



PORTCULLIS TRUSTNET

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TAIWAN TAX REFORM **Changes to Estate and Gift Tax**

The recent revision to the Taiwan Estate and Gift Tax Act (“the Act”) has introduced a number of changes to the rate at which estate and gift duty is taxed in Taiwan.

Effective as of 23rd January 2009, the Act has dispensed with the progressive tax rate that allowed for duty to be calculated at anywhere from 2% to 50% using a 10 tier taxable bracket system. Now with the revision, the Act permits all gift and estate duties to be calculated at a **flat tax rate of 10 percent of the taxable estate**.

Another significant revision is the raising of the taxable threshold for estate and gift tax exemptions. The estate tax exemption has increased from NT\$ 7.79 million to NT\$ 12 million, and the gift tax exemption doubled from NT\$ 1.11 million to NT\$ 2.2 million.

The details of revisions can be illustrated as below:

US\$: NT\$ = 1 : 33

Item	Previous	New Revisions
Estate Tax Exemption	NT\$ 7,790,000	NT\$ 12,000,000
Gift Tax Exemption	NT\$ 1,110,000	NT\$ 2,200,000
Tax Rate for Estate/Gift Tax	10 brackets from 2% to 50% (progressive tax rate)	10% (flat tax rate)

With these revisions in the estate and gift duty taxes, the Taiwan government aims to attract a sizable amount of overseas funds, estimated at approximately NT\$ 5 trillion to NT\$ 6 trillion, back into Taiwan. It is hoped that the revisions will also stem the outflow of capital and wealth by providing a more convenient and user friendly estate tax solution.

For further discussion and assistance, please do not hesitate to contact your usual Portcullis TrustNet representative.

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