

VIII-3 Tax

Regardless of nationality, all persons residing in Japan must pay Japanese taxes.

1. How to Pay Your Taxes

(1) When employed by a company (income tax/prefectural tax/municipal tax):

In the event your employer automatically deducts tax from your salary and pays it to the tax office on your behalf, it is not necessary for you to take tax payment procedures unless you have received any other income.

(2) When not working in a company OR when working in a company or an office that does not automatically deduct taxes from your salary:

You must file a tax return and pay your income tax, prefectural tax and municipal tax according to the tax payment slip sent from the municipality every year. Moreover, if you own a company or a business, you will probably have to pay business tax.

2. Types of Taxes

(1) Income Tax

Tax returns are to be sent to the tax office if income tax is not automatically deducted from your salary (1-(2)). Tax returns: from annual salary and other factors, the amount of the tax you must pay is calculated, then the amount is stated. Tax returns must be submitted between February 16 and March 15 and sent to the tax office in your jurisdiction. The tax office provides required forms.

In cases in which you have paid high amounts of money, such as in the purchase of a house by loan from a bank or other institutions, expensive health care costs stemming from a disaster or serious illness, tax deductions from your annual salary might be conceded when you declare such circumstances. For details, contact your nearest tax office.

According to tax agreements between Japan and other countries, you may be subject to special regulations concerning the payment of income tax. For more details, contact the Telephone Inquiry Center (press 1 after dialing to a tax office) or your consulate. (Appendix IX—5)

※ Explanation of income tax in English

URL http://www.nta.go.jp/english/taxes/consumption_tax/02.htm

(2) Prefectural and Municipal Taxes

Regardless of your nationality, those residing in Osaka Prefecture and receiving income in excess of a certain amount are required to pay prefectural and municipal taxes. These taxes are levied based on a formula, after various deductions from your previous year's income. If you have filed a return or one has been filed for you, it is not necessary to file a prefectural or municipal tax return.

Each year, the municipality where you have lived as of January 1 levies the taxes. Those receiving a salary will have municipal tax deducted from their salary. Others will be sent a payment invoice to be paid at a bank or other institutions.

The tax rate for residents of Osaka Prefecture is 4%. A per capita charge (kintowarigaku) of 1800 yen is added on top of this. (For four years from FY2016 to FY2019, 300 yen is also added to the per capita tax rate to carry out forest preservation measures.) The standard municipal tax rate is 6% of the taxable income, to which approximately 3500 yen is added. (2% of for resident tax goes to the prefecture coffers while the remaining 8% goes to municipal coffers)

(3) Fixed Property Tax

In the event you own real estate (land or building) or depreciable assets as of January 1, you are required to pay a fixed property tax to the municipality in which the real estate is located. The tax is calculated and levied according to the appraised value of the real estate and others. You will receive a payment invoice by mail each year. Please pay accordingly at a bank or other institution.

(4) Automobile Tax, Light Vehicle Tax

If you own a car, light vehicle or motorbike as of April 1 and it is mentioned on the vehicle inspection certificate, the Automobile Tax or Light Vehicle Tax is imposed. A payment invoice is sent to you in April or May every year, so please pay at a bank, a convenience store or other payment counter.

(5) Other Tax

a) Consumption tax

A 10% consumption tax is levied on the purchase of any and all goods or services. A reduced tax rate (8%) is applied to sales of some food and beverages.

b) Other

In instances such as when you acquire real estate, you are required to pay a tax for the receipt of assets.