

Tax Highlights 2012

Japan

Individual Income Tax

Filing status: Single return only

Categories of taxable income:

- Employment Income
- Retirement income
- Interest & Dividends
- Rental income
- Capital Gains
- Other (Business income, Occasional, Miscellaneous, Forestry)

Tax year:

Calendar year (January 1 - December 31)

General filing due dates:

Income tax return for 2012: March 15, 2013

Provisional National Tax Payments:

July 31; November 30, 2012

Tax Rates 2012:

- National Income Tax

Taxable Income - National	Rate
0 ~ 1,950,000	5%
1,950,001 ~ 3,300,000	10%
3,300,001 ~ 6,950,000	20%
6,950,001 ~ 9,000,000	23%
9,000,001 ~ 18,000,000	33%
18,000,001 ~	40%

- Flat rate of 20% for non-residents on some Japan-sourced income.
- Local Inhabitants Tax (LIT)
 - Flat rate of 10% for all residents

Special Expatriate Regime:

Non-permanent residents (non-Japanese nationals who are residents and have not resided or maintained their domicile in Japan for more than 5 years of the last 10 years)

- For employees, employment income related to non-Japanese workdays is not taxed in Japan, unless paid in or remitted to Japan.
- Overseas income (interest, dividends, capital gains, etc.) is not subject to tax in Japan unless remitted into Japan.

Deductions:

- Employment income deduction from 40% to 5% of gross employment income
- Standard/spousal/dependent deductions
National tax: JPY 380,000 - JPY 980,000
Local tax: JPY 330,000 - JPY 680,000
- Other deductions: medical expenses, life insurance and earthquake insurance premiums, charitable donations etc.



Social Security - Employee

For employee contributions, a maximum aggregate rate of 14.301% from September 2011 on salary and bonus (including health insurance 4.74%, welfare pension insurance 8.206%, unemployment insurance 0.60% etc.).

- Different caps apply on salary and bonus
- Rates subject to change in April & September each year.

Interest & Dividends for Residents

Interest income paid in Japan:

20% (15% National & 5% Local) withheld at source

Interest income paid outside Japan:

If taxable in Japan, aggregated with other ordinary income at the marginal tax rate.

Dividend income:

- 10% final withholding available from listed companies if paid in Japan
- Dividends from foreign listed shares qualify for a 10% rate (7% National, 3% Local) under the "Separate Taxation" regime.
- Maximum tax rate 50% (40% National, 10% Local)

Tax rates on Capital Gains for Residents

Sale of Stocks and Securities

10%/20% (the 10% tax rate is available for capital gains of listed shares disposed of through Japanese stock markets)

Sale of Real Property

20% (long term)/39% (short term)

Other capital gains

Aggregated with ordinary income and taxable at the marginal tax rate.

Other taxes

- Inheritance and gift tax from 10% to 50%
- Consumption tax 5% (flat rate)
- Maximum ordinary effective tax rate for corporations 40.69%* (this is expected to be reduced to 38.01%* and then 35.64%* over the next 3 years under current proposals)

*Tokyo based local taxes used for company with more than JPY100m share capital

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If you have any questions regarding your specific situation, please contact one of the tax professionals at our Deloitte office in Tokyo as follows:

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