

## **FAQs regarding Commodity Tax Reduction/Refund on Newly Purchased Vehicles for Discard or Export of Used Car/Motorcycle**

Q1: When is Article 12-5 of the Commodity Tax Act (hereinafter referred to as this Article) amended and implemented?

A1: The amendment to this Article was issued by the President on May 26, 2021 stipulating that, from Jan. 8, 2016 to Jan. 7, 2026, vehicle owners who scrap or export their used vehicles and, from Jan. 8, 2021 to Jan. 7, 2026, motorcycle owners who scrap or export their used motorcycles that meet the requirement (Please refer to Q3), then purchase new vehicles/motorcycles within the specified period and completes the registration of the new licenses will be eligible for the tax reduction/refund on such newly purchased vehicles.

Q2: What are the major revisions in the amendment to Article 12-5 of the Commodity Tax Act?

A2:

1. The amendment allows the applicable period to be extended 5 years until Jan. 7, 2026.
2. The time period for which the used vehicles had left the factory is adjusted from at least 6 years to at least 10 years.
3. The regulation that a person has to hold a license for the used motorcycle for more than one year has been removed.
4. The amendment relaxes the regulation so that the person who scraps or exports the used motorcycle and the person who purchases a new motorcycle as well as completes its registration is not limited to the same person.

Q3: From Jan. 8, 2016 to Jan. 7, 2026, Article 12-5 of the Commodity Tax Act could be applied where the following criteria are met:

A3: (1) Vehicle

Applicable condition	Types of used vehicles and owners	Scrapping or export of a used vehicle which a person holds the license for more than 1 year		The owner of used and new vehicles is the same, or is spouse (a second-degree relative)
	Applicable tax reduction situation	The used vehicle had left the factory between 6 years and 10 years	The used vehicle had left the factory for at least 10 years	
1.The used vehicle was scrapped or exported from Jan. 8, 2016 to May 27, 2021. 2.The new vehicle is purchased and completes its registration within 6 months before or after the scrapping or export date.		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.The used vehicle was scrapped or exported from May 28, 2021 to July 7, 2021. 4.The new vehicle is purchased and completes its registration before Jan. 7, 2021 AND within 6 months before or after the scrapping or export date.		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.The used vehicle was (or will be) scrapped or exported from May 28, 2021 to Jan. 7, 2026. 6.The new vehicle is purchased and completes its registration within 6 months before or after the scrapping or export date.			<input type="radio"/>	<input type="radio"/>

Tax reduction can be applied:

(2) Motorcycle

Applicable condition	Types of used motorcycles and owners	Scrapping or export of a used motorcycle which had left the factory for more than 4 years		The registered owner of the used motorcycle and the new motorcycle is not the same person
	Applicable tax reduction situation	The owner holds a license for the used motorcycle for less than 1 year	The owner holds a license for the used motorcycle for at least 1 year	
1.The used motorcycle was scrapped or exported from Jan. 8, 2016 to Jan. 7, 2021. 2.The new motorcycle is purchased and completes its registration before Jan. 7, 2021 AND within 6 months before or after the scrapping or export date.			○	The owner of used and new motorcycle shall be the same, or spouse(a second-degree relative)
3.The used motorcycle was scrapped or exported from Jul. 8, 2020 to Jan. 7, 2021. 4.The new motorcycle is purchased and completes its registration after Jan. 8, 2021 AND within 6 months before or after the scrapping or export date.	○	○	○	○
5.The used motorcycle was (or will be) scrapped or exported from Jan. 8, 2021 to Jan. 7, 2026. 6.The new motorcycle is purchased and completes its registration within 6 months before or after the scrapping or export date.	○	○	○	○

Tax reduction can be applied: ○

Q4: Can I combine the registration period under the name of spouse if I scrapped or exported the vehicle which had been transferred from my spouse in less than one year?

A4: Based on Paragraph 2, Article 2 of the “Regulations of Commodity Tax Reduction/Refund on Newly Purchased Vehicles for Discard or Export of Used Car/Motorcycle (hereinafter referred to as this Article)” amended and promulgated on July 7, 2021, the owner is allowed to combine the registration period under the name of their spouse if he/she scrapped or exported a used vehicle which had been transferred from their spouse after Jan. 8, 2021. In cases in which the owner had scrapped or exported a used vehicle transferred from their spouse before Jan. 7, 2021, and, prior to the promulgation of this Article on July 9, 2021, already filed their tax reduction application in accordance with the regulations but has not received confirmation, or has not yet submitted their application but is still within the prescribed application period, the registration period under the spouse’s name can be combined for calculation

Q5: If an heir inherits a used vehicle and scraps or exports said vehicle within one year of the registration period, is it possible to combine the registration period under the name of decedent?

A5: According to Paragraph 2, Article 2 of the “Regulations of Commodity Tax Reduction/Refund on Newly Purchased Vehicles for Discard or Export of Used Car/Motorcycle” promulgated on July 9, 2021, in cases which the heir scraps or exports a used vehicle which he/she inherits, the registration period under the decedent’s name can be combined for calculation.

Q6: How much can the owner of the new vehicle receive in tax reduction/refund in cases which the commodity tax of said vehicle is less than NT\$50,000 (less than NT\$4,000 for motorcycle) when imported or released from the factory. Is the tax reduction applicable to hybrid electric vehicles and electric vehicles?

A6:

1. According to Article 12-5 of the Commodity Tax Act, the maximum commodity tax reduction/refund of a new vehicle is NT\$50,000 (NT\$4,000 for motorcycle). If the commodity tax of the new vehicle is less than NT\$50,000 (less than NT\$4,000 for motorcycle), the amount of commodity tax reduction/refund is limited to the commodity tax paid when the new vehicle is released from the factory or imported.
2. The commodity tax reduction/refund applies to new hybrid electric cars. A person who purchases a completely electric-operated automobile with taxable value of over NT\$1.4 million is taxed at one-half (1/2) of the statutory tax rates in accordance with Paragraph 4, Article 12 of the Commodity Tax Act AND can apply for the commodity tax reduction/refund according to Article 12-5 of the same Act. A person who purchases a new electric-operated vehicle with taxable value of less

than NT\$1.4 million is not eligible for the commodity tax reduction/refund of Article 12-5 as Article 12-3 of the Commodity Tax Act already applies.

Q7: For consumers who have scrapped or exported used vehicles (motorcycles) and purchased new ones, how should they apply for a tax reduction/refund in accordance with the Commodity Tax Act?

A7: The taxpayer of commodity tax on new vehicles (motorcycles) is the manufacturer or importer, whereas applications must be filed by taxpayer. Therefore, consumers who have scrapped or exported used vehicles (motorcycles) and purchased new ones should provide relevant documents to the dealer, who will apply to the manufacturer or importer to claim tax deduction.

Q8: According to Article 12-5 of the Commodity Tax Act, are foreigners with ROC (Taiwan) Residence Permit eligible for commodity tax reduction/refund?

A8: Any ROC (Taiwan) resident, including foreigners who have received their ROC (Taiwan) Resident Certification, and meet the reduction/refund requirements of Article 12-5 (please refer to Q1 to Q7) in purchasing a new vehicle (motorcycle) and completing the registration of the new license is eligible for the tax reduction/refund on said newly purchased vehicle.