

Guide to Applying for Grace

Tax Office

Outline of the System for Grace of National Tax Payment

In the case the national tax is not paid by its due date, in addition to delinquent tax (interest on principal tax) in proportion to the number of days until its payment, if the tax is not paid despite receipt of payment demand letter, you may be subject to disposition of delinquency, such as seizure of assets.

However, in the case there is a reason why it is difficult for you to pay the national tax in a lump sum, a grace on conversion of assets into cash (public sales) and seizure may be granted by filing an application with your district tax office.

1 Grace of Asset Conversion

In the case it is found that payment of national tax in a lump sum will cause difficulty in continuing your business or maintaining your standard of living, the system allows for deferment of conversion of seized assets into cash (public sales) based on application.

2 Grace of Tax Payment

In the case it is found that payment of national tax in a lump sum is unfeasible due to natural disaster, illness, or closure of business, or when a justifiable reason why you cannot pay its tax in a lump sum whose amount was fixed after more than one year from original due date for tax payment, the system allows for deferment of tax payment based on application.

Effects of Grace

⇒ When grace of asset conversion is granted...

- (1) The conversion into cash (sales) of assets already seized will be deferred.
- (2) In regards to assets which may cause difficulty in continuing your business or maintaining its standard of living by seizing such assets, seizure may be deferred (or released).
- (3) A portion of the delinquent tax (interest on principal tax) for the period which grace of asset conversion is granted will be reduced.

⇒ When grace of tax payment is granted...

- (1) The collection disposition such as seizure of assets or conversion of assets into cash (public sales) will not be executed.
- (2) In the case there are any assets already seized, seizures for such assets may be released by filing an application with the Tax Office.
- (3) All or a portion of the delinquent tax (interest on principal tax) for the grace period will be reduced.

- The Social Security and Tax Identification Number (My Number) System was introduced with the objective to enhance the efficiency and transparency of administrative procedures in the field of social security, tax, and disaster countermeasures, and to realize a fair and just society of high convenience to citizens.

In the case the applicant is a corporation, entry of the Corporate Number will be necessary when completing an Application for the Grace of Tax Payment or an Application for the Grace of Asset Conversion (submission or attachment of copies of individual identification documents will not be necessary).

For further information on the Social Security and Tax Identification Number (My Number) System as it relates to national tax, please see a page about “[社会保障・税番号制度<マイナンバー> (Social Security and Tax Identification Number System <My Number>)” on the official web site of the National Tax Agency (www.nta.go.jp).



Scan this code for information on Social Security and Tax Number (My Number) System

Flow of Application Process

Confirming the Requirements of Being Granted a Grace

(1) Grace of Asset Conversion (⇒page 5)

In the case it is found that payment of national tax in a lump sum will cause difficulty in continuing your business or maintaining your standard of living and you have a sincere intention to make tax payment, you may be granted a **grace of asset conversion** by applying within six months from the due date for the national tax that you seek grace for.

(2) Grace of Tax Payment (⇒page 32)

In the case it is found that payment of national tax in lump sum is unfeasible due to natural disaster, illness, or business being closed, you may be granted a **grace of tax payment** by filing an application.

In addition, in the case you cannot pay its tax in a lump sum whose amount was fixed after more than one year from original due date for tax payment, you may be granted a grace of tax payment by filing an application by the due date for tax payment.

Preparation and Submission of the Application Form (for Grace of Asset Conversion ⇒page 6, Grace of Tax Payment ⇒page 34)

Attach the required documents to “Application for the Grace of Asset Conversion” or “Application for the Grace of Tax Payment” and submit to the competent Tax Office.

- How to complete the “Application for the Grace of Asset Conversion” **page 10**
- How to complete the “Application for the Grace of Tax Payment” **page 36**
- How to complete the “Statement of Income, Expenditures and Assets” .. **page 13**
- How to complete the “Property Inventory” **page 19**
- How to complete the “Income and Expenditure Account Statement” **page 25**

* The above forms may be downloaded from the official website of the National Tax Agency (www.nta.go.jp).

Examination of the Submitted Application Forms (⇒page 6)

The Tax Office will confirm the contents of the submitted application form and its attachments, and determine whether the grace shall be granted or not, and the grace amount and the grace period.

In the case there are any flaws with the contents of the submitted application form, you may be required correction that needs completion within a certain period.

In the case the grace is granted (⇒page 7)

In the case the grace is granted, the Tax Office will dispatch a “Notification of grant of grace”, and the taxpayer needs to pay taxes in accordance with the installment payment plan indicated in the notification.

Cases in which the grace will not be granted (⇒page 7)

In certain cases, the requested grace may not be granted. In such case, the Tax Office will dispatch a “Notification of Denial of Grace.”

Payment completed

Cancellation of the grace, etc. (⇒page 8)

<p>If the principal tax is paid in full, the delinquent tax (interest on principal tax) will be reduced in portion or in full.</p>	<p>In certain cases, grace that was once granted may be cancelled, or its grace period shortened. In the case of any unavoidable circumstances, changes in the plan for payment in installments or extension of the grace period may be approved.</p>
--	---

I Grace of Asset Conversion

1 Cases in which the grace of asset conversion is granted

If you meet all of the following requirements cited from (1) to (5), you are eligible to be granted grace of asset conversion.

- (1) It is found that payment of national tax in a lump sum may cause difficulty in continuing your business or maintaining your standard of living. (*1)
- (2) It is found that you have a sincere intention to make tax payment. (*2)
- (3) It is found that you have no other outstanding national taxes in addition to the tax payment for which you are seeking grace.
- (4) The “**Application for the Grace of Asset Conversion**” is filed with your district tax office within six months following the due date for payment of the national tax which you have to pay.
- (5) In principle, you need to provide anything as security that is equivalent to the amount of tax that you seek grace for. (*3)

- *1 By “may cause difficulty in continuing your business,” it refers to a situation in which the business may be forced to close or go bankrupt due to payment of the national tax in lump sum, despite after efforts to streamline management of the business, such as liquidating its assets that are not necessary for the business. In addition, by “may cause difficulty in maintaining your standard of living,” it refers to a situation in which you are unable to gain income that is equivalent in amount to the minimal amount of living expenses due to payment of the national tax in a lump sum.

*2 By “found that you have a sincere intention to make tax payment,” it refers to a situation in which the district director of the tax office is able to find that you have the intention to make tax payment with priority over other payments.

*3 In the case any one of the following conditions cited from (1) to (3) apply, you are not required to provide any securities.

 - (1) When the subject tax amount (including the undetermined delinquent tax (interest on principal tax)) is one million yen or less.
 - (2) When the duration of the grace period is three months or less.
 - (3) When there is a special circumstance that you cannot provide any securities (such as the absence of type of security that corresponds to assets that may be presented as security as stipulated in the General Law of National Taxes (⇒page 12)).

2 Grace period

The period for which the taxpayer may be granted a grace of asset conversion is restricted to the time period considered as the shortest amount of time required to pay the national tax in full one year or less (*) limit, in consideration of circumstances of the applicant's asset and income.

In principle, the national tax subject to the grace of asset conversion must be paid in installments spread over each month of the grace period.

* After the grace of asset conversion is granted, in the case it is found that there is unavoidable circumstance why the outstanding tax may not be paid in full within the grace period, by applying with your district tax office before expiration of the original grace period, an extension of the grace period may be approved within up to two years, combined with the original grace period.

3 Documents for application

When applying for grace of asset conversion, please submit the following documents to your district tax office.

(1) Documents Required for Examination for Grace

In the case the total amount(*) seeking grace is <u>one million yen or less</u>	In case the total amount(*) seeking grace <u>exceeds one million yen</u>
<ul style="list-style-type: none"> ○ “Application for the Grace of Asset Conversion” (Refer to pages 10 to 12 for instructions on how to complete the form.) ○ “Statement of Income, Expenditures and Assets” (Refer to pages 13 to 18 for instructions on how to complete the form.) 	<ul style="list-style-type: none"> ○ “Application for the Grace of Asset Conversion” (Refer to pages 10 to 12 for instructions on how to complete the form.) ○ “Property Inventory” (Refer to pages 19 to 24 for instructions on how to complete the form.) ○ “Income and Expenditure Account Statement” (Refer to pages 25 to 31 for instructions on how to complete the form.)

* Undetermined delinquent tax(interest on principal tax) is not included.

(2) Documents Pertaining to Provision of Security

When provision of security is required, please inquire with your district tax office (The collection group) for details as the submission of “Document for Provision of Security” and other documents necessary to take out a mortgage (in the case the security is a real estate property) will be required.

In the case there is no need to provide any security (⇒*3 on **page 5**), submission of documents will not be required.

4 Examination of the submitted application forms

The tax office will confirm that the necessary documents have been submitted and that they contain the necessary information, and conduct an examination to determine whether to grant the grace of asset conversion or not, and the amount and the period of the grace to be granted.

(1) Correction of the Application Form

In the case any documents necessary for the application are missing, or the submitted document is incomplete, you may be requested by telephone to make the necessary correction.

Furthermore, please take note that in the case the tax office dispatched a “Notification requesting correction” and you don’t make correction within 20 days counting from the next day of the day when you received it, it will be considered that the application for grace has been withdrawn.

(2) Examination of the Application

The official of the tax office may question you concerning the contents of the application form and its attachments (details of circumstances which leads to difficulty in continuing your business or maintaining your standard of living, status of assets, results and outlook of income and expenditure, etc.) and request to be allowed to review contents of accounting books and documents.

* Even when an application for grace of asset conversion is filed, or the grace of asset conversion is granted, please note that a payment demand letter will be sent to you if you have not yet received it for the national tax seeking grace.

5 In the case the grace is granted

In the case the grace of asset conversion is granted, a “Notification of Approval of Grace of Asset Conversion” will be sent to you, and you shall pay taxes in accordance with the plan for payment in installments indicated in the notification.

In addition, as result of the Tax Office’s examination, any of the following conditional approvals may be granted; (1) grace is approved a portion of the amount indicated on the application form seeking grace, (2) the approval is applicable for a grace period that is shorter than the grace being applied for, or (3) an installment payment plan that is different from the installment payment plan indicated on the application is approved. In the case you are not satisfied with such approvals, you may request for a reconsideration if filed within a certain period.

6 Cases in which the grace will not be granted

If the application for grace corresponds to any of the following, the grace of asset conversion may be denied.

In the case you are not satisfied with the denial of approval, you can request for a reconsideration only when it is filed within a certain period.

- (1) In the case the application for grace does not meet the requirement for grace (⇒1, (1) to (5) on **page 5**).
- (2) It is deemed that you are incapable of completing the payment of the national tax within the grace period due to such reasons as the procedure for compulsory conversion of assets (*1) of you has been initiated, the taxpayer, who is a corporation, has dissolved, or it is found that you have avoided execution of disposition of outstanding national tax.

- (3) You have not responded to the questions from the official of the tax office in the examination process, and refused, obstructed, or evaded inspection of your accounting books and documents. (*2)
- (4) In the case the application for grace has been made for illegitimate objectives, or other cases in which the application has not been filed with sincere intentions. (*3)

- *1 "Procedure for compulsory conversion of assets" refers to disposition of delinquency, compulsory execution, and bankruptcy proceeding.
- *2 "Refusal, obstruction, or evasion of inspection of accounting books and documents," specifically speaking, corresponds to verbal or physical actions through which the inspection is not approved, the inspection is obstructed, or the subject of the inspection evade it.
- *3 "Application has not been filed with sincere intentions" refers to cases for example, another application is filed again for the same national tax of the initial application despite disapproval and deemed withdrawal of the initial application (excluding cases in which an application for grace of tax payment is filed as result of discovery of new eligible facts for grace (⇒(i) to (v) of (1) of 1 on **page 32**)).

Procedure to Pay Taxes

Please complete the payment by submitting cash together with the tax payment slip at a financial institution (Bank of Japan, National Revenue Agency) or the tax payment counter of your district tax office.

- * In the case you do not have a tax payment slip, please use the slip that is available at the tax office or the financial institution located within the jurisdiction of your district tax office.

You can pay taxes in various ways.

For details, please see a page about payment methods on the official web site of National Tax Agency (www.nta.go.jp).



Scan this code for information on payment methods.

7 Cancellation of the grace or reduction of the grace period

In the case any of the following occurs after the grace of asset conversion has been granted, the grace may be cancelled or the duration of the grace period may be reduced.

If you are not satisfied with the decision to cancel the grace or with the reduction of the duration of the grace period, you can request for a reconsideration only when it is filed within a certain period.

- (1) The taxpayer who has been granted grace is under circumstances similar to that described in (2) of "**6 Cases in which the grace will not be granted**" (⇒**page 7**) and it is found that the taxpayer is incapable of paying the national tax under grace in full within the grace period.
- (2) If the national tax under grace is not paid in accordance with the plan for payment in installments as informed in the "Notification of Approval of Grace of Asset Conversion."(*)

- (3) When the taxpayer refuses to comply with orders given by the district director of the tax office, such as change of security, etc.
- (4) When a new national tax other than the national tax under grace becomes delinquent (*).
- (5) When the application for grace has been made based on fraud or other illegal acts or through other illicit methods, and it is discovered that the grace has been granted based on such application.
- (6) It is found that it is inappropriate to continue the grace due to changes in state of assets or other circumstances.

* This excludes situations with unavoidable circumstances, such as when new facts arose which could not have been foreseen when the grace was granted (limited to those facts which the individual subject to the grace cannot be held liable for). In the case there is an unavoidable reason, please consult with your district tax office (The collection group).

How to complete the “Application for the Grace of Asset Conversion”

In the case the amount of tax that you seek grace for is **one million yen or less**, the “Statement of Income, Expenditure and Assets” (⇒page 13) must be attached to the “Application for the Grace of Asset Conversion.”

If the amount that you seek grace for **exceeds one million yen**, it is necessary to attach and submit the “Property Inventory” (⇒page 19) and “Income and Expenditure Account Statement” (⇒pages 25 and 26) instead of the “Statement of Income, Expenditure and Assets.”

Describe the name of your district Tax Office.

Application for the grace of asset conversion

To the District Director of _____ Tax Office

In accordance with the provision of Paragraph 1, Article 151-2 of the National Tax Collection Act, I apply for the grace as follows.

Enter the postal code, address (or location), telephone number, mobile number and name (or trade name), and stamp your seal.
* If the applicant is a corporation, enter the address and name of the

Enter the date of the day you are submitting the application.

Please describe all national taxes that are unpaid when the grace of asset conversion is being applied for.
With regards to delinquent tax(interest on principal tax), please indicate “Necessary” if the principal tax is not paid in full. Please enter the annual portion of national tax, the fiscal year, the taxation period or the monthly portions in the “Remarks,” and circle the item for which you seek grace of asset conversion.
<<Example Entry>>
• Self-assessed income tax for year 20XX
⇒ “For year 20XX”
• Corporate tax for the term ended March 20XX
⇒ “Term ended March 20XX”

Please transfer contents of “4 Plan for payment in installments (B)” in the “Statement of Income, Expenditure and Assets” (⇒page 13).
* If the amount that you seek grace for exceeds one million yen, please transcribe contents of “Date of tax payment (C)” and “⑥ The amounts of tax payment in installments (D)” in “7 Date and the Amount of tax payment in installments” under “Income and Expenditure Account Statement” (⇒page 26).

Please enter “Start date of the grace period” and “Last date of tax payment plan,” as well as its period.
* “Start date of the grace period” normally refers to the date when the application is submitted. However, please enter the day following the statutory due date of national tax payment as the “Start date of the grace period” if you submit this application before the statutory due date for payment of the national tax you have to pay.

Applicant		Address		Tel. XXX(XXX) XXXX		Mobile XXX(XXXX)XXXX		Date of application		July 11, 20XX																															
Name		Zeimu Construction Co., Ltd.																																							
Representative Director Saburo Zeimu		Zeimu Construction Co., Ltd.																																							
Corporate number																																									
Taxes you have to pay	Tax Period	Type of Tax	Due Date	Principal Tax	Additional Tax	Delinquent Tax (interest on principal tax)	Interest Tax	Collection Expenses for Tax Arrears	Remarks																																
	XX	Withholding income tax	May 25, 20XX	JPY 80,000		JPY The amount in JPY accordance with a law	JPY Necessary	JPY The amount in JPY accordance with a law	From July to Dec 20XX																																
	XX	Consumption and local consumption				JPY Necessary			Term ended March 20XX																																
Total				i	780,000	ii		iii	iv	v																															
① The total amount of i to v				JPY 780,000		② The amount of tax payment you can currently make		JPY 180,000		③ The amount of taxes that you seek grace for (① - ②)																															
				JPY 780,000				JPY 180,000		JPY 600,000																															
<p>You need to transcribe from (A) of [Statement of Income, Expenditures and Assets] or (D) of [Property Inventory] to ③ above.</p> <p>We are contracted by A Construction Co. Ltd. to build homes. Due to a decrease in unit prices, etc., our sales fell to 65% of the previous year, and we often have to delay payments to E Company Ltd., our supplier.</p> <p>If we spend all payments received from A Construction Co./ Ltd. to pay national tax, we cannot make payments to E Company Ltd., and if we cannot procure materials in future, it will be difficult to continue business.</p>																																									
<p>Details of why it will be difficult continuing business or maintaining your standard of living by paying the national tax in a lump sum</p>																																									
<p>④ Plan of tax payment</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Amount of tax payment</th> <th>Date</th> <th>Amount of tax payment</th> <th>Date</th> <th>Amount of tax payment</th> </tr> </thead> <tbody> <tr> <td>July 31, 20XX</td> <td>75,000</td> <td>November 30, 20XX</td> <td>75,000</td> <td></td> <td></td> </tr> <tr> <td>August 31, 20XX</td> <td>55,000</td> <td>December 31, 20XX</td> <td>145,000</td> <td></td> <td></td> </tr> <tr> <td>September 30, 20XX</td> <td>75,000</td> <td>January 31, 20XX</td> <td>50,000 plus delinquent tax</td> <td></td> <td></td> </tr> <tr> <td>October 31, 20XX</td> <td>125,000</td> <td>20XX</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>												Date	Amount of tax payment	Date	Amount of tax payment	Date	Amount of tax payment	July 31, 20XX	75,000	November 30, 20XX	75,000			August 31, 20XX	55,000	December 31, 20XX	145,000			September 30, 20XX	75,000	January 31, 20XX	50,000 plus delinquent tax			October 31, 20XX	125,000	20XX			
Date	Amount of tax payment	Date	Amount of tax payment	Date	Amount of tax payment																																				
July 31, 20XX	75,000	November 30, 20XX	75,000																																						
August 31, 20XX	55,000	December 31, 20XX	145,000																																						
September 30, 20XX	75,000	January 31, 20XX	50,000 plus delinquent tax																																						
October 31, 20XX	125,000	20XX																																							
<p>* You need to transcribe from (B) of [Statement of Income, Expenditures and Assets] or (C) or (D) of [Income and Expenditure Account Statement] to ④ above.</p>																																									
Grace period		FROM July 11, 20XX TO January 31, 20XX (Seven months)																																							
<p>* Start date of the grace period is the application date (⑤). However, you can write the next day of the statutory due date of tax payment if you submit this application before this date.</p>																																									
Security		<input type="checkbox"/> Provide <input checked="" type="checkbox"/> None																																							
Type of security or the special circumstance why you cannot provide any securities																																									
Signature and seal of licensed tax accountant		Stamp																																							
Submitted the form based on Article 30 of the Licensed Tax Accountant Law																																									
<p>Attached documents</p> <table border="1"> <thead> <tr> <th>In the case of 1 million yen or less</th> <th>In the case of more than 1 million yen</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/> Statement of Income, Expenditures and Assets</td> <td><input type="checkbox"/> Income and Expenditure Account</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Property Inventory</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Document related to securities</td> </tr> </tbody> </table>												In the case of 1 million yen or less	In the case of more than 1 million yen	<input checked="" type="checkbox"/> Statement of Income, Expenditures and Assets	<input type="checkbox"/> Income and Expenditure Account		<input type="checkbox"/> Property Inventory		<input type="checkbox"/> Document related to securities																						
In the case of 1 million yen or less	In the case of more than 1 million yen																																								
<input checked="" type="checkbox"/> Statement of Income, Expenditures and Assets	<input type="checkbox"/> Income and Expenditure Account																																								
	<input type="checkbox"/> Property Inventory																																								
	<input type="checkbox"/> Document related to securities																																								
Please check the boxes of documents attached to the application.																																									

1 “④ The amount of taxes that you seek grace for(② - ③)”

Please enter the amount calculated by subtracting “Amount of tax payment you can currently make (A)” in “**2 The amount of tax payment you can currently make**” under “Statement of Income, Expenditures and Assets” (⇒**page 13**) from the total of “Taxes you have to pay.”

* If the amount that you seek grace for exceeds one million yen, please enter the amount calculated by subtracting “③ The amount of tax payment you can currently make (①-②) (D)” in the “**4 The amount of the tax you can currently make**” on the “Property Inventory” (⇒**page 19**).

2 “Details of why it will be difficult continuing business or maintaining your standard of living by paying the national tax in a lump sum”

Please indicate specifics of why paying the national tax in a lump sum will lead to difficulty continuing your business or maintaining your standard of living.

<<Example Entry>>

I operate a transportation business as a sole proprietor, but due to business downsizing of one of our clients, C K.K., our contract with C K.K. was terminated as of November last year. Our business with C K.K. accounted for 30% of our overall business, so we quickly faced difficulty with our finances. Currently, we are barely able to fund the business costs, such as fuel cost, and living expenses, even after moving to a residence of lower rent in addition to cutting back on both business and living expenses.

If we were to allocate our entire income for this month to paying our tax, not only will we have difficulty in meeting our business payments, but also finding money for living, making it extremely difficult for us to sustaining our living.

3 “Security”

If provision of security is a requirement in being granted a grace, place a check (☑) in the “☐ Provide” box, and if not, in the “☐ None” box.

* In principle, provision of security is required to be granted a grace. In the case any one of the following conditions cited from (1) to (3) apply, you do not need to present any security, so a check (☑) should be placed in the “☐ None” box.

- (1) When the subject tax amount (including the undetermined delinquent tax (interest on principal tax)) is one million yen or less.
- (2) When the duration of the grace period is three months or less.
- (3) When there is a special circumstance that prohibits you from presenting a security (such as the absence of type of security that corresponds to assets that may be presented as security as stipulated in Act on General Rules for National Taxes (⇒**page 12**)).

“Type of security or the special circumstance why you cannot provide any securities”

Enter the type, amount, value, and location of the security being presented.

* If you fall under (1) or (2) above, enter “-” in this section.

If you fall under (3) above, enter the special circumstances why you are unable to submit any security.

<<Example Entry>>

(In the case real estate is being presented as security)

Security	<input checked="" type="checkbox"/> Provide <input type="checkbox"/> None	Type of security or the special circumstance why you cannot provide any securities	Type: Land Land category: Building lot Area: 120 m² Owner: XXX XXX Location: xxx, xxx-cho, xxx-shi
----------	--	--	--

(In the case a guarantee by a guarantor is being presented as security)

Security	<input checked="" type="checkbox"/> Provide <input type="checkbox"/> None	Type of security or the special circumstance why you cannot provide any securities	Name of guarantee: XXXXXX Address of guarantee: xxx, xxx-cho, xxx-shi
----------	--	--	--

(In the case there are special circumstances why you are unable to present any security)

Security	<input type="checkbox"/> Provide <input checked="" type="checkbox"/> None	Type of security or the special circumstance why you cannot provide any securities	Because I do not have property that falls into the type of security to provide.
----------	--	--	--

Type of Security

The types of security that may be presented, as stipulated in the Act on General Rules for National Taxes, are as follows, and an asset that is most easily liquidated and is subject to the least degree of volatility in value should be chosen.

- 1 Government and municipal bonds
- 2 Corporate bonds and other valuable papers that are found as certain by the district director of the Tax Office
- 3 Real estate
- 4 Building, standing tree, and marine vessel, airplane, rotary-wing aircraft, automobile, construction machinery that is registered, and is insured
- 5 Railroad foundation, factory foundation, mining industry foundation, track foundation, canal foundation, fishery foundation, port transport industry foundation, road transportation project foundation, and tourism facility foundation
- 6 Guarantee by a guarantor that is found as certain by the district director of the Tax Office

How to complete the "Statement of Income, Expenditures and Assets"

In the case the amount for which grace being sought is **one million yen**, the "Statement of Income, Expenditures and Assets" will be required to be submitted as attachment to the "Application for the Grace of Asset Conversion" or "Application for the Grace of Tax Payment."

Here, an example of the "Statement of Income, Expenditures and Assets" that will be submitted as an attachment to the "Application for the Grace of Asset Conversion," demonstrated on **page 10 is indicated**, to illustrate how to complete the document.

Statement of Income, Expenditures and Assets				
1 Address and name				DATE July 11, 20XX
Address XXX, XXX-cho, XXX-shi		Name Representative Director Saburo Zeimu, Zeimu Construction Co., Ltd.		
2 The amount of tax payment you can currently make				
1	Cash	JPY 80,000	JPY 80,000	Reason why you cannot use cash and bank deposits for tax payment <input type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others <input checked="" type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others <input type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others <input type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others
	XX Branch, XX Bank	Savings	JPY 70,000	
	XX Branch, XX Shinkin Bank	Checking	JPY 120,000	
	XX Company Ltd. 50 shares of listed stock		JPY 100,000	
		The amount of tax payment you can currently make (A)		JPY 180,000
3 Future average income and expenditures (per month)				
Income	Turnover, salary, remuneration	JPY 1,590,000		
	others()	JPY		
	Total income	JPY 1,590,000		
	Purchases	JPY 760,000		
	Salary, remuneration	JPY 420,000		
	Rent expense	JPY 70,000		
	Sundry expense	JPY 100,000		
	Loan repayment	JPY 95,000		
	Living expenses (number of dependents)	JPY		
	Living expenses (number of dependents)	JPY		
Total expenses		JPY 1,455,000		
The standard amount of tax payment you can make (B) = (A) - (B)		JPY 145,000		
4 Plan for payment in installments (B)				
Month	The amount of installment payment	Reason for increase or decrease	Reserved funds for future tax payment	
Jul.	JPY 75,000		70,000 JPY	
Aug.	JPY 55,000	Payment of vehicle tax (JPY 20,000)	70,000 JPY	
Sept.	JPY 75,000		70,000 JPY	
Oct.	JPY 125,000	Receipt of money by collecting loans receivable (JPY 50,000)	70,000 JPY	
Nov.	JPY 75,000		70,000 JPY	
Dec.	JPY 145,000		70,000 JPY	
Jan.	JPY 80,000	plus delinquent tax	70,000 JPY	
	JPY		JPY	
	JPY		JPY	
	JPY		JPY	
	JPY		JPY	
	JPY		JPY	
	JPY		JPY	
Remarks				
Reserved fund for future tax payment is for paying JPY 350,000 as consumption tax and local consumption tax for November 20XX.				
5 Status of assets				
(1) Accounts receivable or credit				
Client's name and address	Amount of accounts receivable	Expected collection date	Type	Collection method
Construction Co., Ltd. XXX, XXX-cho, XXX-shi	500,000 JPY	Aug. 25, 20XX	Account receivable	Bank transfer
XX Komu Co., Ltd. (building contractor) XXX, XXX-cho, XXX-shi	180,000 JPY	Sept. 10, 20XX	Account receivable	Check
XXX Home Co., Ltd. XXX, XXX-cho, XXX-shi	50,000 JPY	Oct. 25, 20XX	Loan receivable	Cash
(2) Other property				
Real estate, buildings	Land for storing construction materials (xxx, xxx-cho, xxx-shi)	National bonds, stocks	XX Co. Ltd. (Affiliate) One share of unlisted stock	
Automobiles	One vehicle for business use (a minivan XX300AXXX, Loan unpaid)	Others (such as insurance)	XX Life Insurance Co., Ltd.	
(3) Loan or accounts payable				
Creditor's name and address	Amount of the loan	Amount of monthly repayment	Repayment end date	Additional borrowing possible
XXX Lease	JPY 800,000	JPY 15,000	March 20XX	Yes (No)
XXX Branch, XXX Bank	JPY 9,600,000	JPY 80,000	May 20XX	Yes (No)
Security				
Land for storing construction materials (xxx, xxx-cho, xxx-shi)				

Indicate the amount that was entered in "③ The Standard amount of tax payment you can make (① - ②)." However, in the case there is a month with temporary income or expenditure, or a month where money will be contributed to the reserve fund for future tax payment, and an amount that is in excess or in deficit of the standard amount is to be paid for taxes, the amount that is more or less than the standard amount should be entered in this section.

* If there is not sufficient space in the given section, please record your description on a separate piece of paper of your choice and submit.

1 “2 The amount of tax payment you can currently make”

In this section, you will calculate the amount of funds immediately available for tax payment as of the date of the submission of the application.

	(2)	(3)	(4)	
Cash and bank deposits	Type of deposits	Balance of bank deposits	The amount of tax payment you can make	Reason why you cannot use cash and bank deposits for tax payment
Cash		JPY 80,000	JPY 80,000	<input type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others
XX Branch, XX Bank	Savings	JPY 70,000	JPY 0	<input checked="" type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others
XX Branch, XX Shinkin Bank	Checking	JPY 120,000	JPY 0	<input checked="" type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others
XX Company Ltd. 50 shares of listed stock		JPY 100,000	JPY 100,000	<input type="checkbox"/> Operating fund <input type="checkbox"/> Living expense <input type="checkbox"/> Others
(1)	The amount of tax payment you can currently make (A)		JPY 180,000	(6)

- (1) In the “Cash and bank deposits,” enter the name and branch of the financial institution with whom you possess bank deposits as of the date of the submission of the application, and name and amount of any assets that may be easily liquidated, such as listed stocks.
- (2) In the “Type of deposits,” describe whether the deposit is an ordinary, checking, fixed, or savings deposit.
- (3) In the “Balance of bank deposits,” enter the amount of cash on hand at home or the office as of the date of the submission of the application, and the balance remaining in the bank deposits.
- (4) In the “Amount of tax payment you can make,” enter the amount available to pay taxes.
- (5) In the “Reason why you cannot use cash and bank deposits for tax payment”, place a check (☒) in the boxes of all reasons that apply for any cash and deposits that cannot be used to pay taxes.

A check mark should be placed “Operating fund” when there is a need to allocate the fund for expenditures related to the business (below **2**, ii (1)) within approximately one month (hereinafter, referred to as “calculation period” (*)) after the day the application is submitted.

A check mark should be placed “☐ Living expenses” when the taxpayer is an individual, and there is a need to allocate the fund to living expenses (below **2**, ii (2)) for the calculation period (*).

If a check mark is placed “☐ Others,” the specific reason should be entered between the brackets.

* The period may cover from the day of submitting the application to the day when funding is most necessary, as long as the period is within one month. If you need to set aside any funds, due to income situation and such, beyond a period exceeding the calculation period in order to avoid difficulty in continuing your business or maintaining your standard of living, the required funds may also be included.

- (6) In the “The amount of tax payment you can currently make (A),” enter the sum of the “The amount of tax payment you can make.”

Since the amount indicated in the “The amount of tax payment you can currently make (A)” is the fund that you can immediately allocate to paying your taxes, please pay the amount of the fund as tax payment as soon as possible.

Please note that if you fail to pay the amount, the grace may not be granted.

* Please refer to **page 8** for the procedure to pay your taxes.

2 “3 Future average income and expenditures (per month)”

Please enter the estimated monthly average income and expenditures during the grace period. The following section, “**4 Plan for payment in installments (B),**” will be completed based on the amount of “③ The Standard amount of tax payment you can make (① – ②)” calculated in this section.

i “Income”

All income from sales and other stable income, inclusive of tax, should be entered here.

(If the taxpayer is an individual, include salary income and remuneration in the entry.)

ii “Expenditure”

(1) Business Related Expenditures

Expenditures, such as purchase, salary and remuneration (personnel expenses), rent, sundry, loan repayment, and others should be entered.

These expenditures are limited to those that are recognized as necessary for continuation of the business, so please take note that expenditures such as the following will not be permitted.

- Expenditure to acquire non-essential and non-urgent assets
- Expenditure for repayment of debt without a specific due date

* Expenses which do not accompany actual payment, such as depreciation cost, do not correspond to “Expenditure.”

For estimated amount of expenditures, such as salary and remuneration, please enter the amount excluding income tax that will be withheld at the source.

(2) Living Expenses (only if the taxpayer is an individual)

Please enter the amount calculated by either method A or B as the living expense of yourself, your spouse, and any other relatives living in the same household with you.

If there is anyone among the spouse and relatives living in the same household with you who pays living expenses, the amount that the person pays shall be subtracted from the amount calculated by either method A or B.

A As the living expenses for the taxpayer, their spouse and any other relatives living in the same household with the taxpayer: (i) 100,000 yen for yourself plus (ii) 45,000 yen per your spouse and each relative living in the same household with you plus (iii) the amount equivalent to 20/100 of the amount obtained by subtracting (i) and (ii) from the net income amount (*) (or the amount equivalent to double the total of (i) and (ii), whichever is smaller) (hereinafter referred to as the “standard amount”). If you need to estimate the living expense that exceeds the standard amount as essential expenditures that can maintain the standard of living, such as child support cost, education expense and medical expense, in consideration of the circumstances, such as age, owned property, and health conditions, of yourself, your spouse, and other relatives living in the same household with you, the minimum necessary amount may be added to the standard amount.

* The “net amount” refers to the amount of salary income of the most recent month after deducting the withholding income tax, local tax, and social insurance for employment income earners, the amount of income declared on a financial statement for blue return for the most recent year’s final tax return prior to application of the special exemption for taxpayers filing blue returns that are either sole proprietor or real estate income earners, or the amount of income declared on a financial statement for white return statement for the most recent year’s final tax return prior to application of the special exemption for family employee in the statement of earnings and expenses for taxpayers filing white returns, for the calculation period.
In the case there are multiple sources of income, the net amount refers to the sum of results of calculation conducted for each income.

B If you are aware of the exact amount of expenditure for food, rent, utilities, and others which were actually paid, the estimated amount remaining after paying such amounts that are reasonably deemed as living expense.

<<Example of entry in the [Remarks]>> (in the case of calculation under method A)

(In the case of employment income (net amount) of 350,000 yen with four family members (the taxpayer, spouse, and two children))

The taxpayer supports the spouse and two children, and the spouse earns a monthly income of approximately 50,000 yen as a part-time worker.

In addition, the taxpayer goes to the hospital regularly due to illness and pays about 15,000 yen monthly as medical expense.

100,000 yen (i)	+	(45,000 yen x 3 persons) (ii)	=	235,000 yen (a)
(Living expense of the taxpayer)		(Living expense of relatives living in the same household with the taxpayer)		
235,000 yen (a)	+	{(350,000 yen (Net amount) - 235,000 yen (a)) x 20/100} (iii)	=	258,000 yen (Standard amount)
258,000 yen (Standard amount)	+	15,000 yen (Medical expense)	-	50,000 yen (Employment income of the spouse)
			=	<u>223,000 yen</u> (Living expense)

If the living expense is calculated by method A, please enter the reason for additions to or subtractions from the standard amount, if any, in “Remarks” in addition to the calculation method that is used to find the standard amount as in the above example entry. If method B is adopted, please enter specifically the contents of the amount of food expense, rent, utilities, etc., which were accumulated, in “Remarks.”

3 "4 Plan for payment in installments (B)"

In this section, a concrete plan of tax payment will be entered based on results of "③ The standard amount of tax payment you can make (① – ②)" from "3 Future average income and expenditures (per month)." The plan of tax payment entered in this section will be transcribed to "⑤ Plan of tax payment" of the application form (⇒page 10).

i "Month"

Enter all months in the grace period.

ii "The amount of installment payment"

The payment amount for each month during the grace period will be as per amounts indicated in "③ The standard amount of tax payment you can make (① – ②)" of the "3 Future average income and expenditures (per month)." However, in the case there is a month with temporary income or expenditure, or a month during which money will be contributed to the reserve fund for future tax payment, and an amount that is in excess or in deficit of the standard amount of the tax payment you can make, the amount that is more or less than the standard amount of the tax payment you can make should be entered in this section.

iii "Reason for increase or decrease"

For those months which amounts indicated in the "The amount of installment payment" is more or less than the standard amount of tax payment you can make, enter the reason why the amount for the month has been increased or decreased.

<<Example Entry>>

(Temporary Income)	(Temporary Expenditure)
<ul style="list-style-type: none"> Income (○○ yen) from sales of real estate Deposit (○○ yen) from to taken out loan Deposit (○○ yen) from collection of loan 	<ul style="list-style-type: none"> Expenditure (○○ yen) for replacement purchase of manufacturing machine Expenditure (○○ yen) for home repair Expenditure (○○ yen) for payment of ○○ tax

In the case a reserve fund is going to be created in order to pay for taxes which due date is scheduled to come during (or after) the grace period, the amount of reserve fund should be entered in the "Reserved funds for future tax payment"(*), and details of the reserve fund (type of tax to be paid, amount, period) should be entered into the "Remarks."

* If you spend money from the reserved fund for the purpose of paying taxes, please enter the amount of tax paid (place a "▲" before the amount).

4 "5 Status of assets"

i "(1) Accounts receivable or credit"

Enter the name and address of the client, amount, and expected collection date (due date if it is a promissory note), type, and method of collection concerning accounts receivable and credits.

Client's name and address		Amount of accounts receivable	Expected collection date	Type	Collection method
A Construction Co., Ltd	XXX, XXX-cho, XXX-shi	500,000 JPY	Aug. 25, 20XX	Account receivable	Bank transfer
XX Komu Co., Ltd. (building contractor)	XXX, XXX-cho, XXX-shi	180,000 JPY	Sept. 10, 20XX	Account receivable	Check
XXX Home Co., Ltd.	XXX, XXX-cho, XXX-shi	50,000 JPY	Oct. 25, 20XX	Loan receivable	Cash

(2)

I
(1)

- (1) In the "Type," enter either accounts receivable, loan, or accounts due.
- (2) In the "Collection method," enter intended method of collection, such as cash, bank transfer, promissory note, or check.

ii "(2) Other property"

Enter the type, number, and location of assets you own, for example, real estate, valuable papers such as government bonds and stocks, and motor vehicles. In the "Others (such as insurance)," enter any other assets, such as deposits and insurance.

Any assets that can be swiftly liquidated to pay taxes that were declared in the **1** "2 The amount of tax payment you can currently make" need not be entered in this section.

Real estate, buildings	Land for storing construction materials (xxx, xxx-cho, xxx-shi)	National bonds, stocks	XX Co. Ltd. (Affiliate) One share of unlisted stock
Automobiles	One vehicle for business use (a minivan XX300AXXX, Loan unpaid)	Others (such as insurance)	XX Life Insurance Co.. Ltd.

iii "(3) Loan or accounts payable"

Enter the name of the creditor, total amount of the loan, amount of monthly repayment, year and month of repayment end date, whether additional amount of loans are possible, and assets which have been presented as security.

Creditor's name and address	Amount of the loan	Amount of monthly repayment	Repayment end date	Additional borrowing available	Security
XXX Lease	JPY 800,000	JPY 15,000	March 20XX	Yes No	
XXX Branch, XXX Bank	JPY 9,600,000	JPY 80,000	May 20XX	Yes No	Land for storing construction materials (xxx, xxx-cho, xxx-shi)

(1)

(2)

(3)

(4)

- (1) In the "Amount of monthly repayment," enter the amount of average monthly repayment.
- (2) In the "Repayment end date," enter the year and month of the date when repayment of the debt will be completed, or when the accounts payable will be paid off.
- (3) In the "Additional borrowing possible," place a circle around "Yes" if additional loan is possible, such as when there is available credit remaining, or around "No" if not.
- (4) In the "Security," enter any assets that have been presented as security, such when a mortgage is taken out for a loan.

How to complete the "Property Inventory"

The "Property Inventory" will be required to be attached and submitted together with the "Application for the Grace of Asset Conversion" or "Application for the Grace of Tax Payment" if the amount that you seek grace for **exceeds one million yen**.

Enter the date of the day you are submitting the application.
 DATE June 15, 20XX

Property Inventory

1 Address and name

Address	XXX, XXX-cho, XXX-shi	Name	Representative Director Ichiro Nakano, Zeimu Electronic Equipment Co., Ltd.
---------	-----------------------	------	---

2 Status of properties

(1) Status of cash and bank deposits

Bank name	Type of deposit	Balance of bank deposit	Bank name	Type of deposit	Balance of bank deposit
Cash you have at present	cash	500,000 JPY	XXX Branch, B Shinkin Bank	Checking	150,000 JPY
XXX Branch, A Bank	Savings	150,000 JPY			JPY
XXX Branch, A Bank	Savings	500,000 JPY			JPY
Total amount of bank deposits and cash (A)					1,300,000 JPY

(2) Status of accounts receivable or credit

Client's name and address	Type	Expected collection date	Method of collection	Amount of account receivable	
Equipment Co., Ltd.	xxx-cho, xxx-shi, Tokyo	Account receivable	Jul. 10, 20XX	Bank transfer	1,800,000 JPY
Electronic Industries Co., Ltd.	xxx-cho, xxx-shi, Saitama Prefecture	Account receivable	Jul. 16, 20XX	Check	1,200,000 JPY
C Precision Industries Co., Ltd.	xxx-cho, xxx-shi, Aichi Prefecture	Account receivable	Jul. 25, 20XX	Bank transfer	1,500,000 JPY
D Electronics Co., Ltd.	xxx-cho, xxx-shi, Yamagata Prefecture	Loan receivable	Dec. 20, 20XX	Bank transfer	200,000 JPY

(3) Other properties

Type of property	Security	Amount of tax payment you can make
National bonds, stocks	XX Company Limited 200 shares of listed stock	<input type="checkbox"/> 200,000 JPY
Real estate and buildings	Land and buildings of the factory (xxx, xxx-cho, xxx-shi, Saitama Prefecture)	<input checked="" type="checkbox"/> 0 JPY
Automobile	Three vehicles for business use	<input type="checkbox"/> 0 JPY
Others (Security deposit, guarantee, insurance)	Security deposit for sales office (JPY 1,000,000). XXX Life Insurance. XXX Branch, A Bank (JPY 400,000 in time deposit)	<input checked="" type="checkbox"/> 0 JPY
Total (B)		200,000 JPY

(4) Loan of account payable

Creditor's name	Amount of loan	Amount of monthly repayment	Repayment end date	Additional borrowing possible	Security
XXX Branch, A Bank	15,000,000 JPY	350,000 JPY	March 20XX	Yes (No)	Factory land and buildings and time deposit
XXX Branch, B Shinkin Bank	1,800,000 JPY	100,000 JPY	May 20XX	Yes (No)	
	JPY	JPY	• •	Yes / No	

3 The amount of funds needed immediately

Item	Amount	Details
Expected expenditures		
Business expense	① 5,500,000 JPY	Purchases of JPY 1,500,000 + Salary of JPY 850,000 + Director remuneration of JPY 650,000 + Factory repair expense of JPY 1,500,000 + Loan repayment of JPY 450,000 + Sundry expense of JPY 348,000 + Social insurance contribution, etc. of JPY 202,000
Living expense (In the case of an individual taxpayer only)	② 0 JPY	(Number of dependents) Transcribe entry to the "② Amount of funds needed immediately."
Expected income	③ 4,500,000 JPY	Income from business (the amount of account receivable collected from three business partners) *A Equipment Co., Ltd. (xxx-cho, xxx-shi, Tokyo) *B Electronics Industries Co., Ltd. (xxx-cho, xxx-shi, Saitama Prefecture) *C Precision Industries Co., Ltd. (xxx-cho, xxx-shi, Aichi Prefecture)
(① + ②) - (③) (C)	1,000,000 JPY	If a result of calculation is minus, please enter 0 "zero".

*You need to transcribe the amount in column of (C) to "The amount of tax payment you can currently make" of 4② below.

4 The amount of tax payment you can currently make

① Amount of funds at present ((A)+(B))	② Amount of funds needed immediately (Transcribe from above (C))	③ The amount of tax payment you can currently make (① - ②) (D)
1,500,000 JPY	1,000,000 JPY	500,000 JPY

*You need to transcribe the amount in column of (D) to "③ The amount of tax payment you can currently make" of the application form.

This is the amount that is immediately available to pay taxes.

* If there is not sufficient space in the given section, please record your description on a separate piece of paper of your choice and submit.

“2 Status of properties”

In this section, enter the status of your assets, as of the day of the submission the application.

1 “(1) Status of cash and bank deposits”

	Bank name	Type of deposit	Balance of bank deposit	Bank name	Type of deposit	Balance of bank deposit	
(1)	Cash you have at present	cash	500,000 JPY	XXX Branch, B Shinkin Bank	Checking	150,000 JPY	
	XXX Branch, A Bank	Savings	150,000 JPY			JPY	(2)
	XXX Branch, A Bank	Savings	500,000 JPY			JPY	
	Total amount of bank deposits and cash (A)					1,300,000 JPY	(3)

- (1) Enter the amount of cash on hand at home or the office, as of the date of the submission of the application.
- (2) With respect to cash and bank deposits, enter the name and branch name of the financial institution, the type of the savings and bank deposits (ordinary, checking, fixed, savings deposit, etc.), and their amounts.
- (3) Enter the sum of cash on hand, cash and bank deposits in the “Total amount of bank deposits and cash (A).”

* Of cash and bank deposits, those that have been presented as security for a loan should be entered in “Others” in the “(3) Other properties.”

2 “(2) Status of accounts receivable or credit”

Enter the name and address of clients, type, expected collection date (due date if it is a promissory note), method of recovery, and amount of accounts receivable and credits.

Client's name and address		Type	Expected collection date	Method of collection	Amount of account receivable
A Equipment Co., Ltd.	xxx-cho, xxx-shi, Tokyo	Account receivable	Jul. 10, 20XX	Bank transfer	1,800,000 JPY
B Electronic Industries Co., Ltd.	xxx-cho, xxx-shi, Saitama Prefecture	Account receivable	Jul. 16, 20XX	Check	1,200,000 JPY
C Precision Industries Co., Ltd.	xxx-cho, xxx-shi, Aichi Prefecture	Account receivable	Jul. 25, 20XX	Bank transfer	1,500,000 JPY
D Electronics Co., Ltd.	xxx-cho, xxx-shi, Yamagata Prefecture	Loan receivable	Dec. 20, 20XX	Bank transfer	200,000 JPY
		(1)		(2)	

- (1) In the “Type,” enter either accounts receivable, advance, or outstanding account.
- (2) In the “Method of collection,” enter intended method of collection, such as cash, deposit, promissory note, or check.

3 “(3) Other properties”

Type of property		(2) Security	Amount of tax payment you can make	
National bonds, stocks	XX Company Limited 200 shares of listed stock	<input type="checkbox"/>	200,000	JPY
Real estate and buildings	Land and buildings of the factory (xxx, xxx-cho, xxx-shi, Saitama Prefecture)	<input checked="" type="checkbox"/>	0	JPY
Automobile	Three vehicles for business use	<input type="checkbox"/>	0	JPY
Others (Security deposit, guarantee, insurance)	Security deposit for sales office (JPY 1,000,000). XXX Life Insurance. XXX Branch, A Bank (JPY 400,000 in time deposit)	<input checked="" type="checkbox"/>	0	JPY
		Total (B)	200,000	JPY

- (1) Enter specifics of assets you own, for example, securities such as government bonds and stocks, real estate, and motor vehicles, for each section. In the “Others,” enter any cash or bank deposits that have been presented as security for a loan, in addition to any security deposit and insurance. However, any assets that have been entered in **1 “(1) Status of cash and bank deposits”** do not need to be entered in this section.
- (2) In the “Security,” check the box with a check mark (☑) if there are any securities, such as mortgage, that has been taken out against the entered asset.
- (3) In the “Amount of tax payment you can make,” enter any assets that have been declared that can easily be converted into cash to pay owed taxes, and enter the total amount in the “Total (B).”

4 “(4) Loan or account payable”

(⇒Please refer to iii “(3) Loan or accounts payable” in “5 Status of assets” on page 18.)

5 “3 The amount of funds needed immediately”

Item		Amount	Details
Expected expenditures	Business expense	① 5,500,000 JPY	Purchases of JPY 1,500,000 + Salary of JPY 850,000 + Director remuneration of JPY 650,000 + Factory repair expense of JPY 1,500,000 + Loan repayment of JPY 450,000 + Sundry expense of JPY 348,000 + Social insurance contribution, etc. of JPY 202,000
	Living expense (In the case of an individual taxpayer only)	② JPY	[Number of dependents]
Expected income		③ 4,500,000 JPY	Income from business (the amount of account receivable collected from three business partners) *A Equipment Co., Ltd. (xxx-cho, xxx-shi, Tokyo) *B Electronics Industries Co., Ltd. (xxx-cho, xxx-shi, Saitama Prefecture) *C Precision Industries Co., Ltd. (xxx-cho, xxx-shi, Aichi Prefecture)
(① + ②) - (③) (C)		1,000,000 JPY	If a result of calculation is minus, please enter 0 "zero".

i “Business expense”

Please describe the amount (*1) to expend necessary for continuity of business within about one month from the day of the submission of the application (hereinafter referred to the “Calculation period”) (*2) and its main contents (⇒Please refer to “(1) Business Related Expenditures” in ii “Expenditures” under “3 Future average income and expenditures (per month)” on page 15.).

- * If the taxpayer is an individual, such as an employment income earner and a recipient of pension, who does not run business, the amount in this section will be zero yen.

- *1 In the case that expenditures will be incurred after the calculation period, but the fund must be on hand for continuation of the business, that amount may be included in the amount to enter in this section to the minimum extent necessary.
- *2 The period may cover from the day of the submission of the application to the day when fund is most necessary as long as the period is within one month.

ii “Living expense” (only for the case that the taxpayer is an individual)

Please enter the amount calculated by either method A or B in the following (*1 and 2) as the living expense of yourself and your spouse and any other relatives living in the same household with you, which will be expended during the calculation period.

A As the living expenses for the taxpayer, their spouse and any other relatives living in the same household with the taxpayer: (i) 100,000 yen for yourself plus (ii) 45,000 yen per spouse and each relative who share the same household with you plus (iii) the amount equivalent to 20/100 of the amount obtained by subtracting (i) and (ii) from the net income amount (3*)(or the amount equivalent to double the total of (i) and (ii), whichever is smaller) (hereinafter referred to as the “standard amount”).

If you need to estimate the living expense that exceeds the standard amount as expenditures that can maintain the standard of living, such as child support cost, education expense and medical expense, in consideration of the circumstances, such as age, owned property and health conditions, of yourself and your spouse and other relatives who share the same household with you, the minimum necessary amount may be added to the standard amount.

B If you are aware of the exact amount of expenditure for food, rent, utilities, and others which were actually paid, the estimated amount remaining after paying such amounts that are reasonably deemed as living expense.

- *1 If you have to prepare fund to maintain the standard of living for a period beyond the calculation period due to circumstances of your income and other reasons, the amount for the extra period may be added to the amount calculated by either method A or B to the minimum extent necessary.
- *2 If there is anyone among your spouse and any other relatives living in the same household with you pays living expenses, the amount that the person pays shall be subtracted from the amount calculated by either method A or B.
- *3 For handling “Net amount,” please follow **page 16**.

<<Example entry of “Details” of Living expense>> (in the case of calculated by method A)

(In the case of employment income (net amount) of 350,000 yen with four family members (the taxpayer, spouse, and two children)

The taxpayer supports the spouse and two children, and the spouse earns a monthly income of approximately 50,000 yen as a part-time worker.

In addition, the taxpayer goes to hospital regularly due to illness and pays about 15,000 yen monthly as medical expense.

100,000 yen (i)	+	(45,000 yen x 3 persons) (ii)	=	235,000 yen (a)
(Living expense of the taxpayer)		(Living expense of relatives living in the same household with the taxpayer)		
235,000 yen (a)	+	{(350,000 yen (Net amount) - 235,000 yen (a)) x 20/100} (iii)	=	258,000 yen (Standard amount)
258,000 yen (Standard amount)	+	15,000 yen (Medical expense)	-	50,000 yen (Employment income of the spouse)
			=	<u>223,000 yen</u> (Living expense)

If the living expense is calculated by method A, please enter the reason for additions to or subtractions from the standard amount, if any, in “Details” in addition to the calculation method that is used to find the standard amount as in the above example entry. If method B is adopted, please enter specifically the contents of the amount of food expense, rent, utilities, etc., which were accumulated, in “Details.”

iii “Expected income”

Please enter the amount of business income, employment income and other incomes that are expected to be received during the calculation period as well as their details (in the case of employment income, the name and address of the employment income payer. In the case of business income, the name, address, etc. of the business partner).

iv “(① + ② (Expected expenditures)) – (③ (Expected income)) (C)”

Please enter the amount calculated by deducting Expected income from Expected expenditures (in the case of negative, enter zero yen), and transcribe this amount entered in this section to “② Amount of funds needed immediately (C)” in “4 The amount of tax payment you can currently make.”

6 “4 The amount of tax payment you can currently make”

i “① Amount of funds at present ((A) + (B))”

Please enter the total of the following amounts.

- (i) 1 Amount of “Total amount of bank deposits and cash (A)” in “(1) Status of cash and bank deposits”
- (ii) 3 Amount of “Total (B)” in “(3) Other properties”

ii “② The amount of funds needed immediately (C)”

5 Please enter the amount of “(① + ② (Expected expenditures)) – (③ (Expected income)) (C)” in “3 Amount of funds needed immediately.”

iii “③ The amount of tax payment you can currently make (① – ②) (D)”

Please enter the amount calculated by subtracting “② Amount of funds needed immediately (C)” from “① Amount of funds at present ((A) + (B)).”


Since the amount indicated in the “③ The amount of tax payment you can currently make (① – ②) (D)” is the fund that you can immediately allocate to paying your taxes, please pay the amount of the fund as tax payment as soon as possible.

Please note that if you fail to pay the amount, the grace may not be granted.

* Please refer to **page 8** for the procedure to pay your taxes.

How to complete the "Income and Expenditure Account Statement"

Income and Expenditure Account Statement will be required to be attached to "Application for the Grace of Asset Conversion" or "Application for the Grace of Tax Payment" and submitted if the amount that you seek grace for exceeds one million yen.



STAMP
OF
RECEIPT

Your reference number

--	--	--	--	--	--	--	--	--	--

Enter the date of the day you are submitting the application.

Income and Expenditure Account Statement

DATE June 15, 20XX

1 Address and name

Address XXX, XXX-cho, XXX-shi	Name Representative Director Ichiro Kono, Zeimu Electronic Equipment Co., Ltd.
-------------------------------	--

2 Details of income and expenditures in each month on previous year

Year and month	① Total income	② Total expenditures	③ Balance (① - ②)	Remarks
June 20XX	5,200,000 JPY	4,405,000 JPY	795,000 JPY	
Jul. 20XX	5,050,000 JPY	4,152,000 JPY	898,000 JPY	
Aug. 20XX	4,900,000 JPY	4,100,000 JPY	800,000 JPY	
Sept. 20XX	5,400,000 JPY	4,275,000 JPY	1,125,000 JPY	Earned extraordinary revenue of JPY 300,000 as proceeds from sale of a vehicle for business use.
Oct. 20XX	5,100,000 JPY	4,170,000 JPY	930,000 JPY	
Nov. 20XX	4,900,000 JPY	4,295,000 JPY	605,000 JPY	
Dec. 20XX	4,700,000 JPY	4,030,000 JPY	670,000 JPY	
Jan. 20XX	4,400,000 JPY	6,420,000 JPY	▲2,020,000 JPY	Incurred extraordinary expenditure of JPY 3 million as repair cost to fix a defect in a manufacturing machine.
Feb. 20XX	3,900,000 JPY	3,190,000 JPY	710,000 JPY	Incurred extraordinary expenditure of JPY 200,000 as regular inspection of electricity facilities in the factory.
Mar. 20XX	4,950,000 JPY	4,120,000 JPY	830,000 JPY	
Apr. 20XX	4,250,000 JPY	3,873,000 JPY	377,000 JPY	Incurred extraordinary expenditure of JPY 350,000 as automobile legal inspection of three vehicles for business use
May 20XX	4,850,000 JPY	4,270,000 JPY	580,000 JPY	

3 Future average income and expenditures (per month)

Account		Estimated amount	Account		Estimated amount
Income	Sales	JPY 4,800,000	Expenditures	Purchases	JPY 1,500,000
		JPY		Salary	JPY 850,000
		JPY		Remuneration for directors	JPY 650,000
		JPY		Loan repayment	JPY 450,000
		JPY		Social insurance premiums, etc. (for health insurance and employee pension)	JPY 202,000
		JPY		Sundry expenses	JPY 348,000
		JPY			JPY
		JPY			JPY
① Total income		JPY 4,800,000	② Total expenditures		JPY 4,000,000
③ The standard amount of tax payment you can make (① - ②) (A)		JPY 800,000	<small>*You need to transcribe the amount in (A) to "The standard amount of tax payment you can make" of 7-① on the back of this form.</small>		
[Remarks]					

Please transcribe the amount entered in this section to "① The standard amount of tax payment you can make" in "7 Date and the amount of tax payment in installments."

* If there is not sufficient space in the given section, please record your description on a separate piece of paper of your choice and submit.

4 Extraordinary income and expenditures in the next year						
Details			Year and month		Amount	
3 (Extraordinary income)	Collection of loan receivable from D Electronics Co., Ltd.		Dec. 20XX		JPY 200,000	
					JPY	
					JPY	
					JPY	
4 (Extraordinary expenditures)	Expense for purchase of new equipment due to obsolescence of an assembling machine of electronic components		June 20XX		JPY 450,000	
	Expense for regular inspection of electricity facilities in the factory		Feb. 20XX		JPY 200,000	
					JPY	
					JPY	
5 National and local taxes you anticipate need to be paid in the next one year (B)						
*You need to transcribe each amount below to 7. "The amount of tax payment" of this form.						
Year and month		Type of tax	Amount		Amount	
Jun. 20XX	Fixed asset tax	JPY 50,000	Jan. 20XX	Withholding income tax	JPY 120,000	
Jul. 20XX	Withholding income tax	JPY 120,000	Jan. 20XX	Fixed asset tax	JPY 50,000	
Sept. 20XX	Fixed asset tax	JPY 50,000	Mar. 20XX	Fixed asset tax	JPY 50,000	
Nov. 20XX	Consumption tax and local consumption tax (for interim tax return)	JPY 1,740,000	May 20XX	Consumption tax and local consumption tax (for final tax return)	JPY 1,740,000	
6 Status of your family (or executive director)						
Relationship (or position)	Name	Birthdate	Income or remuneration (per month) (including wages from family employer)		Occupation or property	
Representative	Ichiro Kono	Nov. 15, 19XX	JPY 350,000			
Director	Jiro Otsuda	Aug. 26, 19XX	JPY 300,000			
			JPY			
7 Date and the amount of tax payment in installments						
Date of tax payment (C)	① The standard amount of tax payment you can make	② Increase and decrease as seasonal fluctuation	③ Extraordinary income and expenditures	National tax etc.		⑥ The amounts of tax payment in installments (D) (① + ② + ③ - ④ - ⑤)
Jun. 30 • 20XX •	JPY 800,000	JPY 200,000	▲JPY 450,000	JPY 300,000	JPY 50,000	JPY 200,000
Jul. 31 • 20XX •	JPY 800,000	JPY	JPY	JPY 300,000	JPY 120,000	JPY 380,000
Aug. 31 • 20XX •	JPY 800,000	JPY	JPY	JPY 300,000	JPY	JPY 500,000
Sept. 30 • 20XX •	JPY 800,000	JPY 200,000	JPY	JPY 300,000	JPY 50,000	JPY 650,000
Oct. 31 • 20XX •	JPY 800,000	JPY	JPY	JPY 300,000	JPY	JPY 500,000
Nov. 30 • 20XX •	JPY 800,000	▲JPY 200,000	JPY	JPY 300,000 ▲1,800,000	JPY 1,740,000	JPY 360,000
Dec. 31 • 20XX •	JPY 800,000	▲JPY 150,000	JPY 200,000	JPY 100,000	JPY	JPY 750,000
Jan. 31 • 20XX •	JPY 800,000	▲JPY 300,000	JPY	JPY	JPY 170,000	JPY 330,000
Feb. 28 • 20XX •	JPY 800,000	▲JPY 250,000	▲JPY 200,000	JPY	JPY	JPY 350,000
Mar. 31 • 20XX •	JPY 800,000	JPY	JPY	JPY 100,000	JPY 50,000	JPY 650,000 plus delinquent tax
• •	JPY	JPY	JPY	JPY	JPY	JPY
• •	JPY	JPY	JPY	JPY	JPY	JPY

*You need to transcribe (C) and (D) to "⑤ Plan of tax payment" on the application form.

Transcribe the amount entered in "③ The standard amount of tax payment you can pay (①-②) (A)" in "3 Future average income and expenditures (per month)" to this section.

Please transcribe "Date of tax payment (C)" and "⑥ The amounts of tax payment in installments (D) (①+②+③-④-⑤)" to "⑤ Plan of tax payment" in "Application for the Grace of Asset Conversion" (⇒ page 10).

1 “2 Details of income and expenditures in each month on previous year”

Enter “① Total income,” “② Total expenditures” and “③ Balance (①–②)” on a monthly basis for the one year immediately before the day of the submission of the application.

If the amount in “③ Balance (①–②)” is negative, please put “▲” before the amount.

If there are months when there were extraordinary income or expenditures, please describe the reason in “Remarks.”

<<Example entry of “Remarks”>>

- Receipt of an extraordinary income of 300,000 yen as the proceeds from the sale of a vehicle for business use.
- Payment of an extraordinary expenditure of 3,000,000 yen as a repair fee of trouble of a manufacturing machine.

* If you do not close accounts or make income/expenditures calculation on a monthly basis, it is acceptable to describe them based on the financial accounts of the immediately preceding fiscal year.

2 “3 Future average income and expenditures (per month)”

Please enter estimated monthly average income and expenditures including tax during the grace period.

(Please see ⇨ pages 15 to 16 “3 Future average income and expenditures (per month).”)

3 “4 Extraordinary income and expenditures in the next year”

Please enter estimated extraordinary income and expenditures including tax in the next year.

“Extraordinary income”

For instance, if extraordinary incomes, such as a sale of non-essential property, a new loan and a collection of a loan, are expected to be earned, please enter their contents, year and month, and amounts.

Extraordinary (income)	Collection of loan receivable from D Electronics Co., Ltd.	Dec. 20XX	JPY 200,000
			JPY
			JPY
			JPY

“Extraordinary expenditures”

For instance, if extraordinary expenditures, such as a purchase of equipment or machines essential for continuation of business, are expected to be incurred, please enter their contents, year and month, and amounts.

Extraordinary expenditures	Expense for purchase of new equipment due to obsolescence of an assembling machine of electronic components	June 20XX	JPY 450,000
	Expense for regular inspection of electricity facilities in the factory	Feb. 20XX	JPY 200,000
			JPY
			JPY

4 “5 National and local taxes you anticipate need to be paid in the next one year (B)”

Regarding payments of national and local taxes, social insurance, etc. that you anticipate need to be made in the next year, please enter the year and month that the payments will need to be made, the type of the taxes and their amounts in the applicable sections.

Year and month	Type of tax	Amount	Year and month	Type of tax	Amount
Jun. 20XX	Fixed asset tax	JPY 50,000	Jan. 20XX	Withholding income tax	JPY 120,000
Jul. 20XX	Withholding income tax	JPY 120,000	Jan. 20XX	Fixed asset tax	JPY 50,000
Sept. 20XX	Fixed asset tax	JPY 50,000	Mar. 20XX	Fixed asset tax	JPY 50,000
Nov. 20XX	Consumption tax and local consumption tax (for interim tax return)	JPY 1,740,000	May 20XX	Consumption tax and local consumption tax (for final tax return)	JPY 1,740,000

* Please enter withholding income tax and social insurance contribution, etc., which are paid monthly, in “Expenditures” under “3 Future average income and expenditures (per month).”

5 “6 Status of your family (or executive director)”

○ In the case that the taxpayer is a corporation

Regarding all executive directors, please describe their title, name, birth date, the amount of monthly compensation, owned property, etc.

* Please enter the amount of remuneration before deducting income tax and others, which are collected at source.

<<In the case of the example>>

Relationship (or position)	Name	Birthdate	Income or remuneration (per month) (including wages from family employer)	Occupation or property
Representative	Ichiro Kono	Nov. 15, 19XX	JPY 350,000	
Director	Jiro Otsuda	Aug. 26, 19XX	JPY 300,000	
			JPY	

○ **In the case that the taxpayer is an individual**

Regarding relatives living in the same household with you, please enter their relationship, name, birth date, income amount (if the persons earn wage of family employee, that amount), occupation, owned property, etc.

* Please enter the amount of income before deducting income tax and others, which are collected at source, in the section of income amount.

<<Example Entry>>

Relationship (or position)	Name	Birthdate	Income or remuneration (per month) (including wages from family employer)	Occupation or property
Mother	Haru Kokuzei	November 15, 19XX	JPY 120,000	Pension recipient Land and buildings (xxx, xxx-cho, xxx-shi)
Spouse	Hanako Kokuzei	August 26, 19XX	JPY 180,000	Family employee
Oldest son	Ichiro Kokuzei	October 22, 20XX	JPY 0	College student
Second son	Jiro Kokuzei	April 12, 20XX	JPY 0	High school student

6 **"7 Date and the amount of tax payment in installments"**

i **"Date of tax payment (C)"**

Please enter the date of tax payment during a grace period on a monthly basis.

ii **"① The standard amount of tax payment you can make"**

Please transcribe the amount that was entered in **"③ The standard amount of tax payment you can make (①-②) (A)"** under **"3 Future average income and expenditures (per month)."**

iii **"② Increase and decrease as seasonal fluctuation"**

Please enter Increase and decrease as seasonal fluctuation by comparing with **"③ The standard amount of tax payment you can make (①-②) (A),"** which was calculated in **"3 Future average income and expenditures (per month),"** based on the state of income and expenditures of usual years in addition to **"2 Details of income and expenditures in each month on previous year."**

If you decrease the amount, please put **"▲"** before the amount.

iv **"③ Extraordinary income and expenditures"**

Please enter the total of extraordinary income and expenditures of the month and year of payment, based on **"4 Extraordinary income and expenditures in the next year."**

If you decrease the amount, please put **"▲"** before the amount.

<<In the case of the example>>

<p>"4. Extraordinary income and expenditures in the next year" (Contents entered in "Extraordinary income")</p> <ul style="list-style-type: none"> • Dec. 20XX Collection of loan receivable from D Electronics Co., Ltd. JPY 200,000 <p>(Contents entered in "Extraordinary expenditures")</p> <ul style="list-style-type: none"> • June 20XX Expense for purchase of new equipment due to obsolescence of an assembling machine for electronic components. JPY 450,000 • Feb. 20XX Expense for regular inspection of electricity facilities in the factory JPY 200,000 	<p>"③ Extraordinary income and expenditures"</p> <ul style="list-style-type: none"> • June 20XX ▲JPY 450,000 • Dec. 20XX JPY 200,000 • Feb. 20XX ▲JPY 200,000 <table border="1"> <thead> <tr> <th>Date of tax payment (C)</th><th>③ Extraordinary income and expenditures</th></tr> </thead> <tbody> <tr><td>Jun. 30, 20XX</td><td>▲JPY 450,000</td></tr> <tr><td>Jul. 31, 20XX</td><td>JPY</td></tr> <tr><td>Aug. 31, 20XX</td><td>JPY</td></tr> <tr><td>Sept. 30, 20XX</td><td>JPY</td></tr> <tr><td>Oct. 31, 20XX</td><td>JPY</td></tr> <tr><td>Nov. 30, 20XX</td><td>JPY</td></tr> <tr><td>Dec. 31, 20XX</td><td>JPY 200,000</td></tr> <tr><td>Jan. 31, 20XX</td><td>JPY</td></tr> <tr><td>Feb. 28, 20XX</td><td>▲JPY 200,000</td></tr> <tr><td>Mar. 31, 20XX</td><td>JPY</td></tr> <tr><td>Month/day/year</td><td>JPY</td></tr> <tr><td>Month/day/year</td><td>JPY</td></tr> </tbody> </table>	Date of tax payment (C)	③ Extraordinary income and expenditures	Jun. 30, 20XX	▲JPY 450,000	Jul. 31, 20XX	JPY	Aug. 31, 20XX	JPY	Sept. 30, 20XX	JPY	Oct. 31, 20XX	JPY	Nov. 30, 20XX	JPY	Dec. 31, 20XX	JPY 200,000	Jan. 31, 20XX	JPY	Feb. 28, 20XX	▲JPY 200,000	Mar. 31, 20XX	JPY	Month/day/year	JPY	Month/day/year	JPY
Date of tax payment (C)	③ Extraordinary income and expenditures																										
Jun. 30, 20XX	▲JPY 450,000																										
Jul. 31, 20XX	JPY																										
Aug. 31, 20XX	JPY																										
Sept. 30, 20XX	JPY																										
Oct. 31, 20XX	JPY																										
Nov. 30, 20XX	JPY																										
Dec. 31, 20XX	JPY 200,000																										
Jan. 31, 20XX	JPY																										
Feb. 28, 20XX	▲JPY 200,000																										
Mar. 31, 20XX	JPY																										
Month/day/year	JPY																										
Month/day/year	JPY																										

v "National tax etc."

In "④ The amount of reserved fund for tax payment," please enter the amount that you reserve for paying national taxes that was entered in **"5 National and local taxes you anticipate need to be paid in the next one year (B)."**

If you withdraw money from the reserved amount in order to pay taxes, please enter the tax amount to pay (put "▲" before the amount).

In "⑤ The amount of tax payment," please enter the estimated amount of national tax, etc. in the year and month of payment that was entered in **"5 National and local taxes you anticipate need to be paid in the next one year (B)."**

<<In the case of the example>>

"5. National and local taxes you anticipate need to be paid in the next one year"		"National tax"	
• Jun. 20XX		• Jun. 20XX	JPY 50,000
Fixed asset tax	JPY 50,000	• Jul. 20XX	JPY 120,000
• Jul. 20XX		• Sept. 20XX	JPY 50,000
Withholding income tax	JPY 120,000	• Nov. 20XX	JPY 1,740,000
• Sept. 20XX		• Jan. 20XX	JPY 170,000
Fixed asset tax	JPY 50,000	• Mar. 20XX	JPY 50,000
• Nov. 20XX		• May 20XX	JPY 1,740,000
Consumption tax and local consumption tax (for interim tax return)	JPY 1,740,000		
• Jan. 20XX			
Withholding income tax	JPY 120,000		
• Jan. 20XX			
Fixed asset tax	JPY 50,000		
• Mar. 20XX			
Fixed asset tax	JPY 50,000		
• May 20XX			
Consumption tax and local consumption tax (for final tax return)	JPY 1,740,000		

Date of tax payment (C)	National tax	
	④ The amount of reserved fund for tax payment	⑤ The amount of tax payment
Jun. 30, 20XX	JPY 300,000	JPY 50,000
Jul. 31, 20XX	JPY 300,000	JPY 120,000
Aug. 31, 20XX	JPY 300,000	JPY
Sept. 30, 20XX	JPY 300,000	JPY 50,000
Oct. 31, 20XX	JPY 300,000	JPY
Nov. 30, 20XX	JPY 300,000 ▲1,800,000	JPY 1,740,000
Dec. 31, 20XX	JPY 100,000	JPY
Jan. 31, 20XX	JPY	JPY 170,000
Feb. 28, 20XX	JPY	JPY
Mar. 31, 20XX	JPY 100,000	JPY 50,000
	JPY	JPY
	JPY	JPY

vi “⑥ The amount of tax payment in installments (D) (①+②+③-④-⑤)”

Please add the amount of “② Increase and decrease as seasonal fluctuation” and “③ Extraordinary income and expenditures” to “① The standard amount of tax payment you can make” each month, and subtract “④ The amount of reserved fund for tax payment” and “⑤ The amount of tax payment” each month from the above. Then, please enter that amount.

In “⑥ The amount of tax payment in installments (D) (①+②+③-④-⑤)” for the month and year of the final tax payment, describe “xxx yen (the remainder of the principal tax) plus delinquent tax (interest on principal tax).”

II Grace of Tax Payment

1 Requirements of grace of tax payment in the case that you face difficulty in paying taxes due to disasters, etc.

If you fall into all of the following requirements, cited from (1) to (4), you will be eligible to grace of tax payment.

- (1) There must be the fact that you fall into any of the following (limited to the fact that is caused for unavoidable reasons that cannot be attributable to your responsibility. Hereinafter referred to as the “eligible fact for grace.”)
 - i You suffered damage on your property by earthquake, wind, flood, lightning, fire and any other similar disasters or had your property stolen. (*1)
 - ii You, and your relatives living in the same household with you became ill or sustained an injury.
 - iii You discontinued or suspended your business.
 - iv You suffered considerable losses in your business (*2).
 - v You experienced a fact similar to i to iv mentioned above. (*3)
- (2) It can be found that you cannot pay national taxes in a lump sum, based on the eligible fact for grace.
- (3) “**Application for the Grace of Tax Payment**” has been submitted to your district tax office.
- (4) In principle, you will pledge property as security that is equivalent to the amount that you seek grace for. (*4)

*1 If you suffered considerable losses on your property by disasters, etc. before the due date of national tax payment, another grace of tax payment for the affected is available. For details, please ask your district tax office (The revenue management and processing group).

*2 “You suffered considerable losses in your business” means that loss occurred that exceeds 50% of the profit for the immediately preceding year (hereinafter referred to as the “standard period”) in profit/loss calculation for one year that started one day before the start of the period (hereinafter referred to as the “examination period”) for which you seek grace of tax payment (if loss was caused during the standard period, the loss of the examination period must exceed the loss of the standard period).

*3 Out of the facts similar to i to iv mentioned above, the fact similar to iv (You suffered considerable losses in your business) refers to an occurrence of loss due to a massive decrease in sales or a significant increase in expenses.

*4 The handling of security is the same as in the case of making application for grace of asset conversion (⇒*3 on page 5).

2 Requirements for grace of tax payment in the case that the national tax to be paid was determined one year or more after the original due date

If you fall into all of the following requirements, cited from (1) to (4), you will be eligible to grace of tax payment.

- (1) There are national taxes, etc. whose amount to pay was determined one year after the statutory tax return due date (*1).

- (2) It is found that there is a reason that you cannot pay national tax in (1) in a lump sum.
- (3) Excluding the case that it is found that there is an unavoidable reason, “**Application for the Grace of Tax Payment**” has been submitted to your district tax office by you by the due date for payment (*2) of national tax in (1).
- (4) In principle, you must have pledged property as security that is equivalent to the amount of tax that you seek grace for. (*3)

- *1 For instance, if an amended return is submitted on a day one year after the statutory tax return due date, the national tax that should be paid as a result of the submission of the amended return is applied.
- *2 For instance, if an amended return is submitted, the date of the submission becomes the due date for payment. Therefore, it is necessary to submit the Application for the Grace of Tax Payment by that day.
- *3 The handling of security is the same as in the case of making application for grace of asset conversion (⇒*3 on **page 5**).

3 Grace period

The period for which you may be granted grace of tax payment is limited to a time period considered as the shortest amount of time to pay the national tax in full one year or less (*) in consideration of the circumstances of the your asset and income/expenditure.

Please note that the district director of the tax office may determine that national tax that is granted grace of tax payment be paid in installments during the grace period, depending on the circumstances of your asset and income/expenditure.

- * After the grace of tax payment is granted, in the case that it is found that there is an unavoidable reason that the national tax which has granted grace may not be paid in full within the grace period, by applying to the Tax Office with jurisdiction over your place before the expiration of the original grace period, an extension of the grace period may be approved within up to two years combined with the original grace period.

4 Documents for application

When applying for grace of tax payment, please submit the following documents to your district tax office.

(1) Documents Required for Examination for Grace

In the case that the total amount (*1) seeking grace is <u>one million yen or less</u>	In the case that the total amount (*1) seeking grace <u>exceeds one million yen</u>
<ul style="list-style-type: none"> ○ “Application for the Grace of Tax Payment” (Please refer to pages 36 to 40 for instructions on how to complete the form.) ○ Documents that substantiate that there is an eligible fact for grace when applying for grace of tax payment in the case of facing difficulty paying tax due to disasters, etc. (*2 and 3) ○ “Statement of Income, Expenditures and Assets” (*2) (Refer to pages 13 to 18 for instructions on how to complete the form.) ○ “Statement of Income Tax” when applying for grace of national tax payment by collection at source and others to which a notification of tax payment has not been issued. ○ Documents that reveal the fact of registration when applying for grace of payment of registration and license tax 	<ul style="list-style-type: none"> ○ “Application for the Grace of Tax Payment” (Please refer to pages 36 to 40 for instructions on how to complete the form.) ○ Documents that substantiate that there is an eligible fact for grace when applying for grace of tax payment in the case of facing difficulty paying tax due to disasters, etc. (*2 and 3) ○ “Property Inventory” (*2) (Refer to pages 19 to 24 for instructions on how to complete.) ○ “Income and Expenditure Account Statement” (*2) (Refer to pages 25 to 31 for instructions on how to complete the form.) ○ “Statement of Income Tax” when applying for grace of national tax payment by collection at source and others to which a notification of tax payment has not been issued. ○ Documents that reveal the fact of registration when applying for grace of payment of registration and license tax

(2) Documents Pertaining to Provision of Security

Documents related to provision of security is the same as in the case of making application for grace of asset conversion (⇒page 6).

- *1 Undetermined delinquent tax (interest on principal tax) is not included.
- *2 In the case of facing difficulty paying tax due to disasters or illness (which falls under i, ii or v (limited to facts similar to i or ii) at (1) in 1) and applying for grace of tax payment for the above reason, please consult your district tax office (The collection group) if you are under circumstances of difficulty submitting those attached documents.
- *3 The following are examples of documents that prove the existence of eligible facts for grace. For details, please ask the Tax Office with jurisdiction over your place (staff in charge of tax collection).
 - (1) Copy, etc. of a disaster victim certificate or a report of theft in the case of disasters or theft
 - (2) A medical certificate, a receipt of medical fees, etc. in the case of illness or injury
 - (3) A notification of discontinuation of business, etc. in the case of discontinuation or suspension of business.
 - (4) Provisional financial statements, etc. for each examination and standard period when suffering huge loss in business

5 Procedure for examination of application, etc.

The procedures for “4 Examination of submitted application forms” to “7 Cancellation of grace or reduction of grace period” related to **I Grace of Asset Conversion** (⇒pages 6 to 8) also apply to the case of application of grace of tax payment. However, when an application is made for grace of tax payment, a payment demand letter will not be sent anew concerning the national tax related to the grace of tax payment during the grace period.

How to complete the “Application for the Grace of Tax Payment”

In the case the amount of tax that you seek grace for is **one million yen or less**, the “Statement of Income, Expenditure and Assets” (⇒page 13) must be attached to the “Application for the Grace of Tax Payment”.

If the amount that you seek grace for **exceeds one million yen**, it is necessary to attach and submit the “Property Inventory” (⇒page 19) and “Income and Expenditure Account Statement” (⇒pages 25 and 26) instead of the “Statement of Income, Expenditure and Assets.”

1 Describe the name of your district tax office.

Application for the grace of tax payment

To the District Director of _____ Tax Office

In accordance with the provision of Item 5, Paragraph 1 (in the case you apply based on Item 5, the reason is similar to Item 5) of Article 46 of the Act on General Rules for National Taxes, I apply for the grace as follows.

Enter the postal code, address (or location), telephone number, mobile number and name (or trade name), and stamp your seal.
* If the applicant is a corporation, enter the address and name of the representative as well.

Enter the date of the day you are submitting the application.

2 Please describe all national taxes that are unpaid when the grace of tax payment is being applied for. With regards to delinquent tax (interest on principal tax), please indicate “Necessary” if the principal tax is not paid in full. Please enter the annual portion of national tax, the fiscal year, the taxation period or the monthly portions in “Remarks” and circle the item for which you seek grace of tax payment.

3 Please transcribe from “4 Plan for payment in installments (B)” under “Statement of Income, Expenditure and Assets” (⇒page 13).
* If the amount that you seek grace for exceeds one million yen, please transfer contents of “Tax payment date (C)” and “Amount of tax payment in installments (D)” in “7 Date and the Amount of tax payment in installments” under “Income and Expenditure Account Statement” (⇒page 26).

4 Please enter “Start date of the grace period” and “Last date of tax payment plan,” as well as its period.
* “Start date of the grace period” normally refers to the date when the application is submitted. However, please enter the day following the statutory due date of national tax payment as the “Start date of the grace period” if you submit this application before the statutory payment due date of the national tax you have to pay.

5 Please check the boxes of documents attached to the application.

Applicant

Address: 〒100-0001 1-1-1 Chiyoda-ku, Tokyo
Tel. 03-XXXX-XXXX Mobile 090-XXXX-XXXX

Name: Taro Kokuzei (Kokuzei)

Corporate number: _____

Taxes you have to pay

Tax Period	Type of Tax	Principal Tax	Delinquent Tax (interest on principal tax)	Interest Tax	Collection Expenses for Tax Arrears	Remarks
xx	Self-assessed	250,000	JPY 50,000 (Necessary)	JPY 200,000		Tax of 20XX
Total		250,000				

① The total amount of i to v: JPY 250,000
② The amount of tax payment you can currently make: JPY 50,000
③ The amount of taxes that you seek grace for (① - ②): JPY 200,000

Details of the eligible fact for grace

I had a traffic accident in September 20XX and was hospitalized in ○ Hospital from September to February 20XX.
Since then, I am an outpatient there.

Details of why you cannot pay the national tax in a lump sum

I paid to XX Hospital 620,000 yen for treatment and hospitalization fees. Since I received an insurance payout of 320,000 yen from XX Life Insurance, the balance of 300,000 yen is the expenditure as a result of the eligible fact for grace.

Payment plan

Date	Amount of tax payment	Date	Amount of tax payment	Date	Amount of tax payment
April 30, 20XX	45,000	August 31, 20XX	20,000 plus delinquent tax		
May 31, 20XX	30,000				
June 30, 20XX	45,000				
July 31, 20XX	60,000				

* You need to transcribe from (B) of [Statement of Income, Expenditures and Assets] or (C) or (D) of [Income and Expenditure Account Statement] to ④ above.

Grace period: FROM April 20, 20XX TO August 31, 20XX (Five months)

* Start date of the grace period is the application date (④).
However, you can write the day when a disaster occurred if you were unable to submit the application due to unavoidable reasons such as a natural disaster.

Security

☐ Provide ☒ None

Type of security or the special circumstance why you cannot provide any securities

Signature and seal of a licensed tax accountant

☐ Submitted the form based on Article 30 of the Licensed Tax Accountant Law

Stamp

Attached documents

In the case of 1 million yen or less

- ☐ Statement of Income, Expenditures and Assets
- ☐ Document certifying the facts that meet requirements of the grace

In the case of more than 1 million yen

- ☐ Income and Expenditure Account
- ☐ Property Inventory
- ☐ Document related to securities
- ☐ Document certifying the facts that meet requirements of the grace

1 “In accordance with the provision of Item , Paragraph (in the case you apply based on Item 5, the reason is similar to item ●) of Article 46 of the Act on General Rules for National Taxes, I apply for the grace as follows.”

Please describe applicable provisions in the underlined parts. Applicable provisions vary depending on the contents of application for grace as below.

Grace of tax payment in the case of facing difficulty due to disasters, etc.	A taxpayer suffered damage on his/her property by earthquake, wind, flood, lightning, fire and any other similar disasters or had his/her property stolen.	The Act on General Rules for National Taxes Item <u>1</u> , Paragraph <u>2</u> , Article 46
	A Taxpayer, and his/her relatives living in the same household with the taxpayer became ill or sustained an injury.	The Act on General Rules for National Taxes Item <u>2</u> , Paragraph <u>2</u> , Article 46
	A taxpayer discontinued or suspended the business.	The Act on General Rules for National Taxes Item <u>3</u> , Paragraph <u>2</u> , Article 46
	A taxpayer suffered considerable losses in the business.	The Act on General Rules for National Taxes Item <u>4</u> , Paragraph <u>2</u> , Article 46
	A taxpayer experienced a fact similar to any of the four eligible facts for grace, mentioned above.	The Act on General Rules for National Taxes Item <u>5</u> , Paragraph <u>2</u> , Article 46 (in the case of Item 5, the reason is similar to Item ●) (*)
Grace of tax payment in the case that the national tax to be paid was determined one year after the original due date	National tax by self-assessment system (Self-assessment income tax, corporate tax, consumption tax, etc.)	The Act on General Rules for National Taxes Item <u>1</u> , Paragraph <u>3</u> , Article 46
	National tax by official assessment system (Liquor tax, etc.)	The Act on General Rules for National Taxes Item <u>2</u> , Paragraph <u>3</u> , Article 46
	National tax by collection at source (Withholding income tax)	The Act on General Rules for National Taxes Item <u>3</u> , Paragraph <u>3</u> , Article 46

* Please enter the number of a similar Item in ●.

2 “④ The amount of taxes that you seek grace for (②-③)”

Please enter the amount calculated by subtracting “The amount of tax payment you can currently make (A)” in “2 The amount of tax payment you can currently make” under “Statement of Income, Expenditures and Assets” (⇒page 13) from the total of “List of Taxes.”

* If the amount that you seek grace for exceeds one million yen, please enter the amount calculated by subtracting “③ The amount of tax payment you can currently make(①-②) (D)” in the “4 The amount of tax payment you can currently make” on the “Property Inventory” (⇒page 19).

In the case of seeking grace of tax payment when facing difficulty in paying tax due to disasters, etc., the amount that you expended or lost due to the eligible fact for grace (*), whichever is the less, will be the upper limit for which grace is granted.

- * If there are insurance payout, compensation, indemnity and others that were received against expenditures or damage, please subtract such received amounts from the amounts that were expended or lost.

<<Example Entry>>

250,000 yen	-	50,000 yen	=	200,000 yen (①)
(Total of national tax you have to pay)		(Amount of tax payment you can currently make)		(Amount that you have difficulty in paying tax)
620,000 yen	-	320,000 yen	=	300,000 yen (②)
(Medical fee and hospitalization fee)		(Received insurance payout)		(Expenditures or losses caused by the eligible fact for grace)
300,000 yen (②)		>	200,000 yen (①)	⇒ <u>200,000 yen</u>
(Expenditures or losses caused by the eligible fact for grace)			(Amount that you have difficulty in paying tax)	(Amount to enter in this section)
* As above, if “Amount that you have difficulty in paying tax” is lower than “Expenditures or losses caused by the eligible fact for grace,” please enter the “Amount that you have difficulty in paying tax” in this section as the amount of tax that you seek grace for.				

3 “Details of the eligible fact for grace”

In the case of applying for grace of tax payment when facing difficulty in paying tax due to disasters, etc., please describe details of the eligible fact for grace.

In the case of applying for grace of tax payment when the national tax you have to pay was determined one year after the original due date, there is no need to fill in this section. However, in the case of submitting an application after the payment due date of the national tax for which you seek grace for an unavoidable reason (*), please describe the unavoidable reason in this section.

- * “The unavoidable reason” in this case means the fact that you submitted an application for grace of tax payment within a period (approximately one month) that is usually deemed necessary for preparing an application for grace of tax payment and attachments since you became aware that the national tax that you seek grace for should be paid, and other reasons that cannot be considered to be attributable to the responsibility of you.

“Details of why you cannot pay the national tax in a lump sum”

Please describe specifically details of the circumstances in which you cannot pay tax in a lump sum because you made expenditure or suffered loss due to the eligible fact for grace.

<<Example Entry>>

Types of the eligible fact for grace	Details of why it is difficult continuing business or maintaining your standard of living by paying the national tax in a lump sum	
Disasters, etc.	The floor of my store was inundated due to Typhoon XX on September XX, 20XX. Therefore, I was not able to do business until the store was restored.	It took ten days to restore the flooded floor of the store and start business again. Consequently, 500,000 yen, equivalent to sales profit during that period, became the loss caused by the eligible fact for grace.
Illness and injury	I had a traffic accident in September 20XX and was hospitalized in xxxxx Hospital for three months from the above month and, since then, have been an outpatient there.	I paid a total of 890,000 yen for medical fees and hospitalization fees to xxxxx Hospital between September 20XX and February 20XX. Since I received an insurance payout of 260,000 yen from xx Life Insurance Company, the balance of 630,000 yen is the expenditure caused by the eligible fact for grace.
Discontinuation or suspension of business	Since a new large store opened in the neighborhood of my store, my business considerable deteriorated as sales between January to September 20XX decreased by 70% year-on-year. Consequently, I fired all employees and discontinued clothing retailing in October 20XX.	Due to the discontinuation, my expenditures or losses caused by the eligible fact for grace amounted 2,020,000 yen, divided into a loss of 670,000 yen by selling inventory at a loss and a total of 1,350,000 yen as retirement allowance paid to three dismissed employees.
Considerable loss in business	Although I had profits of 2,500,000 yen for the term ended March 20XX, I suffered a loss of 1,500,000 yen for the term ended March 20XX since orders from main buyer xxxxx Company stopped coming since June 20XX.	Out of the loss of 1,500,000 yen for the term ended March 20XX, 250,000 yen — the portion that exceeds 1,250,000 yen that is 50% of the profit of 2,500,000 yen for the term ended March 20XX — is the loss caused by the eligible fact for grace.
In the case that the national tax to be paid was determined one year after the original due date	No need to enter this section in principle. (If you submit an application after the payment due date of the national tax for which you seek grace for an unavoidable reason, please describe the unavoidable reason.)	Out of 300,000 yen to be paid as tax, I can pay only 50,000 yen by the due day of payment, and I cannot pay the remaining 250,000 yen at the same time.

4 “Grace period”

Please enter “Start date of the grace period” (*) and “Last date of tax payment plan” as well as its period.

- * “Start date of the grace period” is usually the day of submitting an application, but varies in the following cases.
- If the day of submitting an application is before the statutory due date of national tax payment, the day following the statutory due date will be “Start date of the grace period.”
 - If an application cannot be submitted for unavoidable reasons, such as disasters, etc., you may set the date of the eligible fact for grace occurring as “Start date of the grace period” regardless of the day of submitting an application.

5 “Security” and “Type of security or the special circumstance why you cannot provide any securities”

To fill in this section, please follow the explanation on how to complete the form in **“Security”** and **“Type of security or the special circumstance why you cannot provide any securities”** under **“Application for the Grace of Asset Conversion”** (⇒**page 11**).