



Economic downturn has expats looking closer at tax laws

GETTING A RETURN: The foreigner's division of the National Taxation Administration said its new rules could better embody the spirit of fair taxation

BY **CRYSTAL HSU**
STAFF REPORTER

In times of economic turmoil that includes an uncertain job market, every dollar counts. People who cannot save for rainy days ahead are advised to avoid waste and cut down on expenses. While people cannot avoid paying taxes, they can make sure they do not pay more than their fair share.

Foreigners who have income from sources in Taiwan must pay individual income tax according to the Income Tax Act (所得稅法). On Aug. 13 last year, the government adopted a new definition of classifying foreign workers as residents or non-residents depending on their length of stay.

Under the new definition, all foreign taxpayers are regarded as non-residents if they stay in Taiwan for less than 183 days of a calendar year and their salaries are subject to a 20-percent withholding tax rate upon remuneration, the Taipei National Administration Office's English Web site states.

The income tax rate for non-residents is 30 percent for dividend income and 20 percent for other income, including salary, interest and property transaction earnings.

The foreigner's division of the National Taxation Administration said the change could better embody the spirit of fairness in taxation, although the authorities have failed to address the issue.

Under the old definition, foreign taxpayers who qualified for resident status in the previous calendar year could continue to be treated as residents the following year whether or not they met the 183-day threshold.

As residents, foreign workers are subject to the same income tax rates as locals, ranging from 6 percent to 40 percent depending on income amount. Local employers are obligated to withhold 6 percent of their monthly income only if the tax exceeds NT\$2,000 (US\$59).

Non-residents who eventually stay in Taiwan for more than 183 days in the same year can file a return but may have to ask a friend residing in Taiwan to collect the return if they have to leave the country.

"It will take a certain amount of time for tax offices to process applications," a staffer on duty at the Taipei office said on Friday. "There is no uniform standard for offices nationwide."

For the Taipei office, if the foreign worker can secure a local guarantor, the process will take about a week, the tax worker said. Those without warrantors will have to ask their friends to pick up the tax return, the worker said.

The change of definition has caused few problems thus far, according to the tax worker, who wished to remain anonymous.

"The change has made little difference, as most foreign workers continue to retain their resident status as long as their working contracts state they will stay in Taiwan over 183 days in a year," he said.

Those who cannot predict how long they will stay here will have 20 percent of their income withheld by their local employers whether they like it or not.

Also to make the tax system more reasonable, tax authorities on Friday lowered the income tax rate for nonresidents receiving low wages to 6 percent from the current 20 percent, the taxation administration said. The tax cut applies only to foreign workers who earn up to 1.5 times the minimum wage of NT\$17,280 a month.

Their resident counterparts are spared from the income tax or the withholding rate like locals as the tax is less than NT\$2,000.

People with questions can call the information hotline at (02) 2311-3711 ext. 1116 or visit www.ntat.gov.tw. English service is available both by phone and online.

Indians see presence in Taiwan grow

GETTING CLOSER: As of last August there were only around 1,900 long-term Indians residents in Taiwan, increasing from 1,400 a year earlier, immigration figures showed

BY **RICHARD HAZELDINE**
STAFF REPORTER

When Indian national Prem Purswaney arrived in Taiwan, like many expats he only intended to stay for a short time. That was 23 years ago.

Prem, born in Rajasthan, but raised in Dubai, arrived in October 1985 to do a short-term apprenticeship with his uncle's trading company.

Before long, six months had turned into six years. Then, in 1992 he met Priya, a fellow Indian living in Taiwan, who he married two years later.

The couple now have two children, a daughter, 10, and a five-year-old son — both born here — and are still in Taiwan. A place they have come to love and now call home.

"We even get homesick when we return to India to see our family," Priya said.

Back in the early days, Prem said, Taiwanese people knew little about India and he often got annoyed at the stereotypes he faced whenever he took a taxi.

"Drivers would often ask why

I ate with my hand, why Indian women had spots [bindis] on their forehead and about the hot and spicy food," he said.

Nowadays, the same drivers are more likely to ask him about the IT industry and India's expertise in computer software.

This is a sign of how things have changed, and the increasingly close relationship that has formed between the two countries as ties have increased over the last two decades.

"When our office opened in 1995, there was very little bilateral trade," India-Taipei Association Director General T. P. Seetharam said.

By 2006, annual trade had grown to US\$2.8 billion. Last year that figure had increased to US\$5.38 billion.

"But there is still much room for improvement," he added.

Surprisingly, software — considered one of India's strengths — isn't a large contributor to its trade with Taiwan.

Seetharam puts that partly

down to language differences and the fact that Indian software companies usually concentrate on Western markets.

But, he added, there are many other exchanges, both industrial and academic, in high-tech fields such as biotechnology and materials technology.

These exchanges have led to a mini influx of Indians into Taiwan, with small groups of Indian nationals springing up in several locations near the country's larger universities, most notably in Hsinchu and Taipei.

"There are almost 100 Indian scientists alone at Academia Sinica," he added.

Rajendra Prasad Janapatla, 32, from Hyderabad, has been in Tainan for three years conducting post-doctoral research in microbiology at National Cheng Kung University.

Raj, as his friends call him, said he enjoys life in Taiwan as it is much less hassle than in India, although he believes the locals, though friendly and helpful, are

FEATURE

“Drivers would often ask why I ate with my hand, why Indian women had spots [bindis] on their forehead and about the hot and spicy food.”

— Prem Purswaney, Indian national living in Taiwan

according to official immigration figures, as of last August there were only around 1,900 long-term Indian residents in Taiwan — although this number had increased from 1,400 a year earlier.

Even so, signs of an increased awareness of India and its culture are visible on the streets of Taiwan's cities.

Yoga is one of the most obvious examples, with schools devoted to the ancient art literally on every other corner. Inspiration from Bollywood movies, meanwhile, has seen Indian dancing gain an increasing number of devotees.

Indian fashions are popular among the young and can be purchased at most night markets, while those who fancy some pampering can check into one of the many ayurvedic spas that are cropping up in big hotels and beauty salons nationwide.

Chengchi University is working on a textbook about India — its politics, economics and culture — with the aim of helping the nation's university students gain a deeper understanding of this giant melting pot of a country.

Then there is Indian food, which can now be found at more and more locations across Taiwan.

"Even the Indian fare on offer at some of Taipei's Western restaurants is pretty authentic," Purswaney said.

With so much bilateral contact these days, it seems the only stereotypes Indians in Taiwan like Purswaney will have to put up with in the future will be positive ones.



KAOHSIUNG COLLECTIVE

Students in the Chinese Language Center at the Wenzao Ursuline College of Languages in Kaohsiung hold up a poster of the Chinese character "fu" — good fortune or happiness — at a Lunar New Year celebration on Friday.

PHOTO: CNA

Indonesian team to offer a hand

BARRIER: The National Taiwan University of Science and Technology has launched an Indonesian version of its Web site to help Indonesians learn about the university

STAFF WRITER, WITH CNA

A volunteer service team consisting of 12 Mandarin-speaking Indonesians was launched on Sunday to provide consulting services to their compatriots in Taipei.

The service team, jointly organized by the city police department and the Indonesian Economic and Trade Office to Taipei (IETO), was inaugurated by IETO Representative Suhartono.

The city police believe the team will help maintain public order and resolve problems that have arisen in areas popular with Indonesian migrant workers, particularly in a part of town near the Taipei Railway Station.

On weekends in recent years, the Indonesian restaurants and stores that sell Indonesian products in the area between Zhongxiao W Road and Beiping W Road have attracted a growing number

of Indonesians living in Taiwan.

As a result, a so-called "Indonesian Street" with special elements of Indonesian culture has emerged in the area.

CROWDS

The weekend crowds have provided an economic jolt to the neighborhood but also created problems, the police said, noting that after communicating with local residents, they decided to push for the creation of the volunteer service team.

The team is made of employees of the Indonesian stores, who all come from Indonesia and can speak both Indonesian and Chinese.

Some of them have Republic of China citizenship, according to the city police department.

The team will be on duty every Sunday from 11am to 5pm to perform tasks including assisting

police in security patrols and providing services ranging from translation to emergency aid.

WEB SITE

Meanwhile, in related news, the Taipei-based National Taiwan University of Science and Technology (NTUST) has launched an Indonesian version of its Web site to attract more students from Southeast Asia to study in Taiwan.

The university added the new site to its existing Chinese and English versions to reduce language barriers for foreign students who want to gain a better understanding of the university, according to Lee Yung-hui (李永輝), chief of NTUST's Office of International Affairs.

BACKGROUNDS

Indonesian students account for more than one-third of a total of 223 international students studying at the university. Before studying at NTUST under a scholarship program, most of them had studied at Indonesian universities

that rank higher than NTUST in international university rankings, Lee said.

Most of the university's Indonesian students major in engineering, management and information technology, and most of the courses are conducted in English, Lee added.

MEDIA USE

According to a survey conducted by NTUST on media use by international students to acquire information about Taiwanese universities, some 50 percent of the respondents said they searched for information about NTUST on the Internet, Lee said.

NTUST therefore decided to ask Indonesian students at the university to create an Indonesian version of its Web site, Lee said.

He said that Indonesians interested in studying in Taiwan would have opportunities to receive scholarships and be given Mandarin lessons free of charge, as well as be eligible to work for Taiwanese companies.

Insurance reform over foreign spouses unveiled

STAFF WRITER, WITH CNA

About 6,000 foreign spouses married to local citizens who are living near the poverty level will be entitled to the government's national insurance premium subsidy, a Ministry of the Interior (MOI) official announced on Wednesday.

Those living near the poverty line are defined as people whose household income falls between one to two times the minimum living standard or poverty level for the city or county in which they live.

Household income considered to be in the poverty level is different for each city or county. For Taipei City, the income level is NT\$14,000 for each member of the household.

The MOI said it had expanded its subsidies for near-poor foreign spouses through the fund allocated for foreign spouses this year by offering them financial supplements to their national insurance premium costs.

The expanded subsidy was made possible after the Legislative Yuan last Monday passed an amendment that allows the government to raise the tax on cigarette products by NT\$10 per pack. Part of the tax income will be appropriated for the national health insurance premium subsidy for low-income citizens, near-poor citizens, as well as foreign spouses of near-poor citizens.



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