

Clarification on Alien Individual Income Tax

Based on Item 3, Paragraph 1, Article 8 of the Income Tax Law of the ROC, if an alien stays in the Republic of China for more than 90 days during a taxable year, the remuneration he/she receives from his/her employer(s) outside of the ROC for services rendered within the territory of the ROC shall be considered as ROC-sourced income and he/she is required to file such income received in the ROC with the relevant tax authority-in-charge within the ROC and pay tax thereon.

Except for special situations, most aliens who reside in the ROC for more than 90 days within a taxable year do so usually to engage in business activities or to provide service on behalf of employer(s), e.g., to sell or purchase products, investigate a market, inspect goods or render technical services. Hence, an alien is obligated to pay income tax to the ROC Government. The reasons are that the ROC Government provides a working environment, public utilities and facilities for the use of by the alien, and maintains law and order to ensure a safe living condition. Furthermore, in keeping with international taxation practice, the source of service income is ascribed to the country wherein the service is rendered.

Double taxation may often occur on the remuneration received outside of the country where an alien resides, especially in cases where the two countries have not signed a taxation agreement. However, some countries seek to eliminate double taxation by allowing for a tax credit on the tax which is paid in a foreign country. An alien who pays income tax in the ROC may apply for a tax payment certificate from the Taipei National Tax Administration.

Should the English version differ with the Chinese version, the Chinese version shall govern.

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