

## Outline of Japan's Withholding Tax System Related to Salary

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National Tax Agency

This leaflet is prepared for foreigners to explain the outline of the withholding tax system on the income tax, etc. related to salary that is paid by employers (payer of salary).

### 1. Classification of "Resident" and "Non-Resident"

If foreigners too are paid salary by their employers, the amount of income tax, etc. is deducted (withheld at the source) from their salary, in principle.

The amount of income tax, etc. that is withheld at the source varies depending on whether you fall into the category of "residents" or "non-residents."

- "Resident" means an individual having a domicile in Japan or an individual who resides continuously in Japan for 1 year or more.
- "Non-resident" refers to an individual other than a resident (individual who does not have a domicile in Japan and has had no residence continuously for 1 year or more. up to the present time in Japan.).

[Main differences in tax implications between residents and non-residents]

- The amount of income tax, etc. related to the salary that a "resident" is paid is calculated in accordance with the amounts of social insurance premiums such as premiums for welfare pensions, his or her spouse and the number of dependents (\*).

\* The spouse and the number of dependents are based on the description on the "Application for (change in) Exemption for Dependents of Employment Income Earner" (Refer to "2. Withholding at the Source" as below.) that you submit to your employer.

Additionally, when you are paid the last salary each year, a year-end adjustment takes place (Refer to "3. Year-end Adjustment" as below.).

- The amount of income tax, etc. related to the salary that a "non-resident" is paid is calculated by multiplying the amount of salary with a uniform rate of 20.42% (When this tax amount is withheld at the source, the tax procedures are completed in principle. So, you do not need to file a final tax return with a tax office.).

### 2. Withholding at the Source

When you are paid a salary by your employer, the amount of income tax, etc. is deducted (withheld at the source) from the salary.

Also, residents are obliged to submit to the employer the "Application for (change in) Exemption for Dependents of Employment Income Earner" by the day before the day when the residents are paid the first salary each year. (if there is any change to the description in the submitted application form, please write the change in this application form and submit it to the employer.)

\* Non-residents may not submit the "Application for (change in) Exemption for Dependents of

Employment Income Earner.”

### 3. Year-end Adjustment

When a resident is paid the last salary of the applicable year, there is a settlement of the difference between the annual total amount of income tax, etc., withheld at the source by the employer, and the amount of income tax, etc. that has to be paid against the annual total amount of salary (tax amount for the year). This procedure is called a “year-end adjustment.”

Residents are required to submit the “Application for Basic Exemption of Employment Income Earner,” the “Application for Exemption for Spouse of Employment Income Earner,” etc. to the employer when applying for Basic Exemption, for exemption for spouse etc. in the year-end adjustment.

Please note that most employment income earners are not required to file a final return with the tax office because this year-end adjustment settles the amount of income tax, etc.

\* Non-residents are not subject to the year-end adjustment.

[Main application forms to be submitted to employers for the year-end adjustment]

○ “Application for (change in) Exemption for Dependents of Employment Income Earner”

This application form is required to be submitted to the employer by the day before the day when a resident is paid the first salary each year, but in the case in which it has not been submitted yet, the year-end adjustment will be implemented if this application form is submitted before the year-end adjustment is conducted.

In addition, if there is any change to the description in the application form, already submitted, please write the change in this application form and submit it to the employer.

○ “Application for Basic Exemption of Employment Income Earner and Application for Exemption for Spouse of Employment Income Earner and Application for Special Exemption for Specified Relatives of Employment Income Earner and Application for Exemption of Amount of Income Adjustment”

When you apply for basic exemption, exemption for spouse, special exemption for spouse, special exemption for specified relatives or exemption for amount of income adjustment, please submit this application form to your employer by the time when the year-end adjustment is conducted.

\* For details of these exemptions, please refer to the explanations described in this application form.

\* “Special Exemption for Specified Relatives” applies to income tax in 2025 and thereafter. Note that for income tax in 2025, this exemption will be reflected at the year-end adjustment to be conducted in December 2025.

○ “Application for Deduction for Insurance Premiums for Employment Income Earner”

When you apply for deduction for life insurance premiums or deduction for earthquake insurance premiums, please submit this application form to your employer by the time when the year-end adjustment is conducted.

\* For details of deduction for life insurance premiums and deduction for earthquake insurance premiums, please refer to the explanations described in this application form.

#### 4. Special Cases by Income Tax Convention

If the country from which you come from and Japan have concluded an income tax convention, your income tax, etc. may be eligible to relief.

When you apply for the relief of income tax, etc., it is required to submit the “Application Form for Income Tax Convention,” via your employer to the tax office.

In the case in which income tax, etc. were withheld at the source due to the failure to submit this “Application Form for Income Tax Convention,” you may receive the refund of the income tax, etc. that were withheld at the source by submitting to the tax office via your employer the “Application Form for Income Tax Convention,” and the “Application Form for Refund of the Overpaid Withholding Tax in accordance with the Income Tax Convention (Form 11).”

##### [Tax Exemption for Temporary Visitors]

Salary earned for work performed in Japan is eligible to tax exemption in Japan if it meets the requirements of the tax treaty, which in most cases include a stay in Japan of 183 days or less during the taxable year or any consecutive 12-month period (requirements vary depending on the tax treaty).

However, the persons are not eligible to tax exemption if they do not meet the requirements stipulated in the tax treaty with Japan (for example, if the total number of days stayed in Japan exceeds 183 days, or if the salary is paid by an employer who is a resident of Japan), or if the taxpayer comes to Japan from a country that is not a party to a tax treaty with Japan.

\* Remuneration received by so-called freelancers is also basically eligible to tax exemption in Japan, but if such remuneration is received through a permanent establishment located in Japan, it does not eligible to tax exemption.

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\* When you (this is limited to the case that you fall under the category of “residents”) apply for exemption for dependents concerning non-resident relatives, it is required to submit a prescribed set of documents to the employer. For details, please refer to the Website of the NTA [“For Those Applying for an Exemption for Dependents, etc. with Regard to Non-Resident Relatives.”](#)

\* This leaflet was prepared based on the provisions of income tax laws and regulations as of June 1, 2025.