

Gift Tax

Taiwan gift tax shall be declared to the competent taxation authority within 30 days from the gift date.

Scope

Article 3 of the "Estate and Gift Tax Act" (hereinafter referred to as this law) states: Property given away by a donor who is an ROC citizen and resides in the ROC continuously shall be subject to gift tax under this Act, irrespective of whether the property is located within or outside the ROC. Those who are a non-ROC citizen shall be subject to gift tax only to the extent that the property is located within the ROC.

What is "Continuous residence in the ROC" and "Continuous residence outside the ROC"?

- 1、The following two situations would constitute "Continuous residence in the ROC":
 - Maintaining a household registration in the ROC within two years prior to the event of donating the gift.
 - Residing inside the ROC without a household registration but having stayed in the ROC for more than 365 days within two years prior to the event of gifting
- 2、"Continuous residence outside the ROC" herein shall mean residence condition not meeting the requirements set forth in the preceding paragraph.

Based on the above, the scope of Taiwan Gift Tax can apply to both Taiwan citizens and non-citizens depending on the factors listed above.

Extension

In general, a three month extension is available if applied prior to the due date (30 days from the date of gifting).

Tax bracket and filing standard

An annual exemption of NT\$2,440,000 may be deducted from the total gift amount for each donor.

Irrespective of the number of people receiving the gift as long as the accumulative amount in the current year does not exceed NT\$2,440,000, they are exempted from gift tax and no reporting is needed. **However, if the donor makes a gift of real estate or stock then regardless of whether the gift amount exceeds the tax-free amount, gift tax filing still needs to be submitted.**

Tax bracket 2026

Net taxable gift (Unit: NTD)	Rate	Progressive difference (Unit: NTD)
Less than \$28,110,000	10%	\$0
Above \$28,110,001 to \$56,210,000	15%	\$1,405,500
Above \$56,210,001	20%	\$4,216,000

Items exempted from gift tax

Items exempted from gift tax can include:

1. Donating assets to qualified not-for-profit foundations.
2. Paying living, educational, and medical expenses for dependents of the donor.
3. Gifts made between spouses.
4. Wedding gifts given by parents to their children amounting in value not exceeding \$1,000,000.

Deductions

In practice, common items that can be deducted from the gift tax computation include:

1. If the gift involves transferring real estate, and the beneficiary paid for deed tax and land value incremental tax, then these amounts may be deducted from the gift amount for tax computation purposes. (Please refer to Article 19

of the Enforcement Rules of the Estate and Gift Tax Act).

- Liability transferred together with the asset may be deducted from the total amount of the gift (Please refer to Article 21 of the Estate and Gift Tax Act).

Gift tax calculation

(Gross amount of the gift – Exemption) x Rate - Progressive difference - Tax credit = Gift tax

For example:

A father (A) gifts \$2,000,000 to his son (B) on January 1, 2025. (A) also gifts \$2,440,000 to his daughter (C) on February 1, 2025. The total value of the gifts in one year has exceeded the tax-free amount of \$2,440,000, so (A) should declare the gift tax within 30 days from February 1, 2025.

A's gift tax calculation is as follows:

Gross gift = (\$2,000,000 + \$2,440,000) - \$2,440,000 (Exemption) = \$2,000,000

\$2,000,000 falls within the tax bracket of less than \$28,110,000, so the applicable tax rate is 10%, and there is no progressive difference.

Gift tax = \$2,000,000 x 10% = \$200,000.

Online declaration

Donors can download free software from the MOF website for filing gift tax online.

Revocation or cancellation of the gift

If the asset involved is real estate or stock and the taxpayer has already filed a gift tax declaration and paid the tax, revocation or cancellation is still possible under the circumstances described below. If the property registration transfer has not yet been completed or the shareholder's name change registration has not yet been completed then the donor may revoke or cancel the gift and apply for withdrawal of the gift tax declaration and refund of the gift tax paid.

Valuation of non-listed shares

It is important to note that in the case of transferring shares for non-listed companies, certain adjustments may need to be included to adjust the net asset value per share.

Conclusion

In the case of transferring a substantial amount of assets to the next generation, most people would make good use of the exemptions available and try to achieve the desired goal over a period of time. In the case of transferring real estate, the tax implications can be more complex. If you have any questions or

require consultation, please don't hesitate to contact us.

Contact



Jay Lo

Managing Partner

T +886 2 2789-0887 ext. 1314

E jay.lo@tw.gt.com

www.grantthornton.tw