BROKERAGE COMMISSION AND SECURITIES TAXATION

COMMISSION RATE

Each securities firm can freely set its own commission rate under the current ceiling, 0.1425% of trading value, designated by the SFC.

SECURITIES TAXATION

1. Securities Transaction Tax

   This tax is levied on the sale side of each transaction. The rate is 0.3% for stock trading and 0.1% for beneficiary certificates, warrants and TDRs. Corporate bonds and government bonds are exempted from this tax.

2. Taxation on Dividends

   Dividends payable to resident beneficiaries are included in the consolidated income. A 30% withholding tax is levied on non-resident individual beneficiaries and 25% on non-resident corporate beneficiaries; however, it may be reduced to 20% if the investments are approved under the Statute for Investment by Foreign Nationals.

   Stock dividends representing distribution of capital surplus or an asset revaluation surplus are not subject to income tax, but stock dividends representing distribution of earnings are subject to income tax which is payable on receipt.

3. Taxation on Interest Income

Interest income is subject to either a 10% withholding tax for a resident beneficiary or 20% for a non-resident beneficiary. Interest income from short-term bills and bonds are subject to a 20% withholding tax for both resident and non-resident beneficiaries. Interest income is allowed to be included in the taxpayer's consolidated income with tax-exempt savings for a deduction up to NT$270,000, excluding interest income from postal savings account and short-term commercial paper.

4. Capital Gains Tax

Capital gains have been exempted from tax since January 1, 1990.