Withholding Tax Guide

This *Withholding Tax Guide* is a translation of the 2008 edition of *Gensen Choushu no Shikata*.

This is an unofficial translation and reference material designed to help you understand the Japanese withholding tax system; thus, no liability is accepted. To ensure the accuracy, reliability, or current validity of the contents of this translation, please consult the original Japanese texts of laws and regulations.

National Tax Agency

This "Withholding Tax Guide" outlines the withholding procedure followed by companies and merchants. Please make full use of this guide to ensure that taxes are properly withheld.

This "Withholding Tax Guide" has been prepared on the basis of income tax laws and regulations in force as of May 1, 2008.

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1. Outline of the Withholding Tax System

I. Significance of the Withholding Tax System

The income tax system is founded on the principle of the “self-assessment system," whereby an income earner calculates his/her income for the year and the corresponding amount of tax by submitting a return.

For certain types of income, the payer of the income is required to pay income tax withheld at the time the income is paid under the “withholding tax system.”

Under the withholding tax system, (1) a payer of certain types of income, such as salary, interest, dividends and tax accountants’ fees, (2) calculates the amount of income tax payable pursuant to prescribed methods at the time the income is paid, and (3) withholds the amount of income tax from the income payment and pays it to the government. Income tax withheld under this system is settled through a year-end adjustment or by filing a final tax return for the year, except forms of income such as income from interest subject to “separate withholding tax” that tax payment is completed only by withholding.

II. Withholding Agents

Under the withholding tax system, persons obliged to withhold income tax and pay it to the government are called “withholding agents.” All payers of income subject to withholding are withholding agents, including schools, government agencies, and even individuals and non-juridical associations or foundations, as well as companies.

However, salaries, retirement allowances, and remuneration/fees such as tax accountants’ fees that are paid by an individual who regularly employs no more than two domestic employees are not subject to withholding income tax.

III. Place for Payment of Withheld Income Tax

Income tax withheld by a withholding agent shall be paid to the competent tax office for the place where tax is paid. The place for payment of withheld income tax shall, in principle, be the location of the office, establishment, etc., as it exists on the date income is paid, where the income payer pays the income subject to withholding.

IV. Notification on Salary-paying Office

1 Submission of Notification on the Establishment of a Salary-paying Office

A salary payer shall submit a “Notification on the Establishment of a Salary-paying Office” （給与支払事務所等の開設届出書）within one month of the date of occurrence of any of the following events:

(1) The establishment of a new office that handles salary payments (e.g. the establishment of a corporation or the opening of a branch or business office); or

(2) The commencement of salary payment handling activities by any branch, business office, or similar establishment.

2 Submission of Notification on the Relocation (Closure) of a Salary-paying Office

A salary payer shall submit a “Notification on the Relocation (Closure) of a Salary Paying Office” （給与支払事務所等の移転（廃止）届出書）within one month of the date of occurrence of any of the following events:

(1) Discontinuation of salary payments due to the dissolution, closure or suspension of a business, etc.;

(2) Cessation of salary payment handling activities by any branch or business office; or

(3) Relocation of an office that handles salary payments.

V. Scope of Income Subject to Withholding

The scope of income subject to withholding is as shown in the following table.

Each of the main items is considered separately in more detail below.

Beneficiary	Kinds of income subject to withholding
Resident (an individual having a domicile in Japan or an individual who resides continuously in Japan for 1 year or more)	1 Interest, etc. 2 Dividends, etc. 3 Salary, etc. 4 Retirement allowance, etc. 5 Public pension, etc. 6 Remuneration/fees, etc. 7 Pension based on a life insurance contract, casualty insurance contract, or similar annuity agreement 8 Compensation money for benefits from installment deposits, etc. 9 Distribution of profits under a silent partnership (Tokumei-Kumiai) contract 10 Consideration for the transfer of listed stocks kept in a specific account, etc. 11 Monetary awards, etc. from deposits offering such awards 12 Profit from redemption of discount bonds
Domestic corporation (a legal person having a head office or principal place of business in Japan)	1 Interest, etc. 2 Dividends, etc. 3 Compensation money for benefits from installment deposits 4 Distribution of profits under a silent partnership (Tokumei-Kumiai) agreement 5 Horse racing prizes received by a horse owner 6 Monetary awards from deposits offering such awards, etc. 7 Profit from redemption of discount bonds
Non-resident (an individual other than a resident) or a foreign corporation (a legal person other than a domestic corporation)	1 The following forms of consideration sourced from Japan: (1) Profits arising from partnership contract business conducted in Japan; (Note: “Partnership contract business” is business conducted under a partnership contract provided for in Item 1-2, Article 161 of the Income Tax Act.) (2) Consideration for the transfer of land, etc., in Japan; (3) Consideration received by a person doing business that involves the provision of personal services in Japan; (4) Consideration for leasing of real estate, vessels, aircraft, etc., in Japan and consideration for arranging land use rights, etc.; (5) Interest, etc., on funds deposited in a business office in Japan; (6) Dividends of surplus, dividends of profit, distribution of surplus or interest on funds received from a domestic corporation, distribution of revenue from an investment trust (excluding bond investment trusts and publicly offered bond investment trusts) or trust issuing a specified beneficiary certificate entrusted to a business office in Japan, etc.; (7) Interest on a loan pertaining to a domestic business for a person doing business in Japan;

	(8) Royalties for any industrial property right, copyright or neighboring right, or consideration for the transfer thereof, pertaining to a domestic business from a person doing business in Japan (9) Any amount sourced from work in Japan among remuneration paid for the provision of personal services including non-resident salary, certain amounts of public pensions, etc., and any retirement allowances sourced from work performed while the beneficiary was a resident; (10) Awards for the advertising of a business in Japan; (11) Pensions based on life insurance contracts or casualty insurance contracts made through domestic business offices; (12) Compensation money for benefits from installment deposits accepted by domestic business offices, etc.; and (13) Distribution of profits received under any silent partnership (Tokumei-Kumiai) contract pertaining to a contribution to a person doing business in Japan. 2 Distribution of profits from foreign special purpose trusts and revenue from foreign special investment trusts. 3 Consideration for the transfer of listed stocks kept in a specific account and received by a non-resident having a permanent establishment in Japan 4 Monetary awards from deposits offering such awards, etc. 5 Profit from redemption of discount bonds

VI. Timing of Withholding

Withholding of income tax occurs when the income subject to withholding is actually paid. Even if the income should be paid, no withholding is in principle necessary unless actual payment is made.

(Note) "Payment" for the purpose of withholding includes not only actual delivery of cash, but also all other acts to extinguish the payment obligation such as a transfer to a principal and/or to a savings account.

VII. Payment of Withheld Income Tax

1 Due Date for Payment

Income tax withheld by a withholding agent shall in principle be paid by the 10th of the month following the month in which the income subject to withholding was paid.

If the due date is a Saturday, Sunday, or holiday, the next business day shall be the due date.

If payment is not made by the due date, the withholding agent may in principle have to pay delinquent tax and additional tax for non-payment.

2 Special Provision for Due Date

(1) Special provision regarding due dates

Any withholding agent that pays salaries to fewer than 10 employees on a regular basis and submits an "Application for Approval Made in Relation to the Special Provision for Due Dates for Withheld Income Tax" （源泉所得税の納期の特例の承認に関する申請書）and obtains such approval may take advantage of a special provision regarding the due dates for income tax withheld from salaries, retirement allowances and remuneration/fees paid to tax accountants, etc. Under this arrangement, payment can be made twice a year as indicated below.

If no notice of approval or denial of the application has been received from the district director of the competent tax office by the last day of the month following the month in which the application was submitted, the special provision shall be deemed to have been approved at the end of the month following the month in

which the application was submitted and shall apply to tax payments made in the second month following the month in which the application was submitted.

Classification of withheld income tax	Due date
Income tax withheld between January and June	July 10
Income tax withheld between July and December	January 10 of the following year

(Note) 1 Income tax to which the special provision for due dates applies is limited to the following:

i) Income tax withheld from salaries and retirement allowances (including those for non-residents).

ii) Income tax withheld from remuneration/fees as provided for in Item 2 of Article 204, Paragraph 1 of the Income Tax Act paid to attorneys at law (including foreign lawyers licensed in Japan), judicial scriveners, real estate surveyors, certified public accountants, tax accountants, social insurance labor consultants, patent attorneys, marine procedure commission agents, surveyors, architects, real estate appraisers, professional engineers, etc.

2 Any application submitted by post or correspondence delivery (hereinafter referred to as "mail") shall be deemed to have been submitted on the date indicated by the date stamp on the mail.

(2) Special provision regarding extension of due date

If a withholding agent that has received approval for an application made in relation to the special provision for due dates under (1) above submits an "Application Under the Special Provision on the Extension of the Due Date Pertaining to an Approval Under the Special Provision on Due Dates" （納期の特例適用者に係る納期限の特例に関する届出書）to the district director of the competent tax office, the due date for payment of income tax withheld between July and December of each year after the year in which the application is submitted shall be January 20 of the following year.

If any of the following events occurs in any year after the year of application, however, the special provision regarding extension of due dates shall not apply, and the due date for income tax withheld between July and December of the relevant year shall be January 10 of the following year.

A. Any delinquency in payment of withholding income tax as of December 31 of the relevant year; or

B. Failure to pay income tax withheld between July and December of the relevant year by January 20 of the following year.

(Notes) 1 Any application submitted by mail shall be deemed to have been submitted on the date indicated by the date stamp on the mail.

2 Any such application may be submitted together with an application for approval under the special provision regarding due dates under (1) above.

3 Payment Procedure

Withheld income tax shall be paid at a local financial institution (such as a bank or post office) or over the counter at the competent tax office, together with submission of "Statement (Tax Payment Slip) of Collected Income Tax." （所得税徴収高計算書（納付書））

The kinds and purposes of the Statement are as indicated in the table below. Upon payment, please record in the tax payment slip the reference number designated by the tax office without fail.

Withheld income tax can be paid and the statement submitted via the Internet (for details, please see the "e-Tax" website, www.e-tax.nta.go.jp, in Japanese only).

Kind of Statement (Tax Payment Slip) of Collected Income Tax	Symbol	Main kinds of income for which the tax payment slip shown in the left column is used
Statement (tax payment slip) of income tax collected from employment/retirement income, etc. (for general purposes and the special provision for due dates)	給	Employment income, retirement allowances, and remuneration/fees paid to attorneys at law and tax accountants, etc.
Statement (tax payment slip) of income tax collected from remuneration/fees, etc.	報	Remuneration/fees other than remuneration/fees paid to attorneys at law and tax accountants, pensions paid under a life insurance contract, casualty insurance contract or similar annuity agreement, or public pensions
Statement (tax payment slip) of income tax collected from interest, etc.	利	Interest, distribution of revenue from an investment trust or trust issuing specified beneficiary certificates, and distribution of profits under a silent partnership (Tokumei-Kumiai) contract
Statement (tax payment slip) of income tax collected from dividends, etc.	配	Dividends (excluding distribution of revenue from an investment trust or trust issuing specified beneficiary certificates)
Statement (tax payment slip) of income tax collected from income of a non-resident/foreign corporation	非	Various types of income paid to a non-resident or a foreign corporation (excluding profit from redemption of discount bonds and consideration for the transfer of listed stocks kept in a specific account for which withholding has been chosen)
Statement (tax payment slip) of income tax collected from redemption profit	償	Profit from redemption of discount bonds
Statement (tax payment slip) of income tax collected from compensation payments for benefits from installment deposits, etc.	定	Compensation money for benefits from installment deposits and monetary awards from deposits offering such awards, etc.
Statement (tax payment slip) of income tax collected from adjusted amount of income from any listed stock account for which withholding is chosen	株	Consideration for the transfer of listed stocks kept in a specific account for which withholding is chosen

2. Procedure for Withholding from Employment Income

The process of withholding from employment income paid to residents is broadly divided into the process of withholding from monthly (daily) salary and bonuses, etc., and the year-end adjustment process at the end of the year. The key points to consider here are: (1) the scope of taxable employment income, (2) the requirements for the application of various deductions, such as exemptions for spouses and dependents, and (3) how to use the tax amount table and the methods for specific tax amount calculations.

(Note) The definitions of resident and non-resident are unrelated to nationality or residence (visa) status. An alien worker having a domicile in Japan or a continuous residence in Japan for 1 year or more is subject to withholding as a resident.

Outline of Withholding Procedure

The employment income withholding process and the tax amount table and application form used for withholding are as outlined below. The tax amount table and application form, etc., are available at tax offices, and can also be found on the National Tax Agency's website (www.nta.go.jp, in Japanese only).

Withholding process at time of payment of monthly (daily) salary and bonus

<Process>	<Forms used>
1 Confirmation of spouse and dependents for exemption	"Application for (change in) Exemption for Dependents of Employment Income Earner"
↓	
2 Calculation of amount of tax withheld from salaries and bonuses	"Withholding Tax Amount Table for Employment Income (Monthly Table, Daily Table, Table for Calculating Withholding Tax Amounts for Bonuses)"
↓	
3 Collection and recording of amount of tax withheld	"Ledger of Withholding Income Tax for Employment Income/Retirement Income"
↓	
4 Payment of amount of tax withheld	"Statement (Tax Payment Slip) of Income Tax Collected from Employment/Retirement Income, etc."

Withholding process at the time of the last salary payment in a year

<Process>	<Forms used>
5 Confirmation of various deductions for life insurance/earthquake insurance premiums, special exemption for spouse, special credit for loans relating to a dwelling	"Application for Deduction for Insurance Premiums for Employment Income Earner and Application for Special Exemption for Spouse of Employment Income Earner" and "Application for Special Credit for Loans Relating to a Dwelling for Employment Income Earner"
↓	
6 Settlement of any discrepancy and payment by year-end adjustment	"Quick Income Tax Amount Table for the Year-End Adjustment," "Table of Salary Amounts after Employment Income Deductions for the Year-End

	Adjustment," "Ledger of Withholding Income Tax for Employment/Retirement Income," "Statement (Tax Payment Slip) of Income Tax Collected from Employment/Retirement Income, etc."
↓	
7 Withholding record delivered to the taxpayer and submitted to a tax office	"Employment Income Withholding Record"

II. Scope of Employment Income

Employment income includes normal salary, wages, bonuses, various allowances, and fringe benefits paid for employment.

Please note the following points concerning the scope of employment income:

1 Commutation Allowances

Commutation allowances (provided they are added to the normal salary) and commutation passes (including equivalent tickets) are tax-free up to the monthly amounts shown below.

Classification		Non-taxable amount
(1) Commutation allowance paid to a person using public transportation and/or a toll road		Reasonable monthly fare (up to a maximum of ¥100,000)
(2) Commutation allowance paid to a person using a bicycle, car, or similar means of transport	Commuting distance of 45km or more one way	¥24,500 (or the full amount if fare equivalent exceeds ¥24,500) (up to a maximum of ¥100,000)
	Commuting distance of 35km or more and less than 45km one way	¥20,900 (or the full amount if fare equivalent exceeds ¥20,900) (up to a maximum of ¥100,000)
	Commuting distance of 25km or more and less than 35km one way	¥16,100 (or the full amount if fare equivalent exceeds ¥16,100) (up to a maximum of ¥100,000)
	Commuting distance of 15km or more and less than 25km one way	¥11,300 (or the full amount if fare equivalent exceeds ¥11,300) (up to a maximum of ¥100,000)
	Commuting distance of 10km or more and less than 15km one way	¥6,500
	Commuting distance of 2km or more and less than 10km one way	¥4,100
	Commuting distance of less than 2km one way	(taxable in full)
(3) Commutation pass given to a person using public transportation		Reasonable monthly fare (up to a maximum of ¥100,000)

(4) Commutation allowance and/or commutation pass given to a person using own means of transport in addition to public transportation and/or a toll road	Total of the reasonable monthly fare and the amount in (2) (up to a maximum of ¥100,000)

(Notes) 1 "Reasonable monthly fare" means the fare or charge for use of the normal commutation route and method deemed most economical and reasonable in view of the fare, time, distance, etc.
This "reasonable monthly fare" includes express train charges when using the Shinkansen Line (bullet train), but excludes green-car charges.

2 "Fare equivalent" is the amount equivalent to the reasonable monthly fare that a person using his/her own means of transport would pay instead if he/she were to use public means of transport.

3 "Fare" includes the amount equivalent to consumption tax and local consumption tax. Therefore, if the fare including consumption tax and local consumption tax is equal to or less than the "non-taxable amount" indicated above, there will be no taxable amount. If it exceeds the "non-taxable amount" listed above, the excess amount will be subject to taxation.

2 Special Allowances

Classification	Treatment
Travel expenses	Money and items provided and paid as required for the travel indicated below and considered to be necessary for such travel in normal circumstances are not taxable. (1) Travel to implement certain duties away from the workplace (2) Travel for relocation as a result of a transfer
Night/day-duty allowance	The amount of the night/day-duty allowance on any one occasion not exceeding 4,000 yen (if any meal is provided for night/day duty, the balance of 4,000 yen minus the cost of the meal) shall not be taxed, other than certain amounts such as night/day-duty allowances for persons whose work primarily involves night/day-duty.
Entertainment expenses	Amounts paid for entertainment and social expenses are, in principle, treated as salary. If it is clear that the expenses are used for the business of the employer, they are not taxable.
Marriage gifts, etc.	Money and items provided under an employment contract for occasions such as marriage or the birth of a child are not taxable if they are deemed reasonable according to commonly accepted norms in light of the status of the recipient.
Allowances for bereavement, disasters, etc.	Funeral contributions, condolence payments, consolation money for disasters, etc., are not taxable if they are deemed reasonable according to commonly accepted norms.
Various benefits provided for under the Labor Standards Act	Benefits for medical treatment or leave compensation provided for under the Labor Standards Act and the Seaman Act are not taxable.
Scholarships	Scholarships are not taxable. However, the money and items provided as a scholarship by an employer to an employee who has a child attending school, or provided by an employer to an employee to help fund the cost of the employee's own schooling, are deemed to be salary, other than certain disbursements for the acquisition of skills needed by the employee to perform his/her work duties.

3 Fringe Benefits

While salary is usually paid in monetary form, it may be paid in the form of an object, right, or other fringe benefit, including meals supplied in kind and discounts for merchandise.

Although these fringe benefits are treated as employment income, they are treated differently from monetary salary as indicated below because they: (1) are indispensable in terms of the nature of the duty and are provided as a necessity of the employer's business, (2) cannot be encashed, (3) cannot be valued easily, (4) differ in nature from monetary salary because the recipient cannot select particular items, or (5) require special treatment in terms of government policy.

Classification	Treatment
Meals	Meals provided by an employer shall not, in principle, be taxed if the beneficiary pays half or more of the cost of the meal. If the balance of the cost of the meal minus the amount borne by the beneficiary (i.e. the amount borne by the employer) exceeds 3,500 yen per month, the amount borne by the employer (the cost of the meal minus the amount paid by the beneficiary) shall be treated as employment income. To determine whether the amount borne by the employer exceeds 3,500 yen, the balance of the cost of the meal as assessed below minus the amount borne by the beneficiary shall be multiplied by 100/105. (1) Meals cooked and provided by the employer: the amount of the "direct cost" of the principal dish, side dish, seasonings, etc. (2) Meals purchased from food shops and provided by the employer: the purchase price. Meals provided to a person on night/day duty or working overtime outside his/her regular hours for such work are not taxable.
Uniforms	Uniforms and other belongings, business wear, work wear, etc., provided or leased to a person who must wear a uniform due to the nature of the work are not taxable.
Lease of company residence	The fringe benefit received by an employee through the leasing of a company residence or dormitory shall not be taxed if the rent collected from the employee is equivalent to or more than a reasonable rent calculated using a certain formula. If the rent collected from an employee falls below the amount equivalent to the reasonable rent, the difference is deemed employment income. If a company residence leased to directors, etc., (including any executive officer, auditor, etc., (please see p.25 for details) (hereinafter referred to as "directors")) is a "luxury residence," the amount equivalent to the reasonable rent shall be calculated based on the amount that would normally be payable for its use.
Recreation costs	The fringe benefit received from the employer by a person participating in an event, such as a party, trip, performance or athletic competition, whose cost is borne by the employer and which is deemed in light of commonly accepted norms to be held for recreational purposes, is not taxable unless any money is paid to persons who could not participate owing to their own circumstances to make up for their non-participation, or the cost of the event is borne by the company only for directors. In principle, a recreational trip meeting certain requirements, such as a trip for four nights (the number of days spent at a destination in the case of a trip abroad) or less, and whose fringe benefit is considered insignificant, is tax-free.
Awards for long service	Any fringe benefit derived from the provision of a trip, drama performance or award in commemoration of the long service of a person shall not be taxed if the award meets certain requirements, such as the person having worked for 10 years or more.
Gifts commemorating startups, etc.	Any gift provided in commemoration of startup, capital increase, completion of construction or merger, etc., shall not be taxed if the gift is considered proper in light of commonly accepted norms and meets certain requirements such as that its price (valued based on the resale price) is 10,000 yen or less, other than any gift provided upon completion of a construction or shipbuilding contract by a construction firm or shipbuilder. Whether the price is 10,000 yen or less is determined by multiplying the price by 100/105.

Discounted sale of merchandise, etc.	The fringe benefit derived from a discount for a product or merchandise (excluding securities and meals) is not taxable if the discounted price is equal to or higher than the employer's acquisition cost and meets certain requirements such as that the price is about 70% or more of the price for sales to others.
Interest-free loans	The fringe benefit derived from receipt of an interest-free or low-interest loan from an employer shall not be taxed if: (1) the fringe benefit is derived from the provision of funds for persons temporarily requiring a high living allowance due to disaster, sickness, etc., (2) the interest is collected at a reasonable rate, such as the average interest rate on loans procured by the employer, or (3) the total of the fringe benefit provided is 5,000 yen or less.
Use of welfare facilities	The fringe benefit to a user derived from the employer's payment for the running costs of a welfare facility shall not be taxed unless the amount is extremely high or only directors receive the fringe benefit.
Low-interest loans for the acquisition of residences by employees	The fringe benefits listed below and received by an employee shall not be taxed in terms of housing measures, other than the proportion of any such fringe benefit that greatly exceeds that which is normally receivable based on the status of the employee (e.g. the proportion for which less than 1% interest is charged). (1) A low-interest loan for the acquisition of a residence The fringe benefit in the case of any employee who receives an interest-free or low-interest loan from the employer to acquire a residence or a parcel of land for a residence (hereinafter referred to as "residences") for his/her own living purposes, and which is received by December 31, 2010. (2) Subsidization of interest on housing loan The subsidization of interest by the employer allocated to interest payable by December 31, 2010 on a loan from a financial institution (including housing finance companies designated by the Minister of Finance) or a specified welfare company in order that an employee may acquire a residence. (3) A fringe benefit received under a property accumulation/housing loan program The fringe benefit derived from an employer or an employers' association to which the employer belongs under the measures for mitigating the cost of acquisition of a residence by an employee based on the provisions of the Workers' Property Accumulation Promotion Law, which falls within the terms of the fringe benefits described in (1) or (2) above, and is received by December 31, 2010.

III. Application for (Change in) Exemption for Dependents of Employment Income Earner

A salary earner shall submit to the salary payer (or the principal salary payer where there are two or more sources) an "Application for (Change in) Exemption for Dependents of Employment Income Earner" （給与所得者の扶養控除等（異動）申告書）no later than one day prior to the date on which employment income is first paid in each year.

This application must also be submitted by any person with no dependents or spouse eligible for the exemption. Any person who does not submit such an application shall have his/her salary taxed according to column 乙(otsu) of the "Withholding Tax Amount Table for Employment Income" （給与所得の源泉徴収税額表）, i.e., at a higher rate than would have applied had the application been submitted. Please advise your employees to submit the application wherever possible.

(Note) Applications received from employment income earners are kept by the withholding agent and do not have to be submitted to a tax office.

IV. Various Withholding Deductions

1 Deduction for Employment Income

The tax base for employment income shall be the balance of the total amount of salary, wages, bonuses, etc. received during the relevant year minus the deduction for employment income.

The deduction for employment income is determined according to the following chart:

Salary income amount	Deduction for employment income
1,625,000 yen or less	650,000 yen
Over 1,625,000 yen and 1,800,000 yen or less	Income × 40%
Over 1,800,000 yen and 3,600,000 yen or less	Income × 30% + 180,000 yen
Over 3,600,000 yen and 6,600,000 yen or less	Income × 20% + 540,000 yen
Over 6,600,000 yen and 10,000,000 yen or less	Income × 10% + 1,200,000 yen
Over 10,000,000 yen	Income × 5% + 1,700,000 yen

The "Withholding Tax Amount Table for Employment Income," which is used to determine the monthly (or daily) amount of withholding tax, takes into account the amounts equivalent to the deductions for employment income. It is therefore unnecessary to calculate the deductions for monthly (or daily) withholding. When the year-end adjustment is made, the amount of tax will be determined by using the "Quick Income Tax Amount Table for the Year-end Adjustment" （年末調整のための所得税額の速算表）based on the amount of salary, etc., after making the deduction for employment income from the yearly salary income. In this case, the amount of salary, etc., remaining after making the deduction for employment income shall be determined according to the "Table of Salary Amounts after Employment Income Deductions for the Year-end Adjustment." （年末調整のための給与所得控除後の給与等の金額の表）

2 Income Deduction and Tax Credit

Various tax deductions are available according to the capacity of the taxpayer. The kinds of deductions made at the time of withholding and the applications to be submitted to apply for these deductions are indicated in the table below.

Kind of deduction \ Classification			(Reference) Amounts for 2008	Application for deduction to be submitted by the time indicated below
Exemption and deduction from income	Deduction for social insurance premiums Deduction for small-scale enterprise mutual aid premiums	Deducted from salary	Premiums deducted	(Application not required)
		Paid directly by taxpayer	Premiums paid	"Application for Deduction for Insurance Premiums for Employment Income Earner" One day prior to the date on which salary is paid for the last time in the relevant year
	Deduction for life insurance premiums	Life insurance premiums in general	Up to a maximum of 50,000 yen	
		Individual pension premiums	Up to a maximum of 50,000 yen	
	Deduction for earthquake	Earthquake insurance premiums only	Up to a maximum of 50,000 yen	

	insurance premiums	Former long-term casualty insurance premiums only		Up to a maximum of 15,000 yen	
		Combination of earthquake insurance premiums and former long-term casualty insurance premiums		Up to a maximum of 50,000 yen	
	Exemption for disabled persons	Persons with general disabilities		270,000 yen	“Application for (Change in) Exemption for Dependents of Employment Income Earner” 1 Principle One day prior to the date of the first salary payment in a year 2 Where employed during the year One day prior to the date of the first salary payment after being employed 3 Change in the application One day prior to the date of the first salary payment after the change
		Persons with special disabilities		400,000 yen	
	Exemption for widows	General widow		270,000 yen	
		Special widow		350,000 yen	
	Exemption for Widower			270,000 yen	
	Exemption for working students			270,000 yen	
	Exemption for spouse	General spouse covered by exemption		380,000 yen	
		Spouse covered by senior’s exemption		480,000 yen	
		Spouse covered by exemption as a special disabled person living together with the salary earner, etc.	General spouse covered by exemption	730,000 yen	
			Spouse covered by senior’s exemption	830,000 yen	
	Exemption for dependents	General dependents		380,000 yen	
		Specific dependents		630,000 yen	
		Senior dependents	Other than elderly parents living together with the salary earner, etc.	480,000 yen	
			Elderly parents living together with the salary earner, etc.	580,000 yen	
		Special disabled dependents living together with the salary earner, etc.	General dependents	730,000 yen	
			Specific dependents	980,000 yen	
			Senior dependents other than elderly parents living together with the salary earner, etc.	830,000 yen	
			Elderly parents living together with the salary earner, etc.	930,000 yen	
	Basic exemption			380,000 yen	

	Special exemption for spouse	Up to a maximum of 380,000 yen	"Application for Special Exemption for Spouse of Employment Income Earner" One day prior to the date of the last salary payment in a year
Tax credit	Special credit for loans relating to a dwelling	Up to a maximum of 500,000 yen	"Application for Special Credit for Loans Relating to a Dwelling (and/or specific extension/remodeling, etc.) of Employment Income Earner" One day prior to the date of the last salary payment in a year

(Notes) 1 Monthly (daily) withholding shall be carried out pursuant to the "Withholding Tax Amount Table for Employment Income (monthly table or daily table)." The tax amount table reflects the various deductions shown in the above table—from the exemption for the disabled to the basic exemption—so there is no need to calculate the amount of deductions on each occasion.

2 Concerning deductions for social insurance premiums, small-scale enterprise mutual aid premiums, life insurance premiums, earthquake insurance premiums, special exemptions for spouses, and special credits for loans relating to a dwelling, see the explanation on the back of the return and the leaflet distributed by tax offices at the time of the year-end adjustment.

3 In addition, miscellaneous loss deductions, medical expense deductions, donation deductions, credits for dividends, foreign tax credits, special deductions for contributions to political parties, etc., special credits for earthquake-proof remodeling, and deductions for specified expenditures by employment income earners are also available. These deductions may be claimed by submitting a final return.

3 Scope of Persons Covered by Exemptions

The persons covered by particular exemptions and specific remarks concerning their eligibility are as follows:

(Spouses covered by the exemption)

A spouse living in the same household as the salary earner (excluding persons receiving salaries as blue return business family employees and/or white return business family employees) whose total net income is 380,000 yen or less.

(Note)

1 The term "spouse" excludes common-law spouses.

2 "Total income" is the sum of the following:

(1) "Total income" without applying any carry-over deduction for a net loss or miscellaneous loss, carry-over deduction for a capital loss in the case of replacement of assets used for living purposes or carry-over deduction for a capital loss on specific assets used for living purposes.

(2) The amount of dividend income on listed stocks, etc., when the income recipient opts for separate self-assessment taxation (applicable to dividends due to be received after January 1, 2009)

(3) The amount of capital gains from land or buildings (total of long-term capital gain/loss (before any special deduction) and short-term capital gain/loss (before any special deduction))

(4) The amount of capital gain from stocks, etc. (if a carry-over deduction for any capital loss pertaining to listed stocks or the amount of a carry-over deduction for a capital loss pertaining to stock issued by a specific small business is applicable, the amount before the application of that carry-over)

(5) The amount of miscellaneous income pertaining to future transactions (if a carry-over deduction pertaining to a settlement loss such as a differential in future transactions is applicable, the amount before the application of

that carry-over)

(6) The amount of retirement income

(7) The amount of timber income

"Total income" excludes income for which tax has been paid in full by withholding, such as interest income and the following types of income in respect of which the taxpayer chooses not to submit a final return:

A. Interest income for separate withholding

B. The following forms of income from dividends:

(A) Distribution of revenue from the types of investment trusts, etc., described below that are subject to separate withholding:

1) Distribution of revenue from privately offered bond investment trusts

2) Distribution of revenue from special purpose trusts (limited to corporate bond-like beneficiary rights)

(B) The following types of dividends which the taxpayer chooses not to include in a final return:

1) Dividends from listed stocks, etc., including distribution of revenue from specific stock investment trusts

2) Distribution of revenue from publicly offered stock investment trusts (excluding bond investment trusts and specific stock investment trusts)

3) Dividends from the investment accounts of specific investment corporations

4) Dividends, other than 1) - 3) above, for which the amount per issue per transaction is equal to or less than 100,000 yen multiplied by the number of months in the period used for calculating dividends, divided by 12

C. Separately withheld compensation money for benefits from installment deposits, monetary awards from deposits offering such awards, and profit from redemption of discount bonds, etc.

D. Capital gain from listed stocks held in an account for which withholding is chosen and regarding which the taxpayer chooses not to submit a final return

3 Where the only income of a spouse is employment income or the business income of a spouse who is a home worker, total income shall be 380,000 yen or less if the yearly revenue is 1,030,000 yen or less.

4 "Living in the same household" does not necessarily mean living in the same house. For example, if some family members do not live together with other members due to work, study, or recuperation, they will still be treated as living in the same household if they return home during holidays from work or study, or where living costs, study funds, and medical care costs are remitted on an ongoing basis.

(Spouse covered by the exemption for persons with special disabilities living together with the salary earner, etc.)

A spouse is covered by the exemption if he/she falls within the category of persons with special disabilities and lives together permanently with the salary earner or other family members living in the same household as the salary earner.

(Spouse covered by the seniors exemption)

A spouse is covered by the exemption if he/she is aged 70 or above

(Spouse covered by the special exemption for spouses)

Any spouse (excluding a dependent of another income earner or any person who receives a salary as a blue return business family employee or white return business family employee, and limited to those whose total income is less than 760,000 yen) who lives in the same household as the salary earner (limited to those who

earn total income of 10,000,000 yen or less) and does not fall within the category of a spouse covered by an exemption.

(Notes)

1 If the only income of the spouse is employment income, the special exemption for spouses may not apply if the amount of salary income within a year is 1,030,000 yen or less or 1,410,000 or more. Please note that no special exemption for spouses may apply if a spouse qualifies for an exemption.

2 It is not possible for a husband and wife to both qualify for the special exemption for spouses. One of the two will not be eligible for the exemption.

(Dependents)

Family members, etc., living in the same household as the salary earner (excluding any spouse or person receiving a salary as a blue return business family employee or white return business family employee) whose total income is 380,000 or less.

(Notes)

1 "Family members" here means any person within the sixth degree of relationship by consanguinity and within the third degree of relationship by affinity.

2 "Family members, etc." here includes adopted children entrusted for care under the provisions of the Child Welfare Act and nursed seniors entrusted for care under the provisions of the Senior Welfare Act, in addition to "Family members".

(Dependents as persons with special disabilities living together with the salary earner, etc.)

Dependents who fall within the category of persons with special disabilities who live together permanently with the salary earner, his/her spouse, or other family members living in the same household as the salary earner.

(Specific dependents)

Dependents aged 16 or above but younger than 23.

(Senior dependents)

Dependents aged 70 or above.

(Elderly parents living together with the salary earner, etc.)

Senior dependents who are lineal ascendants (parents, grandparents, etc.) of the salary earner or his/her spouse and live together permanently with the salary earner or spouse.

(Persons with disabilities/special disabilities)

A salary earner, a salary earner's spouse covered by an exemption and/or a dependent to whom any of the following circumstances apply:

(1) Permanently lacks the ability to comprehend matters due to a mental disorder;
All persons in this category are persons with special disabilities.

(2) Intellectually disabled in the judgment of a child consultation center, center for the rehabilitation of the intellectually disabled, mental health and welfare center, or designated mental health doctor;
Persons in this category who are judged to be seriously intellectually disabled are persons with special

disabilities.

(3) Certified as mentally disabled under the Act for the Mental Health and Welfare of Persons with Mental Disorders;
Persons registered as Grade 1 disabled in this category are persons with special disabilities.

(4) Registered as having a physical disability on a physical disability certificate received under the Act for the Welfare of Persons with Physical Disabilities;
Persons registered as Grade 1 or Grade 2 in this disabled persons category are persons with special disabilities.

(5) Certified as a war invalid under the Act for Special Assistance to Wartime Invalids;
Persons having a disability of a level of severity between (and including) a special disorder and a Grade 3 disorder under Exhibit 1, Table 2 of the Military Pensions Act are persons with special disabilities.

(6) Recognized by the Minister of Health, Labor and Welfare under the Act to Assist the Victims of the Atomic Bombs;
All persons in this category are persons with special disabilities.

(7) Permanently bedridden and in need of complex care;
All persons in this category are persons with special disabilities.

(8) Aged 65 or above and having a disability that is equivalent to (1), (2) or (4) above as recognized by the mayor of a municipality or the head of a welfare center;
Persons who have a disability equivalent to the special disabilities described in (1), (2) or (4) above are persons with special disabilities.

(Widows)

Any salary earner who meets the following description;

(1) A person who fall within any of the following categories and has (a) dependent(s), or child(ren) living in the same household:

   (a) A person whose husband is dead and who has not since remarried

   (b) A person who has divorced from her husband and who has not since remarried

   (c) A person whose husband is not known to be living or dead

   "Child(ren) living in the same household" does not include a spouse covered by an exemption or dependents of another income earner, or persons whose total income exceeds 380,000 yen.

(2) In addition to those listed in (1) above, any person who falls within any of the following circumstances and whose total income is 5 million yen or less:

   (a) A person whose husband is dead and who has not since remarried

   (b) A person whose husband is not known to be living or dead

(Note)

In the case of employment income only, total income will be 5 million yen or less if salary income for the year is 6,888,889 yen or less.

(Special widows)

Widows with dependent children and whose total income is 5 million yen or less

(Widowers)

Any salary earner falling under all of (1), (2), and (3) below:

(1) A person whose wife is dead or divorced and who has not since remarried, or whose wife is not known to be living or dead

(2) A person who has children living in the same household

(3) A person whose total income is 5 million yen or less

(Note)

The scopes of "children living in the same household" in this case and the amount of salary income in the case of "total income is 5 million or less" are the same as those for "widows" above.

(Working students)

Any salary earner falling under both (1) and (2) below:

(1) A person who is a student, pupil or trainee at one of the following types of school:

(a) An elementary school, junior high school, high school, middle education school, university, technical college or special-needs school as provided for in the School Education Law

(b) A specialized training college or one of a number of schools meeting the standards prescribed by the Minister of Education, Culture, Sports, Science and Technology (hereinafter referred to as "specialized training colleges") established by the state, a municipality, a school corporation, the Federation of Agricultural Cooperatives in managing medical business, or a medical corporation that has established a specialized training college, and which offers courses meeting certain requirements, such as education in required job skills

(c) A vocational training corporation that offers certified vocational training and courses meeting certain requirements

(2) Total income for the year is 650,000 yen or less and the amount other than the salary income he/she has earned is 100,000 yen or less.

(Notes)

1 If any person falling under (b) or (c) of (1) above intends to apply for working student deductions, a copy of certification issued by the competent minister from the school and certification issued by the head of the school shall be attached to the "Application for (Change in) Exemption for Dependents of Employment Income Earner."

2 If income is entirely made up of employment income, total income shall be 650,000 yen or less if salary income for the year is 1,300,000 yen or less.

4 Timing of Determination of Eligibility for Deductions

The determination on whether a person qualifies as a spouse covered by an exemption or on whether a special exemption is to be granted for a spouse, dependent or disabled person covered by a deduction shall, in principle, be based on his/her status on December 31 of the relevant year. If the salary earner or his/her family member dies during the course of a year or the salary earner departs from Japan during the course of the year, the determination shall be made based on the status of that person at the time of his/her death or departure.

When an "Application for (Change in) Exemption for Dependents of Employment Income Earner" or an "Application for a Special Exemption for the Spouse of an Employment Income Earner" （給与所得者の配偶者特別控除申告書）is submitted, the determination on whether any spouse, dependent or disabled person is eligible for a deduction shall be made on the date of submission of the relevant application. In making the determination, total income for the year shall be estimated according to the status on the date on which the

relevant application is submitted and the relevant person's age will be determined as at December 31 of the relevant year.

V. How to Use the Tax Amount Table

1 Use of the Tax Amount Table

(1) Tax amount table used for withholding of monthly (daily) salary and bonuses, etc.

The amount of tax withheld from salary and bonuses is determined by using the "Withholding Tax Amount Table for Employment Income." The table is used as follows, according to salary or bonus, the submission of an application for an exemption for dependents, and the manner in which salary is paid.

Tax amount table	Salary covered	Applicable column in the table
Monthly table	(1) Paid monthly (2) Paid twice monthly or every 10 days (3) Paid per period where the period is a multiple of whole months	Column 甲(kou): Salary paid to persons who have submitted an "Application for an Exemption for Dependents of an Employment Income Earner" Column 乙(otsu): Salary paid to others
Daily table	(1) Paid daily (2) Paid weekly (3) Paid for number of days } (excluding daily wage)	Column 甲(kou): Salary paid to persons who have submitted an "Application for an Exemption for Dependents of an Employment Income Earner" Column 乙(otsu): Salary paid to others
	"Daily wage"	Column 丙(hei)
Table for calculation of withholding tax amount for bonus	Bonus If no ordinary salary is paid in the previous month or if the bonus exceeds 10 times the ordinary salary in the previous month, use the monthly table.	Column 甲(kou): Bonus paid to persons who have submitted an "Application for an Exemption for Dependents of an Employment Income Earner" Column 乙(otsu): Bonus paid to others

(Note) The "daily wage" is a salary paid for each workday as calculated according to the day or time of work. If a payer pays this continuously for more than two months, payments made beyond the two-month period are not included in the "daily wage."

(2) Quick tax amount table used for the year-end adjustment

The annual tax amount used for the year-end adjustment is determined by using the quick table below.

(Quick Income Tax Amount Table for the Year-end Adjustment in 2008)

Taxable employment income amount (A)	Rate (B)	Deduction (C)	Tax rate = (A)×(B) – (C)
1,950,000 yen or less	5%	-	(A) × 5%
Over 1,950,000 yen and 3,300,000 yen or less	10%	97,500 yen	(A) × 10% - ¥97,500
Over 3,300,000 yen and 6,950,000 yen or less	20%	427,500 yen	(A) × 20% - ¥427,500
Over 6,950,000 yen and 9,000,000 yen or less	23%	636,000 yen	(A) × 23% - ¥636,000
Over 9,000,000 yen and 16,920,000 yen or less	33%	1,536,000 yen	(A) × 33% - ¥1,536,000

(Notes) 1 Fractions of taxable income amounts of less than 1,000 yen are omitted.

2 Taxable income amounts exceeding 16,920,000 yen are not covered by the year-end adjustment.

2 How to Use the Tax Amount Table

In using the tax amount table when paying monthly (daily) salaries and bonuses, please take note of the following:

(1) The amount of salary to which the tax amount table applies is the monthly or daily salary less premiums for welfare pensions, health insurance, employment insurance, and other social insurance.

(2) The tax amount table is applied according to the number of dependents that the salary earner has.

The "number of dependents" here means the total including any spouse covered by an exemption (including a spouse covered by the seniors' exemption) and dependents (including senior dependents and specific dependents). If the salary earner is a disabled person (including any person with special disabilities), widow (including a special widow), widower or working student, this number shall be added. If the person's spouse and dependents covered by exemptions include a disabled person (including any person with special disabilities) or a person with special disabilities living together with the salary earner, etc. the number of dependents shall be increased by one for each such person.

VI. Calculation of Tax Amount

Tax amounts withheld from salary and bonuses are determined by using the "Withholding Tax Amount Table for Employment Income."

If the salary payer calculates employment income by computer or other office machinery, the amount of tax withheld from the salary to which column 甲(kou) applies in the monthly table may be determined using the method announced by the Minister of Finance.

1 How to Use Column 甲(kou) of the Monthly Table (if an "Application for Exemption for Dependents" is submitted)

(Example)

(1) Amount of salary paid in April 2008 (monthly) 406,000 yen

(2) Social insurance premiums deducted from salary 49,988 yen

(3) Number of dependents 2 persons
(Spouse covered by an exemption and one additional dependent)

[Tax calculation]

(1) Social insurance premiums, etc., are deducted from the salary:
356,012 yen (406,000 yen – 49,988 yen)

(2) In the column headed "salary amount after deduction of social insurance premiums, etc., for the month" （その月の社会保険料控除後の給与等の金額） in the monthly table, find the row for "356,000 or more and less than 359,000," which includes 356,012 yen, then read across to column 甲(kou) headed "2 dependents." You will then find the withholding amount of 7,300 yen in the box where the row and column intersect. This is the amount withheld from salary.

（三）　　（月　額　表）

Column for 2 dependents

その月の社会保険料等控除後の給与等の金額		甲					
		扶養親族等					
		0 人	1 人	2 人	3 人	4 人	5
以上	未満	税					
円	円	円	円	円	円	円	
290,000	293,000	7,870	6,290	4,700	3,120	1,540	
293,000	296,000	7,970	6,390	4,810	3,220	1,640	
296,000	299,000	8,080	6,500	4,910	3,330	1,750	
350,000	353,000	12,330	9,160	7,060	5,480	3,890	
353,000	356,000	12,570	9,400	7,180	5,600	4,010	
356,000	359,000	12,810	9,640	7,300	5,720	4,130	
359,000	362,000	13,050	9,880	7,420	5,840	4,250	
362,000	365,000	13,290	10,120	7,540	5,960	4,370	

Row including 356,012 yen

Tax amount determined

[Entries in the ledger of withholding income tax]

Monthly salary payments and the amounts of social insurance premiums and withheld tax are recorded in the "Ledger of Withholding Income Tax for Employment Income" （給与所得に対する所得税源泉徴収簿）and used for the year-end adjustment.

2 How to Use Column 乙(otsu) in the Monthly Table (if an "Application for Exemption for Dependents" is not submitted)

(Example)

(1) Amount of salary (monthly amount) 80,600 yen

(2) Social insurance premiums deducted from income none

[Tax calculation]

(1) As there are no social insurance premiums to be deducted from the salary, the amount paid of 80,600 yen is the salary amount after deduction of social insurance premiums.

(2) In the column headed "salary amount after deduction of social insurance premiums, etc., for the month," find the row for "less than 88,000 yen," which includes 80,600 yen. This will be the "amount equivalent to 3% of the salary after deduction of social insurance premiums" in column 乙(otsu). Therefore, 2,418 yen (80,600 yen × 3%) is the amount of tax to be withheld from the salary.

3 How to Use the Daily Table

You can use the daily table in the same manner as the monthly table.

4 How to Use the Table for Calculating Withholding Tax Amounts for Bonuses (if an "Application for Exemption for Dependents" is submitted)

(Example)

(1)	Amount of bonus in July 2008	553,000 yen
(2)	Social insurance premiums deducted from bonus	67,455 yen
(3)	Amount of ordinary salary in the previous month (after deducting social insurance premiums)	200,790 yen
(4)	Number of dependents (with spouse covered by an exemption and one additional dependent)	2 persons

[Tax calculation]

(1) In the column headed "2 dependents" in column 甲(kou) of the "Table for Calculating Withholding Tax Amounts for Bonuses" （賞与に対する源泉徴収税額の算出率の表）, find the row for "133,000 yen or more and less than 269,000 yen," which includes 200,790 yen, the amount of salary in the previous month after deduction of social insurance premiums, then find the rate coinciding with the "Bonus Amount Multiplication Rate" （賞与の金額に乗ずべき率）column, 2% in this example. This is the tax rate used as the multiplier applied to the bonus.

(2) The tax amount to be withheld from the bonus is calculated as follows:
(Bonus 553,000 yen – social insurance premiums 67,455 yen) × 2%
That is: 485,545 yen × 2% = 9,710 yen (any fraction of less than one yen is omitted)

(The table for calculating withholding tax amounts for bonuses)

（賞与に対する源泉徴収税額の算出率の表）

賞与の金額に乗ずべき率	扶養親						
	0人		1人		2人		3人
	前月の社会保険料						
	以上	未満	以上	未満	以上	未満	以上
%	千円	千円	千円	千円	千円	千円	
0	68千円未満		94千円未満		133千円未満		
2	68	79	94	243	133	269	
4	79	252	243	282	269	312	
6	252	300	282	338	312	369	
8	300	334	338	365	369	393	

Column for 2 dependents

Tax rate to be applied to the bonus

Row including the amount of salary after deducting social insurance premiums for the previous month: 200,680 yen

VII. Year-end Adjustment

The year-end adjustment is the process whereby the salary payer settles the discrepancy for each person between the total amount of income tax withheld from each salary payment made during the year and the tax amount to be paid for total salary paid during the year at the time of the last salary payment in the year. For most people receiving a salary, therefore, the year-end adjustment plays an important role as a substitute for

filing a final return.

1 Timing of the Year-end Adjustment

The year-end adjustment is, in principle, made at the time of the last salary payment in a year. In the case of any person who has ceased working during the year due to death or who has became a non-resident due to a transfer to an overseas branch, the year-end adjustment is performed at the time of the person's death or transfer to an overseas branch.

2 Persons Not Covered by the Year-end Adjustment

Salaries paid to the following persons are not subject to the year-end adjustment.

(1) Persons having no domicile in Japan or residence for one year or more in Japan (non-residents)

(2) Persons who do not submit an "Application for (Change in) Exemption for Dependents of Employment Income Earner" (to which column 乙(otsu) or 丙(hei) of the tax amount table applies)

(3) Persons receiving salary payments during the year in the amount of 20 million yen or more

(4) Persons for whom collection has been suspended or who have received a tax refund relating to withholding income tax for their salaries during the year under the provisions of the Act for Tax Reduction, Exemptions and the Suspension of Collection for Disaster Victims

(5) Persons who have left their jobs during the course of the year (excluding those who have ceased working due to death, etc.)

3 Salary Covered by the Year-end Adjustment

The salary amount subject to the year-end adjustment is the salary amount which should be paid between January 1 and December 31 of the relevant year. Therefore, the salary amount which should be paid during the year shall be included in the yearly salary and subject to the year-end adjustment, even if unpaid.

4 Practical Procedures for the Year-end Adjustment

For practical information on how to perform the year-end adjustment, see the leaflet distributed by tax offices at the time of the year-end adjustment ("年末調整のしかた Nenmatsu chousei no shikata," in Japanese only).

VIII. Payment of Withheld Income Tax

Withheld income tax is paid at a local financial institution (such as a bank or a post office, etc.) or over the counter at the competent tax office, together with submission of a "Statement (Tax Payment Slip) of Collected Income Tax" (please see p.6).

Even if no tax is to be paid, the statement should be submitted to the competent tax office either directly, by post, or by correspondence delivery.

It is possible to pay withheld income tax and submit the statement via the Internet. (For details, please see the "e-Tax" website, www.e-tax.nta.go.jp, in Japanese only).

(Note) If the bonus for directors* prescribed in Item 15 of Article 2 of the Corporate Tax Act is not paid after 1 year has elapsed since the day on which the payment became definitive, it shall be deemed that payment was made at the

end of that 1-year period and income tax will be withheld in relation to the unpaid bonus.

* "Directors" includes directors, executive officers, accounting advisors, auditors, trustees, supervisors, liquidators, and certain others engaged in the management of a corporation.

IX. Issuance of Salary Payment Slip

Any person paying a salary in Japan needs to issue to the recipient a payment slip stating the amount of the salary, the amount of tax withheld, and certain other necessary matters at the time of payment.

(Note) If the recipient agrees*, the salary payer may provide the required information by electromagnetic means instead of providing a salary payment slip in writing. Any salary payer who provides a payment slip by electromagnetic means shall be deemed to have issued a payment slip.

When required by the recipient, the salary payer must issue a payment slip in writing.

* The salary payer must indicate in advance to the recipient the nature and details of the electromagnetic means to be used and obtain the recipient's approval in writing or by electromagnetic means.

Reference: Electronic Submission of Documents Relating to Withholding

If a salary payer meets certain requirements by taking the necessary measures to receive the information to be stated in the following applications from the beneficiary by electromagnetic means as approved by the district director of the competent tax office (Note 1), the beneficiary may provide the information to be stated in the applications by electromagnetic means instead of by applying in writing. (Notes 2 and 3)

1 Application for exemption for dependents of employment income earner

2 Application for exemption for dependents concerning secondary salary

3 Application for special exemption for spouse of employment income earner

4 Application for deduction for insurance premiums for employment income earner

5 Application concerning receipt of retirement income

6 Application concerning dependents of a public pension beneficiary

(Note) 1 If no notice of approval or rejection is issued by the last day of the month following the month in which the application for approval was submitted, the application shall be deemed to have been approved on the last day of the month following the month in which the application was submitted.

2 When providing the information to be stated in these applications by electromagnetic means, the (1) ID and password used to identify individual beneficiaries and issued by the salary payer, or (2) electronic signature and electronic certificate pertaining to the electronic signature, may be used in lieu of the signature or seal of the taxpayer on the applications.

3 The certificates to be attached to applications must be submitted or presented in writing as before.

3. Procedure for Withholding from Retirement Income

The procedure for withholding from retirement income paid to a resident is:

(1) receipt of an "Application Concerning Receipt of Retirement Income" （退職所得の受給に関する申告書）from the person receiving a retirement allowance, etc., and calculate the retirement income deductions based on the length of service, etc., stated in the application;

(2) calculate the amount of tax according to the formula indicated in the column headed "Tax amount" in the "Quick Table for Withholding Tax Amount for Retirement Income" （退職所得の源泉徴収税額の速算表）corresponding to one half of the result of subtracting the retirement income deductions from the retirement allowance (the "taxable retirement income amount"); and

(3) withhold and pay the amount of tax at the time the retirement allowance is paid.

I. Scope of Retirement Income

Retirement income is income paid on one occasion due to retirement or resignation, such as a retirement allowance or the lump-sum payment of a public pension.

A retirement allowance paid to a person who ceases working due to death is normally subject to inheritance tax levied on his/her successors, and so is not subject to income tax.

II. Retirement Income Deduction

In the case of general retirement, the amount of the deduction from the retirement allowance is determined as follows according to the length of service between joining the company and retirement.

Length of service	Retirement income deduction
20 years or less	400,000 yen × length of service in years
More than 20 years	8 million yen + 700,000 yen × (length of service in years – 20 years)

When calculating the retirement income deduction, please consider the following points:

1 The amount of the retirement income deduction is determined according to the "Table for Retirement Income Deduction Amount for Withholding." （源泉徴収のための退職所得控除の表）

2 Any fraction of length of service in years that is less than one year shall be rounded up to 1 year (e.g. 21 years and 3 months→22 years).

3 If the retirement income deduction is calculated to be less than 800,000 yen, it is treated as 800,000 yen.

4 In the case of retirement as a direct result of becoming disabled, the amount of the retirement income deduction shall be the amount for ordinary retirement plus 1 million yen.

III. Calculation of Tax Amount (based on the Tax Amount Table for 2008)

(Example)

(1) Length of service — Joined on October 1, 1978, retired on March 31, 2008

(2) Retirement allowance amount — 18 million yen

(3) Reason — Reaching the compulsory retirement age

(Note) In this instance, an "Application Concerning Receipt of Retirement Income" shall be submitted. As 20% of the retirement allowance would be withheld if the application were not submitted, please make sure the recipient submits the application.
The application is kept by the withholding agent and need not be submitted to a tax office.

[Tax calculation]

(1) As length of service is 29 years and 6 months, this figure is rounded up to 30 years.

(2) According to the "Table for Retirement Income Deduction Amount for Withholding," the retirement income deduction for a length of service of 30 years in the case of general retirement is 15 million yen.

Table for Retirement Income Deduction Amount for Withholding

Length of service	Retirement income deduction	
	General retirement	Disability retirement
	Thousand yen	Thousand yen
24 years	10,800	11,800
25 years	11,500	12,500
29 years	14,300	15,300
30 years	15,000	16,000
31 years	15,700	16,700
32 years	16,400	17,400

(3) The taxable amount of retirement income is one half of the result of subtracting the retirement income deduction from the retirement allowance.

(18 million yen – 15 million yen) × 1/2 = 1.5 million yen

(4) The calculation is performed using the formula shown in the column headed "Tax amount" in the "Quick Table for Withholding Tax Amount for Retirement Income."

1.5 million yen × 5% = 75,000 yen

This is the amount of tax to be withheld from the retirement allowance.

Quick Table for Withholding Tax Amount for Retirement Income (January 2008 onwards)

Taxable retirement income (A)	Rate (B)	Deduction (C)	Tax amount =(A) × (B) – (C)
1,950,000 yen or less	5%	-	(A) × 5%
Over 1,950,000 yen and 3,300,000 yen or less	10%	¥97,500	(A) × 10% − ¥97,500
Over 3,300,000 yen and 6,950,000 yen or less	20%	¥427,500	(A) × 20% − ¥427,500
Over 6,950,000 yen and 9,000,000 yen or less	23%	¥636,000	(A) × 23% − ¥636,000
Over 9,000,000 yen and 18,000,000 yen or less	33%	¥1,536,000	(A) × 33% − ¥1,536,000
Over 18,000,000 yen	40%	¥2,796,000	(A) × 40% − ¥2,796,000

(Notes) Any fraction of the taxable amount of retirement income that is less than 1,000 yen is omitted.
Any fraction of the tax amount determined that is less than 100 yen is omitted.

4. Procedure for Withholding from Remuneration/Fees

Certain remuneration/fees paid to a resident or domestic corporation, such as payments for manuscripts, lecture fees, fees for education/guidance in the arts, sports, or knowledge, remuneration paid to tax accountants, salespersons' fees, performance fees, and hostess remuneration, is subject to withholding income tax at a certain rate at the time of payment, which amount is paid to the tax authorities by the payer of the remuneration/fees.

The scope of remuneration/fees subject to withholding and the calculation method for the amount of tax are shown in the following table.

Any individual not paying salary or only paying salaries to two or fewer domestic employees on a regular basis does not have to withhold tax (excluding certain payments of remuneration/fees such as hostess's remuneration as described in Item 9 of the following table).

I. Remuneration/Fees Paid to Residents

Remuneration/fees subject to withholding	Method for calculation of amount of tax
1 Remuneration/fees for the services of attorneys at law, tax accountants, etc. Remuneration/fees for the services of attorneys at law (including foreign lawyers licensed in Japan), certified public accountants, tax accountants, registered accountants, assistant accountants, social insurance labor consultants, patent attorneys, management consultants, surveyors, assistant surveyors, architects, architect agents, real estate appraisers, assistant real estate appraisers, professional engineers, assistant professional engineers, fire damage appraisers, and automobile damage appraisers	Amount of payment × 10% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20%.
2 Remuneration/fees for juridical scriveners, real estate surveyors, and marine procedure commission agents	(Amount of payment – 10,000 yen) × 10%
3 Remuneration/fees for salespersons, money collectors, and meter readers	(Monthly remuneration/fees – (120,000 yen – monthly salary amount)) × 10%
4 Fees for manuscripts and lectures, etc. Royalties for copyrights or copyright-related rights Fees for manuscripts, book illustrations, musical compositions, record/tape recordings, designs, attendance at broadcasts, lectures, education/guidance on arts, sports, or knowledge Remuneration/fees pertaining to investment consulting, drama scripts, dramatizations, translations, interpretation, proofreading, bookbinding, stenography, art works, etc.	Amount of payment × 10% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20%.
5 Remuneration/fees for the services of professional athletes such as those in the categories listed below: Professional baseball players, professional soccer players, professional tennis players, professional wrestlers, professional golfers, professional bowlers, racing car drivers, jockeys, models, etc.	Amount of payment × 10% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20%.

6	Fees for performances by entertainers (including fees for appearances in radio or TV programs by ordinary people	Amount of payment × 10% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20%.
7	Remuneration/fees for the arrangement of services provided by entertainers	Amount of payment × 10% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20%.
8	Remuneration/fees for the services of professional boxers	(Amount of payment – 50,000 yen) × 10%
9	Remuneration/fees for cabaret or bar hostesses, banquet hostesses, companions, etc.	(Amount of payment – deduction) × 10% (Note) Deduction = (5,000 yen × number of days in period for calculation of the amount) – salary during the period
10	Lump-sum payment for concluding a contract for receipt of services (e.g. hiring bonus paid upon recruitment of an engineer)	Amount of payment × 10% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20%.
11	Monetary awards for advertising a business	(Amount of payment – 500,000 yen) × 10%
12	Medical remuneration paid by the Social Insurance Medical Fee Payment Fund	(Amount of payment – 200,000 yen per month) × 10%
13	Horse racing prizes paid to horse owners	(Amount of payment – (the amount × 20% + 600,000 yen)) × 10%

(Note) 1 "Remuneration/fees" includes fringe benefits such product gifts.

2 If the remuneration/fees include consumption tax and local consumption tax, the amount including consumption tax and local consumption tax shall be subject to withholding. However, if bills or similar documents show remuneration/fees clearly distinguished from consumption tax and local consumption tax, it is possible to withhold from the remuneration/fees only.

3 If the payer of remuneration/fees bears the cost of travel and accommodation for the recipient, this will be subject to withholding. However, if the cost is not paid to the recipient and is instead paid directly to the provider of the transportation and/or accommodation, and the amount is within the cost range normally considered necessary, the payer need not withhold from the cost.

II. Remuneration/Fees Paid to Domestic Corporations

Remuneration/fees subject to withholding	Method for calculating amount of tax
Horse racing prizes paid to horse owners	{Amount of payment – (the amount × 20% + 600,000 yen)} × 10%

5. Procedure for Withholding from Dividend Income

Concerning withholding from dividend income paid to a resident or domestic corporation, the payer of general dividends or "deemed dividends," such as dividends of surplus or distribution of surplus (hereinafter referred to as "dividends"), collects and pays income tax at the rate indicated below upon payment.

(Note) "Deemed dividends" are money and assets delivered as a result of a (an) (1) non-qualifying merger, (2) non-qualifying split, (3) capital reimbursement, (4) distribution of remaining assets, or (5) acquisition of treasury stock, etc. (acquisition of treasury shares, cancellation of contribution, entity conversion) and which are deemed to be dividends.

In the event that dividends pertaining to stocks or contributions are not paid by the day after 1 year has elapsed since the date on which the decision to make payment was made (such as the date of the relevant resolution on the payment of dividends was made at a meeting of shareholders), the day after such 1–year period has elapsed shall be deemed to be the day that the payment was made and income tax will be withheld.

1 Listed Stock Dividends

The withholding rate is 7% (in addition to a 3% inhabitant tax).

The payment recipient will be subject to a tax rate of 15% (in addition to a 5% inhabitants' tax) from January 1, 2011, in the case of a resident, or 15% from April 1, 2009, in the case of a domestic corporation.

(Note) 1 If an individual having stocks equivalent in number or amount to 5% or more of the total number of issued shares receives listed stock dividends, this system shall not apply (because it falls within 2 below).

2 "Listed stock dividends" includes dividends for any stock listed on a stock exchange (exchange for financial products) or registered as an over-the-counter stock, distributions of revenue from specific stock investment trusts and publicly offered stock investment trusts, and dividends from the investment accounts of specific investment corporations. Withholding must also be applied to distributions of revenue from investment trusts. For details, see the "源泉徴収のあらまし Gensen choshu no aramashi", in Japanese only).

2 Dividends Other Than Those Paid for Listed Stocks

The withholding tax rate is 20% (no inhabitant tax applies).

6. Procedure for Withholding from Income Paid to Non-Residents or Foreign Corporations

Withholding from income paid to non-residents or foreign corporations involves collection and payment to the tax authorities of income tax at a certain rate at the time of payment to non-residents or foreign corporations of income derived in Japan (called “domestic source income”).

Tax rates for withholding are as follows:

Kinds of income	Recipient	Withholding tax rate
(1) Distribution of profit arising from partnership contract business	Non-residents having a permanent establishment in Japan Foreign corporations having a permanent establishment in Japan	20%
(2) Consideration for transfer of land, etc.	Non-residents Foreign corporations	10%
(3) Interest, etc.	Non-residents Foreign corporations	15% *Regarding interest on transferred national bonds and transferred local bonds, amounts corresponding to the period of ownership are non-taxable under certain conditions.
(4) Distributions of revenue including the following: A. Distribution of revenue from privately offered bond investment trusts B. Distribution of revenue from corporate bond-like beneficiary rights in special purpose trusts	Non-residents Foreign corporations	15%
(5) Dividends, etc., other than those described in (4) above	Non-residents Foreign corporations	7% (in the case of listed stocks, 15%, applicable from January 1, 2011 to non-residents with permanent establishments and from April 1, 2009 to all other persons) Or 20% (in the case of dividends other than those paid for listed stocks)
(6) Compensation money for benefits from installment deposits	Non-residents Foreign corporations	15%
(7) Consideration for transfer of listed stocks kept in specific accounts for which withholding is chosen	Non-residents having a permanent establishment in Japan	7% (15% from January 1, 2011)
(8) Monetary award from deposits offering awards	Non-residents Foreign corporations	15%
(9) Profit from redemption of discount bonds	Non-residents Foreign corporations	18% (16% for certain discount bonds) *Withholding is exempted for short-term bonds that are transferred and entered together with all other short-term bonds of the same brand upon issuance.

(10) Domestic source income other than income described in (1) through (9) above	Non-residents Foreign corporations	20%

I. Scope of Domestic Source Income Subject to Withholding

The following types of domestic source income received by non-residents or foreign corporations are subject to withholding.

1 Distribution of profit arising from partnership contract business conducted in Japan

(Note) "Partnership contract business" is business conducted under a partnership contract provided for in Item 1-2 of Article 161 of the Income Tax Act.

2 Consideration for the transfer of land, rights in land, buildings, auxiliary equipment, or structures in Japan (excluding consideration of 100 million yen or less that is paid by an individual receiving land, etc., for the purpose of his/her own dwelling or that of his/her relatives)

3 Consideration for the provision of personal services which is paid to a non-resident or a foreign corporation engaging primarily in the business of providing any of the personal services listed below in Japan:

(1) Services of entertainers such as movie and drama actors, musicians, and professional athletes;

(2) Services of attorneys at law, certified public accountants and architects, and other such independent personal services;

(3) Services of persons having expertise or special skills in science and technology or business administration

4 Consideration for the leasing of real estate, rights in real estate, quarry rights, mining leases, or the leasing of vessels or aircraft

5 Interest on Japanese national bonds, local bonds, or bonds issued by domestic corporations that are public or corporate bonds, interest on bonds issued by a foreign corporation attributed to business operations carried out by the foreign corporation within Japan*, and interest on funds deposited at offices in Japan

* Applicable to interest on bonds issued by foreign corporations after May 1, 2008

6 Dividends of surplus, dividend of profit, distribution of surplus or other dividends received from domestic corporations

7 Interest on loans to a person who conducts business in Japan relating to that business

8 Any of the royalties or forms of consideration listed below received from a person who conducts business in Japan relating to that business:

(1) Royalties or consideration for the transfer of technical rights such as industrial property rights, production methods employing special technologies, or know-how;

(2) Royalties or consideration for the transfer of copyrights, related rights, or publishing rights

(3) Rental of machinery, equipment, vehicles, means of transport, tools, appliances, or fixtures

(4) Rental of objects used on vessels or aircraft among the assets listed in (2) or (3) above and furnished for the business of residents or domestic corporations

9 Remuneration/fees for the provision of personal services, such as salaries, wages and bonuses arising from work in Japan, or public pensions, retirement allowances, etc., arising from work during the period of residence

10 Money or items awarded for advertising business in Japan

11 Pensions based on life insurance contracts, casualty insurance contracts, and other such agreements executed in Japan

12 Compensation money for benefits from installment deposits which are paid under agreements executed with business offices in Japan, etc.

13 Distribution of profits received under any silent partnership contract (Tokumei-Kumiai)

14 Distribution of profits from foreign special purpose trusts or distribution of revenue from foreign special investment trusts

15 Income from the transfer of listed stocks kept in specific accounts for which withholding is chosen

16 Monetary awards from deposits offering awards which are deposited in Japan, etc.

17 Profit from redemption of discount bonds

II. Special Provisions for Taxation of Non-residents and Foreign Corporations

Certain exceptions listed below apply to the taxation of non-residents and foreign corporations.

1 Exemption by Certificate of Exemption from Withholding

Where a non-resident or a foreign corporation receives a “Certificate of Exemption from Withholding” （源泉徴収免除証明書） from the district director of the competent tax office stating that he, she or it meets certain requirements, such as having a permanent establishment in Japan, and presents it to the payer of domestic source income, no withholding is required in respect of certain domestic source income paid by the payer during the effective period of the certificate.

2 Relief by Tax Convention

Where the country of residence of a non-resident or a foreign corporation has an income tax convention with Japan, withholding of income tax on the domestic source income received by the non-resident or the foreign corporation may be relieved in accordance with the provisions of the convention. To apply for relief for withholding income tax, it is necessary to submit the prescribed application or claim for refund to the district director of the competent tax office through the payer of domestic source income.

For details on the procedure, please contact your local tax office.

7. Withholding from Other Income

Withholding is required for the following types of income:

(1) Interest on bonds and deposits, etc.

(2) Compensation money for benefit from installment deposits, etc.

(3) Consideration for the transfer of listed stocks, etc., kept in specific accounts, etc.

(4) Public pensions, etc.

8. Other Matters

I. Refunds of Erroneously Withheld Amounts

If a withholding agent overpays withholding income tax due to erroneously calculating the amount of tax, the agent should submit an "Application for Refund of Erroneously Paid Withholding Income Tax" （源泉所得税の誤納額還付請求書） to the district director of the competent tax office for the place where tax is to paid stating the reason for the overpayment and the amount to be refunded. The competent tax office will consider the application and refund the overpaid amount to the withholding agent.

II. Submission of Withholding Records and Payment Records

A payer of salary, retirement allowance, remuneration, fees, etc., must deliver a "Withholding Record" （源泉徴収票）or "Payment Record" （支払調書）stating the particulars of payment to the taxpayer and/or the district director of the competent tax office by a certain deadline.

The submission of withholding records for salary and retirement allowances and payment records for remuneration/fees is explained below.

1 Employment Income Withholding Record

(1) The salary payer shall prepare two copies of an "Employment Income Withholding Record" （給与所得の源泉徴収票） stating the amount of salary, the payment period for which is between January 1 and December 31 of the relevant year, and the amount of tax withheld. One copy should be submitted, together with a totalized table, to the district director of the competent tax office by January 31 of the following year (or within 1 month of retirement in the case of a beneficiary who retires during the course of a year), and the other copy should be issued to the beneficiary.

The withholding record for a beneficiary who retired during the course of a year may be submitted to the district director of the competent tax office by January 31 of the year after the year of retirement, together with withholding records for other beneficiaries.

(Notes) 1 Please note that the same shall apply to the salary paid to a foreign worker who becomes a resident due to having a domicile in Japan or who has resided in Japan continuously for 1 year or more.

2 If any amount is deducted for national pension premiums, etc.,* at the time of the year-end adjustment as part of the social insurance deduction, the amount must be entered in the "Remarks" column of the record.

* "National pension premiums, etc." means the premiums for the national pension borne by an insured under the provisions of the National Pension Act and contributions borne as a participant in the National Pension Fund.

3 If there is any special deduction of income tax for having a housing loan pertaining to the year-end adjustment deducted from the amount of tax prescribed in Item 2 of Article 190 of the Income Tax Act (hereinafter referred to as the "calculated tax amount") on the occasion of any year-end adjustment in or after 2007, and the amount of special credit for a loan relating to a dwelling as stated in the "Application for Special Credit for Loans Relating to a Dwelling for the Employment Income Earner"（住宅借入金等特別控除申告書） exceeds the calculated tax amount, please do not fail to enter the specific deductible amount concerning housing loan in the "Remarks" column of the record.

(2) If any of the following circumstances apply to the salary, notwithstanding (1) above, no withholding record concerning the salary need be submitted to the district director of the competent tax office.

A. Where the salary amount subject to the year-end adjustment (excluding the salaries described in B and C below) for the year is 5 million yen or less.

B. Where the salary is paid to the director of a corporation (including any adviser, counselor, etc.) and the salary amount subject to the year-end adjustment for that year is 1.5 million yen or less.

C. Where the salary is paid to an attorney at law (including a foreign lawyer licensed in Japan), certified public accountant, tax accountant, patent attorney, etc., whose salary amount subject to the year-end adjustment for the year is 2.5 million yen or less.

D. Where the salary paid to a person who has submitted an "Application for (Change in) Exemption for Dependents of Employment Income Earner" and is not subject to a year-end adjustment for the year is 2.5 million yen or less (0.5 million yen or less for a director and/or an officer).

E. Where the salary paid to a person who does not submit an "Application for (Change in) Exemption for Dependents of Employment Income Earner" for the year is 0.5 million yen or less.

(3) The following exceptions are granted with regard to tax withholding:

A. After obtaining the approval of the recipient*, a person paying salary, etc., may provide the information to be stated in the "Employment Income Withholding Record" by electromagnetic means instead of issuing the record in writing. Any payer who does so shall be deemed to have issued the record.

However, if a recipient requests that the record be provided in writing, the payer shall do so.

If a person earning employment income files a final return, it is necessary to attach the record with the final return in any case other than the method described in C below. In this case, it is necessary to attach the record delivered in writing as before instead of attaching the information printed out by electromagnetic means in any case other than the method described in B below.

* A salary payer shall indicate in advance the nature and details of the electromagnetic means to the salary earner and obtain his/her approval in writing or by electromagnetic means.

B. A record provided by electromagnetic means that a record provided in the data format prescribed by the National Tax Agency and accompanied by the electronic signature of the withholding agent (issuer) may be transmitted online as an attachment if a final return is filed by e-Tax.

C. If a final income tax return is submitted using e-Tax, the information in the employment income withholding record may be input and transmitted instead of providing an attachment in writing. (In this case, the record must be submitted or presented if requested by the tax office.)

2 Retirement Income Withholding Record

(1) A person paying a retirement allowance, etc., shall prepare two copies of a "Retirement Income Withholding Record" （退職所得の源泉徴収票） stating the amount of the retirement allowance for which payment is defined and the withholding tax amount. One copy should be submitted to the district director of the competent tax office within 1 month of retirement, together with a totalized table, and the other copy issued to the beneficiary. In this case, the year's withholding records may be submitted to the district director by January 31 of the following year.

(2) Regarding the retirement allowance paid to any person other than a corporate director, it is unnecessary to submit the record to the district director notwithstanding (1) above.

(3) The records are treated similarly to 1(3) A and C above.

3 Payment Record for Remuneration/Fees

(1) A payer of remuneration/fees, contract money, awards or medical remuneration listed in any item of Article 204, Paragraph 1 of the Income Tax Act shall prepare a "Payment Record" stating the amount paid to and amount of tax withheld for each recipient of the remuneration, fees, or contract money, and submit it, together with a totalized table, to the district director of the competent tax office by January 31 of the following year.

(2) For the types of remuneration/fees listed below, it is unnecessary to submit a payment record to the district director, notwithstanding (1) above.

A. Remuneration/fees for medical services, professional boxers, salespersons, money collectors, meter readers, bar and cabaret hostesses, banquet hostesses, and companions, etc., for whom the yearly payment is 0.5 million yen or less

B. Awards for advertising paid to the same person in an amount of 0.5 million yen or less for the year

C. Regarding horse racing prizes received by horse owners, the amount paid during the year for which all individual payments to the same person are 0.75 million yen or less

D. Remuneration/fees other than those described in A, B and C above of 50,000 yen or less paid as a yearly payment to the same person

4 Payment Record for Non-resident Income

A person paying salary or remuneration/fees, etc., to a non-resident shall prepare a "Payment Record" stating the payments made and tax amount withheld for each recipient and submit it, together with a totalized table, to the district director of the competent tax office by January 31 of the following year.

It is unnecessary to submit a record if the total amount of payments made during the year is 0.5 million yen or less.

(Note) The due date and scope of submission may differ for certain records, such as the "Payment Record for Profit under a Partnership Contract to be Paid to Non-residents." （非居住者等に支払われる組合契約に基づく利益の支払調書）

III. Relief for Disaster Victims

(1) If the property of a person who receives salary, remuneration/fees, public pension, etc., suffers great damage caused by an earthquake, storm, flood, lightning, or fire, he/she may be granted a suspension or refund of withholding income tax under the Act for Tax Reduction, Exemptions, and the Suspension of Collection for Disaster Victims (hereinafter referred to as the "Disaster Exemption Act").

Any person who is granted a suspension or refund must settle the suspended tax amount or refunded tax amount by submitting a final return.

(2) If a person claims a suspension or refund based on the Disaster Exemption Act for withholding income tax, the property damage victim shall submit the prescribed application directly to the district director of the competent tax office for his/her place of domicile or submit it to the district director for the location of the payer through the payer of salary, remuneration/fees, public pension, etc. For details on the procedure, please contact your local tax office.

IV. Refunds of Tax Amounts Withheld in Response to Employment Income Earners' Tax Returns

Any employment income earner who falls within any of the following categories may receive a refund of the amount of tax withheld by filing a final return.

(1) Any person who has left a company during the course of a year and has not undergone a year-end adjustment, resulting in overpayment of the amount of tax withheld

(2) Any person whose property has suffered damage the cost of repair of which is equivalent to one half or more of the value of the house or other assets affected by the disaster and is eligible for a reduction in or exemption from income tax under the Disaster Exemption Act

(3) Any person who has suffered from the loss of a house or other assets (including disaster-related expenses) due to a disaster, theft, or misappropriation, and is eligible for a miscellaneous loss deduction because the loss exceeds a certain amount (a miscellaneous loss deduction is not available to any person granted a reduction or exemption described in (2) above)

(4) Any person eligible for a medical expense deduction because the amount paid for medical expenses exceeds the lower of either 100,000 yen or the amount equivalent to 5% of total income

(Note) Total income does not include separately withheld interest income and dividend income, etc.

(5) Any person eligible for a donation deduction because the donation has been paid to the state, a municipality, or a "Specific Public Interest Promotion Corporation," or a certain political donation exceeds 5,000 yen

(6) Any person earning below a certain amount of income who is eligible for credit for dividends

(7) Any person eligible for a foreign tax credit relating to the tax equivalent to income tax paid in foreign countries

(8) Any person eligible for a special credit for loans relating to a dwelling due to the acquisition of a house, etc., or who has not claimed the deduction at the time of the year-end adjustment from the second and subsequent years after the acquisition

(9) Any person eligible for a special deduction for a political donation as a result of making a donation to a political party or political fund management organization involved in political activities

(10) Any person who has failed to submit an "Application Concerning Receipt of Retirement Income" upon receipt of retirement income taxed at a rate of 20%, where the amount of tax withheld exceeds the amount of tax calculated by applying the deduction for retirement income, etc.

(11) Any person eligible for a donation deduction relating to a donation for certain specified non-profit activities conducted by a non-profit corporation and/or a project pertaining to certain regeneration plans for designated areas conducted by a "Specified Local Employment Promotion Corporation"

(12) Any person whose total specified expenditure exceeds the amount of the deduction for employment income and who is eligible for special provisions on specified expenditure deductions for employment income earners to be applied