Authentication by Overseas Diplomatic Missions No Longer Required for CPA-Certified Documents Supporting Offshore Costs and Expenses Claimed by Foreign Companies

Tax Update

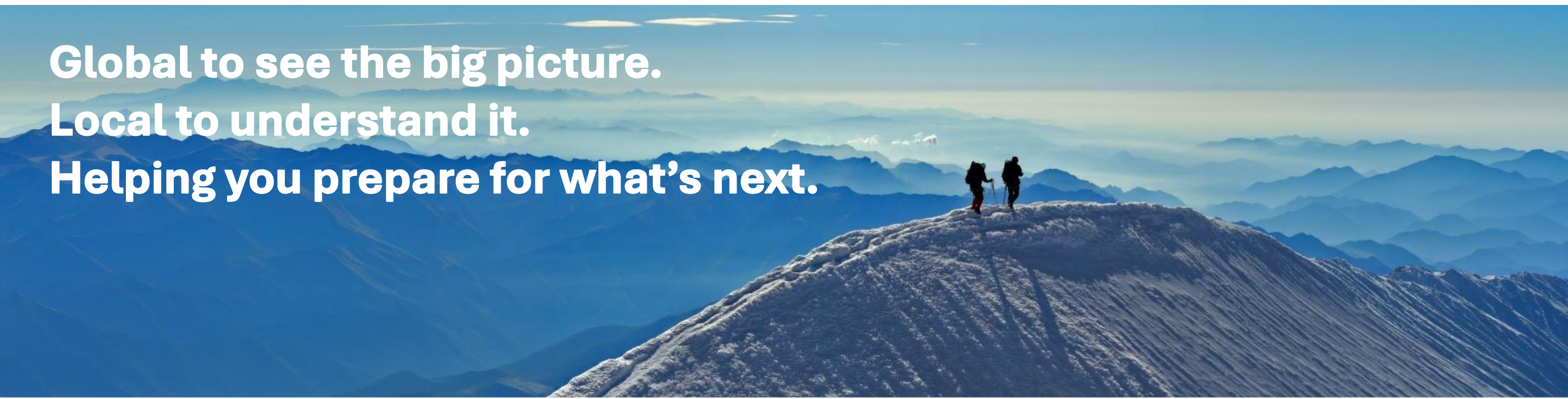
Summary

On September 16, 2026, the Ministry of Finance ("MOF") issued Ruling No. 11500617350, stating that when a foreign company's branch or fixed place of business in Taiwan files its income tax return and declares offshore costs and expenses, it may present the head office's financial reports certified by a qualified local CPA, or supporting documents issued by the local tax authorities, containing details such as the amount, nature, calculation analysis, or allocation methods of such offshore costs and expenses. These documents may be used to substantiate the reported costs and expenses without authentication by overseas diplomatic missions.

Analysis

In 1997 and 1999, MOF issued tax rulings stipulating that when a foreign company's branch or fixed place of business in Taiwan files its annual corporate income tax return and reports offshore costs and expenses, it may substantiate such expenses using the foreign head office's financial reports certified by a qualified CPA in the jurisdiction where the head office is located and containing relevant details of the offshore expenses, or supporting documents issued by local tax authorities. However, such documents were required to be authenticated by overseas diplomatic missions before being recognized.

Considering that the authentication process for foreign companies is cumbersome and only verifies the formal authenticity of foreign documents without reviewing their substantive content, the MOF issued a new tax ruling to amend the two aforementioned rulings out of consideration for public convenience. The requirement for authentication by overseas diplomatic missions has been removed to reduce tax compliance costs for foreign companies and foster a more favorable tax environment for international investment.



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