

Analysis of Tax Revenue Collection in 2025

STATISTICS DEPT., MOF

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I. Introduction

In 2025, the performance of Profit-Seeking Enterprise Income Tax was robust, reflected in both the annual returns and provisional returns. Individual Income Tax also benefited from increases in the withholdings of dividends and salaries. However, weak demand in the automobile market and depression in the real estate market negatively impacted Business Tax, Commodity Tax, and real estate-related taxes. With these opposing factors offsetting each other, total tax revenue for 2025 reached NT\$3,787.9 billion. While this figure represents a new record high, it fell short of the budget, marking the first deficit since 2021. The following will further examine the tax revenue changes, tax achievement rate, tax structure, and tax burden.

II. Changes in Tax Revenue

In 2025, total tax revenue was NT\$3,787.9 billion, an increase of NT\$26.1 billion (+0.7%) compared to 2024, showing positive growth for the fifth consecutive year. This was primarily due to the increase in the income tax, which was offset by declines in Land Value Increment Tax, Commodity Tax, and Business Tax.

Among the tax items with positive growth, Individual Income Tax had the largest increase of NT\$44.6 billion (+5.4%), mainly attributed to the increases in the withholdings of dividends and salaries, though it was partially offset by a decline in Consolidated Housing and Land Income Tax. Profit-Seeking Enterprise Income Tax followed with an increase of NT\$26.2 billion (+2.3%), primarily due to growth in the payments from annual returns and provisional returns. However, some of these gains were offset by the tax extension and installment plan, introduced in response to the U.S. reciprocal tariffs. House Tax increased by NT\$7.9 billion

(Contents on this site have been translated using artificial intelligence (AI) or machine translation technology.)

Table 1 Changes in Tax Revenue in 2025

Unit : billion ; %

Item	Tax Revenue	Annual Growth		Structure Ratio	Annual Growth Percentage Point
		Value	Rate		
Grand Total	3,787.9	26.1	0.7	100.0	-
Customs Duties	156.6	-4.3	-2.7	4.1	-0.2
Profit-Seeking Enterprise Income Tax	1,148.2	26.2	2.3	30.3	0.5
Individual Income Tax	873.7	44.6	5.4	23.1	1.1
Estate Tax	44.3	2.6	6.3	1.2	0.1
Gift Tax	26.7	-4.7	-14.9	0.7	-0.1
Commodity Tax	144.0	-17.3	-10.7	3.8	-0.5
Securities Transaction Tax	292.8	4.7	1.6	7.7	0.0
Tobacco and Alcohol Tax	65.9	-0.4	-0.6	1.7	-0.1
Specifically Selected Goods and Services Tax	5.6	-1.0	-15.4	0.1	-0.0
Business Tax	615.9	-7.8	-1.3	16.3	-0.3
Land Value Tax	98.2	-0.8	-0.8	2.6	-0.0
Land Value Increment Tax	68.3	-20.9	-23.5	1.8	-0.6
House Tax	100.5	7.9	8.5	2.7	0.2
Vehicle License Tax	68.9	0.2	0.2	1.8	-0.0
Deed Tax	16.0	-3.3	-17.1	0.4	-0.1
Stamp Tax	20.3	1.5	7.9	0.5	0.0

Explanation : Only part of the tax items are listed, the subtotal would not match the grand total.

(+8.5%), due to the rollout of House Tax 2.0 reform. The new system applies differential tax rates base on property use, aggregates house ownership on nationwide basis, and increases tax rates for non-owner-occupied properties. Securities Transaction Tax increased by NT\$4.7 billion (+1.6%). While global trade

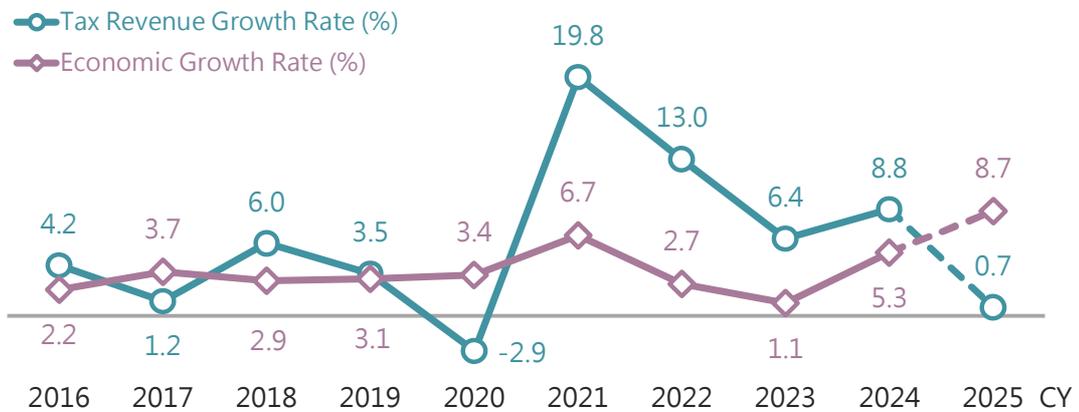
uncertainties weighed on trading volume in the first half of 2025, the stock market rebounded later in the year. Driven by positive news—including semiconductor tariff exemptions and Fed rate cuts—daily average trading volume turnover stayed above NT\$550 billion from August to December 2025, sparked a upturn in Securities Transaction Tax revenue.

Among the tax items with negative growth, Land Value Increment Tax decreased the most by NT\$20.9 billion (-23.5%), mainly was affected by the Central Bank’s selective credit controls continued to cool the real estate market. Commodity Tax decreased by NT\$17.3 billion (-10.7%), mainly because of a wait-and-see mood in the car market triggered by the U.S. reciprocal tariffs, leading consumers to delay vehicle purchases. Business Tax decreased by NT\$7.8 billion (-1.3%) due to the AI boom fueled an export surge, which in turn led to higher tax refunds for exported goods. Meanwhile, Gift Tax fell by NT\$4.7 billion (-14.9%) due to a high base period, and Customs Duties decreased by NT\$4.3 billion (-2.7%) following a decline in imported passenger cars.

III. Tax Revenue Trends and Economic Growth Rate

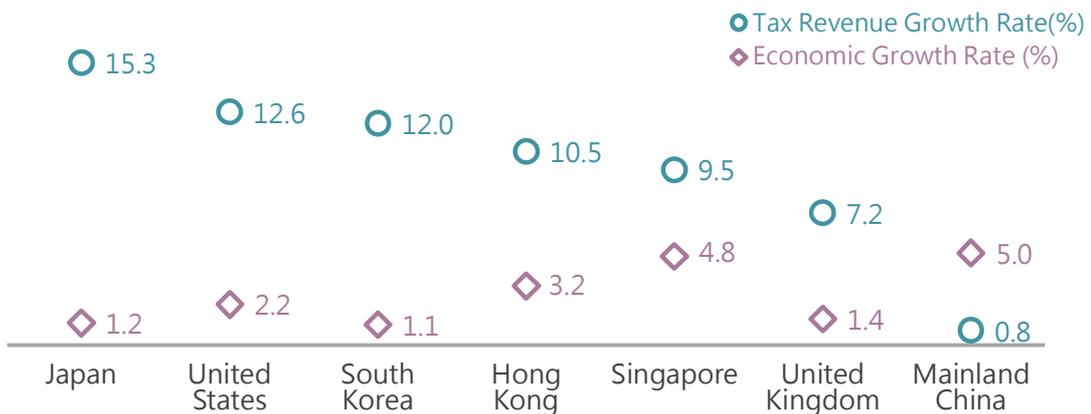
Looking at the trends in tax revenue changes and economic growth rates, there has been a frequent divergence between the two in recent years. They have failed to maintain a consistent correlation over the long term. In 2025, Taiwan’s annual tax revenue growth rate was 0.7%, lower than the economic growth rate of 8.7%. This gap between tax revenue changes and economic growth trends also exists in major countries/regions. In 2025, tax revenue growth exceeded economic growth in most countries/regions. Japan saw the largest gap, with tax revenue growth of 15.3% despite the economy grew by only 1.2%, with a difference of 14.1 percentage points. The United States and South Korea also saw significant gaps of over 10 percentage points. Mainland China was the sole exception. Its economy grew by 5.0%, while tax revenue increased by a mere 0.8%.

**Figure 1 Tax Revenue and Economic Growth Rates
Republic of China (2016~2025)**



Explanation : GDP Growth Rate is released by DGBAS (Directorate General of Budget, Accounting and Statistics) in February 2026.

Major Countries/Regions (2025)



Source : S&P Global, Official Websites from each country.

Explanation : Data period of the United States and Hong Kong is Q1~Q3 2025; Data period of South Korea is January to November 2025; Data period of Japan is April to December 2025 since its fiscal year begins on 1st April.

IV. Tax Revenue Achievement Rate

At the beginning of the tax revenue budget preparation process, the main references are economic conditions, the characteristics of each tax item, tax system adjustments, and the actual tax collection in recent years. These factors serve as the basis for compiling tax revenue. The period involves review and execution, with a time lag of about two years. During this time, it is susceptible to changes in domestic and foreign economic situations or other unforeseen major events, leading to annual actual results often being higher or lower than

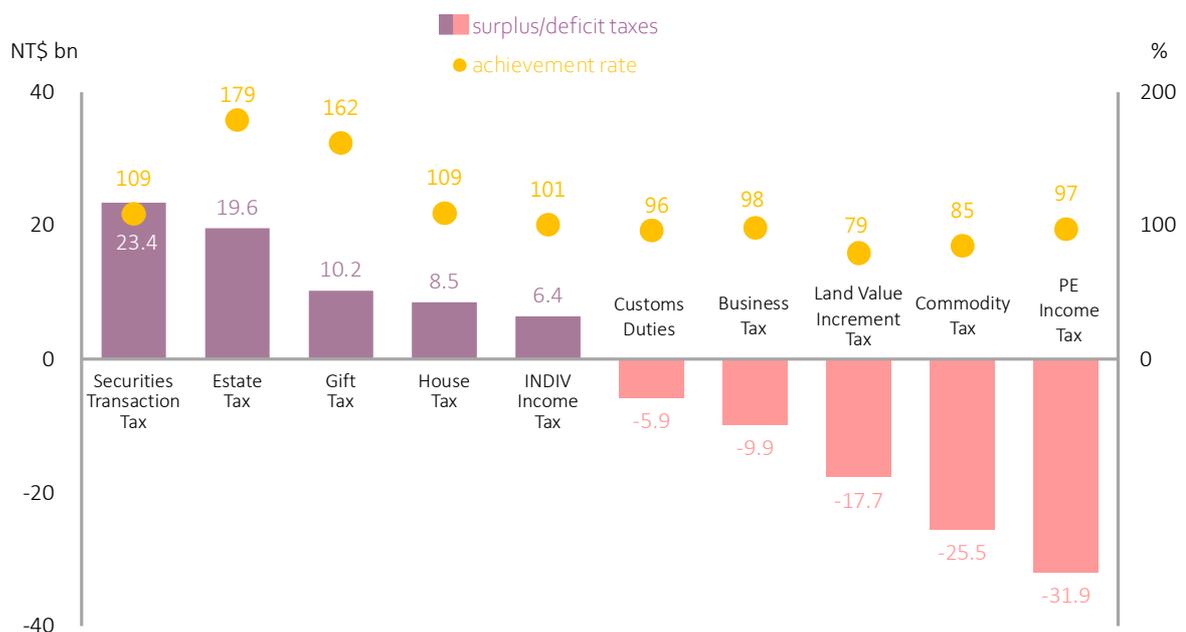
the annual budget.

In 2025, total tax revenue was NT\$14.3 billion short of the budget. Specifically, the central government was NT\$25.1 billion short of the budget, and the local government was short of NT\$1.9 billion. Their achievement rates were both over 99%, staying very close to the budget.

Of the 18 tax items in 2025, 11 met their targets while 7 fell short. The largest gap came from the Profit-Seeking Enterprise Income Tax, which was \$31.9 billion under the budget with a 97% achievement rate. This was followed by the Commodity Tax, down \$25.5 billion (85% achievement), and the Land Value Increment Tax, which missed its target by \$17.7 billion. Its achievement rate was only 79%—the lowest among all taxes. Additionally, the Business Tax was short by \$9.9 billion (98% achievement), and Customs Duties fell \$5.9 billion short (96% achievement).

Among the taxes that met their targets, the largest surplus came from the Securities Transaction Tax (\$23.4 billion), Estate Tax (\$19.6 billion), Gift Tax (\$10.2 billion), and House Tax (\$8.5 billion). These taxes saw achievement rates ranging from 109% to 179%. The highest rates were found in the Estate Tax and Gift Tax, which tend to fluctuate as they are windfalls in nature.

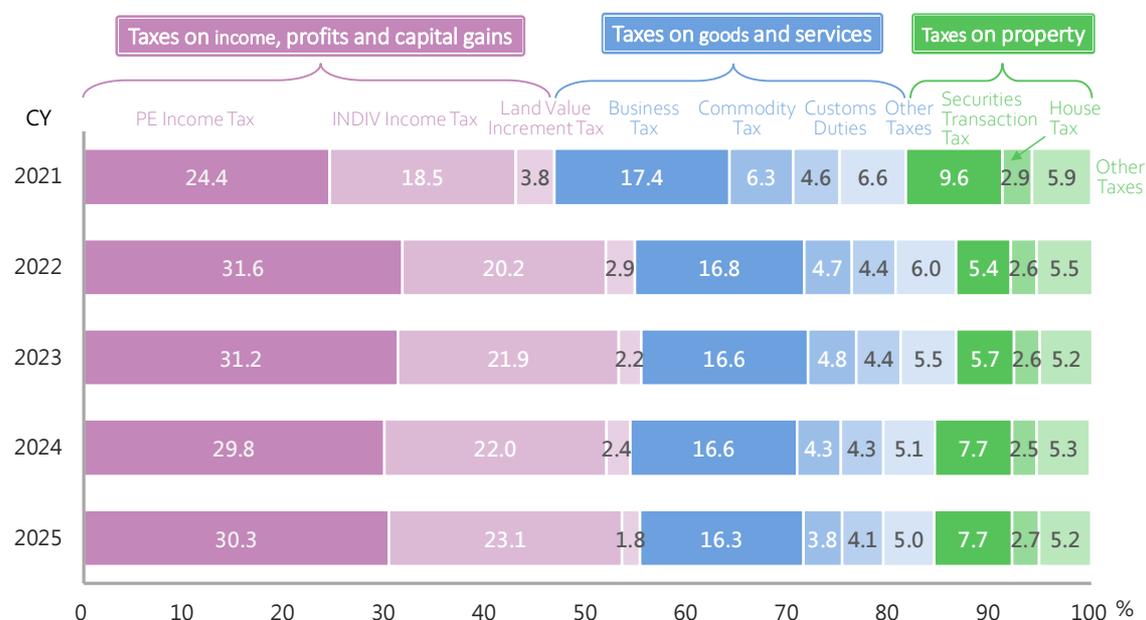
Figure 2 Main Tax Items Budget Achievement in 2025



V. Tax Structure

Looking at the 2025 tax composition, Profit-Seeking Enterprise Income Tax and Individual Income Tax accounted for 30.3% and 23.1% of total tax revenue, respectively. They combined share of 53.4%, a decrease of 1.6 percentage points compared to 2024. Business Tax was at 16.3%, a decrease of 0.3 percentage points. Securities Transaction Tax followed at 7.7%, a mere increase of 0.07 percentage points. Commodity Tax (4.1%) and Customs Duties (3.8%) both reached historic lows, decreasing by 0.2 and 0.5 percentage points, compared to 2024.

Figure 3 Structure of Tax Revenues – by OECD Classification of Taxes¹



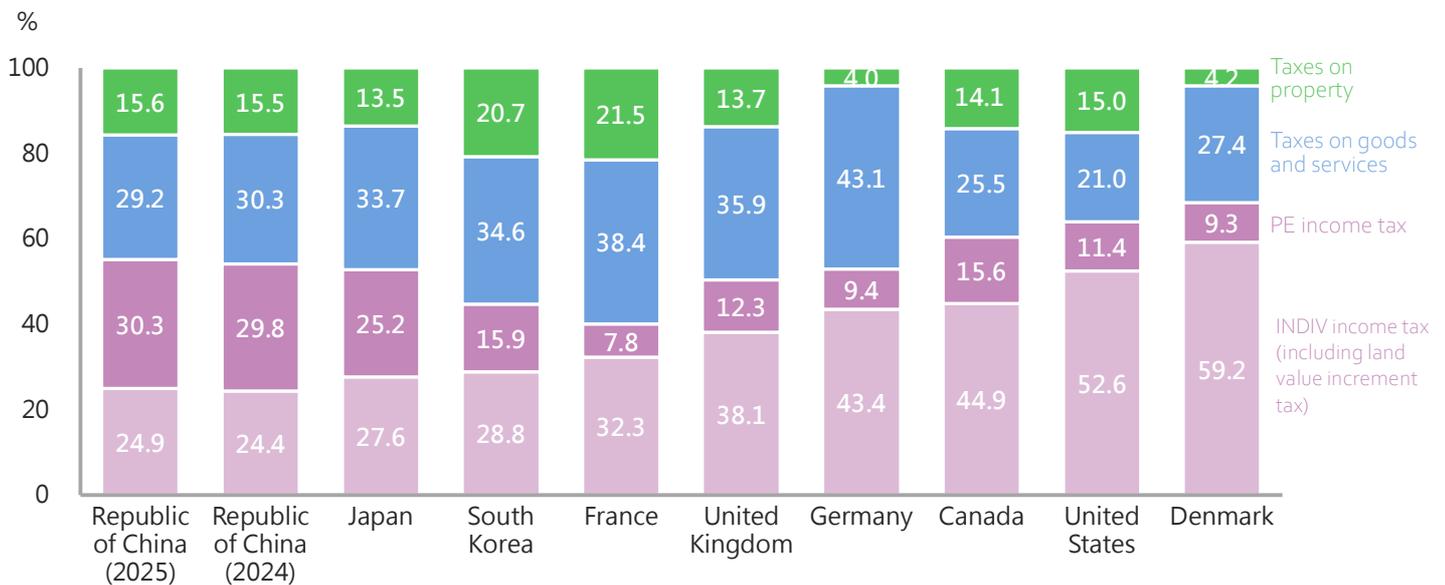
According to the OECD classification of taxes, the income tax system (including Profit-Seeking Enterprise Income Tax, Individual Income Tax, Land Value Increment Tax) accounted for 55.2% of total tax revenue in 2025, a increase of 1.0 percentage points compared to 2024. Business Tax, Commodity Tax, and Customs Duties all decreased, causing the consumption tax system to fall by 1.1 percentage points to 29.2%. The property tax system (including Securities Transaction Tax, House Tax, Land Value Tax, Estate Tax, and Gift Tax) was 15.6%,

¹ It refers to the income tax system, consumption tax system, and property tax system (including property tax, payroll and workforce tax, and other taxes), but excludes social security contributions.

an increase of 0.1 percentage points compared to 2024.

Income tax systems are the most important source of government revenue for all countries to support public expenditure, accounting for over 40% of tax revenue in the selected countries in 2024. In Taiwan, the proportion reached 55.2% in 2025, only lower than Canada (60.5%), the United States (64.0%), and Denmark (68.5%). The proportion of consumption tax systems varies greatly among countries, with Germany recorded the highest at 43.1% and the United States was the lowest at 21.0% in 2024. Taiwan’s proportion is about 30% in 2025, close to Japan and South Korea. The property tax systems serve both to increase government revenue and promote social equity. In 2024, the proportion of the property tax system was lower in Germany and Denmark, while other countries ranged between 14% and 22%. Taiwan’s proportion was 15.6% in 2025, similar to Canada and the United States.

Figure 4 Major Countries’ Tax Structures (2024) – by OECD Classification of Taxes



Source : OECD “Revenue Statistics 2025”.

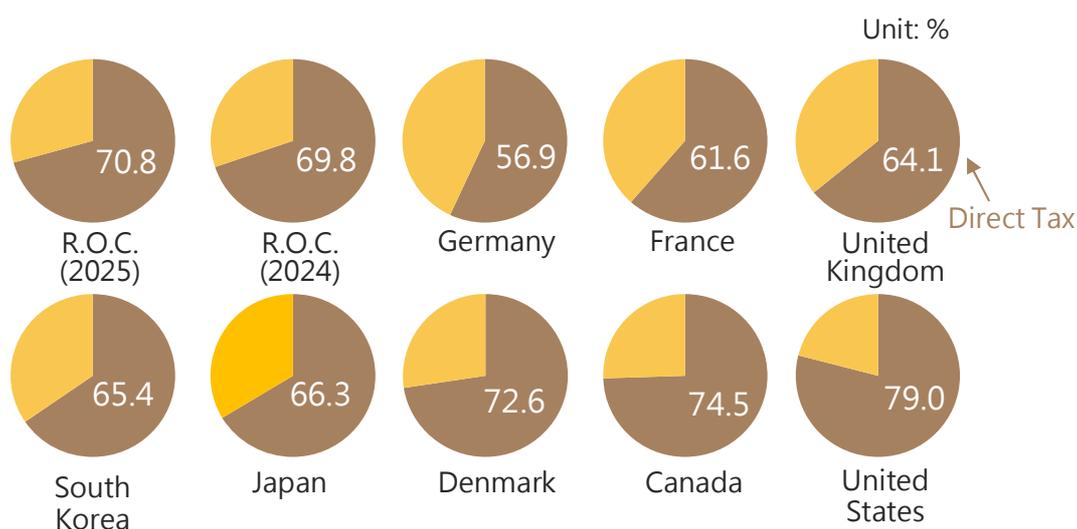
Explanation : 1. Excluding Social Security Contributions.

2. The property tax system includes taxes on payroll and workforce with other taxes.

Observing by direct and indirect tax, the proportion of direct tax in Taiwan has been higher than 60% since 2015. It reached 70.8% in 2025, exceeding 70% for the first time, similar to Denmark. France, the United Kingdom, South Korea, and

Japan accounted for approximately 60% to 66% in 2024, while the United States had the highest proportion of direct tax at nearly 80%. Germany had a relatively high proportion of consumption tax, so its direct tax accounted for only 56.9% in the same year.

Figure 5 Major Countries' Tax Structures (2024) – by Direct/Indirect Tax

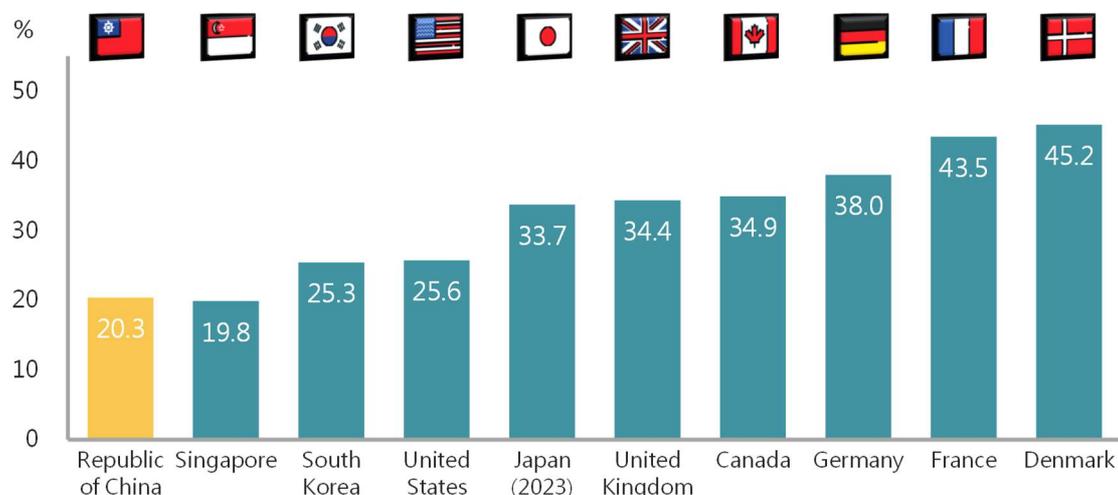


Source : OECD "Revenue Statistics 2025".

VI. Tax Burden

The tax burden refers to the proportion of tax revenue to the Gross Domestic Product (GDP). Taiwan adopts a simplified and low-tax policy, and the tax-to-GDP ratio has mostly remained between 11% and 15% since 1999. In 2025, it was 13.2%, a decrease of 1.4 percentage points compared to 2024. This was because tax revenue grew more slowly than the nominal GDP growth rate. Including social security contributions, the latest tax-to-GDP ratio in 2024 was 20.3% (of which social security contributions accounted for 5.6% of GDP), which is lower than South Korea (25.3%), the United State (25.6%), Japan (33.7%), and far lower than European countries (between 34% and 45%). European countries mostly have well-established social security systems and public welfare policies, requiring substantial tax revenue to maintain, so their tax-to-GDP ratios have always been relatively high.

Figure 6 Major Countries' Tax-to-GDP Ratios in 2024
(including social security contributions)



Source : OECD "Revenue Statistics 2025".

Explanation : The tax-to-GDP ratio of R.O.C. is based on the Gross Domestic Product (GDP) released by DGBAS in February 2026.

VII. Conclusion

In 2025, tax revenues were shaped by a mix of competing factors. On the positive side, Profit-Seeking Enterprise Income Tax saw growth in the annual returns and provisional returns. Individual Income Tax also performed well, bolstered by increases in the withholdings of dividends and salaries. Additionally, a surge in stock market trading volume during the second half of the year provided a significant boost to Securities Transaction Tax.

However, several challenges created downward pressure on tax revenue. These included uncertainties surrounding the U.S. reciprocal tariffs and the Central Bank's selective credit controls to cool the real estate market, which weighed on Business Tax, Commodity Tax, and real estate-related taxes. Furthermore, the implementation of tax extension and installment plan further dampened tax revenue.

Despite various offsetting factors, total tax revenue remained steady at NT\$3.8 trillion in 2025—a record high and a slight 0.7% increase over 2024. However, it fell NT\$14.3 billion short of the budget (the central government was NT\$25.1 billion short of the budget), resulting in a 99.6% achievement rate. Out of 18 tax

items, 11 met their targets, though these were mostly smaller revenue sources. Among the top five items, only Individual Income Tax and Securities Transaction Tax reached their goals. Profit-Seeking Enterprise Income Tax, Commodity tax and Business tax all missed the mark, with shortfalls ranging between NT\$17 billion and NT\$32 billion.

Because of Taiwan's adoption of a simplified and low-tax policy, the tax-to-GDP ratio has remained between 11% and 15% since 1999. It dropped to 13.2% due to rapid growth in nominal GDP in 2025. In 2024, the tax-to-GDP ratio including social security contributions was 20.3%. Both figures remain among the lowest compared to other major nations. As the principle of taxation fairness based on ability to pay becomes increasingly implemented, the proportion of direct taxes in the overall tax revenue continues to rise. It reached 70% in 2025 for the first time, consistent with international trends.