

## Income Tax on House and Land Transactions 2.0

### -At a Glance

In order to prevent speculation in short-term real estate transactions, to preserve housing justice, to curb tax avoidance, and to maintain tax fairness, partial articles of the Income Tax Act were amended and promulgated on April 28, 2021. Taking effect from July 1, 2021 onwards, the latest regulations of the amendment are briefly introduced as follows:

#### 1. Tax Scope:

Income derived from transactions of the following:

- House and land acquired on or after January 1, 2016.
- The right to use a house by creation of superficies acquired on or after January 1, 2016.
- Presale house with its building location acquired on or after January 1, 2016.
- The shares or capital, where more than half of the total number of shares or the total amount of capital of an enterprise within or outside the R.O.C. are/is directly or indirectly held by a profit-seeking enterprise or an individual, and at least 50% of the value of such shares or capital are constituted by house and land within the territory of the R.O.C.; however, such shall not apply if the shares are stocks in listed, OTC-listed, or emerging stock companies.

2. The house and land transactions income tax regime reform extends the holding period for the higher tax rate applicable to an individual's short-term real estate transactions, the comparison table before and after the amendment is as follows:

Individual	Holding Period	Before the amendment	After the amendment
	Tax Rate		
Residents	45%	Held no more than 1 year	Held no more than 2 years
	35%	Held more than 1 year, but no more than 2 years	Held more than 2 years, but no more than 5 years
	20%	Held more than 2 years, but no more than 10 years	Held more than 5 years, but no more than 10 years
	15%	Held more than 10 years	
Non-Residents	45%	Held no more than 1 year	Held no more than 2 years
	35%	Held more than 1 year	Held more than 2 years

3. The applicable tax rate of a profit-seeking enterprise is the same as an individual's for the income derived from transactions of house and land according to the holding period, the comparison table before and after the amendment is as follows:

Profit-Seeking Enterprise	Holding Period	Before the amendment	After the amendment
	Tax Rate		
Profit-seeking enterprise with its head office in Taiwan	45%		Held no more than 2 years
	35%		Held more than 2 years, but no more than 5 years
	20%	Not applicable	Held more than 5 years
profit-seeking enterprise with its head office outside Taiwan	45%	Held no more than 1 year	Held no more than 2 years
	35%	Held more than 1 year	Held more than 2 years

4. The application of the Income Tax on House and Land Transactions regime is as follows:

- Determination of the 1.0 and 2.0 of the Income Tax on House and Land Transactions regime according to the time of transaction.

