

Taxes: A guide for foreign residents

What kind of taxes are required to be paid in Japan?

General overview of some of the Japanese taxes:

Tax Category	National Taxes	Local Taxes	
		Prefectural Taxes	Municipal Taxes
Taxes on income and profits	<ul style="list-style-type: none"> -Income tax [所得税 (しょとくぜい) “<i>Shotokuzei</i>”] -Special income tax for reconstruction -Corporation tax -Local corporation tax 	<ul style="list-style-type: none"> -Prefectural resident tax (individual/corporation) -Enterprise tax (individual/corporation) 	<ul style="list-style-type: none"> -Municipal resident tax (individual/corporation) [住民税 (じゅうみんぜい) “<i>Juuminzei</i>”]
Taxes on property, etc	<ul style="list-style-type: none"> -Inheritance tax -Gift tax 	<ul style="list-style-type: none"> -Real property acquisition tax 	<ul style="list-style-type: none"> -Fixed assets tax or Property Tax [固定資産税 (こていしさんぜい) “<i>Koteishisanzei</i>”] -City planning tax [都市計画税 (としけいかくぜい) “<i>Toshikeikakuzei</i>”] -Business office tax
Taxes on consumption	<ul style="list-style-type: none"> -Consumption tax -Liquor tax -Tobacco tax and special tobacco surtax -Gasoline tax and local gasoline tax -Automobile weight tax International tourist tax 	<ul style="list-style-type: none"> -Local consumption tax -Prefectural tobacco tax -Golf tax -Automobile tax [自動車税 (じどうしゃぜい) “<i>Jidoushazei</i>”] -Light oil delivery tax 	<ul style="list-style-type: none"> -Light motor vehicle tax [軽自動車税 (けいじどうしゃぜい) “<i>Keijidoushazei</i>”] -Municipal tobacco tax

Income Tax [所得税 (しょとくぜい) “*Shotokuzei*”]

Imposed on personal income earned in a year starting from January 1 through December 31.

The majority of persons who receive salaries and wages do not need to file a tax return (確定申告 “*Kakutei Shinkoku*”), since they will have their income taxes withheld from their salaries by the employer (源泉徴収 “*Gensen Choushuu*”), and an eventual adjustment is made with the year’s final salary (年末調整 “*Nenmatsu Chousei*”).

People who are required to file a tax return, such as self-employed persons, must do so at the local Tax Office (税務署 “*Zeimusho*”), by mail or online (e-Tax) between February 16 and March 15 of the following year.

National income taxes are due by March 15 (of the next year after declaration) with 2 prepayments paid in July and November of the running tax year. Prepayments are calculated based on the previous year’s income, that’s why you do not pay them during your first year in Japan. You can pay them by bank transfer, online payment or using your payment slip at banks, post offices, tax offices and convenience stores.

If it is found that you are eligible for a deduction based on your tax declaration (確定申告 “*Kakutei Shinkoku*”), you can receive a refund of the tax remitted to your account at a post office or a bank.

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

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

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

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

-For more information about this matter, tax deductions, special cases by income tax convention, if you are planning to leave Japan, and other inquiries, you can make a phone call in English to the Osaka Regional Taxation Bureau (06-6941-5331) or check the National Tax Agency website: www.nta.go.jp/english/index.htm

Individual Inhabitant Taxes (Residence Tax) [住民税 (じゅうみんぜい) “*Juuminzei*”]

Residents tax, a local tax levied separately from national income tax, is divided into municipal residents tax and prefectural residents tax. Foreign residents having a domicile in Japan as of January 1 are required to pay residents tax to the municipality in which they reside as of January 1 for the income received from January to December of the previous year.

Even if you leave Japan or move to another city on January 2 or after, you still have an obligation to pay the tax to Ashiya City.

The residence taxes to be paid to Hyogo Prefecture will be paid to your municipal government together with the one for your municipality.

If you are an employee of a company, the City Hall notifies your company of the amount of tax due. The annual amount due is divided into 12 installments and withheld from your salary every month from June to May of the following year. This method is known as “Special Collection” [特別徴収 (とくべつちょうしゅう) “*Tokubetsu Choshuu*”] .

If you are self-employed or if you have resigned from your job and no longer receive a salary from a company, you will receive a tax notice from the City Hall's Tax Section. The annual amount due will be divided into four installments: June, August, October, and January of the following year. You will be asked to pay by the end of these months. This method is known as “Ordinary Collection” [普通徴収 (ふつうちょうしゅう) “*Futsuu Choshuu*”] . You can pay your tax at the post office, bank or a convenience store, too.

*If you are planning to leave your place of employment, ask your employer to deduct any unpaid taxes in one lump sum from your salary. If you are planning to leave Japan, pay your unpaid taxes in one lump sum or designate a proxy [納税管理人 (のうぜいかんりにん) “*Nozei Kanrinin*”] who will pay on your behalf and contact the City Hall's Tax Section.

Fixed Asset Tax (Property Tax) [固定資産税 (こていしさんぜい) “*Koteishisanzei*”] and **City Planning Tax** [都市計画税 (としけいかくぜい) “*Toshikeikakuzei*”]

The Fixed Asset tax is levied every year on those who own land, buildings, or amortized assets as of January 1. This tax is calculated according to the value (fair current price) of the fixed asset. Pay the tax to the municipal office where your asset is located.

The City Planning tax is also levied every year on those who own land and buildings as of January 1, to cover the expenses associated with city planning projects and land readjustment programs.

Tax notices about the fixed asset tax and city planning tax are mailed from the City Hall’s Tax Section and are usually paid in four installments during the year (in April, July, December, and February) by the deadline of the payment month (the last day of the month).

Automobile Tax / Light Motor Vehicle Tax [自動車税 (じどうしゃぜい) “*Jidoushazei*”] / [軽自動車税 (けいじどうしゃぜい) “*Keijidoushazei*”]

Individuals who own automobiles, light vehicles, and other motor vehicles as of April 1 are required to pay these taxes. Once the notification for tax payment has been received from the prefecture or municipality from April to May, the tax must be paid into a bank, convenience store or a similar facility before the deadline (generally by the end of May).

Tax amounts, tax reductions and environmental performance-based tax reductions are calculated based on the engine size and other elements.

Vehicle Weight Tax is imposed according to the weight of your vehicle when it is inspected.

CERTIFICATES OF TAX PAYMENT AND INCOME: Apply for them at the City Hall’s Tax Section and bring a government-issued photo identification document.

Certificates of taxation [課税証明書 (かぜいしょうめいしょ) “*Kazei Shoumeisho*”] 300 yen (Includes information as the amount of your income and levied tax amount).

Certificates of tax payment [納税証明書 (のうぜいしょうめいしょ) “*Nozei Shoumeisho*”] 300 yen (Includes information as the amount of tax that has been completely paid).

*When you renew your visa, the Immigration Bureau may require you to submit a levied tax certificate (“*Kazei Shoumeisho*”) and a tax payment certificate (“*Nozei Shoumeisho*”). These include information as the amount of your income, levied tax amount and amount of tax that has been completely paid.

However, if you have not reported the income you earned during the previous year, you will not be able to obtain the levied tax certificate nor the tax payment certificate. In this case, please bring some form of documentation showing the income earned during the previous year and file a report first. The tax amount will then be calculated. If you pay the tax, you can obtain a tax payment certificate.

Since individuals who do not have an income are not taxed, they will not be able to obtain a tax payment certificate or a levied tax certificate. However, a tax exemption certificate can be issued instead.