

JAPAN

As per 1 January 2018

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

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|---|---|
| Tax rate | 5-45% progressive rates for national tax plus flat 10% local tax |
| Tax period | Calendar year |
| Tax residency / Domicile according to domestic law | A person will be regarded as resident in Japan for Japanese tax purposes if any of the following conditions is met: <ul style="list-style-type: none">• their home (no matter rented or owned) is in Japan; or• their fixed place of residence is in Japan for one year or more. |
| Tax registration | Not required. |
| Employment income definition | Any remuneration and benefit in cash or in kind received by an employee for services rendered under an employment agreement (e.g. school fee reimbursements, benefits in kind, cost of living allowances, home leave reimbursements, housing allowances etc). |
| Examples of tax exemption | Reimbursements of properly documented business expenses (including business trip expenses, per diems, etc.) are not taxable. |
| Specific expatriate concession | n/a |
| Income of board members | Salaries received by a director of Japanese company are always Japan sourced income. In other words, salaries paid by a Japanese company should always be taxable in Japan no matter where such director performs his work for such Japanese company. |
| Tax returns | Each taxpayer should file the return to report his/her income during the tax period (i.e. a calendar year) with the certain income deduction where applicable. The filing and payment due date is March 15 of the subsequent calendar year. |
| Tax payments | As discussed above, the payment due date is the same date of the filing due date. Interim tax payment obligation in July and November may apply if the annual tax for the previous year exceeds the certain threshold. |

TAX TREATIES

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| Employment income / income from board members | Basically the treaties follow OECD model treaty. (Sorry, we do not know what needs to be filled in here.) |
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INTERNATIONAL SOCIAL SECURITY

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| Cross border employments | Basically an employee must be enrolled in the social security system in Japan. However if work conditions of the employee meets social security agreement, he/she will be continuously covered by the system of the agreement country. |
| Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71 | Not applicable |
| | 1. Social Insurance Insurance premiums are calculated by multiplying the monthly standard remuneration and bonuses payment with the following rates and half paid by employer and half by employee. ①. Health Insurance Premium rate differs by prefecture (for the insurance managed by Japan Health Insurance |

Social Security Cost as % from gross salary and absolute amounts

Association) and for different health insurance societies.

The rate for Tokyo (for the insurance managed by Japan Health Insurance Association) is 9.9% (as of 1 March 2018).

②. Nursing-care insurance : 1.57% (as of 1 March 2018)

③. Employees' pension Insurance : 18.3 % (as of 1 September 2017)

2. Labor Insurance

Insurance premiums are calculated by multiplying the gross salary and bonuses payment with the following rates.

① Employment Insurance (as of 1 April 2018)

- Agriculture, forestry and fishery, and brewing : 1.1% (employer 0.7%, employee 0.4%)

- Construction : 1.2% (employer 0.8%, employee 0.4%)

- All other industries: 0.9% (employer 0.6%, employee 0.3%)

② Workers' Accident Compensation Insurance (as of 1 April 2018)

Premium rate is 0.25% to 8.8% depending on the risks of the industry concerned. In most cases the rate is close to the minimum rate of 0.3%.

IMMIGRATION

Work permit

The work permit is granted at the time of the acquisition of the resident card in Japan.

Visa

The terms of "work permit" and "visa" are often interchangeably used in Japan, but technically, a visa is an entry permission issued by the Japanese embassy/consulate of the home or residential countries of an applicant.

Residency permits / registration certificate

A resident card will be issued to mid- to a long-term residents when granted permission pertaining to residence.

Driving license

STOCK OPTION PLAN

ARTICLE 15 OF THE OECD MODEL

183 days

Basically the treaties follow OECD model treaty.

Notion of employer

Basically the treaties follow OECD model treaty.

Existence of a permanent establishment

Basically the treaties follow OECD model treaty.

Shunichiro ANDO (Mr.)

Tax Senior Manager

Send Email

Direct line:+81-3-6823-660

Address:2-11-7 Akasaka, Minato-ku, Tokyo 107-0052 Japan

www.mazars.jp (<http://www.mazars.jp>)

Celine TAKIZAWA (Ms.)

Payroll Senior Manager

Send Email

Direct line:+81-3-6823-6600

Address:2-11-7 Akasaka, Minato-ku, Tokyo 107-0052 Japan

www.mazars.jp (<http://www.mazars.jp>)

Shinsaku FUJIKAWA (Mr.)

CoSec Manager

Send Email

Direct line: +81-3-6823-660

Address:2-11-7 Akasaka, Minato-ku, Tokyo 107-0052 Japan

www.mazars.jp (<http://www.mazars.jp>)

