

BROKERAGE COMMISSION AND SECURITIES TAXATION

COMMISSION RATE

Each securities firm can set its commission rate up to the ceiling of 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, ETF, warrants and TDRs. Corporate bonds and government bonds are exempted from this tax.

2. Taxation on Dividends

Dividends payable to residents are subject to income tax. A 30% withholding tax is levied on non-resident individual beneficiaries and 25% on non-resident corporate beneficiaries. Tax incentive plans are available 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. Stock dividends representing distribution of earnings are subject to income tax payable upon receipt of dividends.

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 may be exempted from income tax to the extent of NT\$270,000, save for interest income from postal savings account and short-term commercial paper.

4. Capital Gains Tax

Capital gains are exempted from tax, this law became effective since January 1, 1990.