

## 3 Information good to know about filing tax return & payment of tax

### 3-1 Taxation methods for the interest income and the dividend income

#### 1. Selection of the Aggregate Taxation and the Separate Self-assessment Taxation

(1) **Interest income related to dividends etc. on listed stocks etc.**

When filing, these are subject to the separate self-assessment taxation, and the aggregate taxation cannot be selected.

(2) **Dividend income related to dividends on listed stocks etc.** (Excluding those for **major shareholders**, etc. It applies for all below.)

When filing, the separate self-assessment taxation may be selected instead of the aggregate taxation. However, if you choose to use the separate self-assessment taxation, you are not eligible to receive credit for dividends.

\*1: Dividends, etc. of unlisted stocks, etc. and of listed stocks, etc. received by large shareholders, etc. are subject to general taxation and there is no scope to choose to be subject to the separate taxation on declaration.

\*2: In case of the separate self-assessment taxation, the applicable income tax rate is at 15% (inhabitant tax 5%). In addition, the special income tax for reconstruction (see page 47) is imposed in addition to income tax.

\*3: When filing the dividend income related to dividends on listed stocks, etc., either the aggregate taxation or the separate self-assessment taxation must be selected for the entire dividend income being filed.

\*Please note that you can select the separate self-assessment taxation for the interest income such as mentioned (1) above and the aggregate taxation for dividend income such as mentioned (2) above.

\*4: Even if you choose the separate self-assessment taxation, you need to write the relevant items in the block of "Statement of income (withholding income tax and special income tax for reconstruction) on Page 2."

\*5: If you select the System that Eliminates the Need to Declare Dividend and Interest Income for (1) interest income and (2) dividend income, or select aggregate taxation for (2) dividend income, and do not select Separate Self-assessment Taxation on the tax return, you may not change the selection to separate self-assessment taxation on interest income and dividend income in the subsequent amended return or request for correction. The same applies if you select to be subject to separate self-assessment taxation.

#### 2. System that Eliminates the Need to Declare Dividend and Interest Income

For the following interest and dividend incomes (1) through (7), a system is in force that eliminates the need to declare said income because the withholding tax may complete taxation for said income. The amount of interest, dividends, etc. for which the system was selected is not included in the "Total income" shown in page 27. When choosing to use the system, credit for dividends or the withholding income tax etc. may not be claimed.

(1) **Small-lot dividends etc.**

(2) Interest, dividends and similar income from stocks listed on the financial instruments exchange (excluding those for major shareholders, etc.)

(3) Distribution of profit from publicly offered stock securities investment trusts

(4) Dividends etc. from specified investment corporation investment units

(5) Distribution from specified trusts issuing beneficiary securities (restricted to those issued through public offering)

(6) Distribution of profits from corporate bond-like beneficiary rights of special purpose trust (restricted to those issued through public offering)

(7) **Interest on specified bonds**

\*1: Dividends, etc. of listed shares, etc. received by large shareholders, etc. are subject to general taxation, and this system cannot be chosen except where small amounts of dividends, etc. are involved.

\*2: It is possible to choose the value of each dividend or interest, etc. to be received in single payments (excluding payments from withholding accounts.).

\*3: Dividends etc. from specified investment corporation investment units are not eligible for the credit for dividends, even if they are declared.

\*4: If a person did not select this system, and instead, filed a final return for these dividend and interest incomes, the person cannot switch to not reporting these dividend and interest incomes in the case of filing amended return or request a correction to the tax return. The same applies in a case which a person did select the system.

#### 3. Dividends, etc. not eligible to credit for dividends

Dividends, etc. that are eligible to credit include dividends from surplus and profits, and distribution of surplus, money and revenues of securities investment trusts earnings, which come from a corporation that is headquartered in Japan, and are limited to dividend income that is subject to the aggregate taxation in filing a final return. Therefore, dividends, etc. received from foreign corporations are not eligible to credit for dividends.

In addition, the following dividends, etc. are not eligible to credit for dividends.

(1) In the case that the system for no requirement to file a tax return is selected.

(2) In the case that the separate self-assessment taxation is selected.

(3) Interest from foundations

(4) Dividends, etc. related to distribution of revenues of management investment trusts, such as private offerings and public corporation bonds

(5) Dividends, etc. related to distribution of revenues of management investment trusts, such as overseas private offerings and public corporation bonds

(6) Dividends, etc. related to distribution of revenues of specified stock investment trusts that trace overseas stock index

(7) Dividends, etc. related to distribution of revenues of securities investment trusts, such as securities in specified foreign currency

(8) Dividends, etc. that will be received from investment trusts by public offering by qualified institutional investors

(9) Dividends, etc. that will be received from specified trusts.

(10) Dividends, etc. that will be received from specified-purpose companies

(11) Dividends, etc. that will be received from investment corporations

● **Explanation of Terms**

◆ **Dividends on listed stocks etc.**

Dividends on listed stocks, etc. refers to interest from specified bonds, distribution of profit from publicly offered stock securities investment trusts, dividend on listed stocks, and distributions of profit from public offering stock investment trusts.

◆ **Specified Bonds**

Specified bonds refers to national and local government bonds, foreign government bonds, public offering bonds, and bonds issued before December 31, 2015 (excluding corporate bonds issued by family company).

◆ **Major Shareholders etc.**

Major shareholders, etc., refers to shareholders who own 3% or more of the total outstanding shares of listed companies, etc.

Dividends, etc. to be paid on or after October 1, 2023 include the case where, as of the reference date for the payment of dividends, etc., the person receiving the payment holds 3% or more of the total shares of the corporation that would fall under the category of family corporation if the person receiving the payment were selected as a shareholder as the basis for the determination of the dividend.

◆ **Small-lot Dividends etc.**

Small-lot dividends, etc. refer to dividends, etc. for which the total value of the payment of a one-time dividend, etc. per stock issue does not exceed the amount computed in accordance with the following formula.

$$100,000 \text{ yen} \times \text{number of months in the dividend computation period (maximum of 12 months)} / 12$$

\* The "dividend computation period" refers to the period from the day following the base date of payment for the most recent dividend, etc. through the base date of payment for the dividend, etc. in question.

(Note)

● **Withholding Tax System**

(1) Interest income and dividend income related to dividends etc. on listed stocks, etc.

Income tax etc.(15.315%) and inhabitant tax (5%) of the amounts paid are withheld at the source.

(2) Dividend income from dividends for unlisted stocks and listed stocks (paid out to major shareholders<sup>(\*)</sup>)

Only income tax etc.(20.42%) of the amount paid is withheld at the source.

\* Only those who own at least 3% of the issued shares, etc. of a listed company, etc. are eligible.

● **Specified Account for Withholding Tax**

Dividends and other payments from listed stocks received in withholding accounts may be subject to aggregation of profits and losses with capital gains of listed stocks in the same account, while it is also possible to elect to use the system that eliminates the need to declare dividend income for each separate account.

In addition, it is also possible to declare either the capital gains in withholding accounts or the interest and dividend incomes in the same accounts. When declaring capital losses in withholding accounts, however, the amount of interest and dividend incomes contained in the same accounts must be declared at the same time.

See our website: "The method (example) for reporting income from sale of stocks, etc.[株式等の譲渡所得等の申告のしかた]"