

Tax Information

Acer's effective tax rate in 2021 was 26.9%, which is higher than the R.O.C. statutory corporate income tax rate of 20%, primarily due to most of the worldwide subsidiaries having higher statutory corporate income tax rates, and Acer recognized deferred income tax liabilities in accordance with Taiwan-IFRS for the operating results of worldwide subsidiaries. The relevant tax information is shown below.

1. Net income

	Unit: thousands of NTD	
	2021	2020
	Amount	Amount
Income before taxes	15,435,645	8,905,103
Less: Income tax expense	(4,148,332)	(2,759,493)
Net income	11,287,313	6,145,610

2. Income tax

Income tax expense:

	2021	2020
Current income tax expense		
Current period	\$ 3,709,640	\$ 2,621,208
Adjustments for prior years	538,476	42,443
	4,248,116	2,663,651
Deferred tax expense		
Origination and reversal of temporary differences	(14,281)	(592,711)
Change in unrecognized deductible temporary differences	(85,503)	688,553
	(99,784)	95,842
Income tax expense	\$ 4,148,332	\$ 2,759,493

Reconciliation between the expected income tax expense and the actual income tax expense reported as follows:

	2021	2020
Income before taxes	\$ 15,435,645	\$ 8,905,103
Income tax using the Company's statutory tax rate	3,087,129	1,781,021
Effect of different tax rates in foreign jurisdictions	1,381,200	169,523
Adjustments for prior-year income tax expense	538,476	42,443
Change in unrecognized temporary differences and tax losses	(85,503)	688,553
Others	(772,970)	77,953
	\$ 4,148,332	\$ 2,759,493

3. Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities were as follows:

Deferred income tax assets:

	Inventory	Accrued expenses and provisions	Unused tax loss carryforwards	Others	Total
Balance at January 1, 2021	\$ 150,531	2,114,416	38,640	177,189	2,480,776
Recognized in profit or loss	15,820	1,139,271	2,434	30,976	1,188,501
Recognized in other comprehensive income	-	-	-	39,131	39,131
Effect of exchange rate changes	-	-	-	(36,774)	(36,774)
Balance at December 31, 2021	<u>\$ 166,351</u>	<u>3,253,687</u>	<u>41,074</u>	<u>210,522</u>	<u>3,671,634</u>
Balance at January 1, 2020	\$ 166,497	1,156,264	62,464	166,570	1,551,795
Recognized in profit or loss	(15,966)	958,152	(23,824)	14,956	933,318
Recognized in other comprehensive income	-	-	-	162	162
Effect of exchange rate changes	-	-	-	(4,499)	(4,499)
Balance at December 31, 2020	<u>\$ 150,531</u>	<u>2,114,416</u>	<u>38,640</u>	<u>177,189</u>	<u>2,480,776</u>

Deferred income tax liabilities:

	Unremitted earnings from subsidiaries	Unrealized foreign exchange gain on financial instruments	Intangible assets	Others	Total
Balance at January 1, 2021	\$ 2,927,543	288,959	300,750	37,861	3,555,113
Recognized in profit or loss	905,285	185,893	(767)	(1,694)	1,088,717
Balance at December 31, 2021	<u>\$ 3,832,828</u>	<u>474,852</u>	<u>299,983</u>	<u>36,167</u>	<u>4,643,830</u>
Balance at January 1, 2020	\$ 2,104,835	141,430	244,406	35,282	2,525,953
Recognized in profit or loss	822,708	147,529	56,344	2,579	1,029,160
Balance at December 31, 2020	<u>\$ 2,927,543</u>	<u>288,959</u>	<u>300,750</u>	<u>37,861</u>	<u>3,555,113</u>