

# **Withholding Tax Guide**

This *Withholding Tax Guide* is a translation of the 2017 edition of *Gensen Choushu no Shikata*.

This is an unofficial translation and reference material designed to help you understand the Japanese withholding tax system; thus, no liability is accepted. To ensure the accuracy, reliability, or current validity of the contents of this translation, please consult the original Japanese texts of laws and regulations.

**National Tax Agency**

**This “Withholding Tax Guide” outlines the withholding procedure mainly pertaining to salary. Please make full use of this guide to ensure that taxes are properly withheld.**

This “Withholding Tax Guide” has been prepared on the basis of income tax laws and regulations in force as of November 1, 2016.

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# **1. Outline of the Withholding Tax System**

## **I. Significance of the Withholding Tax System**

The income tax system is founded on the principle of the “self-assessment system,” whereby an income earner spontaneously calculates his/her income for the year and the corresponding amount of tax by submitting a return.

For certain types of income, the payer of the income is required to pay income tax withheld at the time the income is paid under the “withholding tax system.”

Under the withholding tax system, (1) a payer of certain types of income, such as salary, interest, dividends and tax accountants’ fees, (2) calculates the amount of income tax payable pursuant to prescribed methods at the time the income is paid, and (3) withholds the amount of income tax from the income payment and pays it to the government.

With regard to special income tax for reconstruction, the withholding tax system has been adopted for the income subject to income tax withholding among the income arising between January 1, 2013 and December 31, 2037, in which special income tax for reconstruction is withheld when withholding income tax and is paid with the income tax withheld.

Income tax and special income tax for reconstruction withheld under this system is settled through a year-end adjustment or by filing a final tax return for the year, except forms of income such as income from interest subject to “separate withholding tax” that tax payment is completed only by withholding.

## **II. Withholding Agents**

Under the withholding tax system, persons are obliged to withhold income tax and special income tax for reconstruction subject to withholding, and pay it to the government are called “withholding agents.” All payers of income subject to withholding are withholding agents, including schools, government agencies, and even individuals and non-juridical associations or foundations, as well as companies.

However, salaries, etc., retirement allowances, etc. and remuneration/fees such as tax accountants’ fees that are paid by an individual who regularly employs no more than two domestic employees are not subject to withholding income tax.

## **III. Place for Payment of Withheld Income Tax and Special Income Tax for Reconstruction**

Income tax and special income tax for reconstruction withheld by a withholding agent shall be paid to the competent tax office for the place of tax payment. The place of tax payment of the withheld tax shall, in principle, be the location of the office, establishment, etc., as it exists on the date income is paid, where the income payer pays the income subject to withholding.

If the office, establishment, etc. where the income payer pays the income are relocated, the place of tax payment of withheld income tax and special income tax for reconstruction on the payment of the income before the relocation shall be the location of the office, establishment, etc. after the relocation, which should be stated in a “Notification of Relocation of a Salary-Paying Office” (給与支払事務所等の移転届出書) .

## **IV. Notification of Salary-Paying Office**

### **1 Submission of “Notification of Establishment of a Salary-Paying Office”**

A payer of salary, etc. shall submit a “Notification of Establishment of a Salary-Paying Office” (給与支払事

務所等の開設届出書) to the district director of the competent tax office for the salary-paying office, etc. within one month of the date of occurrence of any of the following events:

- (1) The establishment of a new office that handles payments of salary, etc. (e.g. the establishment of a corporation or the opening of a branch or business office); or
- (2) The commencement of handling activities of payment of salary, etc. by any branch, business office, or similar establishment.

(Note) If an individual newly starts a business or establishes an office for business activities, he/she is required to submit a "Notification of Establishment, etc. of Solo Proprietorship" to the district director of the competent tax office, hence no need to submit the above Notification.

## 2 Submission of “Notification of Relocation (Closure) of a Salary-Paying Office”

A payer of salary, etc. shall submit a “Notification of Relocation (Closure) of a Salary-Paying Office” (給与支払事務所等の移転(廃止)届出書) within one month of the date of occurrence of any of the following events:

- (1) Discontinuation of payments of salary, etc. due to the dissolution, closure or suspension of a business, etc.
- (2) Transfer of handling activities of payments of salary, etc. from any branch or business office to the head office or the principal establishment, etc.; or
- (3) Relocation of an office that handles payments of salary, etc.

(Note) 1 If a solo proprietor relocates or closes his/her office, etc. for business activities, he/she is required to submit a "Notification of Discontinuance, etc. of Solo Proprietorship" to the district director of the competent tax office, hence no need to submit the above Notification.

2 If a payer of salary, etc. relocates an office that handles payment of salary, etc., the payer is required to submit the above Notification to each district director of the competent tax office in each place before and after the relocation.

## V. Scope of Income Subject to Withholding

The scope of income subject to withholding according to the category of the beneficiary is as shown in the following table.

Each of the main items is considered separately in more detail below.

Beneficiary	Kinds and scope of income subject to withholding
Resident (an individual having a domicile in Japan or an individual who resides continuously in Japan for 1 year or more)	<ol style="list-style-type: none"> <li>1 Interest, etc.</li> <li>2 Dividends, etc.</li> <li>3 Salary, etc.</li> <li>4 Retirement allowance, etc.</li> <li>5 Public pension, etc.</li> <li>6 Remuneration/fees, etc. (Excluding the income covered in "3. Salary, etc." and "4. Retirement allowance, etc.")</li> <li>7 Pension based on a life insurance contract, casualty insurance contract, or similar annuity agreement concluded with a life insurance company or a casualty insurance company, etc. under the Insurance Business Act</li> <li>8 Compensation money for benefits from installment deposits, etc.</li> <li>9 Distribution of profits under a silent partnership (Tokumei-Kumiai) contract</li> <li>10 Capital gains, etc. from listed stocks, etc. kept in a specific account</li> <li>11 Monetary awards, etc. from deposits and savings offering such awards, etc.</li> </ol>

	12 Profit from redemption of discount bonds 13 Profit on redemption amount of discount bonds
Domestic corporation (a legal person having a head office or principal place of business in Japan)	1 Interest, etc. 2 Dividends, etc. 3 Compensation money for benefits from installment deposits, etc. 4 Distribution of profits under a silent partnership (Tokumei-Kumiai) contract 5 Horse racing prizes received by a horse owner 6 Monetary awards, etc. from deposits and savings offering such awards, etc. 7 Profit from redemption of discount bonds 8 Profit on redemption amount of discount bonds (Only for certain domestic corporations)
Non-resident (an individual other than a resident) or a foreign corporation (a legal person other than a domestic corporation)	1 The following domestic source income: (1) Distribution of profits arising from business conducted through a permanent establishment based on a partnership contract ; (2) Consideration for the transfer of land, etc., in Japan; (3) Consideration received by a person doing business that involves the provision of personal services in Japan; (4) Consideration for leasing of real property, vessels, aircraft, etc., in Japan and consideration for arranging land use rights, etc.; (5) Interest, etc., on deposits and savings deposited in a business office in Japan; (6) Dividends of surplus, dividends of profit, distribution of surplus, distribution of monies or interest on funds received from a domestic corporation, distribution of proceeds from an investment trust (excluding bond investment trusts and publicly offered bond investment trusts) or specified trust that issues beneficiary certificates entrusted to a business office in Japan.; (7) Interest on a loan pertaining to domestic operations for a person doing operations in Japan; (8) Royalties for any industrial property right, copyright or neighboring right, or consideration for the transfer thereof, pertaining to domestic operations from a person doing operations in Japan; (9) Any amount sourced from work in Japan among remuneration paid for the provision of personal services including salary, etc., certain amounts of public pensions, etc., and any retirement allowances, etc. sourced from work performed while the beneficiary was a resident (non-residents only); (10) Awards for the advertising of a business in Japan; (11) Pensions based on an insurance contract, etc. concluded with a life insurance company, casualty insurance company, etc. under the Insurance Business Act, made through domestic business offices, etc.; (12) Compensation money for benefits from installment deposits accepted by business offices, etc. in Japan; and (13) Distribution of profits received under any silent partnership (Tokumei-Kumiai) contract pertaining to a contribution to a person doing business in Japan. 2 Capital gains, etc. from listed stocks, etc. kept in a specific account and received by a non-resident having a permanent establishment in Japan 3 Monetary awards, etc. from deposits and savings offering such awards, etc. 4 Profit from redemption of discount bonds 5 Profit on redemption amount of discount bonds

## VI. Timing of Withholding

Withholding of income tax and special income tax for reconstruction occurs when the income subject to withholding is actually paid. Even if the income should be paid, no withholding is in principle necessary

unless actual payment is made.

- (Note) 1 “Payment” for the purpose of withholding includes not only actual delivery of cash, but also all other acts to extinguish the payment obligation such as a transfer to a principal and/or to a savings account.
- 2 If no actual payment is made for dividends, etc., directors' bonus and distribution of profits arising from business conducted through a permanent establishment based on a partnership contract, a payment shall be deemed to have been made on a date after passing a given period of time, and it is necessary to withhold.

## VII. Payment of Withheld Income Tax and Special Income Tax for Reconstruction

### 1 Due Date for Payment

Income tax and special income tax for reconstruction withheld by a withholding agent shall in principle be paid by the 10th of the month following the month in which the income subject to withholding was paid.

If the due date is a Saturday, Sunday, or holiday, the next business day shall be the due date.

If payment is not made by the due date, the withholding agent may in principle have to pay delinquent tax and additional tax for non-payment.

### 2 Special Provision for Due Date

Any withholding agent that pays salaries to fewer than 10 employees on a regular basis and submits an “Application for Approval Made in Relation to the Special Provision for Due Dates for Withholding Income Tax” (源泉所得税の納期の特例の承認に関する申請書) and obtains such approval may take advantage of a special provision regarding the due dates for income tax and special income tax for reconstruction withheld from salaries, etc., retirement allowances, etc. and remuneration/fees paid to tax accountants, etc. Under this arrangement, payment can be made twice a year as indicated below.

If no notice of approval or denial of the application has been received from the district director of the competent tax office by the last day of the month following the month in which the application was submitted, the special provision shall be deemed to have been approved at the end of the month following the month in which the application was submitted and shall apply to tax payments made in the second month following the month in which the application was submitted.

Classification	Due date
Income tax and special income tax for reconstruction withheld between January and June	July 10
Income tax and special income tax for reconstruction withheld between July and December	January 20 of the following year

- (Note) 1 The special provision for due dates is limited to the following:
- i) Income tax and special income tax for reconstruction withheld from salaries, etc. and retirement allowances, etc. (including those for non-residents).
  - ii) Income tax and special income tax for reconstruction withheld from remuneration/fees as provided for in Item 2 of Article 204, Paragraph 1 of the Income Tax Act paid to attorneys at law (including foreign lawyers licensed in Japan), judicial scriveners, real estate surveyors, certified public accountants, tax accountants, social insurance labor consultants, patent attorneys, marine procedure commission agents, surveyors, architects, real estate appraisers, professional engineers, etc.
- 2 If this application was submitted by post or correspondence delivery (hereinafter referred to as “mail”), it shall be deemed to have been submitted on the date indicated by the date stamp on the mail.

### 3 Payment Procedure

Withheld income tax and special income tax for reconstruction shall be paid at a local financial institution (such as a bank or post office) or over the counter at the competent tax office, together with submission of “Statement (Tax Payment Slip) of Collected Income Tax.” (所得税徴収高計算書 (納付書) )

The kinds and purposes of the Statement are as indicated in the table below. Upon payment, please record in the tax payment slip the reference number designated by the tax office without fail.

Withheld income tax and special income tax for reconstruction can be paid and the statement submitted via the Internet (for details, please see the “e-Tax” website, [www.e-tax.nta.go.jp](http://www.e-tax.nta.go.jp), in Japanese only).

Kind of Statement (Tax Payment Slip) of Collected Income Tax	Symbol	Main kinds of income for which the tax payment slip shown in the left column is used
Statement (tax payment slip) of income tax collected from employment/retirement income, etc. (for general purposes and the special provision for due dates)	給	Employment income, retirement income, and remuneration/fees paid to attorneys at law and tax accountants, etc.
Statement (tax payment slip) of income tax collected from remuneration/fees, etc.	報	Remuneration/fees other than remuneration/fees paid to attorneys at law and tax accountants, pensions paid under a life/casualty insurance contract or similar annuity agreement, or public pensions
Statement (tax payment slip) of income tax collected from interest, etc.	利	Interest income, distribution of proceeds from an investment trust (excluding a trust subject to corporation taxation) or a specified trust that issues beneficiary certificates, and distribution of profits under a silent partnership (Tokumei-Kumiai) contract (excluding interest income from listed stocks, etc. received in a specific account for which withholding is chosen)
Statement (tax payment slip) of income tax collected from dividends, etc.	配	Dividend income (excluding distribution of proceeds from an investment trust (excluding a trust subject to corporation taxation) or a specified trust that issues beneficiary certificates, and dividend income from listed stocks, etc. received in a specific account for which withholding is chosen)
Statement (tax payment slip) of income tax collected from income of a non-resident/foreign corporation	非	Various types of income paid to a non-resident or a foreign corporation (excluding income using tax payment slips with 償 割 株)
Statement (tax payment slip) of income tax collected from redemption profit	償	Profit from redemption of discount bonds (withheld at the time of issue)
Statement (tax payment slip) of income tax collected from profit on redemption amount of discount bonds	割	Profit on redemption amount of discount bonds (withheld at the time of redemption)
Statement (tax payment slip) of income tax collected from compensation payments for benefits from installment deposits, etc.	定	Compensation money for benefits from installment deposits and monetary awards, etc. from deposits and savings offering such awards, etc.
Statement (tax payment slip) of income tax collected: from adjusted amount of income from any listed stocks, etc. kept in a specific account for which withholding is chosen; from dividends, etc. received in a specific account for which withholding is chosen; and in case of a breach of contract, etc. in an account held by a minor, etc.	株	- Capital gains, etc. from listed stocks, etc. kept in a specific account for which withholding is chosen and dividend income from listed stocks, etc. received in a specific account for which withholding is chosen - Capital gains, etc. from and dividend income from listed stocks, etc. in case of a breach of contract, etc. in an account held by a minor

## 2. Procedure for Withholding from Employment Income

The process of withholding from employment income paid to residents is broadly divided into the process of withholding from monthly (daily) salary and bonuses, etc., and the year-end adjustment process at the end of the year. The key points to consider here are: (1) the scope of taxable employment income, (2) the requirements for the application of various deductions, such as exemptions for spouses and dependents, and (3) how to use the tax amount table and the methods for specific tax amount calculations.

(Note) The definitions of resident and non-resident are unrelated to nationality or residence (visa) status and it is determined by considering such factors as whether having a domicile in Japan or whether continuously having a residence in Japan for 1 year or more. In each of the following cases, it shall be handled as below.

- 1 If a person who is to reside in Japan has an occupation normally requiring a continuous residence in Japan for one year or more, the person is presumed to have a domicile in Japan.
- 2 If a person who is to reside outside Japan has an occupation normally requiring a continuous residence outside Japan for one year or more, the person is presumed not to have a domicile in Japan.

### I. Outline of Withholding Procedure

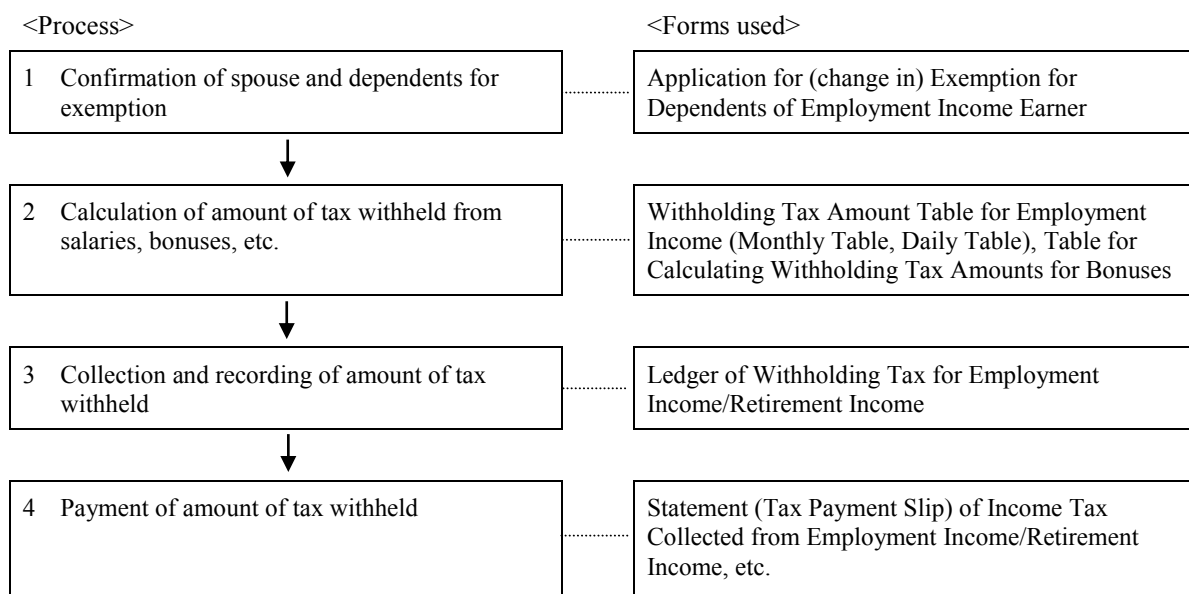
The employment income withholding process and the tax amount table and application form used for withholding are as outlined below. The tax amount table and application form, etc., are available at tax offices.

The National Tax Agency (herein after the "NTA") has established a page in its website "For Withholding Tax Agents" (源泉徴収義務者の方へ) ([www.nta.go.jp/gensen/index.htm](http://www.nta.go.jp/gensen/index.htm), in Japanese only) in order to provide the latest information to withholding tax agents.

The page contains information necessary for withholding procedure, including various forms such as "Application for (Change in) Exemption for Dependents of Employment Income Earner", various kinds of guides and brochures such as the "Gensen choshu no aramashi" (源泉徴収のあらまし), in Japanese only, and Q&As on withholding tax. We recommend you to visit the page in our website.

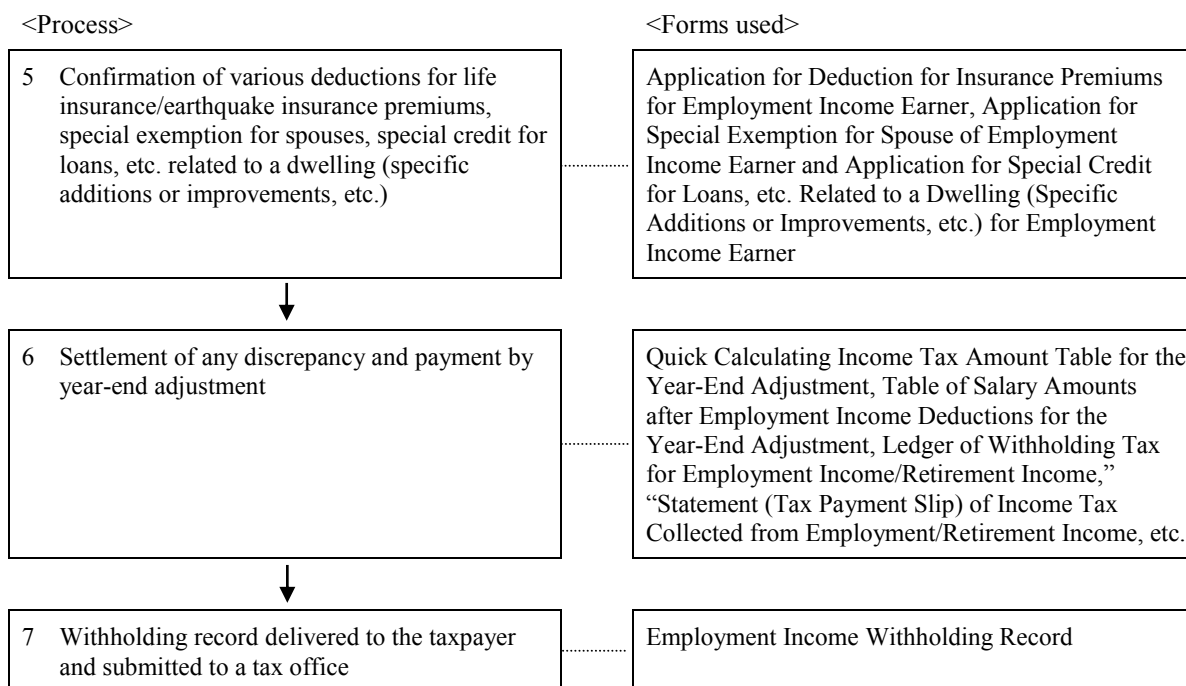
You can easily access the "For Withholding Tax Agents" page by clicking "For Withholding Tax Agents" (源泉徴収義務者の方へ) on the bottom left of the top page of the NTA website.

- Withholding process at time of payment of monthly (daily) salary, bonus, etc.





- Year-end adjustment process, etc.



## II. Scope of Employment Income

Employment income includes normal salary, wages, bonuses, various allowances, and fringe benefits paid for employment.

Please note the following points concerning the scope of employment income:

### 1 Commutation Allowances, etc.

Commutation allowances (provided they are added to the normal salary) and commutation passes (including equivalent tickets) are tax-free up to the monthly amounts shown below.

Classification		Non-taxable amount
(1) Commutation allowance paid to a person using public transportation and/or a toll road		Reasonable monthly fare (up to a maximum of ¥150,000)
(2) Commutation allowance paid to a person using a bicycle, car, or similar means of transport	Commuting distance of 55 km or more one way	¥31,600
	Commuting distance of 45 km or more and less than 55 km one way	¥28,000
	Commuting distance of 35km or more and less than 45km one way	¥24,400
	Commuting distance of 25km or more and less than 35km one way	¥18,700

	Commuting distance of 15km or more and less than 25km one way	¥12,900
	Commuting distance of 10km or more and less than 15km one way	¥7,100
	Commuting distance of 2km or more and less than 10km one way	¥4,200
	Commuting distance of less than 2km one way	(taxable in full)
(3) Commutation pass given to a person using public transportation		Reasonable monthly fare (up to a maximum of ¥150,000)
(4) Commutation allowance and/or commutation pass given to a person using own means of transport in addition to public transportation and/or a toll road		Total of the reasonable monthly fare and the amount in (2) (up to a maximum of ¥150,000)

(Note) 1 “Reasonable monthly fare” means the fare or charge for use of the normal commutation route and method deemed most economical and reasonable in view of the fare, time, distance, etc.

This “reasonable monthly fare” includes express train charges when using the Shinkansen Line (bullet train), but excludes green-car charges.

2 “Fare” includes the amount equivalent to consumption tax and local consumption tax. Therefore, if the fare including consumption tax and local consumption tax is equal to or less than the “non-taxable amount” indicated above, there will be no taxable amount. If it exceeds the “non-taxable amount” listed above, the excess amount will be subject to taxation.

## 2 Special Allowances, etc.

Classification	Treatment
Travel expenses	Money and items provided and paid as required for the travel of an employment income earner indicated below and considered to be necessary for such travel in normal circumstances are not taxable. (1) Travel to implement certain duties away from the workplace (2) Travel for relocation as a result of a transfer (3) Travel for relocation of a person who has found an employment or has ceased working, or of the bereaved of a person who has ceased working due to death
Night/day-duty allowance	The amount of the night/day-duty allowance on any one occasion not exceeding 4,000 yen (if any meal is provided for night/day duty, the balance of 4,000 yen minus the cost of the meal) shall not be taxed, other than certain amounts such as night/day-duty allowances for persons whose work primarily involves night/day-duty.
Entertainment expenses	Money and items provided as entertainment and social expenses are, in principle, treated as salary, etc. If it is clear that the expenses are used for the business of the employer, they are not taxable.
Marriage gifts, etc.	Money and items provided under an employment contract for occasions such as marriage or the birth of a child are not taxable if they are deemed reasonable according to commonly accepted norms in light of the status of the recipient.
Allowances for bereavement, disasters, etc.	Funeral contributions, condolence payments, consolation money for disasters, etc., are not taxable if they are deemed reasonable according to commonly accepted norms.

Various benefits provided for under the Labor Standards Act	Benefits for medical treatment or leave compensation provided for under the Labor Standards Act and the Seaman Act are not taxable.
Scholarships	While the money and items provided as a scholarship having the nature of compensation such as salary, etc. are excluded from tax exempt items, a scholarship provided in addition to his/her normal salary etc. among scholarships received by an employment income earner from his/her employer and is not taxable, except for certain cases such as that provided by a corporate employer to its director to help fund the cost of the director's schooling.

### 3 Fringe Benefits

While salary, etc. is usually paid in monetary form, it may be paid in the form of an object, right, or other fringe benefit, including meals supplied in kind and discounts for merchandise.

Although these fringe benefits are treated as employment income, they are treated differently from monetary salary, etc. as indicated below because they differ in nature from monetary salary, etc., as (1) they are indispensable in terms of the nature of the duty and are provided as a necessity of the employer's business; (2) they cannot be encashed; (3) they cannot be valued easily or (4) the beneficiary cannot select particular items, or because (5) they require special treatment in terms of government policy.

Classification	Treatment
Meals	<p>Meals provided by an employer shall not, in principle, be taxed if the beneficiary pays half or more of the cost of the meal. If the balance of the cost of the meal minus the amount borne by the beneficiary (i.e. the amount borne by the employer) exceeds 3,500 yen per month, the whole amount borne by the employer (the cost of the meal minus the amount paid by the beneficiary) shall be treated as employment income.</p> <p>Whether the amount borne by the employer exceeds 3,500 yen is determined by the amount after subtracting the amount of consumption tax and local consumption tax.</p> <p>The cost of meals provided by the employer is assessed by the amount listed as below.</p> <p>(1) Meals cooked and provided by the employer: the amount of the "direct cost" of the ingredients, seasonings, etc.</p> <p>(2) Meals purchased from food shops and provided by the employer: the purchase price.</p> <p>Meals provided to a person on night/day duty or working overtime outside his/her regular hours for such work are not taxable.</p>
Uniforms	Uniforms and other belongings, business wear, work wear, etc., provided or leased to a person who must wear a uniform due to the nature of the work are not taxable.
Lease of company residence	<p>The fringe benefit received by an employee through the leasing of a company residence or dormitory shall not be taxed if the rent collected from the employee is equal to or more than the amount of a reasonable rent to be paid for a company house, etc. calculated using a certain formula. If the rent collected from an employee falls below the amount of the reasonable rent to be paid for a company house, etc., the difference is deemed employment income.</p> <p>If a company residence leased to directors (including any executive officer, auditor, etc. (please see p.26 for details)) is a "luxury residence," the amount of the reasonable rent shall be calculated based on the amount that would normally be payable for a general rental house.</p>

Recreation costs	The fringe benefit received from the employer by a person participating in an event, such as a party, trip, performance or athletic competition, whose cost is borne by the employer and which is deemed in light of commonly accepted norms to be held for recreational purposes, is not taxable unless any money is paid to persons who could not participate owing to their own circumstances to make up for their non-participation, or the cost of the event is borne by the company only for directors.  In principle, a recreational trip meeting certain requirements, such as a trip for four nights (the number of days spent at a destination in the case of a trip abroad) or less, and whose fringe benefit is considered insignificant, is tax-free.
Awards for long service	Any fringe benefit derived from the provision of a trip, drama performance or award in commemoration of the long service of a person shall not be taxed if the award meets certain requirements, such as the person having worked for 10 years or more.
Gifts commemorating startups, etc.	Any gift provided in commemoration of startup, capital increase, completion of construction or merger, etc., shall not be taxed if the gift is considered proper in light of commonly accepted norms and meets certain requirements such as that its price (valued based on the resale price) is 10,000 yen or less, other than any gift provided upon completion of a construction or shipbuilding contract by a construction firm or shipbuilder.  Whether the price is 10,000 yen or less is determined by the amount after subtracting the amount of consumption tax and local consumption tax.
Discounted sale of merchandise, etc.	The fringe benefit derived from a discount for a product or merchandise (excluding securities and meals) is not taxable if the discounted price is equal to or higher than the employer's acquisition cost and meets certain requirements such as that the price is about 70% or more of the price for sales to others.
Interest-free loans	The fringe benefit derived from receipt of an interest-free or low-interest loan from an employer shall not be taxed if: (1) the fringe benefit is derived from the provision of funds for persons temporarily requiring a high living allowance due to disaster, sickness, etc., (2) the interest is collected at a reasonable rate, such as the average interest rate on loans procured by the employer, or (3) the total of the fringe benefit provided is 5,000 yen or less.
Use of welfare facilities	The fringe benefit to a user derived from the employer's payment for the running costs of a welfare facility shall not be taxed unless the amount is extremely high or only directors receive the fringe benefit.

### III. Application for (Change in) Exemption for Dependents of Employment Income Earner

An earner of salary, etc. shall submit to the payer of salary, etc. (or the principal payer of salary, etc. where there are two or more sources) an "Application for (Change in) Exemption for Dependents of Employment Income Earner" (給与所得者の扶養控除等(異動)申告書) no later than one day prior to the date of the first payment of salary, etc. in each year.

This application must also be submitted by any person with no dependents or spouse eligible for the exemption. Any person who does not submit such an application shall have his/her salary, etc. taxed according to column 乙(otsu) of the "Withholding Tax Amount Table" (源泉徴収税額表), i.e., at a higher rate than would have applied had the application been submitted. The payer of salary, etc. is requested to advise eligible employees, i.e. recipients of salary, etc. from principal payer of salary, etc. to submit the application.

The payer of salary, etc. who receives this application from an earner of salary, etc. is required to keep the application until the district director of the competent tax office requires its submission.

«Main Withholding Procedure Concerning the Social Security and Tax Number System (“My Number System”)»

(1) Entries in "Application for (Change in) Exemption for Dependents of Employment Income Earner"

When a payer of salary, etc. receives an "Application for (Change in) Exemption for Dependents of Employment Income Earner", the payer is required to receive from the employment income earner an application which states individual numbers of the employment income earner him/herself, spouse covered by exemption, dependents covered by exemption, etc.

(Note) If a payer of salary, etc. keeps a book stating individual numbers, etc. of the employment income earner him/herself, spouse covered by exemption, dependents covered by exemption, etc. that should be stated in "Application for (Change in) Exemption for Dependents of Employment Income Earner", the employment income earner is not required to state individual numbers stated in the book in the "Application for (Change in) Exemption for Dependents of Employment Income Earner."

(2) Confirmation of the identity of the individual

When a payer of salary, etc. receives a provision of the individual number from an employment income earner, the payer is required to carry out confirmation of the identity of the individual, first "Number Confirmation" to confirm that the provided number is correct, and "Identity Confirmation" to confirm that the provider of the number is the true owner of the number.

A payer of salary, etc. is required to confirm the identity only of the employment income earner him/herself providing the individual number (confirmation of the identity of the spouse covered by exemption, the dependents covered by exemption, etc. shall be made by the employment income earner).

(Note) Examples of documents used to confirm the identity of the individual

- 1 Individual number card (for Number Confirmation and Identity Confirmation)
- 2 Notification card (for Number Confirmation) and driver's license, certificate of participation in health insurance, etc. (for Identity Confirmation) (in the case of Identity Confirmation using an ID card without a photograph, two types of ID cards are necessary)

## IV. Various Withholding Deductions

### 1 Deduction for Employment Income

The amount of employment income shall be the balance of the total revenue from salary, wages, bonuses, etc. received during the relevant year minus the deduction for employment income.

The deduction for employment income is determined according to the following chart:

Revenue from salaries, etc.	Deduction for employment income
1,625,000 yen or less	650,000 yen
Over 1,625,000 yen and 1,800,000 yen or less	Revenue × 40%
Over 1,800,000 yen and 3,600,000 yen or less	Revenue × 30% + 180,000 yen
Over 3,600,000 yen and 6,600,000 yen or less	Revenue × 20% + 540,000 yen
Over 6,600,000 yen and 10,000,000 yen or less	Revenue × 10% + 1,200,000 yen
Over 10,000,000 yen	2,200,000 yen

The “Withholding Tax Amount Table for Employment Income,” which is used to determine the monthly (or daily) amount of withholding tax, takes into account the amounts equivalent to the deductions for employment income. It is therefore unnecessary to calculate the deductions for monthly (or daily) withholding. When the year-end adjustment is made, the amount of tax will be determined by using the “Quick Calculating Income

Tax Amount Table for the Year-end Adjustment”（年末調整のための算出所得税額の速算表） based on the amount of salary, etc., after making the deduction for employment income from the yearly income of salary, etc. In this case, the amount of salary, etc., remaining after making the deduction for employment income shall be determined according to the “Table of Salary Amounts after Employment Income Deductions for the Year-end Adjustment.”（年末調整のための給与所得控除後の給与等の金額の表）

## 2 Income Deduction and Tax Credit

Various tax deductions are available according to the capacity of the taxpayer. The kinds of deductions made at the time of withholding and the applications to be submitted to apply for these deductions are indicated in the table below.

Kind of deduction		Classification			(Reference) Amounts for 2017	Application for deduction to be submitted by the time indicated below
Exemption and deduction from income	Deduction for social insurance premiums	Deducted from salary, etc.			Premiums deducted	(Application not required)
		Paid directly by taxpayer			Premiums paid	
	Deduction for small-scale enterprise mutual aid premiums, etc.					“Application for Deduction for Insurance Premiums for Employment Income Earner” One day prior to the date of the last payment of salary, etc. in the relevant year
		Deduction for life insurance premiums	Ceiling amount to be covered: 120,000 yen	Life insurance premium	New life insurance premium	
	Old life insurance premium				Up to a maximum of 50,000 yen	
	Both new and old life insurance premium				Up to a maximum of 40,000 yen	
			Medical care insurance premium	Up to a maximum of 40,000 yen		
		Personal pension insurance premium	New Personal pension insurance premium	Up to a maximum of 40,000 yen		
	Old Personal pension insurance premium		Up to a maximum of 50,000 yen			
	Both new and old Personal pension insurance premium		Up to a maximum of 40,000 yen			
Deduction for earthquake insurance premiums	Earthquake insurance premiums only			Up to a maximum of 50,000 yen		
	Former long-term casualty insurance premiums only			Up to a maximum of 15,000 yen		
	Both earthquake insurance premiums and former long-term casualty insurance premiums			Up to a maximum of 50,000 yen		

	Exemption for persons with disabilities	Persons with disabilities		270,000 yen	<p>“Application for (Change in) Exemption for Dependents of Employment Income Earner”</p> <p>1 Principle</p> <p>One day prior to the date of the first payment of salary, etc. in the relevant year</p> <p>2 Where employed during the year</p> <p>One day prior to the date of the first payment of salary, etc. after being employed</p> <p>3 Change in the application</p> <p>One day prior to the date of the first payment of salary, etc. after the change</p>
		Persons with special disabilities		400,000 yen	
		Persons with special disabilities living together with the salary earner, etc.		750,000 yen	
	Exemption for widows	Widows		270,000 yen	
		Special widows		350,000 yen	
	Exemption for widowers			270,000 yen	
	Exemption for working students			270,000 yen	
	Exemption for spouses	Spouses covered by exemption		380,000 yen	
		Elderly spouses covered by exemption		480,000 yen	
	Exemption for dependents	Dependents covered by exemption		380,000 yen	
Specific dependents		630,000 yen			
Elderly dependents		Other than elderly parents living together with the salary earner, etc.	480,000 yen		
		Elderly parents living together with the salary earner, etc.	580,000 yen		
Basic exemption			380,000 yen		
	Special exemption for spouses			<p>Up to a maximum of 380,000 yen</p> <p>“Application for Special Exemption for Spouse of Employment Income Earner”</p> <p>One day prior to the date of the last payment of salary, etc. in the relevant year</p>	
Tax credit	Special credit for loans, etc. related to a dwelling (specific additions or improvements, etc.)		<p>Up to a maximum of 600,000 yen</p> <p>“Application for Special Credit for Loans, etc. Related to a Dwelling (specific additions or improvements, etc.) for Employment Income Earner”</p> <p>One day prior to the date of the last payment of salary, etc. in the relevant year</p>		

- (Note) 1 Monthly (daily) withholding shall be carried out pursuant to the Withholding Tax Amount Table for Employment Income (monthly table or daily table), etc. The tax amount table reflects the various deductions shown in the above table—from the exemption for persons with disabilities to the basic exemption—so there is no need to calculate the amount of deductions on each occasion of monthly (daily) withholding.
- 2 Concerning deductions for social insurance premiums, small-scale enterprise mutual aid premiums, life insurance premiums, earthquake insurance premiums, special exemption for spouses, and special credit for loans, etc. related to a dwelling (specific additions or improvements, etc.), see the leaflet ("Nenmatsu chousei no shikata" (年末調整のしかた), in Japanese only) distributed by tax offices at the time of the year-end adjustment for details. ("Nenmatsu chousei no shikata" is also posted on the website of the NTA.)
- 3 In addition, deductions for casualty losses, medical expenses, contributions or donations (excluding donations to which "Special Provision for One-stop Services for Furusato Nouzei (hometown tax)" shall apply), credits for dividends, foreign tax, special credits for contributions to political parties, etc., donations to

certified NPOs, etc., donations to public interest incorporated associations, etc., anti-earthquake improvements made to an existing house, special tax credits for specified housing improvements, new building, etc. of a certified house and deduction of specific expenses of employment income earners are also available as deductions that may be claimed by submitting a final return.

### 3 Scope of Persons Covered by Exemptions

The persons covered by particular exemptions and specific remarks concerning their eligibility are as follows:

(Spouse covered by the exemption)

A spouse living in the same household as the earner of salary, etc. (excluding persons receiving salaries, etc. as blue return business family employees and/or white return business family employees) whose total amount of income is 380,000 yen or less.

(Note)

- 1 The term “spouse” excludes common-law spouses.
- 2 “Total amount of income” is the sum of the following:
  - (1) “Amount of gross income” without applying any carry-over deduction for a net loss, carry-over deduction for a casualty loss, carry-over deduction for a capital loss in the case of replacement of assets used for living purposes or carry-over deduction for a capital loss on specific assets used for living purposes.
  - (2) The amount of dividend income on listed stocks, etc., when the income recipient opts for separate self-assessment taxation. (if an aggregation of profit and loss for any capital loss pertaining to listed stocks, etc. is applicable, the amount after the application of the aggregation; and if a carry-over deduction for any capital loss pertaining to listed stocks, etc. is applicable, the amount before the application of the carry-over)
  - (3) The amount of capital gains from land or buildings (total of long-term capital gain/loss (before any special deduction) and short-term capital gain/loss (before any special deduction))
  - (4) The amount of capital gain from unlisted stocks, etc. or the amount of capital gain from listed stocks, etc. (if a carry-over deduction for any capital loss pertaining to listed stocks, etc. or the amount of a carry-over deduction for a capital loss pertaining to stock issued by a specific small business is applicable, the amount before the application of that carry-over)
  - (5) The amount of miscellaneous income pertaining to future transactions (if a carry-over deduction pertaining to a settlement loss such as a differential in future transactions is applicable, the amount before the application of that carry-over)
  - (6) The amount of retirement income
  - (7) The amount of timber income

“Total amount of income” excludes income subject to separate withholding taxation at source for which tax has been paid in full only by separate withholding and the following types of income in respect of which the taxpayer chooses not to submit a final return:

- A. The following forms of interest income or dividends income
  - (A) Those subject to separate withholding taxation at source
  - (B) Certain interest, etc. or dividends, etc. of which the taxpayer chooses not to submit a final return:
- B. Separately withheld compensation money for benefits from installment deposits, monetary awards,



etc. from deposits and savings offering such awards, etc., and profit from redemption of discount bonds

C. Capital gains, etc. from listed stocks, etc. kept in a specific account for which withholding is chosen and regarding which the taxpayer chooses not to submit a final return

- 3 Where the only income of a spouse is employment income or the business income of a spouse who is a home worker, total amount of income shall be 380,000 yen or less if the yearly revenue is 1,030,000 yen or less.
- 4 “Living in the same household” does not necessarily mean living in the same house. For example, if some relatives do not live together with other relatives due to work, study, or recuperation, they will still be treated as living in the same household if they return home during holidays from work or study, or where living costs, study funds, and medical care costs are remitted on an ongoing basis.

(Elderly spouse covered by the exemption)

A spouse covered by the exemption who is aged 70 or above

(Spouse covered by the special exemption for spouses)

Any spouse (excluding a dependent of another income earner or any person who receives a salary, etc. as a blue return business family employee or white return business family employee, and limited to those whose total amount of income is less than 760,000 yen) who lives in the same household as the earner of salary, etc. (limited to those who earn total amount of income of 10,000,000 yen or less) and does not fall within the category of a spouse covered by an exemption.

(Note)

- 1 Please note that no special exemption for spouses may apply if a spouse qualifies for an exemption for spouse.
- 2 If the only income of the spouse is employment income, the special exemption for spouses may not apply if the yearly revenue from salary, etc. within a year is 1,030,000 yen or less or 1,410,000 yen or more.
- 3 It is not possible for a husband and wife to both qualify for the special exemption for spouses. One of the two will not be eligible for the exemption.

(Dependents)

Relatives, etc., living in the same household as the earner of salary, etc. (excluding any spouse or person receiving a salary, etc. as a blue return business family employee or white return business family employee) whose total amount of income is 380,000 yen or less.

(Note)

- 1 “Relatives” here means any person within the sixth degree of relationship by consanguinity and within the third degree of relationship by affinity.
- 2 “Relatives, etc.” here includes adopted children entrusted for care under the provisions of the Child Welfare Act and nursed seniors entrusted for care under the provisions of the Senior Welfare Act, in addition to “relatives”.

(Dependents covered by the exemption)

Dependents aged 16 or above

(Specific dependents)

Dependents aged 19 or above but younger than 23

(Elderly dependents)

Dependents aged 70 or above

(Elderly parents living together with the salary earner, etc.)

Elderly dependents who are lineal ascendants (parents, grandparents, etc.) of the earner of salary, etc. or his/her spouse and live together permanently with the earner of salary. etc. or his/her spouse.

(Persons with disabilities/special disabilities)

An earner of salary, etc., spouse of an earner of salary, etc. covered by an exemption and a dependent to whom any of the following circumstances apply:

- (1) Permanently lacks the ability to comprehend matters due to a mental disorder;  
All persons in this category are persons with special disabilities.
- (2) Intellectually disabled in the judgment of a child consultation center, center for the rehabilitation of the intellectually disabled, mental health and welfare center, or designated mental health doctor;  
Persons in this category who are judged to be seriously intellectually disabled are persons with special disabilities.
- (3) Certified as mentally disabled under the Act for the Mental Health and Welfare of Persons with Mental Disorders;  
Persons registered as Grade 1 disabled in this category are persons with special disabilities.
- (4) Registered as having a physical disability on a physical disability certificate received under the Act for the Welfare of Persons with Physical Disabilities;  
Persons registered as Grade 1 or Grade 2 in this disabled persons category are persons with special disabilities.
- (5) Certified as a war invalid under the Act for Special Assistance to Wartime Invalids;  
Persons having a disability of a level of severity between (and including) a special disorder and a Grade 3 disorder under Exhibit 1, Table 2 of the Military Pensions Act are persons with special disabilities.
- (6) Recognized by the Minister of Health, Labour and Welfare under the Act to Assist the Victims of the Atomic Bombs;  
All persons in this category are persons with special disabilities.
- (7) Permanently bedridden and in need of complex care;  
All persons in this category are persons with special disabilities.
- (8) Aged 65 or above and having a disability that is equivalent to (1), (2) or (4) above as recognized by the mayor of a municipality or the head of a welfare center;  
Persons who have a disability equivalent to the special disabilities described in (1), (2) or (4) above are persons with special disabilities.

(Persons with special disabilities living together with the salary earner, etc.)

Spouses covered by the exemption or dependents who fall within the category of persons with special

disabilities, living together permanently with either the earner of salary, etc., his/her spouse, or other relatives who live in the same household as the earner of salary, etc.

(Widows)

Any earner of salary, etc. who meets any of the following descriptions;

- (1) A person who fall within any of the following categories and has (a) dependent(s), or child(ren) living in the same household:
  - (a) A person whose husband is dead and who has not since remarried
  - (b) A person who has divorced from her husband and who has not since remarried
  - (c) A person whose husband is not known to be living or dead“Child(ren) living in the same household” does not include a spouse covered by an exemption or dependents of another income earner, or persons whose total amount of income exceeds 380,000 yen.
- (2) In addition to those listed in (1) above, any person who falls within any of the following circumstances and whose total amount of income is 5 million yen or less:
  - (a) A person whose husband is dead and who has not since remarried
  - (b) A person whose husband is not known to be living or dead

(Note)

In the case of employment income only, total amount of income will be 5 million yen or less if the yearly revenue from salary, etc. is 6,888,889 yen or less.

(Special widows)

Widows with dependent child(ren) and whose total amount of income is 5 million yen or less

(Widowers)

Any earner of salary, etc. falling under all of (1), (2), and (3) below:

- (1) A person whose wife is dead or divorced and who has not since remarried, or whose wife is not known to be living or dead
- (2) A person who has child(ren) living in the same household
- (3) A person whose total amount of income is 5 million yen or less

(Note)

The scopes of “child(ren) living in the same household” in this case and the yearly revenue from salary, etc. in the case of “total amount of income is 5 million or less” are the same as those for “widows” above.

(Working students)

Any earner of salary, etc. falling under both (1) and (2) below:

- (1) A person who is a student, pupil or trainee at one of the following types of school:
  - (a) An elementary school, junior high school, compulsory education school, high school, middle education school, university, technical college or special-needs school as provided for in the School Education Law

- (b) A specialized training college or one of a number of schools meeting the standards prescribed by the Minister of Education, Culture, Sports, Science and Technology (hereinafter referred to as “specialized training colleges”) established by the state, a municipality, a school corporation, the Federation of Agricultural Cooperatives in managing medical business, or a medical corporation that has established a specialized training college, and which offers courses meeting certain requirements, such as education in required job skills
  - (c) A vocational training corporation that offers certified vocational training and courses meeting certain requirements
- (2) Total amount of income for the year is 650,000 yen or less and the amount other than the employment income, etc. he/she has earned is 100,000 yen or less.

(Note)

If income is entirely made up of employment income, total amount of income shall be 650,000 yen or less if the yearly revenue from salary, etc. is 1,300,000 yen or less. For example, a student with employment income from any part-time jobs is eligible for this deduction, if he/she has no other income than income from the part-time job(s) and the total amount of salary, etc. for the year from the part-time job(s) is 1,300,000 yen or less.

#### **4 Documents to be submitted to apply for exemptions**

##### **(1) Non-resident Relatives**

In order to apply for exemptions for dependents, spouses or persons with disabilities (hereinafter "exemptions for dependents, etc.") pertaining to non-resident relatives, "Documents concerning relatives" (Note 1) pertaining to the non-resident relatives must be submitted or presented by attaching to an "Application for (Change in) Exemption for Dependents of Employment Income Earner" (Note 2).

(Note 1) "Documents concerning relatives" refer to either of the following (1) or (2), which proves that the non-resident relatives concerned are relatives of the employment income earner (including Japanese translation of these documents, if they are prepared in foreign languages).

1 A copy of the supplementary family register or other documents issued by the Japanese government or a Japanese local government as well as a copy of the passport of the non-resident relatives

2 A document issued by a foreign government or a foreign local government (limited to documents showing the name, date of birth and address or domicile of the non-resident relatives)

(Note 2) In order to apply for exemptions for dependents, etc. or special exemption for spouses for the year-end adjustment, "Documents concerning remittances" pertaining to the non-relatives are required to be submitted or presented. (In order to apply for special exemption for spouses, "Documents concerning relatives" are also required to be submitted or presented together.)

Please visit the website of the NTA for details of documents concerning remittances and application of exemptions for dependents, etc. pertaining to non- resident relatives.

##### **(2) Working students**

In order for a person falling in the category (1) (b) or (c) of the above 3 (Working students) to apply for exemptions for working students, he/she is required to obtain a copy of a certificate by the competent minister and a certificate by the headmaster, etc. issued by a school, etc. and to submit or present them by attaching to an "Application for (Change in) Exemption for Dependents of Employment Income Earner".

#### **5 Timing of Determination of Eligibility for Deductions**

The determination on whether a person qualifies as a spouse covered by an exemption, a spouse covered by a special exemption for spouses, a dependent covered by an exemption or a person with disabilities shall, in

principle, be based on his/her status on December 31 of the relevant year. If the earner of salary, etc. or his/her relatives dies during the course of a year or the earner of salary, etc. departs from Japan during the course of the year, the determination shall be made based on the status of that person at the time of his/her death or departure.

When an “Application for (Change in) Exemption for Dependents of Employment Income Earner” or an “Application for Special Exemption for Spouse of Employment Income Earner” (給与所得者の配偶者特別控除申告書) is submitted, the determination on whether any spouse covered by an exemption, dependent covered by an exemption or a person with disabilities is eligible for a deduction shall be made on the date of submission of the relevant application. In making the determination, total amount of income for the year shall be estimated according to the status on the date on which the relevant application is submitted and the relevant person’s age will be determined as at December 31 of the relevant year.

## V. How to Apply the Tax Amount Table

### 1 Application of the Tax Amount Table

(1) Tax amount table used for withholding of monthly (daily) salaries, bonuses, etc.

The amount of income tax and special income tax for reconstruction withheld from salaries, bonuses, etc. can be determined by using the “Withholding Tax Amount Table”.

The table is used as follows, according to salary, etc., the submission of an "Application for Exemption for Dependents of Employment Income Earner" (給与所得者の扶養控除等申告書), and the manner in which salary, etc. is paid.

Tax amount table	Category of payment of salary, etc.	Applicable column in the table
Monthly table	(1) Paid monthly (2) Paid twice monthly or every 10 days (3) Paid per period where the period is a multiple of whole months	Column 甲(kou): Salary, etc. paid to persons who have submitted an “Application for Exemption for Dependents of Employment Income Earner” Column 乙(otsu): Salary, etc. paid to others
Daily table	(1) Paid daily (2) Paid weekly (3) Paid for number of days	} (excluding daily wage) Column 甲(kou): Salary, etc. paid to persons who have submitted an “Application for Exemption for Dependents of Employment Income Earner” Column 乙(otsu): Salary, etc. paid to others
	“Daily wage”	
Table for calculating withholding tax amounts for bonuses	Bonus If no ordinary salary, etc. is paid in the previous month or if the bonus exceeds 10 times the ordinary salary, etc. in the previous month, use the monthly table.	Column 甲(kou): Bonus paid to persons who have submitted an “Application for Exemption for Dependents of Employment Income Earner” Column 乙(otsu): Bonus paid to others

(Note) The “daily wage” is a salary, etc. received by a person employed on a daily basis for each workday as calculated according to the day or time of work (including payments made on other days than the workdays). If a payer pays this continuously for more than two months, payments made beyond the two-month period are not included in the “daily wage.”

(2) Quick calculating tax amount table used for the year-end adjustment

The annual tax amount used for the year-end adjustment is determined by first deducting the amount of special credit for loans, etc. related to a dwelling (specific additions or improvements, etc.) from the calculated income tax amount determined by using the quick calculating table below and then multiplying that amount after deduction (the tax amount for the year after the year-end adjustment) by 102.1%.

(Quick Calculating Income Tax Amount Table for the Year-end Adjustment in 2017)

Taxable employment income amount (A)	Rate (B)	Deduction (C)	Tax amount = (A) × (B) – (C)
1,950,000 yen or less	5%	-	(A) × 5%
Over 1,950,000 yen and 3,300,000 yen or less	10%	97,500 yen	(A) × 10% – ¥97,500
Over 3,300,000 yen and 6,950,000 yen or less	20%	427,500 yen	(A) × 20% – ¥427,500
Over 6,950,000 yen and 9,000,000 yen or less	23%	636,000 yen	(A) × 23% – ¥636,000
Over 9,000,000 yen and 17,420,000 yen or less	33%	1,536,000 yen	(A) × 33% – ¥1,536,000

(Notes) 1 Fractions of taxable income amounts of less than 1,000 yen are omitted.

2 Taxable income amounts exceeding 17,420,000 yen are not covered by the year-end adjustment in 2017.

## 2 How to Use the Tax Amount Table

In using the tax amount table when paying monthly (daily) salaries and bonuses, please take note of the following:

- (1) The amount of salary, etc. to which the tax amount table applies is the monthly or daily salary, etc. less premiums for welfare pensions, health insurance, employment insurance, and other social insurance.
- (2) The column 甲(kou) in the tax amount table is applied according to the number of dependents that the earner of salary, etc. has.

The “number of dependents” here means the total including any spouse covered by an exemption (including an elderly spouse covered by an exemption) and dependents covered by an exemption (including elderly dependents and specific dependents). If the earner of salary, etc. is a person with disabilities (including any person with special disabilities), widow (including a special widow), widower or working student, this number shall be added. If the person’s spouse covered by an exemption and dependents (including those aged younger than 16) include a person with disabilities (including any person with special disabilities) or a person with special disabilities living together with the salary earner, etc., the number of dependents shall be increased by one for each such person.

## VI. Calculation of Tax Amount (based on the Tax Amount Table for 2017)

The amount of income tax and special income tax for reconstruction withheld from salary, bonuses, etc. can be determined by using the "Withholding Tax Amount Table for Employment Income" (monthly table and daily table) or the "Table for Calculating Withholding Tax Amount for Bonuses".

If the payer of salary, etc. calculates salary, etc. by computer or other office machinery, the amount of income tax and special income tax for reconstruction withheld from the salary, etc. to which column 甲(kou) applies in the monthly table may be determined using the method announced by the Minister of Finance.

# 1 How to Use Column 甲(kou) of the Monthly Table (if an “Application for Exemption for Dependents of Employment Income Earner” is submitted)

(Example)

- (1) Payment amount of salary, etc. (monthly amount) 415,000 yen
- (2) Social insurance premiums deducted from salary, etc. 59,351 yen
- (3) Number of dependents 2 persons  
(Spouse covered by an exemption and one additional dependent covered by an exemption)

[Tax calculation]

- (1) Social insurance premiums, etc., are deducted from the salary:  
355,649 yen (415,000 yen – 59,351 yen)
- (2) In the column headed “amount of salary, etc. after deduction of social insurance premiums, etc., for the month” (その月の社会保険料控除後の給与等の金額) in the monthly table, find the row for “353,000 or more and less than 356,000,” which includes 355,649 yen, then read across to column 甲(kou) headed “2 dependents.” You will then find the withholding amount of 7,330 yen in the box where the row and column intersect. This is the amount of income tax and special income tax for reconstruction withheld from salary, etc.

(三) (月 額 表)

その月の社会保険料等控除後の給与等の金額		甲					
		扶 養 親 族 等					
		0 人	1 人	2 人	3 人	4 人	5
以 上	未 満	税					
円	円	円	円	円	円	円	
290,000	293,000	8,040	6,420	4,800	3,190	1,570	
293,000	296,000	8,140	6,520	4,910	3,290	1,670	
296,000	299,000	8,250	6,640	5,010	3,400	1,790	
350,000	353,000	12,590	9,350	7,210	5,600	3,970	
353,000	356,000	12,830	9,600	7,330	5,720	4,090	
356,000	359,000	13,080	9,840	7,450	5,840	4,220	
359,000	362,000	13,320	10,090	7,580	5,960	4,340	
362,000	365,000	13,570	10,330	7,700	6,090	4,460	

Column for 2 dependents

Row including 355,649 yen

Tax amount determined

[Entries in the ledger of withholding tax]

Monthly payments of salaries, etc., the amounts of social insurance premiums and withheld taxes are recorded in the “Ledger of Withholding Tax for Employment Income” (給与所得に対する源泉徴収簿) and used for the year-end adjustment.

## 2 How to Use Column Z(otsu) in the Monthly Table (if an “Application for Exemption for Dependents of Employment Income Earner” is not submitted)

(Example)

- |  |            |
|--|------------|
| (1) Payment amount of salary, etc. (monthly amount)      | 80,750 yen |
| (2) Social insurance premiums deducted from salary, etc. | none       |

[Tax calculation]

- (1) As there are no social insurance premiums to be deducted from the salary, etc., the amount paid of 80,750 yen is the amount of salary, etc. after deduction of social insurance premiums.
- (2) In the column headed “amount of salary, etc. after deduction of social insurance premiums, etc., for the month,” find the row for “less than 88,000 yen,” which includes 80,750 yen. This will be the “amount equivalent to 3.063% of the salary, etc. after deduction of social insurance premiums” in column 乙 (otsu). Therefore, 2,473 yen (80,750 yen × 3.063%, any fraction of less than one yen is omitted) is the amount of income tax and special income tax for reconstruction to be withheld from the salary, etc.

## 3 How to Use the Daily Table

You can use the daily table in the same manner as the monthly table.

## 4 How to Use the Table for Calculating Withholding Tax Amounts for Bonuses (if an “Application for Exemption for Dependents of Employment Income Earner” is submitted)

(Example)

- |  |             |
|--|-------------|
| (1) Payment amount of bonus  | 554,000 yen |
| (2) Social insurance premiums deducted from bonus  | 84,120 yen  |
| (3) Amount of ordinary salary in the previous month<br>(after deducting social insurance premiums)                     | 196,616 yen |
| (4) Number of dependents<br>(with spouse covered by an exemption and one additional dependent covered by an exemption) | 2 persons   |

[Tax calculation]

- (1) In the column headed “2 dependents” in column 甲(kou) of the “Table for Calculating Withholding Tax Amounts for Bonuses” (賞与に対する源泉徴収税額の算出率の表), find the row for “133,000 yen or more and less than 269,000 yen,” which includes 196,616 yen, the amount of salary, etc. in the previous month after deduction of social insurance premiums, then find the rate coinciding with the “Bonus Amount Multiplication Rate” (賞与の金額に乗すべき率) column, 2.042% in this example. This is the tax rate used as the multiplier applied to the bonus.
- (2) The tax amount to be withheld from the bonus is calculated as follows:  
(Bonus 554,000 yen – social insurance premiums 84,120 yen) × 2.042%  
That is: 469,880 yen × 2.042% = 9,594 yen (any fraction of less than one yen is omitted)



(The table for calculating withholding tax amounts for bonuses)

(賞与に対する源泉徴収税額の算出率の表)

賞与の金額に 乗すべき率	扶 養 親							
	0 人		1 人		2 人		3 人	
	前 月 の 社 会 保 険 料							
	以 上	未 満	以 上	未 満	以 上	未 満	以 上	未 満
	千円	千円	千円	千円	千円	千円	千円	千円
0.000 %	68	千円未満	94	千円未満	133	千円未満		
2.042	68	79	94	243	133	269	269	312
4.084	79	252	243	282	269	312	312	369
6.126	252	300	282	338	312	369		
8.168	300	334	338	365	369			

Column for 2 dependents

Tax rate to be applied to the bonus

Row including the amount of salary, etc. in the previous month after deduction of social insurance premiums: 196,616 yen

## VII. Year-end Adjustment

The year-end adjustment is the process whereby the payer of salary, etc. settles the discrepancy for each person between the total amount of income tax and special income tax for reconstruction withheld from each payment of salary, etc. made during the year and the tax amount to be paid for total salary, etc. paid during the year at the time of the last payment of salary, etc. in the year. For most people receiving a salary, etc., therefore, the year-end adjustment plays an important role as a substitute for filing a final return.

### 1 Timing of the Year-end Adjustment

The year-end adjustment is, in principle, made at the time of the last payment of salary, etc. in a year. In the case of any person who has ceased working during the year due to death or who has become a non-resident due to a transfer to an overseas branch, the year-end adjustment is performed at the time of the person's death or transfer to an overseas branch.

### 2 Persons Not Covered by the Year-end Adjustment

Salaries, etc. paid to the following persons are not subject to the year-end adjustment.

- (1) Persons having neither domicile in Japan nor residence for one year or more in Japan (non-residents)
- (2) Persons who do not submit an "Application for (Change in) Exemption for Dependents of Employment Income Earner" (to which column 乙(otsu) or 丙(hei) of the tax amount table applies)
- (3) Persons receiving payments of salary, etc. during the year in the amount of 20 million yen or more
- (4) Persons for whom collection has been suspended or who have received a tax refund relating to withholding income tax and special income tax for reconstruction for their salaries, etc. during the year under the provisions of the Act on Exemption, Reduction or Postponement of Collection of Taxes for Disaster Victims
- (5) Persons who have left their jobs during the course of the year (excluding those who have ceased working due to death, etc.)

### **3 Salary Covered by the Year-end Adjustment**

The amount of salary, etc. subject to the year-end adjustment is the amount of salary, etc. which should be paid between January 1 and December 31 of the relevant year. Therefore, the amount of salary, etc. which should be paid during the year shall be included in the yearly salary, etc. and subject to the year-end adjustment, even if unpaid.

### **4 Procedures for the Year-end Adjustment**

For practical information on how to perform the year-end adjustment, see the leaflet distributed by tax offices at the time of the year-end adjustment (“Nenmatsu chousei no shikata,” (年末調整のしかた) in Japanese only). (“Nenmatsu chousei no shikata” will also be posted on the website of the NTA.)

## **VIII. Payment of Withheld Income Tax and Special Income Tax for Reconstruction**

Withheld income tax and special income tax for reconstruction is paid by using e-Tax, or paid at a local financial institution or over the counter at the competent tax office, together with submission of a “Statement (Tax Payment Slip) of Collected Income Tax” (please see p.6).

Even if no tax is to be paid, the statement should be submitted to the competent tax office either directly, by using e-Tax, or by post or correspondence delivery.

For detailed information on e-Tax, please see the "e-Tax" website, [www.e-tax.nta.go.jp](http://www.e-tax.nta.go.jp), in Japanese only.

(Note) If the bonus for directors\* prescribed in Item 15 of Article 2 of the Corporate Tax Act is not paid after 1 year has elapsed since the day on which the payment became definitive, it shall be deemed that payment was made at the end of that 1-year period and income tax and special income tax for reconstruction will be withheld in relation to the unpaid bonus.

\* “Directors” includes directors, executive officers, accounting advisors, auditors, trustees, supervisors, liquidators, and certain others engaged in the management of a corporation.

## **IX. Issuance of Salary Payment Slip**

Any person paying a salary, etc. in Japan is required to issue to the recipient a payment slip stating the amount of the salary, etc., the amount of tax withheld, and certain other necessary matters at the time of payment.

(Note) 1 If the recipient agrees\*, the payer of salary, etc. may provide the required information by electromagnetic means instead of providing a salary payment slip in writing. Any payer of salary, etc. who provides a payment slip by electromagnetic means shall be deemed to have issued a payment slip.

When required by the recipient, the payer of salary, etc. must issue a payment slip in writing.

\* The payer of salary, etc. must indicate in advance to the recipient the nature and details of the electromagnetic means to be used and obtain the recipient’s approval in writing or by electromagnetic means.

2 A person who does not issue any salary payment slips to the recipient of salary, etc. or issues any slips with false statements (provides using electromagnetic means) shall be punished by imprisonment with required labor for not longer than one year or a fine of not more than 500 thousand yen.

## **Reference: Electronic Submission of Documents Relating to Withholding**

If a payer of salary, etc. meets certain requirements by taking the necessary measures to receive the information to be stated in the following applications from the beneficiary by electromagnetic means as approved by the district director of the competent tax office (Note 1), the beneficiary may provide the information to be stated in the applications by electromagnetic means instead of by applying in writing. (Notes 2 and 3)

- 1 Application for exemption for dependents of employment income earner
- 2 Application for exemption for dependents concerning secondary salary
- 3 Application for special exemption for spouse of employment income earner
- 4 Application for deduction for insurance premiums for employment income earner
- 5 Application concerning receipt of retirement income

(Note) 1 If no notice of approval or rejection is issued by the last day of the month following the month in which the application for approval was submitted, the application shall be deemed to have been approved on the last day of the month following the month in which the application was submitted.

- 2 When providing the information to be stated in these applications by electromagnetic means, the (1) ID and password used to identify individual beneficiaries and issued by the payer of salary, etc., or (2) electronic signature and electronic certificate pertaining to the electronic signature, may be used in lieu of the signature and seal of the taxpayer on the applications.
- 3 The certificates to be attached to applications must be submitted or presented in writing as before.

### 3. Procedure for Withholding from Retirement Income

The procedure for withholding from retirement income paid to a resident is:

- (1) receipt of an “Application Concerning Receipt of Retirement Income” (退職所得の受給に関する申告書) from the person receiving a retirement allowance, etc., and calculate the retirement income deductions based on the length of service, etc., stated in the application;
- (2) calculate the amount of tax (the amount of income tax and special income tax for reconstruction) according to the formula indicated in the column headed “Tax amount” in the “Quick Calculating Table for Withholding Tax Amount for Retirement Income” (退職所得の源泉徴収税額の速算表) by using the amount corresponding to one half of the result of subtracting the amount of deduction for retirement income from the amount of revenue from retirement allowance, etc. (the “taxable retirement income amount”) (Note) as the tax base; and
- (3) withhold and pay the amount of tax at the time the retirement allowance, etc. is paid.

(Note) In the case of a retirement allowance, etc. categorized as a specified officer retirement allowance etc. , the taxable retirement income amount corresponds to the balance amount after subtracting the amount of deduction for retirement income from the amount of revenue from specified officer retirement allowance, etc.

#### I. Scope of Retirement Income

Retirement income is income paid on one occasion due to retirement or resignation, such as a retirement allowance or the lump-sum payment of a public pension.

A retirement allowance paid to a person who ceases working due to death is normally subject to inheritance tax levied on his/her successors, and so is not subject to income tax.

#### II. Categories of Retirement Allowance, etc.

Retirement income shall be taxed separately from other income, according to the category of retirement allowance, etc. received during the year, using the below taxable retirement income amount as the tax base.

Category of retirement allowance, etc.	Taxable retirement income amount
General retirement allowance, etc.	$\left( \begin{array}{l} \text{Amount of revenue} \\ \text{from general retirement} \\ \text{allowance, etc.} \end{array} - \begin{array}{l} \text{Amount of deduction for} \\ \text{retirement} \\ \text{income} \end{array} \right) \times 1/2$
Specified officer Retirement allowance, etc.	$\begin{array}{l} \text{Amount of revenue from} \\ \text{specified officer retirement} \\ \text{allowance, etc.} \end{array} - \begin{array}{l} \text{Amount of deduction} \\ \text{for retirement} \\ \text{income} \end{array}$
Both general retirement allowance, etc. and specified officer retirement allowance, etc.	$\left( \begin{array}{l} \text{Amount of} \\ \text{revenue from} \\ \text{specified officer} \\ \text{retirement} \\ \text{allowance, etc.} \end{array} - \begin{array}{l} \text{Amount of} \\ \text{deduction for} \\ \text{specified officer} \\ \text{retirement} \\ \text{income} \end{array} \right) + \left( \begin{array}{l} \text{Amount of} \\ \text{revenue from} \\ \text{general} \\ \text{retirement} \\ \text{allowance,} \\ \text{etc.} \end{array} - \begin{array}{l} \left( \begin{array}{l} \text{Amount of} \\ \text{deduction} \\ \text{for} \\ \text{retirement} \\ \text{income} \end{array} - \begin{array}{l} \text{Amount of} \\ \text{deduction for} \\ \text{specified officer} \\ \text{retirement} \\ \text{income} \end{array} \right) \end{array} \right) \times 1/2$

A specified officer retirement allowance, etc. refers to a retirement allowance, etc. received by an officer whose length of service as an officer is 5 years or less, according to his/her length of service as an officer, while a general retirement allowance, etc. refers to a retirement allowance, etc. other than a specified officer

retirement allowance, etc.

(Note) Please see the "Gensen choshu no aramashi," (源泉徴収のあらまし) in Japanese only, posted on the website of the NTA for details of withholding for a specified officer retirement allowance, etc., e.g. calculation method of the amount of deduction for specified officer retirement income.

### III. Deduction for Retirement Income

In the case of general retirement, the amount of deduction for retirement income is determined as follows according to the length of service between joining the company and retirement.

Length of service	Deduction for retirement income
20 years or less	400,000 yen × length of service in years
More than 20 years	8 million yen + 700,000 yen × (length of service in years – 20 years)

When calculating the deduction for retirement income, please consider the following points:

- 1 The amount of the deduction for retirement income is determined according to the “Table for Retirement Income Deduction Amount for Withholding.” (源泉徴収のための退職所得控除額の表)
- 2 Any fraction of length of service in years that is less than one year shall be rounded up to 1 year (e.g. 21 years and 3 months→22 years).
- 3 If the deduction for retirement income is calculated to be less than 800,000 yen, it is treated as 800,000 yen.
- 4 In the case of retirement as a direct result of becoming disabled, the amount of the deduction for retirement income shall be the amount for ordinary retirement plus 1 million yen.

### IV. Calculation of Tax Amount (based on the Tax Amount Table for 2017)

(Example)

- |  |  |
|--|--|
| (1) Length of service                    | Joined on October 1, 1987, retired on March 31, 2017 |
| (2) Amount of retirement allowance, etc. | 17 million yen (general retirement allowance, etc.)  |
| (3) Reason                               | Reaching the compulsory retirement age               |

(Note) In this instance, an “Application Concerning Receipt of Retirement Income” shall be submitted. 20.42% of the retirement allowance, etc. would be withheld if the application were not submitted. The withholding agent is required to keep this application until the district director of the competent tax office requires its submission.

[Tax calculation]

- (1) As length of service is 29 years and 6 months, this figure is rounded up to 30 years.
- (2) According to the “Table for Retirement Income Deduction Amount for Withholding,” the deduction for retirement income for a length of service of 30 years in the case of general retirement is 15 million yen.

(Table for Retirement Income Deduction Amount for Withholding)

Length of service	Deduction for retirement income	
	General retirement	Disability retirement
	Thousand yen	Thousand yen
24 years	10,800	11,800
25 years	11,500	12,500
29 years	14,300	15,300
30 years	15,000	16,000
31 years	15,700	16,700
32 years	16,400	17,400

- (3) The taxable amount of retirement income is one half of the result of subtracting the deduction for retirement income from the revenue from retirement allowance, etc.

$$(17 \text{ million yen} - 15 \text{ million yen}) \times 1/2 = 1 \text{ million yen}$$

- (4) The calculation is performed using the formula shown in the column headed “Tax amount” in the “Quick Calculating Table for Withholding Tax Amount for Retirement Income.”

$$(1 \text{ million yen} \times 5\%) \times 102.1\% = 51,050 \text{ yen}$$

This is the amount of income tax and special income tax for reconstruction to be withheld from the retirement allowance, etc.

(Quick Calculating Table for Withholding Tax Amount for Retirement Income (for 2017))

Taxable retirement income (A)	Income tax rate (B)	Deduction (C)	Tax amount = { (A) × (B) - (C) } × 102.1%
1,950,000 yen or less	5%	-	{ (A) × 5% } × 102.1%
Over 1,950,000 yen and 3,300,000 yen or less	10%	¥97,500	{ (A) × 10% - ¥97,500 } × 102.1%
Over 3,300,000 yen and 6,950,000 yen or less	20%	¥427,500	{ (A) × 20% - ¥427,500 } × 102.1%
Over 6,950,000 yen and 9,000,000 yen or less	23%	¥636,000	{ (A) × 23% - ¥636,000 } × 102.1%
Over 9,000,000 yen and 18,000,000 yen or less	33%	¥1,536,000	{ (A) × 33% - ¥1,536,000 } × 102.1%
Over 18,000,000 yen and 40,000,000 yen or less	40%	¥2,796,000	{ (A) × 40% - ¥2,796,000 } × 102.1%
Over 40,000,000 yen	45%	¥4,796,000	{ (A) × 45% - ¥4,796,000 } × 102.1%

- (Note) 1 Any fraction of the taxable amount of retirement income that is less than 1,000 yen is omitted.  
 2 Any fraction of the tax amount determined that is less than 1 yen is omitted.

## 4. Procedure for Withholding from Remuneration/Fees

Certain remuneration/fees paid to a resident or domestic corporation, such as payments for manuscripts, lecture fees, fees for education/guidance in the arts, sports, or knowledge, remuneration paid to tax accountants, salespersons' fees, performance fees, and hostess remuneration, is subject to withholding income tax and special income tax for reconstruction at a certain rate at the time of payment, which amount is paid to the tax authorities by the payer of the remuneration/fees.

The scope of remuneration/fees subject to withholding and the calculation method for the amount of tax are shown in the following table.

Any individual not paying salary, etc. or only paying salaries, etc. to two or fewer domestic employees on a regular basis does not have to withhold tax (excluding certain payments of remuneration/fees such as hostess's remuneration as described in Item 9 of the following table).

### I. Remuneration/Fees Paid to Residents

Remuneration/fees subject to withholding	Method for calculation of amount of tax
<p>1 Remuneration/fees for the services of attorneys at law, tax accountants, etc.</p> <p>Remuneration/fees for the services of attorneys at law (including foreign lawyers licensed in Japan), certified public accountants, tax accountants, registered accountants, assistant accountants, social insurance labor consultants, patent attorneys, management consultants, surveyors, assistant surveyors, architects, architect agents, real estate appraisers, assistant real estate appraisers, professional engineers, assistant professional engineers, fire damage appraisers, and automobile damage appraisers</p>	<p>Amount of payment <math>\times</math> 10.21%</p> <p>If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20.42%.</p>
<p>2 Remuneration/fees for juridical scriveners, real estate surveyors, and marine procedure commission agents</p>	<p><math>(\text{Amount of payment} - 10,000 \text{ yen}) \times 10.21\%</math></p>
<p>3 Remuneration/fees for salespersons, money collectors, and meter readers</p>	<p><math>\{\text{Monthly remuneration/fees} - (120,000 \text{ yen} - \text{amount of monthly salary, etc.})\} \times 10.21\%</math></p>
<p>4 Fees for manuscripts and lectures, etc.</p> <p>Fees for manuscripts, book illustrations, musical compositions, record/tape recordings, designs, attendance at broadcasts, lectures, education/guidance on arts, sports, or knowledge</p> <p>Royalties for copyrights or copyright-related rights</p> <p>Remuneration/fees pertaining to investment consulting, drama scripts, dramatizations, translations, interpretation, proofreading, bookbinding, stenography, art works, etc.</p>	<p>Amount of payment <math>\times</math> 10.21%</p> <p>If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20.42%.</p>
<p>5 Remuneration/fees for the services of professional athletes such as those in the categories listed below:</p> <p>Professional baseball players, professional soccer players, professional tennis players, professional wrestlers, professional golfers, professional bowlers, racing car drivers, jockeys, models, etc.</p>	<p>Amount of payment <math>\times</math> 10.21%</p> <p>If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20.42%.</p>

6 Fees for performances by entertainers (including fees for appearances in radio or TV programs by ordinary people)	Amount of payment × 10.21% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20.42%.
7 Remuneration/fees for the arrangement of services provided by entertainers	Amount of payment × 10.21% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20.42%.
8 Remuneration/fees for the services of professional boxers	(Amount of payment – 50,000 yen) × 10.21%
9 Remuneration/fees for cabaret or bar hostesses, banquet hostesses, companions, etc.	(Amount of payment – deduction) × 10.21% (Note) Deduction = (5,000 yen × number of days in period for calculation of the amount ) – salary, etc. during the period
10 Lump-sum payment for concluding a contract for receipt of services (e.g. hiring bonus paid upon recruitment of an engineer)	Amount of payment × 10.21% If the amount paid to a person on one occasion exceeds 1 million yen, the rate applied to the excess is 20.42%.
11 Monetary awards for advertising a business	(Amount of payment – 500,000 yen) × 10.21%
12 Medical remuneration paid by the Social Insurance Medical Fee Payment Fund	(Amount of payment – 200,000 yen per month) × 10.21%
13 Horse racing prizes paid to horse owners	{Amount of payment – (the amount × 20% + 600,000 yen)} × 10.21%

(Note) 1 If a payment is made under the name of remuneration/fees but its contents should be recognized as salary, etc. or retirement allowance, etc., withholding shall be carried out as salary, etc. or retirement allowance, etc.

2 “Remuneration/fees” includes fringe benefits such product gifts.

3 If the remuneration/fees include consumption tax and local consumption tax, the amount including consumption tax and local consumption tax shall be subject to withholding. However, if bills or similar documents show remuneration/fees clearly distinguished from consumption tax and local consumption tax, it is possible to withhold from the remuneration/fees only.

4 If the payer of remuneration/fees bears the cost of travel and accommodation for the recipient, this will be subject to withholding. However, if the cost is not paid to the recipient and is instead paid directly to the provider of the transportation and/or accommodation, and the amount is within the cost range normally considered necessary, the payer need not withhold from the cost.

## II. Remuneration/Fees Paid to Domestic Corporations

Remuneration/fees subject to withholding	Method for calculation of amount of tax
Horse racing prizes paid to horse owners	{Amount of payment – (the amount × 20% + 600,000 yen)} × 10.21%



## 5. Procedure for Withholding from Dividend Income

Concerning withholding from dividend income paid to a resident or domestic corporation, the payer of general dividends, such as dividends of surplus or distribution of surplus (excluding those pertaining to qualified distribution in kind under the Corporation Tax Act, hereinafter referred to as “dividends”), or “deemed dividends,” collects and pays income tax and special income tax for reconstruction at the rate indicated below upon payment.

(Note) “Deemed dividends” are money and assets delivered as a result of a (an) (1) non-qualified merger, (2) non-qualified split, (3) refund of capital, (4) distribution of residual property, or (5) acquisition of treasury shares, etc. (acquisition of treasury shares, cancellation of contribution, entity conversion), which are deemed to be dividends.

In the event that dividends pertaining to stocks or contributions are not paid by the day after 1 year has elapsed since the date on which the decision to make payment was made (such as the effective date of the relevant resolution on the dividends of surplus, etc. made at a meeting of shareholders), the day after such 1-year period has elapsed shall be deemed to be the day that the payment was made and withholding shall be carried out.

### 1 Dividends from Listed Stocks, etc.

The withholding rate is 15.315% (in addition to a 5% inhabitant tax).

(Note) 1 If an individual having listed stocks, etc. equivalent in number or amount to 3% or more of the total number of issued shares receives dividends from the listed stocks, etc., this system shall not apply (because it falls within "2 Dividends Other Than Those from Listed Stocks, etc." below).

2 “Dividends from listed stocks, etc.” includes dividends from any stock listed on a stock exchange (exchange for financial products) or registered as an over-the-counter stock, distribution of proceeds from specified stock investment trusts and publicly offered stock investment trusts, and dividends from units of investment of specified investment corporations. For details, see the “Gensen choshu no aramashi,” (源泉徴収のあらまし) in Japanese only) posted on the website of the NTA.

### 2 Dividends Other Than Those from Listed Stocks, etc.

The withholding tax rate is 20.42% (no inhabitant tax applies).

## 6. Procedure for Withholding from Income Paid to Non-Residents or Foreign Corporations

Withholding from income paid to non-residents or foreign corporations involves collection and payment to the tax authorities of income tax and special income tax for reconstruction at a certain rate at the time of payment to non-residents or foreign corporations of domestic source income subject to withholding.

Kinds of domestic source income subject to withholding and tax rates for withholding, etc. are as follows:

Kinds of domestic source income subject to withholding	Withholding tax rate
(1) Distribution of profits arising from business conducted through a permanent establishment in Japan under a partnership contract (Note 1)	20.42%
(2) Consideration for the transfer of land, rights on land, buildings, auxiliary equipment, or structures in Japan * excluding consideration of 100 million yen or less that is paid by an individual receiving land, etc., for the purpose of using it as his/her own residence or his/her relatives' residence	10.21%
(3) Consideration for the provision of personal services which is paid to a non-resident or a foreign corporation conducting business that has as its main content providing any of the personal services listed below in Japan a. Services of motion picture or theatre artists, musicians, and any other entertainers, and professional athletes b. Services of attorneys at law, certified public accountants and architects, and other professional services c. Services of persons having expert knowledge or specialist skills in science and technology, or business management, etc.	20.42%
(4) Consideration for the leasing of real property, rights on real property, rights of quarrying, the establishment of a mining lease, or the lending of vessels or aircraft in Japan * excluding consideration for leasing land, houses, etc. that is paid by an individual renting land, houses, etc., for the purpose of using it as his/her own residence or his/her relatives' residence	20.42%
(5) Interest on Japanese government bonds, Japanese municipal bonds, or bonds issued by domestic corporations, interest on bonds issued by foreign corporations pertaining to business operations carried out through their permanent establishments in Japan, and interest on deposits and savings deposited in business offices, etc. in Japan	15.315% (Note 2)
(6) Dividends of surplus, dividends of profits, distribution of surplus or other dividends received from domestic corporations	20.42%
(7) Interest on a loan provided for a person who performs operations in Japan pertaining to that operations	20.42%
(8) Any of the royalties or considerations listed below received from a person who performs operations in Japan pertaining to that operations a. Royalties on or consideration for the transfer of rights concerning technology such as industrial property rights, production methods involving special technologies, or know-how b. Royalties on or consideration for the transfer of copyrights, neighboring rights, or publishing rights c. Rental of machinery, equipment, vehicles, carriers, industrial tools, apparatus, or fixtures d. Rental of objects used on vessels or aircraft among the assets listed in b. or c. above and used for the operations of residents or domestic corporations	20.42%

(9) Remuneration for the provision of personal services such as salaries, etc. arising from work in Japan, or public pensions, etc., retirement allowances, etc., arising from work performed while the person was a resident	20.42%
(10) Money or items awarded for advertising business conducted in Japan	20.42%
(11) Pensions based on life insurance contracts and other agreements concluded in Japan with life insurance companies, casualty insurance companies, etc. under the Insurance Business Act	20.42%
(12) Compensation money for benefits from installment deposits which pertains to agreements concluded with business offices in Japan, etc.	15.315%
(13) Distribution of profits under any silent partnership (Tokumei-Kumiai) contract	20.42%

(Note) 1 A "partnership contract" refers to a partnership contract provided for in Item 4 of Article 161, Paragraph 1 of the Income Tax Act.

2 Interest on transferred Japanese government bonds and transferred Japanese municipal bonds, and interest on certain transferred corporate bonds, etc., shall be exempted from withholding under certain conditions.

(Reference)

Withholding tax rates for kinds of domestic source income listed below are shown in the right column of the following table.

Kinds of domestic source income subject to withholding	Withholding tax rate
(1) Distributions of proceeds listed below a. Distribution of proceeds from bond management investment trusts (excluding publicly offered ones) b. Distribution of proceeds from company bond-type beneficial rights in specified purpose trusts (excluding publicly offered ones)	15.315%
(2) Dividends from listed stocks, etc. * Excluding dividends, etc. received by an individual who owns stocks equal to 3% or more of issued shares either in number or amount	15.315%
(3) Capital gains, etc. from listed stocks, etc. kept in a specific account for which withholding is chosen * Only for the case in which a non-resident having a permanent establishment receives the payment	15.315%
(4) Monetary awards, etc. from deposits and savings offering awards, etc. deposited in Japan	15.315%
(5) Profit from redemption of discount bonds	18.378% (16.336% for certain cases)
(6) Profit on redemption amount of discount bonds	15.315% (Note)

(Note) Profit on redemption amount of transferred discount bonds shall be exempted from withholding under certain conditions.

Attention!

If an individual or a corporation normally not having a business or a relationship with a non-resident or a foreign corporation receives a transfer of or rents real property in Japan, the individual or the corporation is required to pay withholding tax when paying the consideration.

\* An individual is not required to pay withholding tax, if he/she receives a transfer of or rents real property for the purpose of using it as his/her own residence or his/her relatives' residence (The amount of consideration for the transfer must be 100 million yen or less.)

## **Special Provisions for Taxation of Non-residents and Foreign Corporations**

Certain exceptions listed below apply to the taxation of non-residents and foreign corporations.

For details on procedure, etc., please contact the competent tax office.

### **1 Exemption by Certificate of Exemption from Withholding**

Where a non-resident or a foreign corporation having a permanent establishment in Japan receives a “Certificate of Exemption from Withholding” (源泉徴収免除証明書) from the district director of the competent tax office stating that he, she or it meets certain requirements, and presents it to the payer of domestic source income, no withholding is required in respect of certain domestic source income (limited only to the income attributable to the permanent establishment of the said non-resident or foreign corporation) paid by the payer during the effective period of the certificate.

### **2 Relief by Tax Convention**

Where the country of residence of a non-resident or a foreign corporation has an income tax convention with Japan, income tax and special income tax for reconstruction on the domestic source income received by the non-resident or the foreign corporation may be relieved in accordance with the provisions of the convention. To apply for this relief for income tax and special income tax for reconstruction, it is necessary to submit the prescribed application or claim for refund to the district director of the competent tax office through the payer of domestic source income.

### **3 Relief by the Mutual Exemption Law for Income of Foreign Resident, etc. (parts related to Taiwan)**

Income tax and special income tax for reconstruction on the domestic source income received by a non-resident having a domicile, etc. in Taiwan or a foreign corporation having its head office, etc. in Taiwan may be relieved. To apply for this relief for income tax and special income tax for reconstruction, it is necessary to submit the prescribed application to the district director of the competent tax office through the payer of domestic source income.

(Note) If the tax rate prescribed by a tax convention, etc. is same as or lower than the tax rate under the Income Tax Act or the Act on Special Measures Concerning Taxation, it is not necessary to withhold special income tax for reconstruction together.

## **7. Withholding from Other Income**

Withholding is required for the following types of income:

- (1) Interest on bonds and deposits, savings, etc.
- (2) Compensation money for benefit from installment deposits, etc.
- (3) Capital gains, etc. from listed stocks, etc., kept in specific accounts
- (4) Public pensions, etc.

## 8. Other Matters

### I. Refunds of Erroneously Withheld Amounts

If there is any overpayment of withholding tax due to erroneously calculating the amount of tax, the withholding agent should submit an “Application for Refund of Erroneously Paid Withholding Income Tax and Special Income Tax for Reconstruction” (源泉所得税及び復興特別所得税の誤納額還付請求書) to the district director of the competent tax office for the place of tax payment stating the reason for the overpayment and the amount to be refunded. If the amount of the overpayment is confirmed by the competent tax office, a refund of the overpaid amount shall be made to the withholding agent.

### II. Submission of Withholding Records and Report of Payment

A payer of salary, etc., retirement allowance, etc., remuneration/fees, etc., must deliver a “Withholding Record” (源泉徴収票) or “Report of Payment” (支払調書) stating the particulars of payment to the beneficiary and/or the district director of the competent tax office by a certain deadline.

The submission of withholding records for salary, etc. and retirement allowance, etc. and report of payment for remuneration/fees is explained below.

#### 1 Employment Income Withholding Record

- (1) The payer of salary, etc. shall prepare two copies of an “Employment Income Withholding Record” (給与所得の源泉徴収票) stating the amount of salary, etc., accrued and determined during the period between January 1 and December 31 of the relevant year, and the amount of withholding tax. One copy should be submitted, together with a totalized table, to the district director of the competent tax office by January 31 of the following year (or within 1 month of retirement in the case of a beneficiary who retires during the course of a year), and the other copy should be issued to the beneficiary (please refer to 5 (1) below).

The withholding record for a beneficiary who retired during the course of a year may be submitted to the district director of the competent tax office by January 31 of the year after the year of retirement, together with withholding records for other beneficiaries.

(Note) Please note that the same shall apply also to a foreign worker who becomes a resident due to having a domicile in Japan or having had a residence continuously for 1 year or more in Japan.

- (2) If any of the following circumstances apply to the salary, etc., notwithstanding (1) above, no withholding record concerning the salary, etc. need be submitted to the district director of the competent tax office.
- A. Where the amount of salary, etc. subject to the year-end adjustment (excluding the salaries, etc. described in B and C below) for the year is 5 million yen or less.
  - B. Where the salary, etc. is paid to the officer of a corporation (including any adviser, counselor, etc.) whose amount of salary, etc. subject to the year-end adjustment for that year is 1.5 million yen or less.
  - C. Where the salary, etc. is paid to an attorney at law (including a foreign lawyer licensed in Japan), certified public accountant, tax accountant, patent attorney, etc., whose amount of salary, etc. subject to the year-end adjustment for the year is 2.5 million yen or less.
  - D. Where the salary, etc. paid to a person who has submitted an “Application for (Change in) Exemption for Dependents of Employment Income Earner” and is not subject to a year-end adjustment for the year is 2.5 million yen or less (0.5 million yen or less for a director, an officer, etc.).
  - E. Where the salary, etc. paid to a person who does not submit an “Application for (Change in) Exemption

for Dependents of Employment Income Earner” for the year is 0.5 million yen or less.

- (3) The following exceptions are granted with regard to issuance of a withholding record:
- A. After obtaining the approval of the recipient\*, a person paying salary, etc., may provide the information to be stated in the “Employment Income Withholding Record” by electromagnetic means instead of issuing the record in writing. Any payer who does so shall be deemed to have issued the record.  
  
However, if a recipient requests that the record be provided in writing, the payer shall do so.  
  
If a person earning employment income files a final return, it is necessary to attach the record with the final return in any case other than the method described in C below. In this case, it is necessary to attach the record delivered in writing as before instead of attaching the information printed out by electromagnetic means in any case other than the method described in B below.  
  
\* A payer of salary, etc. shall indicate in advance the nature and details of the electromagnetic means to the earner of salary, etc. and obtain his/her approval in writing or by electromagnetic means.
  - B. A record provided by electromagnetic means that a record provided in the data format prescribed by the National Tax Agency and accompanied by the electronic signature of the withholding agent (issuer) may be transmitted online as an attachment if a final return is filed by e-Tax.
  - C. If a final tax return of income tax and special income tax for reconstruction is submitted using e-Tax, the information in the employment income withholding record may be input and transmitted instead of providing an attachment in writing. (In this case, the record must be presented or submitted if requested by the tax office.)

## **2 Retirement Income Withholding Record**

- (1) A person paying a retirement allowance, etc., shall prepare two copies of a “Retirement Income Withholding Record” (退職所得の源泉徴収票) stating the amount of the retirement allowance, etc. for which payment is defined and the withholding tax amount. One copy should be submitted to the district director of the competent tax office within 1 month of retirement, together with a totalized table, and the other copy should be issued to the beneficiary. In this case, the year’s withholding records may be submitted to the district director by January 31 of the following year.
- (2) Regarding the retirement allowance, etc. paid to any person other than an officer of a corporation (including any adviser, counselor, etc.), it is unnecessary to submit the record to the district director notwithstanding (1) above.
- (3) The records are treated similarly to 1(3) above.

## **3 Report of Payment for Remuneration/Fees**

- (1) A payer of remuneration/fees, contract money, awards or medical remuneration listed in any item of Article 204, Paragraph 1 of the Income Tax Act shall prepare a “Report of Payment” stating the amount of payment and tax withheld, and the individual number or corporate number with respect to each recipient of the remuneration/fees, contract money, etc. and submit it, together with a totalized table, to the district director of the competent tax office by January 31 of the following year.
- (2) For the types of remuneration/fees, etc. listed below, it is unnecessary to submit a report of payment to the district director, notwithstanding (1) above.
  - A. Remuneration/fees for medical services, professional boxers, salespersons, money collectors, meter readers, bar and cabaret hostesses, banquet hostesses, and companions, etc., for whom the yearly

payment is 0.5 million yen or less

- B. Awards for advertising paid to the same person in an amount of 0.5 million yen or less for the year
- C. Regarding horse racing prizes received by horse owners, the amount paid during the year for which all individual payments to the same person are 0.75 million yen or less
- D. Remuneration/fees other than those described in A, B and C above of 50,000 yen or less paid as a yearly payment to the same person

#### **4 Report of Payment for Income Paid to Non-Residents or Foreign Corporations**

A person paying salary, etc. or remuneration/fees, etc., to a non-resident or a foreign corporation shall prepare a “Report of Payment” stating the payments made, tax amount withheld and the individual number or corporate number (only for an individual or a corporation having an individual number or a corporate number) for each recipient and submit it, together with a totalized table, to the district director of the competent tax office by January 31 of the following year.

It is unnecessary to submit a report if the total amount of payments made during the year is 0.5 million yen or less.

(Note) The due date and scope of submission may differ for certain reports, such as the “Report of Payment for Profits under a Partnership Contract to be Paid to Non-residents, etc.” (非居住者等に支払われる組合契約に基づく利益の支払調書)

#### **5 Points to be Noted When Preparing Withholding Record, etc.**

- (1) A payer of salary, etc. or retirement allowance, etc. is required to state the individual number or corporate number of the beneficiary, etc. in the copy of a withholding record submitted to the district director of the competent tax office, but shall not state the individual number or corporate number of the beneficiary, etc. in the copy of a withholding record issued to the beneficiary, etc.
- (2) The copy of a report of payment issued to a recipient cannot be issued stating the individual numbers of the payer and the recipient in it.
- (3) When submitting a withholding record or report of payment to the district director of the competent tax office, if the number of copies of each record or report that should have been submitted in the second preceding year is 1,000 or more, they should be submitted via e-Tax or using optical disks, etc.
- (4) If a payer of salary, etc., retirement allowance, etc. or remuneration/fees and other payments (1) does not submit a withholding record or a report of payment to the district director of the competent tax office before the due date or submits with false statements or records, or (2) does not issue a withholding record to the beneficiary before the due date or issues with false statements (provides false records using electromagnetic means), the payer shall be punished by imprisonment with required labor for not longer than one year or a fine of not more than 0.5 million yen.

### **III. Relief for Disaster Victims**

- (1) If the property of a person who receives salary, etc., remuneration/fees, public pension, etc., suffers great damage caused by an earthquake, storm, flood, lightning, or fire, he/she may be granted a postpone of collection or refund of withholding tax under the Act on Exemption, Reduction or Postponement of Collection of Taxes for Disaster Victims (hereinafter referred to as the “Disaster Exemption Act”).

Any person who is granted a postponement or refund must settle the postponed tax amount or refunded tax amount by submitting a final return.



- (2) If a recipient of salary, etc. or public pension, etc. claims a postponement of collection under the Disaster Exemption Act, the person shall submit the prescribed application to the district director of the competent tax office for the place of tax payment of the disaster victim through the payer (Note). (In order to be granted a refund, or a postponement of collection of withholding tax for remuneration/fees, an application shall be submitted directly to the district director of the competent tax office for the place of tax payment of the disaster victim.)

For details on the procedure, please contact your local tax office.

(Note) The application may be submitted to the district director of the competent tax office for the place of tax payment of the payer. (In such a case also, the addressee of the application shall be the district director of the competent tax office for the place of tax payment of the disaster victim.)

#### **IV. Refunds of Tax Amounts Withheld in Response to Employment Income Earners' Tax Returns**

An employment income earner with the amount of tax withheld who falls within any of the following descriptions may receive a refund of the amount of tax withheld by filing a final return.

- (1) Any person who has left a company during the course of a year and has not undergone a year-end adjustment, resulting in the amount of tax withheld on salary, etc. exceeding the tax amount for the year due to such reasons as no other income for the rest of the year after having left the company
- (2) Any person who has an intention of applying for a reduction in or exemption of income tax under the Disaster Exemption Act because his/her property has suffered damage the cost of which is equivalent to 50% or more of the value of the house or other assets affected by the disaster
- (3) Any person who has suffered from the loss of a house or other assets due to a disaster, theft or embezzlement, has made necessary expenditure pertaining to the disaster, etc. and has an intention of applying for a deduction for casualty losses under the Income Tax Act because the loss or the expenditure exceeds a certain amount (this deduction is not available to any person granted a reduction or exemption described in (2) above for the loss amount due to the disaster.)
- (4) Any person who has an intention of applying for a deduction for medical expenses under the Income Tax Act because the amount paid for medical expenses exceeds the lower of either 100,000 yen or the amount equivalent to 5% of total amount of income
- (5) Any person who has an intention of applying for a deduction for contributions or donations under the Income Tax Act, etc. because his/her payment amount exceeds 2,000 yen for: donations paid to the national government, a specific public interest promotion corporation, etc.; Furusato Nouzei (a donation to prefectural or municipal governments. Excluding cases to which "Special Provision for One-stop Services for Furusato Nouzei" shall apply.); donations relating to certain specified nonprofit activities conducted by certified NPOs, etc.; amount needed to purchase stocks issued by specified new small and medium-sized companies; or specified political contributions.
- (6) Any person earning below a certain amount of income who has an intention of applying for a credit for dividends under the Income Tax Act
- (7) Any person who has paid tax equivalent of income tax in foreign countries and has an intention of applying for a credit for foreign tax under the Income Tax Act
- (8) Any person who has an intention of applying for a special credit for loans, etc. related to a dwelling (specific additions or improvements, etc.) under the Act on Special Measures Concerning Taxation due to the acquisition of a house, etc., or any person who has not claimed the credit at the time of the year-end adjustment from the second and subsequent years after the application of a special credit for loans, etc. related to a dwelling (specific additions or improvements, etc.)

- (9) Any person who has failed to submit an “Application Concerning Receipt of Retirement Income” upon receipt of retirement allowance, etc. and was withheld a tax at a rate of 20.42% on the amount received, where the amount of tax withheld exceeds the amount of tax calculated by applying the deduction for retirement income, etc.
- (10) Any person who has an intention of applying for a special credit for contributions to political parties, etc. because the person has made a certain contribution to a political party, etc. related to political activities
- (11) Any person who has an intention of applying for a special credit of income tax amount under the Act on Special Measures Concerning Taxation because his/her payment amount exceeds 2,000 yen for certain donations to certified NPOs, etc. or for certain donations to certain public interest incorporated associations, etc.
- (12) Any person who has completed a certain anti-earthquake improvement and has an intention of applying for a special credit for anti-earthquake improvements made to an existing house
- (13) Any person who has completed a certain specified housing improvements and has an intention of applying for a special tax credit for specified housing improvements, or any person who has newly built an certified house and has an intention of applying for a special tax credit for new building, etc. of a certified house
- (14) Any person whose total specific expenses exceeds the amount equal to one half of the amount of the deduction for employment income and who has an intention of applying for special provisions on deduction of specific expenses of employment income earners
- (15) Any person who has taken a health examination to maintain/improve his/her health and to prevent diseases, and has an intention of applying for a special provisions on deduction for medical expenses under the Act on Special Measures Concerning Taxation because his/her total purchase amount of certain drugs (switch OTC drugs) exceeds 12,000 yen