

US Congressional Leaders Formally Introduce US-Taiwan Double-Tax Relief Bill

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US Congressional leaders from both sides of the aisle have formally introduced the [US-Taiwan Expedited Double-Tax Relief Act](#).

On 19 October 2023, Senate Finance Committee Chairman Ron Wyden (D), Ranking Member Mike Crapo (R), House Ways and Means Chairman Jason Smith (R) and Ranking Member Richard Neal (D) proposed the bicameral, bipartisan legislation, which aims to address double taxation between the United States and Taiwan and builds upon legislation unanimously approved by the Senate Finance Committee in September 2023 (see [United States Senate Committee on Finance Approves Taiwan Expedited Double-Tax Relief Act \(15 Sep. 2023\)](#)).

The bill would amend the Internal Revenue Code (IRC) by creating a new section 894A to provide substantial benefits to qualified Taiwan residents, similar to those provided in the [2016 United States Model Income Tax Convention](#). The provisions would fall into four primary categories:

- reduction of withholding taxes;
- application of permanent establishment rules;
- treatment of income from employment; and
- determination of qualified residents of Taiwan, including rules for dual residents.

Since the bill would require full reciprocal benefits, it would not come into full effect until Taiwan provides the same set of benefits to US persons with income subject to tax in Taiwan, similar to the reciprocal operation of a tax treaty.