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Guide to Taiwan Securities Transaction Tax

1. Introduction

Securities transaction tax is one type of transaction taxes with respect to sale of the certain type of securities and has different nature from that of securities transaction income tax. Regardless of the gain or loss derived from trading of securities, the securities transaction tax shall be imposed based on the transaction amount. Securities transaction income tax is an income tax imposed on the gains derived from trading of securities. The meanings of these two types of taxes are different.

2. Tax Base

The trading of certain type of securities, except for bonds issued by the government of all levels and other tax-exempt securities, is subject to the securities transaction tax. The certain type of securities described above refers to bonds issued by the governments of all levels, shares issued by companies, corporate bonds, and other securities offered to the public with government approval.

3. Taxpayers

Securities transaction tax is levied on the sellers of securities and withheld and paid by the collection agents. Collection agents are classified based on the types of the transaction as follows:

Transaction Types of Securities	Collecting Agent
Securities are sold by securities underwriters	Underwriters
Sold by securities brokers approved by the competent authority to engage in securities trading on stock exchanges on behalf of customers	Securities broker
Transferred directly by the holder to the transferee	Transferee
Auctioned by the court	Auction winner

4. Tax Rates

Type	Tax Rate (based on the trading price)
Shares and share certificates stating the rights of the shares issued by companies	0.3 % of transaction amount
Corporate bonds and financial bonds	0.1% of transaction amount but according to Article 2-1 of the Securities Transaction Tax Act, the securities transaction tax is exempt for 7 years starting January 1, 2010.
Other securities approved by the government	0.1 % (eg. Taiwan depository receipt, beneficiary certificate, and call / put warrant)