Nexia Trans-Asia

全亞聯合會計師事務所

Company Types and Special Considerations for Foreign Investment

Special Considerations	Representative Office (Liaison Office)	Subsidiary		Branch
		Company Limited by Shares	Limited Company	
Representative	1 person	1 person	1 person	1 person
	1. Native and Foreigner are all acceptable. 2. If the representative has Taiwan ARC or is a Taiwan citizen, it will be easier to open company bank account.			
Supervisor	N/A	While the HQ is the only shareholder, supervisor is not compulsory	N/A	N/A
Shareholders **(Native and Foreigner are all accepted.)**	N/A	1. two or more natural persons or 2. one corporate shareholder	one or more shareholders	N/A
Managers	N/A	Not compulsory	Not compulsory	One or more natural persons Should have Taiwan address Can be a foreigner who is responsible for daily operation
Retain Earnings distribution	N/A	Withholding tax 21% When double tax treaty is applicable, withholding tax will reduce to 10%.		N/A
Value Added Tax (VAT)	N/A The input VAT credit cannot apply for refund.	5% VAT tax return should be filed every two months.		
Surcharge on undistributed surplus earnings	N/A	5%		N/A
GUI Invoice	N/A	Should issue GUI invoice		
Capital amount	N/A	No minimum limitation		
Other obligation	N/A	Information declaration of company representative and major shareholders every year.		N/A
		1. Threshold of master file: Yearly net operation and non-operation income over TWD 3 billion or yearly cross-border transactions between Related Parties over TWD 1.5 billion. 2. Threshold of CbC report: previous year group yearly income over TWD 27 billion 3. Taiwan government requests all the international companies to disclose some of the country by country report and master file information in tax filing statement even though the company does not reach the threshold of CbC report. The information includes group annual income, how many companies in the group has to file CbC report, and name/Tax ID of HQ.		
Other Considerations	1. It is prohibited for a representative office to have income in Taiwan. 2. A representative office cannot issue GUI invoice and generate income in Taiwan. However, it still has to keep the accounting record and file business income tax annually.	Basically, there is no different between the nationality of the shareholder. Considering the withholding tax of retain earning distribution, both countries have double tax treaty with Taiwan. The withholding tax of dividends are all 10% under double tax treaty.		1. The company type of Taiwan branch will be the same with mother company. If the mother company is limited by share, the Taiwan branch will be limited by share as well. 2. The operating item of mother company should contain the operating item of branch. For example, if the mother company is doing cloth manufacture, cloth retail and cloth wholesale, the branch can only do all or parts of those operating items. 3. When the Taiwan branch company of a foreign corporation purchases real estate, its ownership must be registered under the name of the foreign head office.

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