

Taiwan Expatriate Income Tax Fact Sheet

Understanding Taiwan's Tax Regulations

Expatriates taking up employment in Taiwan are subject to comprehensive tax rules and employment visa requirements. Grant Thornton's Expatriate Tax team assists expatriates and their employers in navigating Taiwanese tax and immigration matters.

Grant Thornton is particularly experienced in assisting expatriates and their employers to identify tax planning opportunities and review tax equalization policies, as well as helping companies remain compliant with Taiwan's tax filing requirements. Below is an overview of the tax and immigration requirements for expatriates in Taiwan.

Work Permits

Before commencing employment in Taiwan, expatriates requiring a work permit must apply for one. As part of the work permit application process, an employment contract must be submitted to the Workforce Development Agency. It is important that the contract and benefits package be structured in a tax-efficient manner before applying for the permit.

When reviewing work permit applications, the Workforce Development Agency closely scrutinizes the education level and skill set of the expatriate and the economic benefits the expatriate's employment would bring to Taiwan.

Spouses and dependent family members who join expatriate workers in relocating to Taiwan must obtain dependent visas. Individuals entering Taiwan on dependent visas are not permitted to take up employment in Taiwan. Any spouse wishing to work in Taiwan must apply for a separate work permit before commencing employment.

Income tax

Taiwan levies income tax on a territorial basis. Both resident and non-resident individuals must pay taxes on income derived from Taiwan sources, although the tax rate depends on the residency status of the individual. A resident individual in Taiwan is someone who is:

- Domiciled or ordinarily residing in Taiwan; or
- Not domiciled but resides in Taiwan for 183 days or more in the taxable year.

Income tax is imposed on employment income or pension income derived from Taiwan sources. Please note that the worldwide income and qualified Controlled Foreign Corporation (CFC) income of Taiwan tax residents are subject to Alternative Minimum Tax (AMT).

Tax year

Taiwan's tax and fiscal year run from 1 January to 31 December.

Definition of income

For tax purposes, income includes wages, salaries, bonuses, gratuities, perquisites, and allowances received as remuneration for services rendered.

The determination of income source depends on various factors. For expatriates working in Taiwan, these include the number of days spent in Taiwan during the tax year, whether services are performed in Taiwan or abroad, whether a Taiwan entity bears the salary cost, and whether an applicable tax treaty affects the sourcing of employment income.

Tax relief for working outside Taiwan

Taiwan personal income tax is levied on a territorial basis, while AMT is imposed on a worldwide basis. Where an employee has Taiwan-source employment, income derived from that employment is generally taxable in Taiwan.

If an employee is permanently assigned to work outside Taiwan, the related income is deemed non-Taiwan-source and is not subject to Taiwan personal income tax. This approach largely mitigates double taxation on individual income.

If a tax resident intends to depart Taiwan and does not return before year-end, the exemption amount and standard deduction are prorated based on the number of days the individual resided in Taiwan prior to departure.

Income tax computation

Tax is levied on net assessable income, less the higher of the following:

- Sum of special deductions for salaries and wages, standard or itemized deductions, and personal exemptions
- For 2025, the basic living expense is NT\$213,000 per person. For households, the amount is NT\$213,000 * number of people included in the tax return – deductions claimed as per above (not including deduction for salaries or wages) – exemptions claimed as per above = claimable basic living expenses.

Resident individuals may elect to:

- Include dividends received from Taiwan companies in taxable income, with a tax credit of 8.5% of dividend income (capped at NT\$80,000); or

Have dividends taxed separately at a flat rate of 28%, with no tax credit.

The following is a copy of the progressive personal income tax table for 2025:

2025 (NT\$)	Rate (%)	Progressive Diff
0 – 590,000	5	0
590,001 – 1,330,000	12	41,300
1,330,001 – 2,660,000	20	147,700
2,660,001 – 4,980,000	30	413,700
4,980,001 and above	40	911,700

Exemptions and deductions – 2025

Taiwan taxpayers are entitled to personal exemptions, standard or itemized deductions, and special deductions.

	NT\$
Personal exemption – taxpayer, spouse, qualifying dependents (Under 70 years old)	97,000 per person
Personal exemption – dependents (Over 70 years old)	145,500 per person
Standard deduction – single	131,000
Standard deduction – married / filing jointly	262,000

A resident taxpayer can elect to claim itemized deductions instead of the standard deduction listed above.

Itemized deductions can include:

Donations

Donations made to officially-registered educational, cultural, public welfare, and charitable organizations or agencies are deductible. The deduction should not be more than 20% of the taxpayer's combined gross income. However, donations made to national defence, for troop support, or to the government are fully deductible.

Insurance premiums

Insurance premiums paid by or for the taxpayer, his/her spouse and dependents for life insurance, labor insurance, national annuity, and insurance for military personnel, public servants, or teachers are deductible up to NT\$24,000 per person per year. Premiums paid for National Health Insurance are not subject to the NT\$24,000 limit.

Medical and maternity expenses

Medical and childbirth expenses incurred by the taxpayer, his/her spouse, or dependents are deductible as long as the expenses are paid to public or private hospitals or clinics appointed under National Health Insurance, or hospitals with complete and accurate accounting records recognized by MOF. There is no upper limit on medical and maternity expenses. However, no deduction shall be made for the portion of expenses covered by an insurance payout.

Losses from disasters

Losses incurred by the taxpayer, his/her spouse, or dependents from a disaster caused by force majeure are deductible. No deduction is allowed for any portion of such a loss for which insurance benefit or relief has been received. To claim deductions, one should apply to the Taxation Administration for an investigator to appraise the losses within 15 days after the disaster's occurrence.

Interest paid on a loan for an owner-occupied dwelling

Interest paid on a home mortgage for an owner-occupied primary residence is deductible. This deduction can only be applied to one residence. Up to NT\$300,000 can be deducted per year per tax return. However, if the taxpayer also claims a special deduction for savings and investment, the special deduction should be subtracted from the above-mentioned interest.

In addition to the standard or itemized deductions, a taxpayer can also claim special deductions, which include:

Losses from property transactions

Losses from property transactions incurred by a taxpayer, his/her spouse, or dependents may be deducted up to the amount of declared gains from property transactions in the same year. If the deductible amount exceeds the gains, the difference may be carried forward for three years. This deduction does not apply to losses sustained from selling land or securities.

Special deduction for salary or wages

Each person receiving a salary may claim a deduction for his/her salary up to a maximum of NT\$218,000 for tax year 2025. One may deduct the full salary amount if it is less than the deductible amount.

Special deduction for rental expenses

Rent for housing in Taiwan paid by a taxpayer, his/her spouse, or dependents is deductible as long as the rental property is used as a residence (not for business use). Up to NT\$180,000 can be deducted per year per tax return. This deduction is not available to taxpayers who have claimed the deduction for interest paid on a home mortgage on the same tax return.

This deduction is subject to the following conditions:

- The taxpayer is not in the 20% or higher tax bracket
- The taxpayer, spouse and dependents do not have a property in Taiwan.
- Income subject to alternative minimum tax is less than NT\$7.5 million.

Special deduction for savings and investment

Interest derived from deposits in financial institutions, income from trust funds in the nature of savings, or earnings and dividends derived at the time of transfer, gift, distribution of estate or upon giving up a tax-deferring right or delivering the stock to the custodian, on tax-deferred publicly issued and traded stocks acquired on or before December 31, 1998 by a taxpayer, his/her spouse or dependents may be deductible up to NT\$270,000. However, this deduction does not apply to tax-exempt interest on postal pass-book savings under the Post Savings Act or interests subject to separate taxation as stipulated in applicable laws or regulations.

Special deduction for disability

A taxpayer, his/her spouse, or dependent who is disabled or handicapped or is mentally ill as defined in Article 3, Paragraph 4 of the Mental Health Act and holds the proper certification can enjoy a deduction of NT\$218,000 for tax year 2025.

Special deduction for tuition

A deduction of up to NT\$25,000 per student per year may be made for the tuition of children of a taxpayer who are studying in a college or university. The deduction does not apply to tuition paid to the Open University, vocational colleges, or for the first three years of five-year vocational colleges, or to students who have accepted government subsidies.

Special deduction for preschoolers

A taxpayer may claim a special deduction of NT\$150,000 for the first child six years old or younger, and NT\$225,000 for the second child onward who is aged six or younger.

Special deduction for incapacitated dependents under long-term care programs

A taxpayer may claim a special deduction of up to NT\$180,000 per incapacitated dependent who is under a long-term care program. This deduction is subject to the following conditions:

- The taxpayer is not in the 20% or higher tax bracket
- Income subject to alternative minimum tax is less than NT\$7.5 million.
- The taxpayer did not elect to use a fixed 28% tax rate for paying tax on investment income.

Non-taxable benefits in kind

Benefits in kind may or may not be taxable depending on their nature and the expatriate's status. Numerous tax rulings address this area. A summary of common non-taxable benefits is set out below.

Applicable to All Expatriates

- 1 Reimbursement of relocation expenses (including for spouse and dependents) can be exempt from individual income tax if the amount is paid out in accordance with the employment contract.¹
- 2 Reimbursement of expenses from transporting luggage can be exempt from personal income tax if the amount is paid out in accordance with the employment contract.

¹ MOF 60.7.2 TaiChaiSui35247

- 3 An expatriate employee's airfare for travel to his/her home country (including for holidays) is exempt from personal income tax. However, this exemption does not cover airfare for the spouse and dependents of the expatriate employee.²
- 4 An employer may rent an apartment or car under the company's name for an expatriate employee. This does not constitute deemed taxable income.³
- 5 An employer can purchase fixed assets for use in the apartment of an expatriate employee. This does not constitute deemed taxable income.⁴
- 6 Benefits granted to an expatriate employee prior to his or her coming to Taiwan are not considered taxable income.
- 7 A meal allowance of up to NT\$3,000 per month is exempt from personal income tax.
- 8 If an expatriate employee, receiving wages from an overseas employer, resides in Taiwan for less than 300 days during a tax year, Taiwan's tax authorities will only tax the portion of the annual salary for the period in which the employee was located in Taiwan. The portion of the salary from the overseas employer deemed taxable in Taiwan will be calculated on a pro-rata basis.
- 9 Expatriate technicians working in Taiwan for less than 90 days during a year may receive a subsistence allowance of up to NT\$2,000 per day free of income tax as long as the allowance is specified in the employment contract.

Non-taxable benefits in kind for qualified foreign professionals

Additional non-taxable benefits are available to expatriates qualifying as Qualified Foreign Professionals under Article 46 of the Employment Service Act.

To qualify, the expatriate must: be of a technical or specialized nature, as defined in Items 1 and 2, Section 1, Article 46 of the Employment Service Act and other related Regulations. The expatriate's annual taxable salary from both Taiwan and foreign employers must exceed NT\$1.2 million, and the person must possess a valid work permit and be a tax resident of Taiwan.

Additional non-taxable benefits in kind available for QFPs include:

- Payments to cover travel expenses to and from Taiwan of the QFP and his/her family members at the beginning and end of the contract;
- Payments to cover travel expenses to the QFP's home country for holidays;
- Payments to cover moving expenses to Taiwan and back to the QFP's home country, as well as any other moves related to the QFP's employment in Taiwan;
- Payments to cover the costs of water, electricity, natural gas, and telephone services supplied to the QFP's residence in Taiwan;
- Housekeeping expenses;
- Rental payments for housing and home repairs; and
- Educational scholarships for the QFP's children in Taiwan.

Expatriate income tax concessions (Employment Gold Card)

Taiwan has published a set of new rules to allow high-income earning foreign professionals meeting certain criteria or holding immigration

² MOF 69.7.2 TaiChaiSui35247

³ MOF 69.7.2 TaiChaiSui35247

⁴ MOF 70.11.5 TaiChaiSui39359

⁵ MOF 108.10.28 TaiChaiSuiZi No. 10800648790

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gold cards to enjoy special income tax concessions. The objective of this program is to help Taiwan attract foreign talent to fill domestic talent and skill gaps. The concessions allow qualifying foreign special professionals a tax break of having income assessed on only half of their salary above NT\$ 3 Million and an exemption from alternative minimum tax for foreign source income for their first five years as a tax resident in Taiwan. It also must be their first time receiving an employment work permit in Taiwan. If the expatriate does not meet the qualifications for tax residency, then they may defer this tax benefit for up to five years. The implementation date for the new set of rules is February 8th, 2018.

The gold card is also known as the "4 in 1" visa since it provides a resident visa, Alien Resident Certificate (ARC), multiple entry permit, and an open work permit. An open work permit is typically viewed as the most attractive benefit as the holders of the cards are not obliged to be attached to one organization and can remain in Taiwan while changing jobs.

Tax deductions against income

In order for an expense to qualify as a deduction for income tax purposes, it must be wholly, exclusively, and necessarily incurred in the production of assessable income. In practice, the rigid nature of these requirements means that few deductions are available. There are instances in which the tax office will accept deemed deductions up to prescribed ratios against income.

Tax returns and compliance

Individuals residing in Taiwan for 90 days or more in a tax year must file an individual income tax return between 1 May and 31 May of the following year.

Taiwan operates a withholding tax system; however, income derived from overseas sources for services rendered in Taiwan, and income not subject to withholding, must be declared and

tax paid before departure or by the filing deadline, whichever occurs first.

Other taxes

Social security taxes

There are no social security taxes in Taiwan.

Stock options tax

Expatriate employees working in Taiwan during a stock option lock-in period are liable for Taiwan tax on stock option profits pro-rata to the number of days the expatriate employee stayed in Taiwan.

Investment income tax

Taiwan-source interest income such as dividends and other investment income is taxable in Taiwan.

Capital gains tax

There is no capital gains tax for trading in shares listed on Taiwan's stock exchange.

Local taxes

There are no local taxes imposed on individual income in Taiwan.

The Specifically Selected Goods and Services Tax (also known as luxury tax)

Taiwan introduced the Specifically Selected Goods and Services Tax (also known as luxury tax) in May 2011. Items covered by this tax include:

- The taxable value of cars/yachts in excess of NT\$3 million.
- Taxable values of turtle shells, hawksbills, coral, ivory, furs, and their products in excess of NT\$500,000.
- The taxable value of furniture in excess of NT\$500,000.

The tax rate for most of these goods is fixed at 10%.

Wealth taxes

There is no wealth tax in Taiwan.

Inheritance and gift taxes

Estate tax is levied ranging from 10% to 20% depending on the net worth of the deceased after deductions and exemption. Estate tax applies to worldwide property if the individual is a Taiwanese national. If a Taiwanese resident is not a Taiwanese national, then only properties located within the territory of Taiwan are subject to this tax.

An exemption of up to NT\$13.33 million may be applied to estate tax. Deductions are also available, depending on the number of dependents and other factors.

Gift tax rates range from 10% ~ 20% pending on the amount of the gift. Each donor can claim up to NT\$2.44 million of gift tax exemptions per annum. Transferring of wealth between spouses is exempted from gift tax.

Tax planning

Engaging professional advisors to structure employment contracts and benefits efficiently can result in significant tax savings for both employers and expatriates.

Grant Thornton's Expatriate Tax team is available to advise on these and related matters.

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