

Related rules of withholding tax rate for Foreigner Individual Income Tax and the practice at NTHU

The following statements apply to foreigners including Oversea Chinese who has no Household Registration in Taiwan, Hong Kong and Macau residents as well as people from Mainland China, with the exception of full-time foreign faculty members.

- **What are the rules that decide the rate of tax withholding for foreigner who earns income in Taiwan?**

According to tax law, a full year from January 1st through December 31st is a taxable year. For those who receive salary (defined as taxpayers) and stay in the R.O.C. for less than 183 days (hereinafter referred to as Non-Resident), 18% of his/her earnings will be withheld from the salary. In case that the monthly salary is equal to or less than 1.5 times of the monthly baseline salary as assessed by the Executive Yuan, the withholding tax rate is 6%. The department in charge of paying salaries, shall within ten days from the date of withholding, effect payment to the national treasury of all the taxes withheld, make out withholding certificates, and issue them to the taxpayer. People who stay in the R.O.C. for 183 days or more within the same calendar year (hereinafter referred to as Resident) will have part of their income withhold just like the native taxpayers (income equal to or lower than NT\$40,000 dollars will not have any withholding, but for income above NT\$40,000 dollars, it will be deducted 5%.) Those who stay in the R.O.C. for over 183 days or more must file the annual income tax return with the National Taxation Bureau next year; any individual, who intends to leave the territory of the R.O.C. in the interim of the year and will not return within the same year, shall file his/her income tax return one week before his/her departure.

- **Current Practice:**

Since we are not sure if foreigners will stay for 183 days or more in the same taxable year (1/1~12/31), we follow the suggestion of the National Taxation Bureau. **It suggests that salaries of all foreigners will be deducted at the same tax rate as those of non-residents before their stays approach or over 183 days.** As stated above, after your stay approaches and over 183 days within a taxable year, you can bring your faculty & staff ID card(or student ID card), passport(or Certificate of Entry and Exit Dates), and residence certificate to the Division of Cashier, where we will help you change to resident's withholding tax rate. On the 1st of August each year, we will take the initiative to change the non-resident's withholding tax rate of all existing foreign students at NTHU into the resident's withholding tax rate. **If student knows that his/her residency will be less than 183 days in this tax year, please inform the Division of Cashier before Aug. 1st, so that your withholding rate will still be kept at non-resident's withholding rate.** This will prevent student from paying any supplementary tax payments or fine.

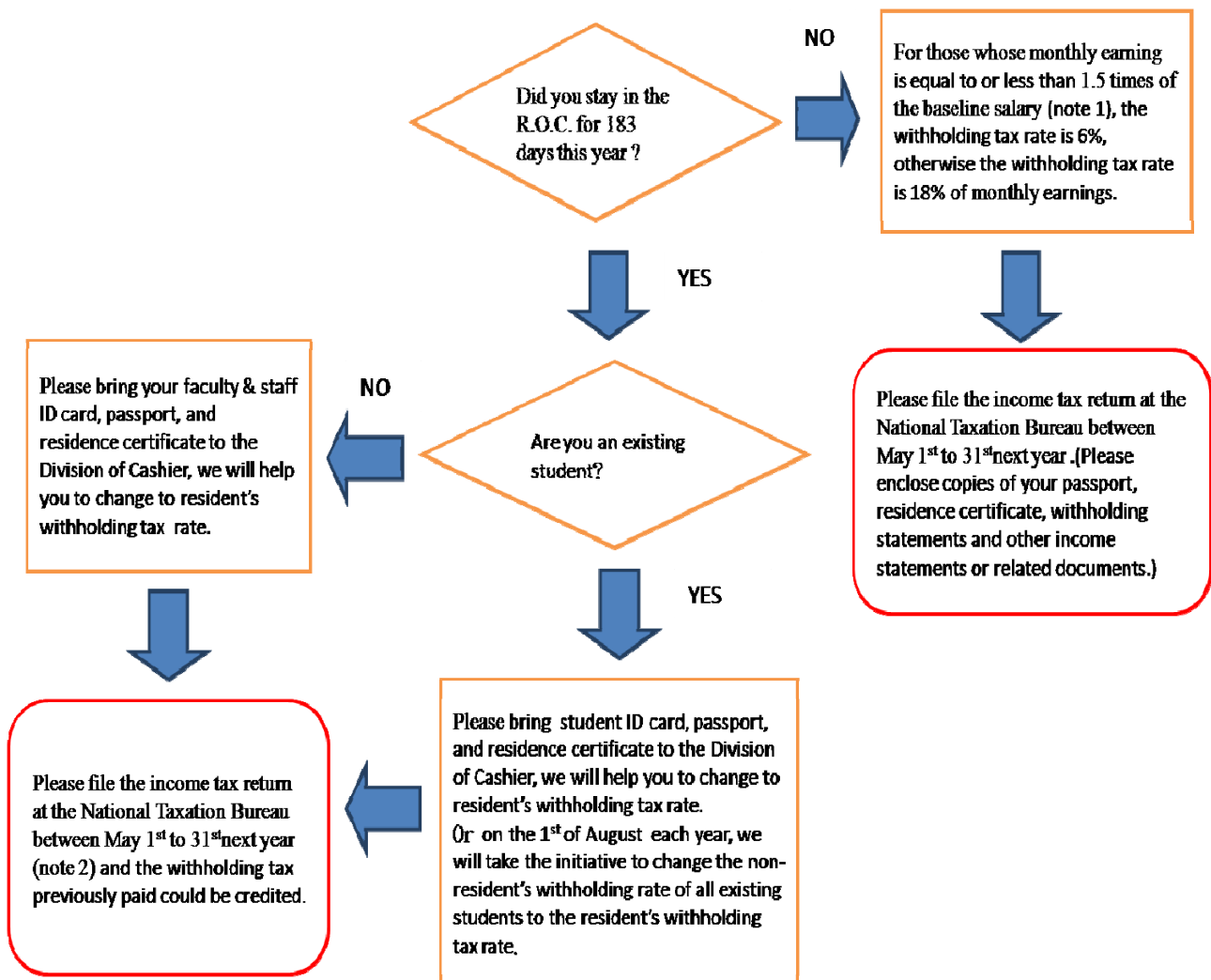
However, due to the fact that not all of the payments are settled on the same date each month. It is therefore difficult to settle full amount of his/her monthly salary payment into the account of each taxpayers. Owing to this condition, **we adopt the National Taxation Bureau's suggestion to hedge by using 18% of withholding tax rate from the salaries we pay to all non-residents in order to avoid being fined for the amount that we should have withheld.**

Because of the Practice which is according to **the National Taxation Bureau's suggestion** we adopt, it may cause over-withholding for some taxpayers. To relieve the tax burden of non-residents who receive monthly payments below 1.5 times of the monthly baseline salary (note 1), our

university has called meetings to discuss this issue. The solution is to ask our Computer and Communication Center to revise the systems of each payment. Through the examination of this new system, we will deal with each payment as follows:

1. Salaries of each payment which is equal to or lower than 1.5 times of the monthly baseline salary as assessed by the Executive Yuan will have 6% of their earnings withheld.
2. Salaries of each payment which is over 1.5 times of the monthly baseline salary as assessed by the Executive Yuan will have 18% of their earnings withheld.
3. Salaries of each payment which is equal to or lower than 1.5 times of the monthly baseline salary as assessed by the Executive Yuan but which amounts over 1.5 times of the minimum base salary **during the whole month** will be deducted additionally at the income tax rate of 12% by the Division of Cashier. However, **if the additional deducted payments are insufficient, the Division of Cashier shall either deduct the supplementary tax returns from your next income automatically or inform you to proceed to the Division of Cashier to pay in cash before the designated date to avoid being fined by the National Taxation Bureau.**

● **Current Practice Process:**



Finally, we shall remind every foreigner that all taxpayers who stay in the R.O.C. for 183 days and more are required to file an annual income tax return in the National Taxation Bureau between May 1st to May 31st next year, and the withholding tax previously paid could be credited. (Please enclose copies of your passport, residence certificate, withholding statements and other income statements or related documents.) In addition, every department will assist the Division of Cashier to forward the income withholding statements (hard copy) to the non-residents on April 1st next year. Be sure to pick up the withholding statements at your department/Institute's office. If you have changed your status to that of a resident, you can visit the school web "Academic Information Systems" (<https://www.ccxp.nthu.edu.tw/ccxp/INQUIRE/>) and print out the tax withholding statements by yourself. Nevertheless, any individual who intends to leave the R.O.C. in the interim of the year shall inform the Division of Cashier to get your tax withholding statements a month earlier and file your income tax return in the National Taxation Bureau one week before your departure. Our school has highlighted the related regulations from foreigner withholding tax rate laws, and welcome to our website for more information (<http://cashier.site.nthu.edu.tw/index.php>). For those who have any inquiry when filing an individual income tax return, please call or visit the Foreign Taxpayers' Section of the National Taxation Bureau of the Northern Area, Ministry of Finance Hsinchu Branch (03-5336060 extension:408-410, free service call: 0800-000321).

Should the English translation of this document differ from the Chinese text of this document and relevant laws, the Chinese text shall govern.

Best Regards,

Division of Cashier
Sep. 4th, 2019

Note 1: 1.5 times of the monthly baseline salary as assessed by the Executive Yuan

the monthly baseline salary period	the monthly baseline salary	the monthly baseline salary×1.5
2015/07/01~2016/12/31	20,008	30,012
2017/01/01~2017/12/31	21,009	31,514
2018/01/01~2018/12/31	22,000	33,000
2019/01/01~2019/12/31	23,100	34,650
2020/01/01~	23,800	35,700

Note 2: residence tax return related regulations

Any individual staying in the Republic of China for more than 183 days shall file his annual income tax return of the previous year during the period of May 1st to May 31st of the current year enclosing copies of passport, residence certificate, withholding statements and other income statements or related documents to the National Taxation Bureau. (If you apply for tax refund, you can still apply after May.) However, any individual who intends to leave the territory of the Republic of China in the interim of the year shall file his income tax return with the National Taxation Bureau one week before his departure. After filing your income tax return, if the tax-withholding amount exceeds the tax payable, the overpaid amount will be refunded according to general procedures.