

## Taiwan tax bill introduced in the Senate

Legislation that addresses the double taxation on investments between the United States and Taiwan was introduced on January 23 by Senate Finance Committee Chairman Mike Crapo (R-Idaho) and Ranking Member Ron Wyden (D-Ore.). Senate Foreign Relations Committee Chairman James Risch (R-Idaho) and Ranking Member Jeanne Shaheen (D-N.H.) were also cosponsors of the bill and provided additional backing for this bicameral piece of legislation.

### The United States-Taiwan Expedited Double-Tax Relief Act

The measure, S.199, dubbed the United States-Taiwan Expedited Double Tax Relief Act, generally provides for expedited double-tax relief on US-Taiwan cross-border investment and authorizes the President to negotiate a tax agreement with Taiwan to provide broader bilateral tax relief. It incorporates provisions of the US-Taiwan Expedited Double-Tax Relief Act (S.3084) and the US-Taiwan Tax Agreement Authorization Act (S.1457), legislation the Finance Committee and Foreign Relations Committee each passed in the 118th Congress, respectively. (For prior coverage, see *Tax News & Views*, Vol. 24, No. 40, Dec. 1, 2023.)

[URL: https://www.finance.senate.gov/imo/media/doc/taiwan\\_tax\\_bill\\_119th.pdf](https://www.finance.senate.gov/imo/media/doc/taiwan_tax_bill_119th.pdf)

[URL: https://www.congress.gov/bill/118th-congress/senate-bill/3084/text](https://www.congress.gov/bill/118th-congress/senate-bill/3084/text)

[URL: https://www.congress.gov/bill/118th-congress/senate-bill/1457/text](https://www.congress.gov/bill/118th-congress/senate-bill/1457/text)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2023/TNV/231201\\_2.html](https://dhub.deloitte.com/Newsletters/Tax/2023/TNV/231201_2.html)

The Taiwan measure is a companion bill to H.R. 33 which passed the lower chamber on January 15 by a nearly unanimous 423 – 1 vote. Under a special fast-track process that was established as part of the House rules package for the 119th Congress that GOP members adopted on January 3, the measure was subject to only one hour of debate on the House floor and no amendments were permitted to be offered. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 1, Jan. 10, 2025.)

[URL: https://www.congress.gov/bill/119th-congress/house-bill/33/text](https://www.congress.gov/bill/119th-congress/house-bill/33/text)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250110\\_1.html](https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250110_1.html)

The Senate measure is part of a larger attempt to ensure that double taxation is not imposed on US-Taiwan cross-border investments. Early last year, a Taiwan tax proposal was included as part of a larger tax package – Tax Relief for American Families and Workers Act of 2024 (H.R. 7024) – which passed the House with wide bipartisan support but stalled in the Senate. The bill was negotiated between House Ways and Means Chairman Jason Smith (R-Mo.) and Senate Finance Committee Chairman Ron Wyden (D-Ore.). (For prior coverage, see *Tax News & Views*, Vol. 25, No. 3, Jan. 19, 2024.) The proposal generally would provide benefits for income from US sources earned or received by qualified residents of Taiwan, including reduced tax rates, taxation of only that income effectively connected with a US permanent establishment, and preferential treatment of wages and related income earned by qualified residents. It also would authorize the president to negotiate additional tax benefits between the US and Taiwan subject to certain limitations. The provisions reflect the fact that the US cannot sign a tax treaty with Taiwan because of the “One China” policy, under which the US recognizes the People’s Republic of China (PRC) as the sole legal government of China, therefore maintaining formal relations with the PRC and only unofficial relations with Taiwan. (For prior coverage, see *Tax News & Views*, Vol. 25, No. 5, Feb. 2, 2024.)

**URL:** <https://www.congress.gov/bill/118th-congress/house-bill/7024/text>  
**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240119\\_1.html](https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240119_1.html)  
**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240202\\_1.html](https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240202_1.html)

## **Will it finally become law?**

In a press release issued on January 23, all four initial backers of the legislation expressed strong support for getting the measure enacted in to law as soon as possible.

**URL:** <https://www.finance.senate.gov/ranking-members-news/finance-foreign-relations-committees-introduce-us-taiwan-tax-legislation>

“Taiwan’s unique status requires a unique tax solution,” Crapo and Wyden said. “This legislation strengthens the economic partnership between the US and Taiwan by delivering treaty-like tax benefits for American and Taiwanese workers and businesses operating across our borders. The Finance Committee has expressed unanimous support for this effort in the past, and today’s introduction in the Senate demonstrates a bipartisan commitment to bolster our relationship with a key economic and strategic partner. We will continue our efforts to get this important measure enacted into law as soon as possible.”

For their part, Risch and Shaheen said that “this legislation will reduce unnecessary double taxation on our companies, spur American economic prosperity and innovation in technologies of the future and deepen our economic relationship with Taiwan. We are grateful to our colleagues for supporting this commonsense legislation.”

The measure was referred to the Senate Finance Committee for consideration. With strong bipartisan support in the House and Senate for a stand-alone bill to provide double taxation relief on US-Taiwan cross-border investment, there may be more optimism for its passage in the 119th Congress.

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