


EY Family Office

Succession Forward-looking insights

14 February 2025



This publication is an English translation originally prepared in traditional Chinese by Ernst & Young, Taiwan ("EY Taiwan"). In the event of any wording or translation discrepancies in this publication with the original article, relevant laws and regulations or resources, the original traditional Chinese version shall prevail.



Offshore trust reporting update: Penalty incurred for non-compliance and the relevant measures for trustees who are unable to obtain CFC financial statements within the trust reporting period

Regarding the reporting requirements for trustees who are subject to the trust reporting obligations under the Taiwan Controlled Foreign Corporation (CFC) rules, the Taiwan Ministry of Finance (MOF) further issued Tax Decree No. 11304678970 on February 4, 2025, supplementing and interpreting the relevant penalty incurred for non-compliance and the measures related to trustees who are unable to obtain CFC financial statements within the trust reporting period.

This article summarizes the key points of the tax decree mentioned above and provides trustees with the necessary information when preparing CFC financial statements.


Ernst & Young, Taiwan
Tax Services/EY Family Office



Michael Lin
Tax Services
Tax Leader



Harvey Chang
Senior Director



Offshore trust reporting update: Penalty incurred for non-compliance and the relevant measures for trustees who are unable to obtain CFC financial statements within the trust reporting period



Key summary of Tax Decree No. 11304678970

► The relevant measures for trustees who are unable to obtain CFC financial statements within the trust reporting period

1. If trustees are unable to obtain the CFC financial statements or other documents required in accordance with the Taiwan CFC rules in time to meet the statutory reporting deadline (the end of January) due to the following reasons, they may initially report based on the amount of earnings from the non-audited CFC financial statements.
 - 1) The time required to prepare CFC financial statements and have them audited by a Certified Public Accountant (CPA); or
 - 2) The time required to obtain other sufficient evidence to substantiate the authenticity of the non-audited CFC financial statements and to have them validated by the Taiwan tax authority (as a substitute for audited CFC financial statements).
2. However, if the amount of earnings from the CFC financial statements audited by the CPA or validated by the Taiwan tax authority differs from the amount initially reported in January, the trustee must complete the amended filing by the end of May and notify the trust's beneficial owners of the corrected CFC income attributed to them. Trustees who complete the amended filing in accordance with the above procedures are exempt from penalties as prescribed by the Income Tax Act in Taiwan.

Offshore trust reporting update: Penalty incurred for non-compliance and the relevant measures for trustees who are unable to obtain CFC financial statements within the trust reporting period



► Responsibilities of offshore trustee's agent in Taiwan

If an offshore trustee's agent in Taiwan fails to file the trust reporting forms on time or accurately, the Taiwan tax authority shall penalize the trustee in accordance with the Income Tax Act in Taiwan. The responsibility of the agent includes paying fines on behalf of the trustee, which are incurred by and attributable to the trustee for violations of the aforementioned regulations.



EY Family Office insights

Trustees should be aware of the requirements set forth under the Taiwan CFC rules regarding CFC financial statements, to properly prepare and complete the trust filing on time.

1. The reporting period for the CFC financial statements shall be from January 1 to December 31 of the current year, and they shall be prepared in accordance with the Taiwan Generally Accepted Accounting Principles (GAAP).
2. CFC financial statements shall, in principle, be audited by a CPA registered in Taiwan or in the CFC's country or jurisdiction. However, if there is other documentary evidence available which is validated by the Taiwan tax authority to sufficiently prove the authenticity of the non-audited CFC financial statements, such evidence may replace audited CFC financial statements.

EY Family Office

If you have any questions or need for further advice after reading the article, we sincerely welcome you to email us to describe your needs. Upon receiving your email, we will contact you as earliest as possible and schedule an appointment.

Ernst & Young Family Office looks forward to receiving your email!! familyoffice@tw.ey.com



► Michael Lin, Tax Services Tax Leader, Ernst & Young, Taiwan (Michael.Lin@tw.ey.com ; +886 2 2728-8876)

► Harvey Chang, Senior Director, Ernst & Young, Taiwan (Harvey.Chang@tw.ey.com ; +886 2 2757-8888 ext. 67233)

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

**Enabled by data, AI and advanced technology,
EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.**

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

EY Taiwan refers to one or more of the following entities incorporated in accordance with Laws of Taiwan, ROC: Ernst & Young, EY Management Services Inc., EY Advisory Services Inc., EY Business Advisory Services Inc., EY Transaction Advisory Services Inc., EY Attorneys-at-Law, and EY Cultural and Educational Foundation. For more information about EY Taiwan, please visit ey.com/en_tw.

© 2025 Ernst & Young, Taiwan.
All Rights Reserved.

APAC no. 14008466
ED Done

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com/en_tw