

LAND VALUE INCREMENT TAX



臺中市政府 地方稅務局
TCLTB

廣告



Local Tax Introduction Manual –Land Value Increment Tax

About the Editing of the Manual

Tax revenue is the most important source of income for the government's administration. The government levies taxes on the people according to law, and the people should certainly pay taxes pursuant to law as well. However, the process of transforming the wealth of the people into the tax revenue of the government is definitely a complicated, helpless and painful thing. In order to eliminate the unhappiness of taxpayers and satisfy their right to “know” the truth, the government has compiled the Manual for taxpayers to fully understand the relevant basic tax knowledge and safeguard their rights and interests, and thus they are able to pay taxes according to law to avoid punishment.

After the preliminary draft was completed by the following editorial agencies, the local tax bureaus were consulted and then the editorial agencies requested the compilation units to jointly prepare and complete the draft, and strived for being substantial in content. The contents of the Manual have been uploaded on the website of the Ministry of Finance (website:<https://www.etax.nat.gov.tw/>). Welcome to check it online.

Remarks: The information herein is printed in accordance with the relevant regulations at the time of editing and printing. If the law is amended, the provisions of the amendment shall prevail.

Tax Categories	Editor in Chief
Amusement Tax	Revenue Service Office, Kaohsiung City
Stamp Tax	Revenue Service Office, Kaohsiung City
Land Value Tax	Finance and Local Taxation Bureau, Tainan City
Land Value Iax	Taichung City Local Tax Bureau
House Tax	Taipei City Revenue Service
Vehicle License Tax	Department of Taxation, Taoyuan
Deed Tax	Taichung City Local Tax Bureau
Tax Service	Revenue Service Office, New Taipei City Government



Hearty Reminder

Tax Scope

Land value increment tax is collected on the total incremental value at the time of the transfer of the title of land which has previously been set at a certain value. For land that has a Dien Right established, the original land owner (or the Dien Right assignor) must make prepayment of land value increment tax and the said tax paid is refunded without interest when he (or she) redeems the land.

Taxpayers

The taxpayers of land value increment tax are as follows:

1. For land transferred with consideration or compensation, the original title owner.
2. For land transferred without consideration or compensation, the acquired title owner.
3. For land with Dien created, the Dien maker.

The term “transfer with consideration or compensation” depicted in the preceding paragraph shall mean transfer by sale, exchange, government acquisition or requisition ad valorem.

The term “transfer without consideration or compensation” shall mean transfer by succession or gift.

Structure of the Tax Rates

Land value increment tax rates are as follows:

1. If the total amount of land value increment is less than 100% of the original decreed land value or the previous transfer value (for calculation of then land value increment tax), 20% of the total increment.
2. If the total amount of land value increment is more than 100%, but less than 200% of the original decreed land value or the previous transfer value (for calculation of then land value increment tax), 30% tax rate on portion in excess of 100% in addition to the tax rate provided under subparagraph 1 above.
3. If the total incremental value is more than 200% of the original decreed land value or the previous transfer value for calculation of then land value increment tax, 40% tax rate on portion in excess of 200% in addition to the tax rate provided under subparagraphs 1 and 2 above.

Reductions for Long-term Holding

1. For land that has been owned for a period of over 20 years, its land value increment tax on the portion exceeding the lowest tax rate above shall be reduced by 20%.
2. When the period is over 30 years, its land value increment tax on the portion exceeding the lowest tax rate above shall be reduced by 30%.
3. If that period is over 40 years, its land value increment tax on the portion exceeding the lowest tax rate above shall be reduced by 40%.

Privileged Rate of Self-use Residential Land

If the sale of self-use residential land by the title owner satisfies the special conditions, the land value increment tax shall be collected at a privileged rate of 10%. The title owner may apply for and enjoy this privileged rate only once in his (or her) lifetime.

For landowners who have enjoyed the privileged rate and subsequently transfer other self-use residential land may enjoy the privileged rate again if the following conditions are met:

1. That the amount of the urban land sold doesn't exceed an area of 1.5 acres and that of non-urban land sold doesn't exceed 3.5 acres.
2. At the time of selling, the landowner, his or her spouse, and his or her minor children have no other house except the self-use residence sold.
3. The landowner has owned the self-use residential land for a period of over 6 years before its sale.
4. The landowner, his / her spouse, or his / her minor children have maintained their household registration at the location of the self-use residential land and owned the self-use residence for a period of consecutive 6 years before its sale.
5. The land has never been used for business purposes or rented in the last 5 years before its sale.





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I. Introduction

The land value increment tax is the tax calculated according to a progressive scale on the basis of the gross increment of the land value at the time the ownership thereof is transferred; the gross increment of the land value refers to the current value when the ownership of land is transferred minus the current value at the time the land is transferred according to the price index adjustment or the value of land originally assessed.

The land value increment tax rate has adopted a progressive scale by 20%, 30% and 40% since February 1, 2005. For the land owned for more than 20 years, there is a reduction levy privileged rate, and the government announced that for the sale of self-use residential land, the land value increment tax shall be collected at a privileged rate of 10% once and one house in his (or her) lifetime in order to reduce the burden on the self-occupied house owner. When purchasing other self-use residential land again after selling the original self-use residential land, the paid original land value increment tax can be refunded if it satisfies the certain requirements. In addition, for the purpose of implementing “Farmland Used for Farming” agricultural policy as well as rewarding agricultural production, the exemption of land value increment tax may be applied for if the transfer of agricultural land meets the certain requirements, etc. This manual will explain in detail for you. It is believed that the manual is high in quality and therefore the taxpayer can be really benefited.



II. Land Value Increment Tax Levy

1. Land Value Increment Tax Shall be levied upon Land Sales

Land value increment tax is a tax levied on the land of the owner due to its natural price increase at the time of transfer.





2. Land Value Increment Taxpayer

Item	Taxpayer	Description
For land transferred with consideration or compensation	Original Title Owner	Referring to the original title owner acquires considerable compensations, such as transfer by sale, exchange, government acquisition ad valorem.
For land transferred without consideration or compensation	Acquired Title Owner	Referring to the transfer at the time the acquired title owner does not pay the price, such as gift or succession.
For land with Dien created	Dien maker	When a Dien is created on land with an assigned value, the Dien maker shall pay the land value increment tax according to the provisions of the Land Tax Act herein, and is able to request to return the tax paid without interest when redeeming.
For land transferred under trust with consideration or compensation, or creates Dien	Trustee	A trustee transfers the title of land under trust with consideration or compensation, or creates Dien, or changes the land to own the land pursuant to Paragraph 1, Article 35 of the Trust Act during the life of the trust
For land under trust transferred to a person or entity	Transferee	A trustee transfers the title of land under trust to a person or entity other than the settlor in accordance with the purpose of the trust

3. Calculation of Gross Increment of Value of Land

The declared transfer value at the time of transfer deducts the previous transfer value (or the original decreed land value), multiplied by the price index, and the paid expenses for improvement of land should also be deducted, if any.

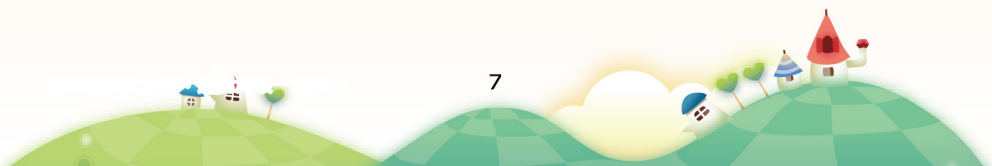
(1) Declared Transfer Value: either of the following two types can be a declared transfer value.

- A. Assessed Present Value: the present value per square meter assessed by the Land Office on January 1 of each year multiplied by the area of the transferred land.
- B. Price agreed by the Parties, such as the contract price signed therein by the Parties, that is, the actual transaction price.

However, if the land transfer value declared by the declarant is lower than the assessed present value after review, the competent authority may acquire the land at the declared value or impose land value increment tax based on the assessed present value.

(2) Previous Transfer Value or Original Decreed Value

- A. I.E. the transfer value declared with the tax authority at the penultimate transfer. If the land has never been transferred, the land value assessed in 1964 or the first assessed land value after 1964 or the first assessed land value before 1964 in accordance with the provisions of the Land Act shall prevail.
- B. The previous transfer value of land after the partition of a thing held in indivision is assessed in principle based on the previous transfer value recalculated by the Land Office, provided that the taxable land is used and exempted or non-taxable status of land value increment tax, or acquiring the land by using the declaration of higher transfer value, forming a co-ownership by trickery and transferring taxable land again after partition, regardless of whether the taxpayer is in the name of the original landowner at the time of transfer again, the original decreed value before the partition or the previous transfer value shall be its original land value to compute the total amount of land value increment for land value increment tax levy in accordance with the principle of “Taxation on Property Transactions Based on Actual Selling Prices” and the provisions prescribed in Articles 28 and 31 of the Land Tax Act. In addition, if it is found that the partition of jointly owned land is handled after reconsolidation, the provisions on tax reduction or exemption as provided in Paragraph 4 of Article 39 of Land Tax Act shall apply, and the fees paid for land reconsolidation and supplemental land value tax may be deducted from the total amount of Land value increment or offset from land value increment tax based on the provisions prescribed in subparagraph 2, Paragraph 1 of Article 31 of the same Act.





- C. The previous transfer value shall mean the assessed present value of land at the time of succession if the land is transferred again after acquisition through succession. However, if the land transferred by succession is the land in lieu of compensation claimed under zone or section expropriation pursuant to subparagraph 3 of Article 30-1 before, and the value of the land in lieu of compensation actually claimed is higher than the assessed present value of the land at the time of succession, the original decreed land value shall be the higher one in the case that the land is transferred again after acquisition through succession.
 - D. The previous transfer value or the original decreed value shall be adjusted according to Article 30 of the Land Tax Act to review the recent consumer price index of Taiwan that was announced in the year and month of the present transfer value declared.
- (3) The expenses for improvement of land include the following items:**
- A. Expenses for improvement of land
 - B. Paid construction benefit charge
 - C. Fees paid for land reconsolidation
 - D. Assessed present value of a certain portion of land donated for public facilities without compensation due to rezoning of land



4. Calculation of Tax Rate and Tax Payable

(1) General Land Use Tax Rate (3 Grades)

Tax Grades	Calculation Formula
Grade 1	Taxable Amount = Total Amount of Land Value Increment [less than 100% of the original decreed land value or the previous transfer value (after adjustment according to consumer price index of Taiwan)] × Tax Rate (20%)
Grade 2	<p>Taxable Amount = Total Amount of Land Value Increment [more than 100%, but less than 200% of the original decreed land value or the previous transfer value (after adjustment according to consumer price index of Taiwan)] [tax rate (30%) - [(30%-20%) × reduction rate]] – progressive difference (original decreed land value or previous transfer value after adjustment according to consumer price index of Taiwan × A)</p> <p>Note: For land that has been owned for a period of not over 20 years, no reduction rate, A = 0.10. For land that has been owned for a period of over 20 years, reduction rate = 20%, A = 0.08. For land that has been owned for a period of over 30 years, reduction rate = 30%, A = 0.07. For land that has been owned for a period of over 40 years, reduction rate = 40%, A = 0.06.</p>
Grade 3	<p>Taxable Amount = Total Amount of Land Value Increment [more than 200% of the original decreed land value or the previous transfer value (after adjustment according to consumer price index of Taiwan)] [tax rate (40%) - [(40%-20%) × reduction rate]] – progressive difference (original decreed land value or previous transfer value after adjustment according to consumer price index of Taiwan × B)</p> <p>Note: For land that has been owned for a period of not over 20 years, no reduction rate, B = 0.30. For land that has been owned for a period of over 20 years, reduction rate = 20%, B = 0.24. For land that has been owned for a period of over 30 years, reduction rate = 30%, B = 0.21. For land that has been owned for a period of over 40 years, reduction rate = 40%, B = 0.18.</p>

Tax Rate Rapid Calculation Table

	Not Over 20 Years	Over 20 Years, Below 30 Years	Over 30 Years, Below 40 Years	Over 40 Years
Grade 1	ax20%	ax20%	ax20%	ax20%
Grade 2	ax30 % - bx10 %	ax28 % - bx8 %	ax27 % - bx7 %	ax26 % - bx6 %
Grade 3	ax40 % - bx30 %	ax36 % - bx24 %	ax34 % - bx21 %	ax32 % - bx18 %



Remarks: a: Total amount of land value increment
b: Original decreed land value or previous transfer value (total amount after adjustment according to consumer price index)

Example

Lee has a piece of land of 50 square meters. The assessed present value of the land at the time of transfer declaration was NT\$160,000 per square meter, and the present transfer value declared at the penultimate acquisition was NT\$20,000 per square meter. The latest announcement of total consumer price index in Taiwan is 200%. Lee has paid the construction benefit charge of NT\$80,000, and the land has been owned for a period of 35 years. The formula of land value increment tax computation to be paid by Lee upon the land sale is as follows:

- A. Total amount of present value declared - Total amount of present value declared at the penultimate transfer \times Total consumer price index in Taiwan - Expenses for improvement of land (construction benefit charge)
= Total Amount of Land Value Increment
 $(\text{NT\$}160,000 \times 50 \text{ square meters}) - (\text{NT\$}20,000 \times 50 \text{ square meters} \times 200\%) - \text{NT\$}80,000 = \text{NT\$}5,920,000$
- B. Calculation of multiples of increment = Total amount of land value increment \div (Total amount of present value declared at the penultimate transfer \times Total consumer price index in Taiwan)
 $\text{NT\$}5,920,000 \div (\text{NT\$}20,000 \times 50 \text{ square meters} \times 200\%) = \text{NT\$}296 / 100$ (applicable to Grade 3)
- C. Total amount of land value increment \times Tax rate - Progressive difference = Taxable Amount
 $\text{NT\$}5,920,000 \times [40\% - (40\% - 20\%) \times 30\%] - \text{NT\$}2,000,000 \times 0.21 = \text{NT\$}1,592,800$

(2) Self-Use Residential Land Tax Rate: 10%

If the land in the foregoing example is self-use residential land, its tax payable is $\text{NT\$}5,920,000 \times 10\% = \text{NT\$}592,000$

5. Declaration Deadline

In case of land title transfer or creation of Dien, the concerned parties shall, in 30 days after the signing of contract, file the declaration of land transfer value with the competent tax authority where the land is located. If the declaration is overdue, the assessed present value on the date of being received by the local tax collection authority shall be the transfer value for assessing its land value increment tax.

Example

Chang and Li made a land sale and purchase contract on December 23, 2019, and agreed to use the assessed present value on the contract date NT\$1,500,000 as the land transfer value to declare the land value increment tax. Such assessed present value of land was raised to NT\$1.6 million on January 1, 2020. If Chang and Li file the land value increment tax to the local tax authority within 30 days from the date of signing the contract, i.e., declare the land value increment tax by January 21, 2020, the assessed present value on the contract date: NT\$1,500,000, shall prevail for the computation of land value increment tax. If Chang and Li do not file the land transfer value to the local tax authority until January 22, 2020 (inclusive), the assessed present value on the date of receipt of declaration, i.e., NT\$1.6, shall be the land transfer value for the land value increment tax levy.

6. The following land may be exempted from or be in non-taxable status of land value increment tax at the time of land transfer.

(1) Exemption

- A. Public land sold or donated by all levels of government according to law, and private land transferred to any level of government by gift.
- B. Land transferred by succession (no need to report land value increment tax to local tax authorities).
- C. Land donated for the purpose of establishing social welfare enterprises or private school according to law.
<Please refer to: III. 3. (2) >
- D. Requisitioned Land.
- E. The land that has been designated as reserved land for public facilities under urban planning, but transferred before being requisitioned.
- F. Private land subject to requisition according to law and the owner voluntarily sells the land to the relevant government agency at the compensation value upon requisition.

(2) Non-Taxable Status

- A. Land bestowed to a spouse may apply for non-taxable status of land value increment tax.
- B. Transfer of agricultural land used for agricultural purpose to an individual may apply for non-taxable status of land value increment tax.
<Please refer to: III. 3. (1) >





III. How to reduce your Land Value Increment Tax (introduction to tax mitigation)

1. Applying for self-use residential land tax rate

(1) Applicable to the tax rate of self-use residential land for once in your lifetime

Tax Saving Item	Tax Rate Applicable to Self-Use Residential Land
Applicable Requirements	<ol style="list-style-type: none">1. The residential land that was not used for business purpose or rented in the last year before its sale.2. The superficies on Land shall be owned by the landowner or his or her spouse and immediate family members, and the household registration shall be registered in the place.3. The portion of urban land not exceeding 3 acres or non-urban land not exceeding 7 acres.4. The rate can be enjoyed only once in a taxpayer's lifetime.5. The self-use residential building is completed in the last year, and the assessed value of the self-use residence shall reach 10% of the assessed present value of the land.
Documents Required	<ol style="list-style-type: none">1. Land value increment tax (present value) declaration form in duplicate (according to the number of stubs stipulated by municipalities, counties and cities).2. A copy of contract. (The original copy shall also be submitted, but it will be returned after check.)3. Landowner's statement of land without being leased out.4. Documents evidencing building improvement.5. Documents evidencing improvement expenses (if any).
Application Deadline	<ol style="list-style-type: none">1. For general sale and purchase transaction, the application shall be submitted at the time of declaring the present transfer value.2. If the applicant fails to indicate the application in the declaration of land transfer value, the application shall be submitted before the deadline for paying the land value increment tax.3. For cases that are required to declare the present value of land being transferred independently or the transfer declaration is not required, the application shall be submitted in thirty days starting from the next day following the receipt of notice from the tax authority.
Acceptance Agency	The local tax authority where the land is located.
Tax Saving Status	Applying to self-use residential land tax rate at 10%

Other Relevant Regulations

When declaring the sold self-use residential land, the landowner may choose the priority applicable to the self-use residential use, and the area shall be calculated to 3 acres of urban land or 7 acres of non-urban land; if the landowner does not choose the priority, the local tax authority will apply the tax rate for self-use residential land in the order of the most favorable to landowners in the land value increment tax.

(2) Applicable to the Tax Rate of Self-Use Residential Land for One House in One's Lifetime

If the landowner sells another self-use residential land that complies with the terms of the paragraph 1, Article 34 of Land Tax Act, the land value increment tax imposed thereon shall not be governed by the once in the lifetime restriction as provided in the preceding paragraph if the following conditions are met:

Tax Saving Item	One House in One's Lifetime Tax Rate for Self-Use Residential Land
Applicable Requirements	<ol style="list-style-type: none"> 1. That the amount of the urban land sold does not exceed an area of 1.5 acres or that of non-urban land sold does not exceed 3.5 acres. 2. At the time of selling, the landowner, his or her spouse, and his or her minor children have no other house other than the self-use residence sold (including houses where the landowner and his or her spouse and minor children does not have an Initial Registration of Ownership nor transfer of trust property). 3. The landowner has owned the self-use residential land for a period of over 6 years before its sale. 4. The landowner, his or her spouse, and his or her minor children have maintained their household registration at the location of the self-use residential land and owned the self-use residence for a period of consecutive 6 years before its sale. 5. The land has never been used for business purposes or rented in the last 5 years before its sale.
Documents Required	<ol style="list-style-type: none"> 1. Land value increment tax (present value of land) declaration form in duplicate (according to the number of stubs stipulated by municipalities, counties and cities). 2. A copy of contract (shall return after the check of the original copy). 3. Documents evidencing building improvement. 4. The landowner selling the self-use residential land and applying for being applicable to the provisions in paragraph 5, Article 34 of Land Tax Act Statement. 5. Documents evidencing land improvement expenses (if any).



Application Deadline	1. For general sale and purchase transaction, the application shall be submitted at the time of declaring the present transfer value. 2. If the applicant fails to indicate the application in the declaration of land transfer value, the application shall be submitted before the deadline for paying the land value increment tax. 3. For cases that are required to declare the present value of land being transferred independently or the transfer declaration is not required, the application shall be submitted in thirty days starting from the next day following the receipt of notice from the tax authority.
Acceptance Agency	The local tax authority where the land is located.
Tax Saving Status	Applying to self-use residential land tax rate at 10%

◎ Other Relevant Tax Saving Regulations

- (1) If the same landowner sells a number of pieces of self-use residential land at the same time, the sale of those pieces of land shall be deemed “one” sale, and may enjoy the self-use residential land tax rate levy. (Ministry of Finance 72/11/16 Tai-Tsai-Shui-No.38135)

For the same landowner sells a number of pieces of self-use residential land at the same time, if the total area does not exceed 3 acres of urban land or 7 acres of non-urban land, it can be deemed “one” sale, and the land value will be paid at the rate of self-use residential land. As for the “simultaneous sale”, in addition to the same date of the contract execution, the date of the present transfer value reported to the local tax authority shall be the same.

- (2) For individuals who use their self-use residence to engage in hairdressing, perm, beauty, tailoring and other sideline businesses without business licenses and no employment, the business registration and business tax can be exempted, and the house tax may be levied at a residential tax rate. If the house meets the requirements stipulated in Articles 9 and 34 of the Land Tax Act, the land value increment tax shall also be levied at the self-use residential land tax rate. (Ministry of Finance, 74/12/9 Tai-Tsai-Shui-No.25965 Letter)
- (3) If the premises are vacated for sale, so that when the sale and purchase contract is signed, the household registration is no longer on the land, the land value increment tax can still be paid at the tax rate of self-use residential land. (Ministry of Finance, 72/8/17, Tai-Tsai-Shui-No. 35797)

When the landowner vacates the premises for sale, and has to move out the household registration because he/she has to leave, resulting that the household registration is not on the land for sale when the contract is signed, the land is inconsistent with the requirements of the self-use residence;

- however, in order to take into account the actual difficulties of the taxpayer, if the period between the time moving out the household registration and the time of premises sale is less than one year, and during the period of being out of the premises, the self-use residential land is not rented nor used for business, the land value increment tax can still be enjoyed at the tax rate of the self-use residential land.
- (4) If the premises are freely available for the use of the village chiefs, the premises can enjoy the self-use residential land tax rate on the land value increment tax. (Ministry of Finance, 68/11/2, Tai-Tsai-Shui-No.37663)
For part of the premises used by the village chiefs, if it is not rented out and has met the requirements of self-use residence, it can enjoy the self-use residential land tax rate on the land value increment tax.
- (5) If part of the premises on the same floor is used for self-use residence and part is for non-self-use residence, the building lot may be subject to land value increment tax according to the area proportion of the actual use of the houses, and based respectively on self-use residential land and general use tax rate. (Ministry of Finance, 89/3/14, Tai-Tsai-Shui-No.0890450770)
If part of the premises on the same floor is used for self-use residence, of which the self-use residence and non-self-use residence can be clearly defined, the area of the building lot may be computed according to the actual use ratio and respectively levied at a self-use residential land tax rate and a general land use tax rate on its land value increment tax.
- (6) When a landowner who purchases the self-use residential land and sells the same self-use residential within one year after the completion of transfer registration, the one house in one's lifetime self-use residential land tax rate may apply. (Ministry of Finance, 99/4/6 Tai-Tsai-Shui-No. 09904507190)
- (7) The landowner newly purchases the self-use residential land and relocates the household registration from the original self-use residential land to the newly purchased self-use residential land, and then sells the original self-use residential land when the household registration is not in the place or has been relocated to the place, if the landowner, his or her spouse, and his or her minor children have maintained their household registration at the location of the self-use residential land and owned the self-use residence for a period of consecutive 6 years before its sale and the period between the date of household deregistration and the date of sale of the original self-use residential land is less than one year, the one house in one's lifetime self-use residential land tax rate may still apply thereto. (Ministry of Finance, 100/8/15, Tai-Tsai-Shui-No. 10000185310)





2. Applying for Tax Refund for Residential Land Repurchase

(1) Tax Refund for Self-Use Residential Land Repurchase

Tax Saving Item	Tax Refund for Self-Use Residential Land Repurchase
Applicable Requirements	<ol style="list-style-type: none">1. The land is reacquired after sold, or the land is purchased and then sold within 2 years.2. The value of the reacquired land is in excess of the balance of the original value of land sold less the land value increment tax paid3. The same landowner sells and reacquires the land.4. The owner of the land sold or the new purchased land shall be the landowner, his/her spouse or his/her relatives of direct lineage, and their household registration shall be on the land.5. The repurchased urban land does not exceed 3 acres or the repurchased non-urban land does not exceed 7 acres, while the sale of land is not subject to the foregoing area restriction.6. The land sold was not used for business purpose or rented in the last year before its sale.7. In the case of purchase first and sale afterward, the refund shall apply to the self-use residential land that has already been owned.
Documents Required	<ol style="list-style-type: none">1. A copy of contractual documents when the original sale and repurchase of land was registered with the local land office.2. Copy of the land and building ownership certificates or other supporting documents.3. The land value increment tax receipt stub of the original tax bill (if not available, an affidavit is required).4. Land repurchase landowner's statement of land without being leased out (not required if the tax refund for land repurchase application has been filled out).5. Landowner's statement of land without being leased out shall be submitted if the originally sold land was subject to the land value increment tax at the general land use tax rate, and the land ownership owner has no declaration of the lease (not required if the tax refund for land repurchase application has been filled out).
Application Deadline	<ol style="list-style-type: none">1. Applying after repurchase for those who sell land before purchasing land.2. Applying after sales for those who purchase land before selling land.
Acceptance Agency	The local tax authority when the land was originally sold.
Tax Saving Status	Refunding the portion of land value increment tax paid to make up the difference to be paid for the reacquisition of land.



Other
Relevant
Regulations

1. For tax refund for land repurchase control and monitor, if the landowner transfers the reacquired land or the reacquired land is being used for purposes other than the original purpose within five years, the landowner shall be levied land value increment tax for subsequent transfer.

Note: Other uses include business use, renting out, household deregistration, etc.

2. If the tax refund for land repurchase meets the requirements, there is no limit on the number of applications.
3. Application for the tax refund for land repurchase is available for cases without applying for being levied at self-use residential land tax rate at the time of sale.
4. Sale and repurchase of parcels of self-use residential land within 2 years shall be combined in the assessment of tax refund for land repurchase as long as the requirements are met.
5. The time limit for tax refund for land repurchase request is 10 years.

Note: Before the amendment of Article 131 of the Administrative Procedure Act on May 22, 2013, the time limit for tax refund for land repurchase request was 5 years. For the refund request which had been 5 years before May 23, 2013 (including the date), the validity expired; for the refund request which had not been 5 years before May 23, 2013 (including the date), the validity shall be extended to 10 years.

Example

Calculation Formula for Tax Refund on Repurchased Self-Use Residential Land
present transfer value declared of newly purchased self-use residential land -
(present transfer value declared of originally sold Self-Use Residential Land - paid
land value increment tax) = A (in case of zero or negative, it does not meet tax
refund requirements)

When the paid land value increment tax \leq A, the paid land value increment tax
can be refunded in full.

When the paid land value increment tax $>$ A, the tax equivalent to A can be refunded.

Example: Mrs. Wang's present transfer value of the self-use residence sold on
December 1, 2018 was NT\$4.5 million and the paid land value increment tax was
NT\$500,000. Mrs. Wang took a fancy to two houses in December, 2019 and
wanted to choose one of them. Let's calculate the amount of tax that can be
refunded for these two houses respectively. (The present value of the land of
House A is NT\$5 million and the present value of the land of House B is NT\$4.3
million.)





House A:

present transfer value declared of newly purchased self-use residential land - (present transfer value declared of originally sold self-use residential land - paid land value increment tax) = NT\$5 million - (NT\$4.5 million - NT\$500,000) = A (NT\$1 million)

Paid Land Value Increment Tax \leq A

NT\$500,000 < NT\$1 million

Conclusion:

The originally paid land value increment tax NT\$500,000 for purchase of House A can be returned in full.

House B:

present transfer value declared of newly purchased self-use residential land - (present transfer value declared of originally sold self-use residential land - paid land value increment tax) NT\$4.3 million - (NT\$4.5 million - NT\$500,000) = A (NT\$300,000)

Paid Land Value Increment Tax > A

NT\$500,000 > NT\$300,000

Conclusion:

The tax amount equivalent to A (NT\$300,000) can be returned upon purchase of House B.

(2) Tax Refund for Land Repurchase for Self-Operated Factory Land

Tax Saving Item	Tax Refund for Land Repurchase for Self-Operated Factory Land
Applicable Requirements	<ol style="list-style-type: none">1. The land is reacquired after sold, or the land is purchased and then sold within 2 years.2. The value of the reacquired land is in excess of the balance of the original value of land sold less the land value increment tax paid3. The same landowner sells and reacquires the land.4. After self-operated factory land has been sold, the original owner acquires another parcel of land for factory building in another industrial zone as designated by urban planning or on government-designated industrial land.
Documents Required	<ol style="list-style-type: none">1. A copy of contractual documents when the original sale and repurchase of land was registered with the local land office.2. Copy of the land and building ownership certificates or other supporting documents.3. The land value increment tax receipt stub of the original tax bill (if not available, an affidavit is required).4. A copy of factory registration certificate of the originally sold and repurchased land.5. Repurchased land zoning certificate of use for the urban planning land or the land registration transcript for the non-urban land.6. Landowner's statement of land without being leased out.

Application Deadline	1. Applying after repurchase for those who sell land before purchasing land. 2. Applying after sales for those who purchase land before selling land.
Acceptance Agency	The local tax authority when the land was originally sold.
Tax Saving Status	Refunding the portion of land value increment tax paid to make up the difference to be paid for the reacquisition of land.

(3) Tax Refund for Land Repurchase for Self-Tilled Agricultural Land

Tax Saving Item	Tax Refund for Land Repurchase for Self-Tilled Agricultural Land
Applicable Requirements	<ol style="list-style-type: none"> 1. The land is reacquired after sold, or the land is purchased and then sold within 2 years. 2. The value of the reacquired land is in excess of the balance of the original value of land sold less the land value increment tax paid 3. The same landowner sells and reacquires the land. 4. After self-tilled agricultural land has been sold, the original owner acquires another parcel of agricultural land for self-tilling.
Documents Required	<ol style="list-style-type: none"> 1. A copy of contractual documents when the original sale and repurchase of land was registered with the local Land Office. 2. Copy of the land and building ownership certificates or other supporting documents. 3. The land value increment tax receipt stub of the original tax bill (if not available, an affidavit is required). 4. Sold and repurchased land Zoning Certificate of Use for the urban planning land or the land registration transcript for the non-urban land.
Application Deadline	1. Applying after repurchase for those who sell land before purchasing land. 2. Applying after sales for those who purchase land before selling land.
Acceptance Agency	The local tax authority when the land was originally sold.
Tax Saving Status	Refunding the portion of land value increment tax paid to make up the difference to be paid for the reacquisition of land.

Remarks: For the transfer of agricultural land used for agricultural purpose to an individual, there are regulations for non-taxable status for taxpayers to take into account the applicability.





(4) Repurchase of Land Required for Business in New Town

Tax Saving Item	Repurchase of Land Required for Business in New Town
Applicable Requirements	<ol style="list-style-type: none">1. The original business land was sold, and another parcel of land for business use is purchased within two years after the completion of transfer registration.2. The value of the reacquired land is in excess of the balance of the original value of land sold less the land value increment tax paid.3. The landowner may apply with the local tax authority after starting the operation.4. For the sale of the original business land, only the land that was constantly operated without being rented out in the one year before being sold is applicable.5. Limited to a branch with a company limited by shares invested and set up or capital increased and expanded in a planned area of a new town, which operates a business that meets the industry's development in favor of the New Town prescribed by the Executive Yuan.6. The land has completed the business registration or factory registration in accordance with the law, and directly used for such business.7. The same landowner sells and reacquires the land.8. If the applicant applies for tax refund for land repurchase from the local tax authority within the period between the 6th year and the 10th year from the day the competent development authority designates the area, the tax refund amount will be halved, and the tax refund will not be granted from the 11th year.
Documents Required	<ol style="list-style-type: none">1. A copy of contractual documents when the original sale and repurchase of land was registered with the local Land Office.2. Copy of the land and building ownership certificates or other supporting documents.3. The land value increment tax receipt stub of the original tax bill (if not available, an affidavit is required).4. New Town Industrial Investment Plan.5. Copy of the original land and the newly acquired land used for company registration (approval letter issued by the central or local government and company registration document or alteration registration certificate) or factory registration certificate.6. Zoning Certificate of Use for the urban planning land.7. Landowner's statement of land without being leased out.8. Operating a business that meets the industry's development in favor of the New Town prescribed by the Executive Yuan.
Application Deadline	<ol style="list-style-type: none">1. Applying after repurchase for those who sell land before purchasing land.2. Applying after sales for those who purchase land before selling land.

Acceptance Agency	The local tax authority when the land was originally sold.
Tax Saving Status	Refunding the portion of land value increment tax paid to make up the difference to be paid for the reacquisition of land.

3. Applying for Tax Deductions and Exemptions

Tax Saving Item	(1) Transfer of Agricultural Land	(2) Land donated for the purpose of establishing social welfare enterprises or private school	(3) Transfer of reserved land for public facilities
Applicable Requirements	<p>Applicability: Transfer of agricultural land used for agricultural purpose to an individual may apply for non-taxable status of land value increment tax.</p> <p>1. Cultivated Land: Farming and grazing lands classified into special agricultural zone, common agricultural zone, slope conservation zone and forest zone according to the Regional Plan Act.</p> <p>2. Agricultural land other than cultivated land: (1) According to the Regional Plan Act, the land classified into various use zoning allocated forestry land, aquiculture land, water resources conservancy land, ecological protection land, territory security land and the lands used for farm tracks, or the lands in the above-mentioned use zoning is not allocated thereon according to the law. (2) Farming and grazing lands allocated in the use zoning classified into the lands other than special agricultural zone, common agricultural zone, slope conservation zone and forest zone according to the Regional Plan Act. (3) The land classified in the agricultural or conservation districts in accordance with Urban Planning Law.</p> <p>3. Agricultural land inside the national park district, which is recognized by the National Park Management Office in conjunction with the relevant authorities.</p>	<p>1. It should be a land privately donated.</p> <p>2. Restricted to the land used for establishment of social welfare enterprises or private school according to law.</p> <p>3. Enterprises established for the main purpose of social welfare and public assistance after approval of the competent authority for social welfare or private schools of all levels established after approval of the competent authority for educational administration in accordance with the provisions of the Private School Law.</p> <p>4. The donee is a non-profit juristic person.</p> <p>5. Its articles of incorporation stipulate that upon dissolution, the remaining property of the entity will be transferred to the local government.</p>	<p>Land reserved for public facilities designated according to the Urban Planning Law is transferred before expropriation.</p>



	<p>4. Agricultural land changed to non-agricultural land by law, and determined by the competent authority of urban planning to meet one of the following circumstances regardless of when it is changed:</p> <p>(1) Due to the detail plan has not been completed the building site can not be used as it has been planned.</p> <p>(2) Although the detail plan has been completed, concerning stipulations limit its development by ways of land consolidation or zoned expropriation, the building site still can not be used as it has been planned before the plans of land consolidation or zoned expropriation are put into practice.</p> <p>(3) Agricultural land which has been converted into not agricultural use before August 3rd 1983 under the municipality and local government's agreement depending on the progress of urban planning implementation and regional development trends.</p>	<p>6. The donor did not receive any interest in the donated land in any manner.</p>	
Documents Required	<p>1. Land value increment tax (present value of land) declaration form in duplicate (according to the number of stubs stipulated by municipalities, counties and cities).</p> <p>2. A copy of contract (shall return after the check of the original copy).</p> <p>3. Certificate of agricultural use of agricultural land issued by agricultural department, or certificate of being in agricultural use referred to in Article 38-1, Agricultural Development Act.</p> <p>4. Agricultural land changed to non-agricultural land by law, and the city planning authority issues certification documents in accordance with the first paragraph of Article 38-1 of the Agricultural Development Act.</p>	<p>1. Land value increment tax (present value of land) declaration form in duplicate (according to the number of stubs stipulated by municipalities, counties and cities).</p> <p>2. A copy of contract (shall return after the check of the original copy).</p> <p>3. The documentary evidence authorized by the competent authority of social welfare enterprises or the competent educational authority.</p> <p>4. Donation instruments.</p> <p>5. Juridical person registration certificate (or registration transcript of juridical person).</p> <p>6. Juridical person donation Articles of Incorporation.</p> <p>7. The party produces an</p>	<p>1. Land value increment tax (present value of land) declaration form in duplicate (according to the number of stubs stipulated by municipalities, counties and cities).</p> <p>2. A copy of contract (shall return after the check of the original copy).</p>

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		instrument evidencing the donor has not obtained the interest in any way by means of the donation of the land.	3. Zoning Certificate of Use for the urban planning land.
Application Deadline	<p>1. A general application is filed at the time of the present transfer value declared; if the applicant fails to make the application, he/she may apply to make up the information with the local tax authority before the deadline for paying the land value increment tax</p> <p>2. Where the right holder is required to declare the present value of the land being transferred independently or the transfer declaration is not required, the title owner shall apply for the application in thirty days starting from the day following the receipt of notice</p>	At the time of the present transfer value declared.	At the time of the present transfer value declared.
Acceptance Agency	The local tax authority when the land was located.	The local tax authority when the land was located.	The local tax authority when the land was located.
Tax Saving Status	Non-Taxable Status	Tax Exempt	<p>Tax Exempt.</p> <p>But if the aforesaid land is transferred again after it has been changed to non-reserved land, the total incremental value used to assess the land value increment tax payable for the transfer shall be based on the original decreed land value of the land prior to its first tax-exemption status or the previous transfer value.</p> <p>Note: If the transferor or the transferee of the land has paid expenses for improvement of land according to law, or the land is reconsolidated, tax deduction or reduction may be permissible accordingly.</p>



4. Other land that is tax reduced, exempted and non-taxable

Tax Saving Item	(1) Land in water sources district	(2) Land Consolidated	(3) The land in lieu of compensation actually claimed at the time of zone expropriation
Applicable Requirements	Land located in a water quality and quantity protected area that is designated as a water sources district under the urban planning procedure	The land that was transferred for the first time after consolidation.	The land for the first-time transfer in lieu of compensation after the claim.
Standard for Tax Deduction and Exemption	<p>1. For agricultural zone, protection zone, river zone, river reservation, land used for public facilities and other use of the zoning control content are the same as the conservation zone, the tax is reduced by 50%. However, in one of the following situations, it shall be tax exempt:</p> <p>(1) The land had been held before the implementation of the water sources district plan, and the first-time transfer was made after the implementation thereof or the first-time transfer after acquisition upon succession.</p> <p>(2) The land had been held before the implementation of Article 12-1 of the Water Supply Act (July 1, 1995) and was transferred for the first time after the implementation thereof or transferred for the first time after acquisition upon succession.</p> <p>Type A Scenic zone</p> <p>2. For scenic zone, type A scenic zone and type B scenic zone, the tax is reduced by 40%. However, for the content of the regulation is the same as that of the protected area, the provisions of the preceding paragraph shall apply.</p> <p>3. For residential area, the tax is reduced by 30%.</p> <p>4. For business zones and community centers, the tax is reduced by 20%.</p>	Tax reduced by 40%	Tax reduced by 40%
Documents Required	<p>1. Land value increment tax (present value of land) declaration form in duplicate (according to the number of stubs stipulated by municipalities, counties and cities).</p> <p>2. A copy of contract (shall return after the check of the original copy). Zoning Certificate of Use for the urban planning land.</p>	<p>1. Land value increment tax (present value of land) declaration form in duplicate (according to the number of stubs stipulated by</p>	<p>1. Land value increment tax (present value of land) declaration form in duplicate (according to the number of stubs stipulated by</p>

		municipalities, counties and cities). 2. A copy of contract (shall return after the check of the original copy).	municipalities, counties and cities). 2. A copy of contract (shall return after the check of the original copy).
Application Deadline	At the time of the present transfer value declared.	At the time of the present transfer value declared.	At the time of the present transfer value declared.

(4) Land bestowed to a spouse may apply for non-taxable status of land value increment tax.

Land bestowed to a spouse may apply for non-taxable status of land value increment tax. But if the land is subsequently transferred to a third party, the land value increment tax shall be assessed based on the increment in value from the original decreed value prior to the first transfer or the present value at the time of previous transfer.

(5) In carrying on a division or the acquisition of assets or shares by a company, the transferred land accordingly may enjoy being registered and payment concessions.

Where a company limited by shares carries on a division or the acquisition of assets or shares, with the shares entitled with voting rights as the consideration to pay the company so merged/consolidated and acquired while such shares are at a value not less than sixty-five percent of the total consideration, or the company is carrying on the merger/consolidation, the land value increment tax duly born by the existing land title holder may be registered and shall be paid at the time of transfer again by the acquiring company. When shares as the consideration are transferred by the acquired company or divided company such that the shares it holds becomes lower than sixty-five percent of the consideration within three years upon completing the registration of the land transferred, the acquired company or the divided company shall make later payment of the land value increment tax registered; any shortage of the later payment shall be made good by the acquiring company and the surviving company or the newly incorporated company after the division.

(6) For financial institutions merged with the permission of the competent authority, all the land of the dissolved institutions may enjoy being registered and payment concessions when transferred along herewith.

When the financial institutions are approved by the competent authority to be merged and all the land of the dissolved institutions are going to be transferred



along herewith, the land value increment tax payable may be registered and paid by the surviving or newly established institution when such land is transferred again.

- (7) If the financial institution, the credit departments of farmers association and fishermen association are approved to be merged by the competent authority, the land acquired by exercising the mortgage may be exempted from the land value increment tax when it is transferred along therewith.**

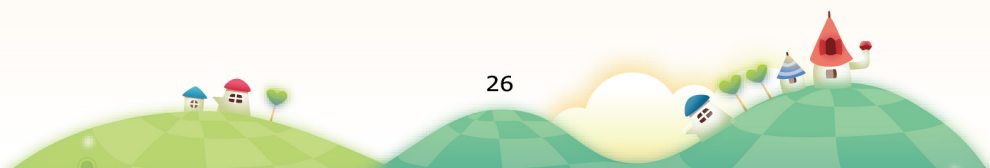
For the financial institution, the credit departments of farmers association and fishermen association are approved to be merged by the competent authority, and the land acquired by exercising the mortgage to the dissolved institutions shall be exempted from the land value increment tax transferred when it is transferred to the surviving, newly established financial institution or the farmers association and fishermen association of which the credit departments were assigned.

- (8) When a financial institution is converted into a financial holding company or its subsidiary with the permission of the competent authority, the land directly used by the original institution may enjoy being registered and payment concession when it is transferred along therewith.**

When a financial institution is converted into a financial holding company or its subsidiary with the permission of the competent authority, the land that is originally used by the financial institution for the direct use of the land is transferred, and the land value increment tax due is allowed to be registered and shall be paid by the succeeded company when it is transferred again.

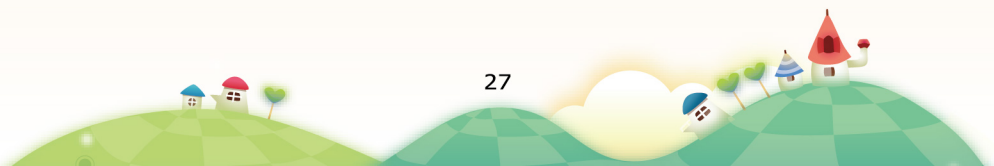
- (9) Transfer of land requisitioned under zone or section expropriation where the landowner receives cash for compensation or receives land in lieu of compensation as compensation is exempted from land value increment tax:**

Transfer of land requisitioned under zone or section expropriation where the landowner receives cash for compensation or receives land in lieu of compensation as compensation is exempted from land value increment tax. But for the first-time transfer of land in lieu of compensation after the claim, total incremental value used to assess the land value increment tax payable for the transfer shall be based on the value of land in lieu of compensation actually claimed by the original landowner, and the land value increment tax shall be reduced by 40%.



(10) Regulations Governing Reduction and Exemption of Land Value Increment Tax of Land in the Urban Renewal Unit upon Rights Transfer or Joint Construction Agreement

- A. When land and buildings acquired through rights transfer are transferred the first time after urban renewal, the land value increment tax and deed tax shall be reduced by 40%.
- B. The land value increment tax for those not willing to participate in the rights transformation and claim for cash compensation is reduced by 40%.
The allocated land received through the implementation of the rights transformation that did not reach the minimum unit of area distribution and had changed in order to claim for cash is exempted from land value increment tax.
- C.
- D. If the lands and buildings are used to offset the payment sharing of rights transformation during the implementation of the rights transformation, the land value increment tax and the deed tax are exempted.
- E. Setting up with superficies rights, tenant farmer rights or cultivate land 375 leasing deeds within the rights transformation area, the landowners and superficies rights owner, tenant farmer rights owner, agricultural rights, or the lessee of the cultivate land 375 Leasing Deeds fail to reach an agreement or the landowners are not willing or cannot participate in allocation, the implementer's allocation shall be deemed to have transferred the land without compensation, and the land value increment tax shall be reduced by 40% and registered, and paid together by the superficies rights owner, tenant farming rights owner, agricultural rights or the lessee of the cultivate 375 leasing deeds when re-transferred after the rights changed.





IV. In order to protect your rights and interests, please pay attention to the following regulations to avoid punishment.

1. Land donated for the purpose of establishing social welfare enterprises or private school according to law is exempted from land value increment tax, provided that a non-profit juristic person ("NPJP") has any of the following situations, land value increment tax shall be made due retroactively and a fine equal to two times the land value increment tax payable shall be imposed:

- (1) The NPJP failed to use the land according to the designated purpose of donation;
- (2) The NPJP acted in violation of the purpose of its establishment;
- (3) Income generated from the land was not spent entirely on the established enterprise; or
- (4) The donor received interest from the donated land in any manner as discovered by the tax authority or reported by others.

2. For land that is resold before the previous transaction has completed the registration of title transfer, a fine equal to 2% of the reselling value shall be imposed, provided that the present value of each land transfer is less than NT\$1 million, or if the transfer of the present value is cancelled or rescinded before the registration of the title transfer, the penalty shall be exempted.

3. Delay Penalty Imposed for Late Payment

A delay penalty that amounts to one percent (1%) of tax due for every two days of delay shall be imposed on legal taxpayers or designated taxpayers who fail to pay their land tax before the deadline as stated in the payment notice; for those who have not made the payment within 30 days, the local tax authority shall notify the parties to pay or withdraw the original declaration within a time limit. If the tax is not paid or the original declaration is not withdrawn after the deadline, the local tax authority shall go through with the cancellation of the declaration and the assessed amount of the tax.





V. Q&A of Land Value Increment Tax



1. If a land is transferred by means of gift, can the self-use residential land tax rate apply to such land?

A : Because the gift transfer is not sale and the taxpayer is the recipient not the original landowner, the land value increment tax for the self-use residential land tax rate cannot apply to such transfer.

2. Mr. Chang heard that the land donated to the wife is not required to pay the land value increment tax, is that true? How do I go through with the transfer procedures and what regulations should I observe?

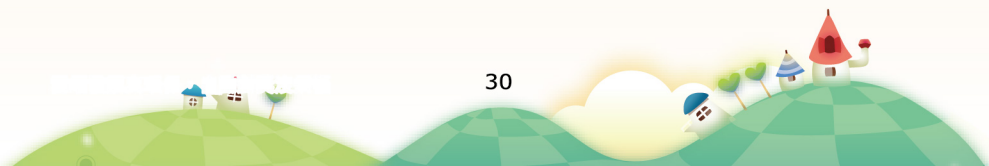
A : According to the provisions in Article 28-2 of Land Tax Act, the land bestowed to a spouse may apply for non-taxable status of land value increment tax. But non-taxable status does not mean exact exemption. It is no more than a delayed taxation, and if the land is subsequently transferred to a third party, the land value increment tax shall be assessed based on the increment in value from the original decreed value prior to the first transfer or the present value at the time of previous transfer. Whether or not apply for non-taxable status, the present transfer value declaration is required. If you want to apply for a non-taxable status, you should indicate the wording of “Land bestowed to a spouse may apply for non-taxable status of land value increment tax” and make the application; after the local tax authority issues the non-taxable status of land value increment tax certificate and completes the tax payment, with the certificate of non-taxable status of land value increment tax, you can further apply for an issuance of “Not included in the total gift amount certificate” from the National Taxation Bureau, and register the transfer at the Land Office. Once the “Land bestowed to a spouse” is registered, it will be transferred in real terms. If the land bestowed is still under the control of the tax refund for land repurchase within 5 years, the land value increment tax will be retroactively collected due to the land value increment tax refund according to Article 37 of the Land Tax Act. You had better grasp the opportunity in order not to lose it.





3. Since it is open to free trade in agricultural land that all individuals may make a purchase, Mr. Sun also bought a real land parcel. He used to live with the family in the countryside, enjoying the joy of the pastoral; however, his son changed the space into a temporary garage. The neighborhood chief told Mr. Sun, “agricultural land has to be used for agriculture, or you get punished”. Will it be too late if he resumes the land’s agricultural use now?

A : According to the first paragraph of Article 39-2 of the Land Tax Act, “Transfer of agricultural land used for agricultural purpose to an individual may apply for non-taxable status of land value increment tax”. The prerequisite is that the agricultural land must be used for agriculture. At the time of purchase, it was used for agriculture, so the tax was temporarily exempt, while it did not mean that the tax was no more than “free”. For in the same article, the provisions of the second paragraph stipulate that the provisions of the preceding paragraph applies to the transfer of land that has been designated as reserved land for public facilities under urban planning, but not yet been requisitioned. But if the aforesaid land is transferred again after it has been changed to non-reserved land, the total incremental value used to assess the land value increment tax payable for the transfer shall be based on the original decreed land value of the land prior to its first tax-exemption status or the previous transfer value. Therefore, Mr. Sun has an opportunity to improve, and promptly resumes the use of agriculture. Otherwise, he will lose a great deal. At that time, due to violation of the Regional Plan Act or the urban planning law, not only the foregoing competent laws and regulations authority may impose a fine between NT\$60,000 and NT\$300,000 on the owner, user or manager of the land or building but also order the said party to dismantle, rebuild, stop using, or restore the land or building. The same fine shall be imposed for each act of non-compliance. The water and power supply shall be cut and the land or building shall be shut off, dismantled, or restored to its original condition, and the land value increment tax shall be imposed on the follow-up transfer. It’s not worth it.



4. Mr. Wang wants to sell a farmland to Mr. Sun. A friend told him that the farmland transaction is not subject to land value increment tax now. What should Mr. Wang do?

A: Since the amendment and implementation of the Land Tax Act on January 28, 2000, transfer of agricultural land used for agricultural purpose to an individual may apply for non-taxable status of land value increment tax. For a landowner who applies for non-taxable status of land value increment tax pursuant to such provision, both the right holder and the obligor shall indicate the wording of “agricultural land” in the application for declaration of land transfer value; if the applicant fails to indicate such information in the application, he may apply to make up the information with the local tax authority before the deadline for paying the land value increment tax; no such application will be accepted beyond the payment deadline. Therefore, application for non-taxable status of land value increment tax shall simultaneously produce both the “agricultural land used for agricultural purpose” and the “transfer to an individual” requirements, and submit the “Agricultural Land Used for Agricultural Purpose Certificate” issued by the competent agricultural authority, otherwise the local tax authority will not possibly approve it. In addition, agricultural land used for agricultural purpose, which is transferred for the first time after the implementation of the amendment on January 28, 2000, or applying for non-taxable status and then transfer, while the land value increment tax shall be levied according to law, the original decreed land value may be adjusted to the assessed current value of 2000. The following documents are required:

- (1) The relevant supporting documents for the transferred land to evidence that such land was agricultural land in January of 2000, such as land registration transcripts or urban planning land zoning certificate of use.
- (2) Except for the documents referred to in Paragraph (1), other documents are the same as the general declaration cases. [Land value (present value) increment tax declaration, sales and purchase agreement, certification documents of expenses for improvement of land, etc.]
- (3) The party shall indicate the following words in the land transfer value declaration: “The land was used for agricultural purpose when the amendment of Land Tax Act came into effect on January 28, 2000. Please use the assessed present value of land when the amendment came to effect as the as the original value of land of which the land value increment tax is levied.”



5. Mr. Li asked that if he wants to sell three pieces of self-use residential land respectively in Hualien County and Taitung County. How can he declare value at the present transfer to save his money?

A : If the same landowner who holds a number of self-use residential lands contracting on the same day and declare on the same day, and the total area does not exceed 3 acres of urban land or 7 acres of non-urban land, the land sales can be regarded as “one” sale, and the land value increment tax shall be levied according to the tax rate of the land for self-use residential land. If the land is sold at the same time across different counties and cities, it is not necessary to go to the two places to declare the present value of land. The landowner may choose to declare the present value at the local tax authority where any of the land is located. Receiving the declaration, the local tax authority, of which the land value declaration form shall be affixed with the date stamp of the receipt date, shall promptly transmit the declaration form to the local tax authorities of other jurisdictions by fax, and sent them to the same tax authorities by double-registered mail the next day. Therefore, “walk with long strides for tax declaration conveniently without crossing the county”. Once the self-use residential lands owned by Li are contracted on the same day and tax declared and submitted to a local tax authority, he can avoid being exhausted from a long travel for taxation, and enjoy the self-use residential land tax rate for the land value increment tax.

6. On October 1, 2017, Mr. Chiang completed the transfer of the self-use residential land for sale, and declared the total value of the transfer of NT\$1.2 million. The land value increment tax was NT\$250,000. He entered into an agreement again on September 25, 2019, and declared the repurchased self-use residential land transfer on October 15 of the same year, the present transfer value declared was NT\$1.1 million. Does Chiang meet the requirements for tax refund for land repurchase? How much will the refund be?

A : According to Article 35 of the Land Tax Act, the tax refund for land repurchase must comply with the application of “buy and sell within 2 years”. If the self-use residential land is selling the land before another purchase of a self-use residential land, the time of “selling” is subject to “the date of completion of the registered transfer”, and the time of “buying” is subject to the “Purchase Date” of the newly purchased land

or the “Declaration Date” of the land transfer which is 30 days after the contract date. The newly purchased land in this case is declared within 30 days after the conclusion of the contract. Thus, September 25, 2019 being used as the basis for calculation meets the conditions for the tax refund for land repurchased. The tax refund amount shall be as follows:

- (1) First of all, determine the total amount of the difference to be paid for the reacquisition of land: the newly purchased land present transfer value declared - (the sold land present transfer value declared - land value increment tax) = the difference to be paid for the reacquisition of land
$$[\text{NT\$}1,100,000 - (\text{NT\$}1,200,000 - \text{NT\$}250,000) = \text{NT\$}150,000].$$
- (2) The land value increment tax refund that Chiang can apply for is NT\$150,000.
- (3) Assuming that the newly purchased land present transfer value declared is NT\$1.25 million, the difference to be paid for the reacquisition of land is NT\$300,000; thus, the paid land value increment tax NT\$250,000 can be refunded in full.
$$[\text{NT\$}1,250,000 - (\text{NT\$}1,200,000 - \text{NT\$}250,000) = \text{NT\$}300,000].$$
- (4) Assuming that the newly purchased land present transfer value declared is NT\$800,000, the difference thereof is negative, indicating that the original sale of land, even if the land value increment tax is paid, is sufficient to purchase the new land, and the paid land value increment tax cannot be refunded.
$$[\text{NT\$}800,000 - (\text{NT\$}1,200,000 - \text{NT\$}250,000) = - \text{NT\$}150,000].$$

One thing that has to be specially reminded is that after Chiang applied for a tax refund for land repurchase, the newly purchased house shall continue to be used for self-use residence for 5 years, that is, it cannot be transferred, rented out, for business, moving out the household deregistration and other non-self-use situations within 5 years after the repurchase even the bestowal between husband and wife is not acceptable; otherwise, the original refunded tax will be retroactively collected.

- 7. Zhang owns a self-use residential land with a 3-storey building thereon. In addition to the 10 square meters of the veranda, the first floor that can be clearly divided into 30 square meters for opening a communication enterprise, and the other 30 square meters and the second and third floor with an area of 70 square meters for the use of residence. The total construction area is 210 square meters. The land area is totally 132 square meters. How much land area can Zhang enjoy the 10% preferential tax rate of self-use residential land?**



A : According to the Land Tax Act and the relevant Ministry of Finance descriptions, if there is part of the same floor for business use and the other part for residence use, and it can be clearly divided. The building lot can be calculated according to the actual use ratio of the house. The land value increment tax shall be levied on the land for residential use and the general land use rate. The additional part of the veranda shall be calculated on the first floor and the land value increment tax shall be calculated for the proportion of the land area occupied. Therefore, Zhang calculate it according to the actual use situation. In this case, for example, the non-self-use residential area is the non-self-occupied area $(30+10 \times 30/60=35)$ of the first floor business plus the proportion of the building, which is 35 square meters. The residence regulated is $(210-35=175)$ 175 square meters, and the proportion of approved self-use residence is 83.33%. Multiplying the land area by 132 square meters, the area of the self-use residential land tax rate is 110 square meters.

8. Can the land value increment tax be levied at the self-use residential land tax rate on the transfer and holding of land under trust between the parties?

A : The land under trust between the parties in the existence of the trust relationship, the landowner shall transfer to the trustee, and the trustee shall manage or dispose of the interests of the beneficiary or the specific purpose according to the trust, if the client and the beneficiary are one person (Self-benefit trusts, and the houses are still used by the client, spouse, or their immediate family members for residential use, and the other requirements are in compliance with the rules for self-use residential land, when the trustee holds or sells the land, the tax rate for the residential land can be used on Land tax and land value increment tax.

9. Chen sold his self-use residential land which has been owned by him for more than 6 years recently, but he has once sold a self-use residential land and the sale was levied land value increment tax at self-use residential land tax rate based on “once in the lifetime”. Can he apply again for a land value increment tax levy at self-use residential land tax rate?

A : According to provisions in paragraph 5 Article 34of the Land Tax Act, after the land owner applies the provisions of paragraph 1, and then sells the self-use residential land which meets the requirements bellow, the land value increment tax levied at the self-use residential land rate can still be applied to:

- (1) That the amount of the urban land sold doesn't not exceed an area of 1.5 acres and that of non-urban land sold doesn't not exceed 3.5 acres;
- (2) At the time of selling, the landowner, his or her spouse, and his or her minor children have no other house except the self-use residence sold;
- (3) The landowner has owned the self-use residential land for a period of over 6 years before its sale;
- (4) The landowner, his or her spouse, and his or her minor children have maintained their household registration at the location of on the self-use residential land and owned the self-use residence for a period of consecutive 6 years before its sale;
- (5) The land has never been used for business purposes or rented in the last 5 years before its sale.

Therefore, if the land that Chen wants to sell meets the above requirements, the land value increment tax can still be levied at the rate of self-use residential land.

10. Will the Implementation of Registering the Actual Selling Price of Real Estate affect the land value increment tax levied?

A : The registering the actual selling price of real estate system for real estate transactions has been implemented since August 1, 2012, but it is still not used as a tax basis for land value increment tax. People should not be too worried.

In order to push forward the justice of residence, promote the transparency of real estate transaction prices and improve the real estate transaction market, the government has added the Registering the Actual Selling Price of Real Estate operations. Since August 1, 2012, the public purchasing or entrusting the intermediary industry and Land Administrators to buy or sell real estate have to register the actual results of real estate transaction within 30 days after completing the registered transfer at the competent authority (taking Taichung City for example, the competent authorities are the local Land Offices affiliated to Taichung City Government) to improve the current real estate transaction's buyer and seller information asymmetry. The information on Registering the Actual Selling Price of Real Estate is only provided to the public for reference when buying and selling premises to avoid the fluctuation of real estate prices due to the inequality of information, and the price information of the real estate transactions that have been registered will not be used as a basis for land value increment taxation before the relevant supporting measures are fully established with legislation completed.



VI. Common Violation Cases of Land Value Increment Tax

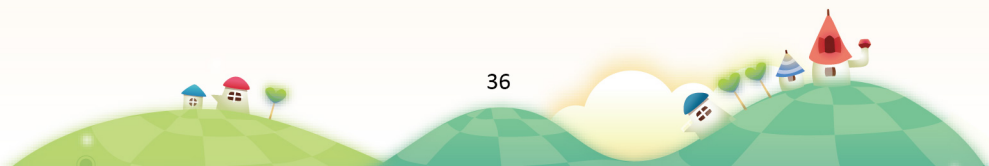
On March 31, 2019, Mr. Wang entered into a land contract to buy one piece of Miss Li's land without registering the title transfer at the land administration agency pursuant to the provisions in Land Tax Act, and then he sold the land on April 10, 2019 to Mr. Chen (the value at the present transfer was NT\$1,305,500). According to paragraph 2, Article 54 of the Land Tax Act, for land that is resold before the previous transaction has completed the registration of title transfer, a fine equal to 2% of the reselling value shall be imposed. In addition, according to the second paragraph of Article 18 of the Taxation Punishment Standard, the present value of transfer less than NT\$1 million, or the transfer of the present value of transfer cancelled or withdrawn before the registration of the title transfer is not to be punished. In this case, Mr. Wang did not declare the transfer in accordance with the regulations, nor did he withdraw or cancel the transfer of the present value declaration before the registration of the transfer; thus, the penalty was $\text{NT\$}1,305,500 \times 2\% = \text{NT\$}26,110$.



VII. Filing Land Value Increment Tax Online

Please use the Internet to declare land value increment tax.

The applicant may file tax through the local tax network reporting operation website: <https://net.tax.nat.gov.tw>, or use the website of the local tax authority of each county to link the local tax network reporting operation website for declaration. It saves time with effort convenience.



Free Service Line of Local Taxation Authorities



Smart Network Free Service Line 0800-000321

Name of Agency	Uniform Resource Locator	Telephone No.
Taipei City Revenue Service	https://tpctax.gov.taipei	(02)2394-9211
Revenue Service Office, New Taipei City Government	https://www.tax.ntpc.gov.tw/	(02)8952-8200
Local Tax Bureau, Keelung City	https://www.kltb.gov.tw/	(02)2433-1888
Finance and Taxation Bureau, Yilan County	https://www.iltb.gov.tw	(03)932-5101
Department of Taxation, Taoyuan	https://www.tytax.gov.tw	(03)332-6181
Local Tax Bureau, Hsinchu County	https://www.chutax.gov.tw/	(03)551-8141
Local Tax Bureau, Hsinchu City	https://www.hcct.gov.tw/	(03)522-5161
Local Tax Bureau, Miaoli County	https://www.mltax.gov.tw	(037)331-900
Taichung City Local Tax Bureau	https://www.tax.taichung.gov.tw/	(04)2258-5000
Local Tax Bureau, Changhua County	https://www.changtax.gov.tw	(04)723-9131
Tax Bureau, Nantou County	https://www.nttb.gov.tw	(049)222-2121
Revenue Service Bureau, Yunlin County	https://www.yltb.gov.tw/	(05)532-3941
Finance and Taxation Bureau, Chiayi County	https://cyhtax.cyhg.gov.tw/	(05)362-0909
Finance and Taxation Bureau, Chiayi City	https://www.citax.gov.tw/	(05)222-4371
Finance and Local Taxation Bureau, Tainan City	https://www.tntb.gov.tw/	(06)216-0216
Revenue Service Office, Kaohsiung City	https://www.kctax.gov.tw/	(07)741-0141
Finance and Taxation Bureau of Pingtung County	https://www.pttb.gov.tw/	(08)733-8086
Tax Bureau, Taitung County	https://www.tttb.gov.tw/	(089)231-600
Local Tax Bureau, Hualien County	https://www.hltb.gov.tw/	(03)822-6121
Local Tax Bureau, Penghu County	https://www.phtax.gov.tw/	(06)9279151-9
Tax Bureau, Kinmen County	https://kmtax.kinmen.gov.tw/	(082)325-197
Finance and Taxation Bureau of Lienchiang County Government	https://www.matsu.gov.tw/	(0836)23261~3

(This form was prepared in December, 2019. If there is any change, the latest information of each local taxation authority shall prevail)

