

Related rules of withholding tax rate for Foreigner Individual Income Tax and the practice at NTHU

The following statements apply to foreigners including Oversea Chinese who has no Household Registration in Taiwan, Hong Kong and Macau residents as well as people from Mainland China, with the exception of full-time foreign faculty members.

- **What are the rules that decide the rate of tax withholding for foreigner who earns income in Taiwan?**

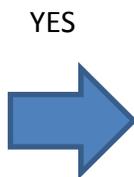
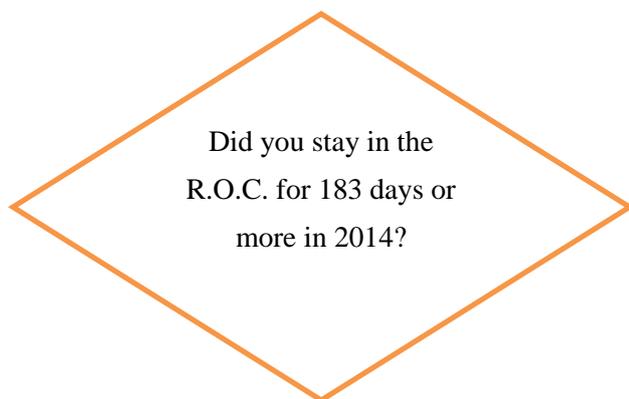
According to tax law, a full year from January 1st through December 31st is a taxable year. For those who receive salary (defined as taxpayers) and stay in the R.O.C. for less than 183 days (hereinafter referred to as Non-Resident), 18% of his/her earnings will be withheld from the salary. In case that the monthly salary is equal to or less than 1.5 times of the monthly baseline salary as assessed by the Executive Yuan, the withholding tax rate is 6%. The department in charge of paying salaries, shall within ten days from the date of withholding, effect payment to the national treasury of all the taxes withheld, make out withholding certificates, and issue them to the taxpayer. People who stay in the R.O.C. for 183 days or more within the same calendar year (hereinafter referred to as Resident) will have part of their income withhold just like the native taxpayers (income equal to or lower than NTD40,000 dollars will not have any withholding, but for income above NTD40,000 dollars, it will be deducted 5%.) Those who stay in the R.O.C. for over 183 days or more must file the annual income tax return with the National Taxation Bureau next year; any individual, who intends to leave the territory of the R.O.C. in the interim of the year and will not return within the same year, shall file his/her income tax return one week before his/her departure.

- **Current Practice:**

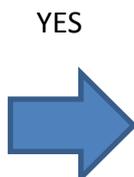
Since we are not sure if foreigners will stay for 183 days or more in the same taxable year(1/1~12/31), we follow the suggestion of the National Taxation Bureau. **It suggests that salaries of all foreigners will be deducted at the same tax rate as those of non-residents before their stays approach or over 183 days.** As stated above, after your stay approaches and over 183 days within a taxable year, you can bring your faculty & staff ID card (or student ID card), passport, and residence certificate to the Division of Cashier, where we will help you change to resident's withholding tax rate. From Aug. 1st 2015 onward, we will change the non-resident's withholding tax rate of all existing foreign students at NTHU into the resident's withholding tax rate. **If student knows that his/her residency will be less than 183 days in this tax year, please inform the Division of Cashier before Aug. 1st, so that your withholding rate will still be kept at non-resident's withholding rate.** This will prevent student from paying any supplementary tax payments or fine.

Generally speaking, private companies can settle salaries payments of employees on a fixed date each month and can assure the tax rate of respective taxpayers. However, due to the fact that there are various kinds of salaries to be paid (e.g. hourly pay, project salary, campus part-time job income, fellowship, temporary work pay...and etc.) and the purchase-payment systems are different at NTHU, not all of the payments are settled on the same date each month. It is therefore difficult to settle full amount of his/her monthly salary payment into the account of each taxpayers. Owing to this condition, **we adopt the National Taxation Bureau's suggestion to hedge by using 18% of withholding tax rate from the salaries we pay to all non-residents in order to avoid being fined for the amount that we should have withheld.**

The practice we have been adopting may lead to over-withholding for not only the foreign individuals who registered in the second semester of 2014 or in the first semester of 2015, but also for those who gain monthly salaries below 1.5 times of the monthly baseline salary as assessed by the Executive Yuan. If any of the non-residents foreigners failed to file his/her annual income tax return for 2014, the Division of Cashier would act as the applying agent for his/her tax refunds. The handling process is as follows:



For those who stay 183 days or more, they should file their income tax return at the National Taxation Bureau between May 1st to 31st next year. (Note 2)



For those whose monthly earning is under 1.5 times of the baseline salary in 2014, the Division of Cashier will act as an agent to apply for a revision of your withholding category and also apply for a tax-refund. When the refund is received by NTHU, NTHU will credit it to your account.



For those whose monthly earning is under 1.5 times of the baseline salary in 2014, please proceed to the Division of Cashier to apply for the change of withholding category. The Cashier's office will apply for a tax-refund for you and NTHU will credit that amount into your account.

● **Future Practice:**

Because of the current practice we adopt, it may cause over-withholding for some taxpayers. To relieve the tax burden of non-residents who receive monthly payments below 1.5 times of the monthly baseline salary (note 1), our university has called meetings to discuss this issue. The solution is to ask our Computer and Communication Center to revise the systems of each payment. This revision is planned to be completed on September 1st, 2015. Through the examination of this new system, we will deal with each payment as follows:

1. Salaries of each payment which is equal to or lower than 1.5 times of the monthly baseline salary as assessed by the Executive Yuan will have 6% of their earnings withheld.
2. Salaries of each payment which is over 1.5 times of the monthly baseline salary as assessed by the Executive Yuan will have 18% of their earnings withheld.
3. Salaries of each payment which is equal to or lower than 1.5 times of the monthly baseline salary as assessed by the Executive Yuan but which amounts over 1.5 times of the minimum base salary **during the whole month** will be deducted additionally at the income tax rate of 12% by the Division of Cashier. However, **if the additional deducted payments are insufficient, the Division of Cashier shall either deduct the supplementary tax returns from your next income automatically or inform you to proceed to the Division of Cashier to pay in cash before the designated date to avoid being fined by the National Taxation Bureau.**
4. Before the system completion in September 1st, 2015, if taxpayers are not able to file the annual income tax return to get the tax refunds, please contact the Division of Cashier personally. We would act as applying agent for your tax revisions and tax refund respectively. Moreover, when you stay in the R.O.C. over 183 days in the tax year (1/1~12/31), you can bring your faculty & staff ID card (or student ID card), passport, and residence certificate to the Division of Cashier, we will help you to change to resident's withholding rate. On the 1st of August each year, we will take the initiative to change the non-resident's withholding rate of all existing students to the resident's withholding rate. Any existing students who know that his residency will be less than 183 days in the tax year, please actively inform the Division of Cashier before Aug. 1st. In this way, your withholding rate will still be kept at non-resident's withholding rate, so as to avoid being required to pay the supplementary tax payments and fine.

Finally, we shall remind every foreigner that all taxpayers who stay in the R.O.C. for 183 days and more are required to file an annual income tax return in the National Taxation Bureau between May 1st to May 31st next year, and the withholding tax previously paid could be credited. (Please enclose copies of your passport, residence certificate, withholding statements and other income statements or related documents.)

In addition, every department will assist the Division of Cashier to forward the 2015 income withholding statements (hard copy) to the non-residents on April 1st, 2016. Be sure to pick up the withholding statements at your department/Institute's office. If you have changed your status to that of a resident, you can visit the school web "Academic Information Systems" (<https://www.ccxp.nthu.edu.tw/ccxp/INQUIRE/>) and print out the tax withholding statements by yourself. Nevertheless, any individual who intends to leave the R.O.C. in the interim of the year shall inform the Division of Cashier to get your tax withholding statements a month earlier and file your income tax return in the National Taxation Bureau one week before your departure. Our school has highlighted the related regulations from foreigner withholding tax rate laws, and welcome to our website for more information (<http://cashier.web.nthu.edu.tw/bin/home.php>). For those who have any inquiry when filing an individual income tax return, please call or visit the Foreign Taxpayers' Section of the National Taxation Bureau of the Northern Area, Ministry of Finance Hsinchu Branch (03-5336060 extension: 407-409, free service call: 0800-000321).

Should the English translation of this document differ from the Chinese text of this document and relevant laws, the Chinese text shall govern.

Best Regards,

Division of Cashier, July 16, 2015

Note 1: 1.5 times of the monthly baseline salary as assessed by the Executive Yuan

the monthly baseline salary period	the monthly baseline salary	the monthly baseline salary×1.5
102/04/01~103/06/30	19,047	28,570
103/07/01~104/06/30	19,273	28,909
104/07/01~	20,008	30,012

Note 2 : residence tax return related regulations

Any individual staying in the Republic of China for more than 183 days shall file his annual income tax return of the previous year during the period of May 1st to May 31st of the current year enclosing copies of passport, residence certificate, withholding statements and other income statements or related documents to the National Taxation Bureau. (If you apply for tax refund, you can still apply after May.) However, any individual who intends to leave the territory of the Republic of China in the interim of the year shall file his income tax return with the National Taxation Bureau one week before his departure. After filing your income tax return, if the tax-withholding amount exceeds the tax payable, the overpaid amount will be refunded according to general procedures.