

## 1-5 Taxpayers

Any individual is subject to tax liability of income tax etc. in accordance with the following residential categories.

### 1. Residents

Any individual who has a domicile or owns a residence continuously for one year or more is classified as a resident. Residents, except for those classified as “**non-permanent residents(Note)**” have an obligation to pay the income tax etc. for whole domestic source income and foreign source income.

Non-permanent residents are obliged to pay income tax etc. with respect to any income which has its sources in Japan, any income which has its sources abroad and is paid in this country and remitted from abroad.

In the case that a non-permanent resident receives the amount remitted from abroad to Japan yearly, it is deemed to be the remittance relating to foreign source income paid outside Japan, which the non-permanent resident earned in the year, within a scope of the remitted amount.

However, if the non-permanent resident has the amount paid outside Japan relating to domestic source income in the year, the payments made from abroad to Japan are first deemed to be remittance relating to domestic source income, and then if there is still the amount exceeding the domestic source income paid outside Japan, the portion is deemed to be the remittance related to foreign source income within a scope of the exceeding amount.

**Note.** Among residents, any individual of non Japanese nationality having domicile or residence in Japan for an aggregate period of five years or less within the last ten years is classified as a **non-permanent resident**.

### 2. Non-residents

Any individual other than the residents mentioned in “1. Residents” above is classified as a non-resident.

Non-residents are obligated to pay the income tax etc. for any income from domestic sources.

**Note:** If a person who owns a residence in Japan leaves Japan with the intent to be absent temporarily and later reenter Japan, the person shall be treated as having been residing in Japan during the period of absence.

The intention to be absent temporarily will be presumed if, during the period of absence, (a) the person’s spouse or relatives remain in the household in Japan, (b) the person retains a residence or a room in a hotel for residential use after returning to Japan, or (c) the person’s personal property for daily use is kept in Japan for use upon return to Japan.

[ Scope of income subject to taxation ]

Classification		Income other than Foreign Source Income		Foreign Source Income	
		Paid in Japan	Paid in Abroad	Paid in Japan	Paid in Abroad
<b>Resident</b>	<b>Non-permanent Resident</b> (A resident taxpayer of non Japanese nationality who has had domicile or residence in Japan for an aggregate period of five years or less within the last ten years.)	All income paid in Japan is taxable.	All income paid in abroad is taxable.	All income paid in Japan is taxable.	Only the portion deemed remitted to Japan* is taxable.
	<b>Permanent Resident</b>				All income paid in abroad is taxable.

Classification	Domestic Source Income	Income other than Domestic Source Income
<b>Non-resident</b>	Income is, in principle, taxable.	Income is not taxable.

\*Scope of inward foreign remittance among foreign source income (payments made outside Japan)

“Inward foreign remittance” means, among payments made from abroad to Japan, the amount “exceeding income other than foreign source income paid outside Japan”.

【An example of non-permanent resident who has two kinds of income, income other than foreign source income paid outside Japan and foreign source income paid outside Japan】

Income other than Foreign Source Income (750)		Foreign Source Income (250)	
A Paid in Japan	B Paid in Abroad	C Paid in Japan	D Paid in Abroad
500	250	150	100

For example, in the case that a non-permanent resident individual remits 260 to Japan, among the payment of 350 (B+D) made outside Japan, 250 (B) portion is first deemed to be the remittance for income other than foreign source income paid outside Japan, and then the remaining 10 is deemed to be the remittance for foreign source income paid outside Japan, which will be taxed accordingly.

**(Reference1) Classification of taxpayers**

- (1) In cases where an individual has not owned his or her domicile during the period from the date of entry into this country to the date on which one year has elapsed.

The individual mentioned above is deemed “a non-resident” until the date on which one year has elapsed from the date of entry into this country and “a resident” after the date following that on which one year has elapsed.

- (2) In cases where an individual did not own his or her domicile in this country immediately after entry into this country, but had previously owned his or her domicile during the period from the date of entry into this country to that on which one year has elapsed.

The individual mentioned above is deemed “a non-resident” until the date before that on which he or she owned his or her domicile and “a resident” after the date on which he or she owned his or her domicile.

- (3) In cases where an individual is of non Japanese nationality and the period during which he or she has owned his or her domicile or residence in this country exceeds five years or more within the last ten years.

The individual mentioned above is deemed “a non-permanent resident” until the date on which five years have elapsed and “a resident other than a non-permanent resident” after the date following that on which five years have elapsed.

**(Reference2) Judgment (presumption) of the presence of a domicile**

Fact	Judgment	Remarks
An individual's base of living is in Japan.	Judged as having a domicile	Whether the base of living is Japan is judged by the presence of objective facts, for example, an individual has an occupation in Japan, an individual lives together with his/her spouse or any other relatives, or an individual owns a place of business.
An individual has an occupation which normally requires living in Japan continuously for one year or more.	Presumed as having a domicile	An individual who came to live in Japan in order to operate a business or engage in an occupation in Japan falls under this division (except for the case where it is clear that the period for staying in Japan is previously arranged to be less than one year by a contract, etc.)
Facts exist by which it can sufficiently be presumed that an individual has been living continuously for more than one year in Japan whether such individual has the Japanese nationality and has relatives who live together with such individual, or such individual has its occupation and assets in Japan.	Presumed as having a domicile	

**Note.** Any individual who came to live in Japan to learn science and practical arts is treated as having an occupation in Japan for the period of living for learning in Japan.