

Q&A of Adjustment of Provision for Calculating Wage Income

Q1: What is the legal basis for the adjustment of provision for calculating wage income and when will it be implemented?

A1: In accordance with the Article 14 and Article 126 of the Income Tax amended and promulgated by President on July 24, 2019, salaries and wages receiver are allowed to choose either one of two methods for the calculation of wage income, which came into effect on January 1, 2019.

Q2: What is the calculation method of wage income after the amendment?

A2: From January 1, 2019, the means to calculate wage income is based on a lump-sum deduction of NT\$200,000 or an itemized expense deduction. The taxpayer regardless of occupation can choose the best option.

Q3: What are the principles and items for deduction of necessary expenses from wage income?

A3: If the total amount of the following necessary expenses which are directly related to services rendered and paid by the salaries and wages receiver exceeds the deduction amount(NT\$200,000 for 2019), these necessary expenses can be deducted from salaries and wages:

- I. Vocational clothing expenses
- II. Upgrading training expenses
- III. Vocational tool expenses.