

## Should you be late in paying your taxes

If you paid your taxes after the due date or, for users of the tax payment by transfer account, if the transfer was rendered impossible due to an insufficient balance in your account, delinquent tax will be levied starting on the day after the due date. For such a case, you must pay your principle amount of tax in addition to the delinquent tax in person at your nearest financial institution or the tax office covering your jurisdiction.

The delinquent tax is calculated as follows for returns submitted by April 1st, 2024.

From April 2nd to June 1st, 2024	"7.3% per annum" or "Special Standard Rate for Delinquent Tax + 1%", whichever is lower
On or after June 2nd, 2024	"14.6% per annum" or "Special Standard Rate for Delinquent Tax + 7.3%", whichever is lower

\* Special Standard Rate for Delinquent Tax is the rate calculated by adding 1% a year to the rate announced by the Finance Minister by November 30 of the preceding year as the rate obtained by dividing the total of new short-term average contractual interest rate on bank loan of each month from September of the second preceding year to August of the preceding year by 12.

Should the overdue amount remain unpaid, you may be subject to procedures for default of tax payment including the seizure of assets. Please exercise caution.

\* The delinquent tax calculation may vary if filing after the deadline or submitting an amended return. Contact the Tax office covering your jurisdiction for details.

\* In case any special circumstances apply and render the taxpayer unable to pay by the due date, grace may be allowed by submitting an application. In this case, please consult the tax office covering your jurisdiction (collection section) as soon as possible.

## If there is a mistake in the amount of tax calculated in the final tax return

Please make corrections to the content of your return using the following methods.

	Method of Correction
When tax amount, etc. included in return is actually less than what it should be	File <b>"amended return"</b> to correct amount.
When tax amount included in return is actually greater than what it should be	You can request a correction to the return in order to correct amounts.

\* If an incorrect return amount is not voluntarily corrected, a District Director of Tax Office will correct it.

\* In principle, a request for correction is allowed within 5 years from the statutory tax return due date.

\* Furthermore, irrespective of it being necessary to file a tax return, in case where there is no final tax return filed, a District Director of Tax Office will decide on the amount of tax base and tax payable. Please note that in cases where the District Director of Tax Office corrects or makes a determination on a return and cases where returns are filed after the filing deadline, an additional tax may be levied, and you will be required to pay your tax and any delinquent tax together.

# 9 Income tax adjustment

The following explains the adjustment method using the "tax included" or "tax excluded" accounting method.

**The income tax adjustment method after calculating the amount of consumption and local consumption taxes (herein, "consumption tax, etc.") payable or refundable varies depending on the accounting method.**

## If applying the "tax included accounting method"

As a rule, the amount of consumption tax, etc. payable or refundable is added to necessary expenses or total revenue after calculating the income derived from business, real estate, timber, etc. (herein, "income from business") is the accounting year under which the date of filing the consumption and local consumption tax return forms.

In the event an amount of consumption tax, etc. payable or refundable is treated as an entry in accounts payable or receivable, Sole proprietors now have the option to include that amount in business expenses or total revenue after calculating the income from business generated in the accounting year relating to that account payable or receivable.

## If applying the "tax excluded accounting method", etc.

If applying the "tax excluded accounting method", the amount representing the difference between the consumption tax, etc. determined using the simplified tax system and the amount resulting from subtracting the temporary consumption tax payable from the temporary consumption tax receivable at the end of the taxable period should be added to the total revenue or the necessary expenses in the amount of business income, etc. for that taxable period.

Please refer to the website of the National Tax Agency (<https://www.nta.go.jp>) for inquires pertaining to income tax adjustments by Sole proprietors applying "Tax excluded accounting method" or who operate a business that generates 2 or more types of income.

## What a "tax included" and "tax excluded" accounting methods?

The tax included accounting method treats the value of a transaction relating to consumption tax, etc. as including the amount of consumption tax, etc. The method treats the amount of tax consumption tax, etc. relating to the taxable sales, taxable purchases, etc. including it in the sales amount or purchases amount.

The tax excluded accounting method treats the value of a transaction relating to consumption tax, etc. by first separating it from the amount of consumption tax, etc. The method treats the amount of consumption tax, etc. by establishing an account of temporary receipts of consumption tax, etc. or of temporary payments of consumption tax, etc., excluding it from the sales amount or purchase amount.