

Taiwan amends filing thresholds for master file and Country-by-Country report

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The Taiwan Ministry of Finance published Tax Ruling No. 10804651540 (the Ruling)¹ to amend the thresholds for filing of the master file (MF) and Country-by-Country (CbC) report in Taiwan. The Ruling replaces Tax Ruling No. 10604700690² and retroactively applies from taxable year³ 2017.

MF filing thresholds

- ▶ An enterprise, located within the territory of Taiwan, which is an affiliate of a multinational enterprise (MNE) group is exempt from filing an MF if the Taiwan enterprises' total net operating and non-operating revenue in a year is less than TWD3 billion (US\$100 million) or the aggregated amount of cross-border controlled transactions⁴ in a year is less than TWD1.5 billion (US\$50 million).
- ▶ If the MNE group has more than one enterprise in Taiwan, the thresholds apply on an individual enterprise basis. If there are two or more enterprises required to file the MF, the MNE group can appoint one of the enterprises as the filer.

CbC report filing criteria

A Taiwan enterprise is exempt from filing the CbC report if one of the following criteria is met:

- ▶ The Taiwan enterprise is the Ultimate Parent Entity (UPE) of an MNE group and the total consolidated revenue of the MNE group in the preceding year is less than TWD27 billion (US\$900 million).
- ▶ The UPE of the MNE group is not located in within the territory of Taiwan and meets any of the following criteria:
 - The jurisdiction in which the UPE is tax resident has CbC reporting (CbCR) requirements, and the MNE group does not exceed the CbCR filing threshold in that jurisdiction.
 - The jurisdiction in which the UPE is tax resident does not have CbCR requirements but has appointed a Surrogate Parent Entity (SPE),⁵ and the SPE does not exceed the CbCR filing threshold in the jurisdiction in which the SPE is tax resident.
 - The jurisdiction in which the UPE is tax resident does not have CbCR requirements and no SPE has been appointed, and the UPE does not exceed the Taiwan UPE CbCR filing threshold.
 - The Taiwan enterprise does not exceed the Taiwan MF filing threshold.

Endnotes

1. The Ruling was issued on 10 December 2019.
2. Tax Ruling No. 10604700690 was issued on 13 December 2017
3. The taxable year is generally the calendar year, 1 January to 31 December. However, a taxpayer may elect to adopt a different taxable year.
4. The aggregated amount of cross-border controlled transactions refers to the aggregation of all types of transactions between the Taiwan enterprise and its related parties outside of Taiwan.
5. SPE refers to an entity within an MNE group that has been appointed as a substitute for the UPE, to file the CbCR in the SPE's jurisdiction of tax residence.

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