May 2017 (for prior coverage, see *World Tax Advisor*, 14 October 2016).

URL: http://newsletters.usdbriefs.com/2016/Tax/WTA/161014_6.html

The changes to the Value-Added and Non-Value-Added Business Tax Act were promulgated on 28 December 2016 to bring the VAT rules governing the provision of cross-border e-services in line with international standards (particularly those based on the OECD BEPS project).

The main changes to the VAT rules are as follows:

- A foreign enterprise, institution, group or organization that does not have a fixed place of business within Taiwan and that provides e-services to domestic individuals (a nonresident e-service provider) will be deemed to be the VAT payer in these cases.
- A nonresident e-service provider will be required to register with the competent tax authorities and file a VAT return or appoint a VAT filing agent to handle the compliance obligations. The Ministry of Finance (MOF) announced on 15 February 2017 that the proposed annual sales threshold for a nonresident e-services provider to be required to register for Taiwan VAT purposes will be NTD 480,000 (around USD 15,500).
- Penalties will be imposed on the VAT filing agent if the VAT return and payment on behalf of a nonresident e-service provider are not made in a timely manner.

The MOF is expected to issue implementing regulations and to create a dedicated website for simplified VAT registration and filing.

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