Guide to Taiwan Individual Estate and Gift Tax

1. Introduction

Taiwan estate and gift taxes are levied on the worldwide assets of Taiwan-domiciled individuals. If a Taiwanese national does not have a Taiwan domicile, but has a residence in Taiwan, his/her worldwide assets are subject to the Taiwan estate and gift tax if the individual’s total stay in Taiwan exceeds 365 days in the two years before the date of decease or gift transfer.

2. Estate Tax

Taxpayers of the estate tax are in order of priority: the executor, heir(s), legatee, or inheritance managers. The taxable amount is the fair market value of assets on the date of death. The law allows an exemption of NTD 12 million for each taxpayer. If the taxpayer is a long-term resident of Taiwan, other related deductions are available in determining the taxable estate. In addition, if an inheritor investing in Taiwan qualifies under the Statute for Investment by Overseas Chinese, the audited part of the investment can be valued based on the Estate and Gift Tax Law, in which case, only 50% of the investment value is taxed.

The estate tax is imposed on the taxable estate at a rate of 10%. The term “taxable estate” means the value of the gross estate computed according to the law, less deductions and exemption. The formula for calculating the estate tax is:

\[
\text{Estate Tax Payable} = (\text{Taxable Amount} - \text{Exemption NTD 12 million} - \text{Deductions}) \times \text{Tax Rate 10}\%
\]
3. **Gift Tax**

The donor is generally the payer of the gift tax. The fair market value of the assets on the date of transfer is the taxable amount for gift tax purposes. The law allows an exemption of NTD2,200,000 per taxpayer. Gifts such as donations to the government, public schools, non-profit organizations, government-owned shares from public enterprises, religious groups, and charitable organizations are exempt from the gift tax.

Gift tax is imposed on taxable gifts at a rate of 10%. The term “taxable gifts” means the total amount of gifts made during the calendar year by the donor, less deductions and exemption.

The formula for calculating the gift tax is:

\[ \text{Gift Tax Payable} = (\text{Taxable Amount} - \text{Exemption NTD2,200,000} - \text{Deductions}) \times \text{Tax Rate 10\%} \]