

Overview of Japan's Consumption Tax

Impact on your business



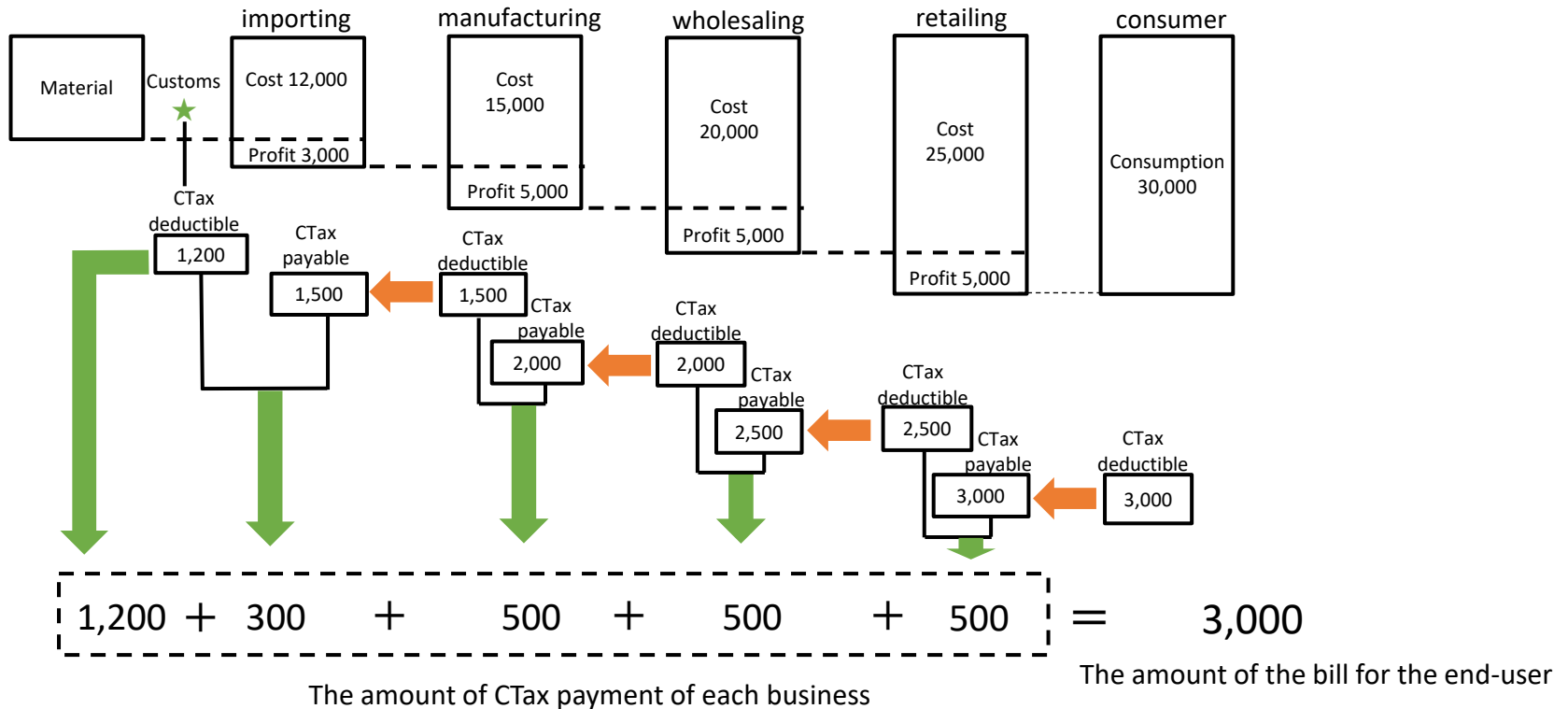
TGN Soleil
Accounting Firm



Structure of C Tax

Multiple tax rates
10% or 8%

From October 1st 2019



1-2

Multiple Consumption Tax Rate

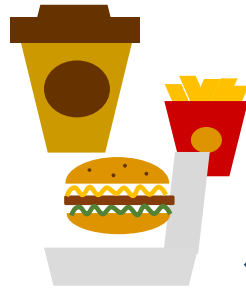
8%

Reduced Tax rate

Foods and Drinks

Newspapers

Foods & Drinks



Take out

Newspaper

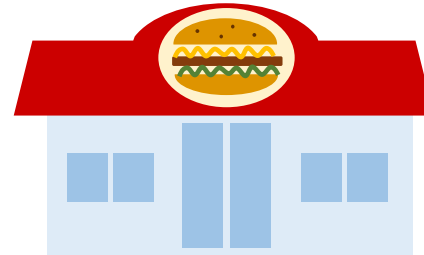
Standard Tax rate

10%

Restaurant

Alcohol

Others



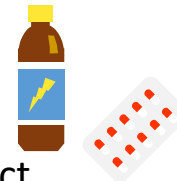
Restaurant



Beer

Wine

Pharmaceutical/
medicated product



Water

When can you get “Registration Number” for JCT

The multiple consumption
tax rate system started.



Taxable sales

1 Domestic transactions in Japan

- (i) the sales or lease of an asset or the supply of services in **Japan**
- (ii) when carried out as part of a **business**
- (iii) with compensation

2 Imports of goods into Japan











Removing the imported goods from bounded warehouse.



Non-residents without a fixed place of business in Japan must appoint a tax representative to handle tax administration

The main non-taxable or zero-rated transaction

: Ctax does not apply to the Following items

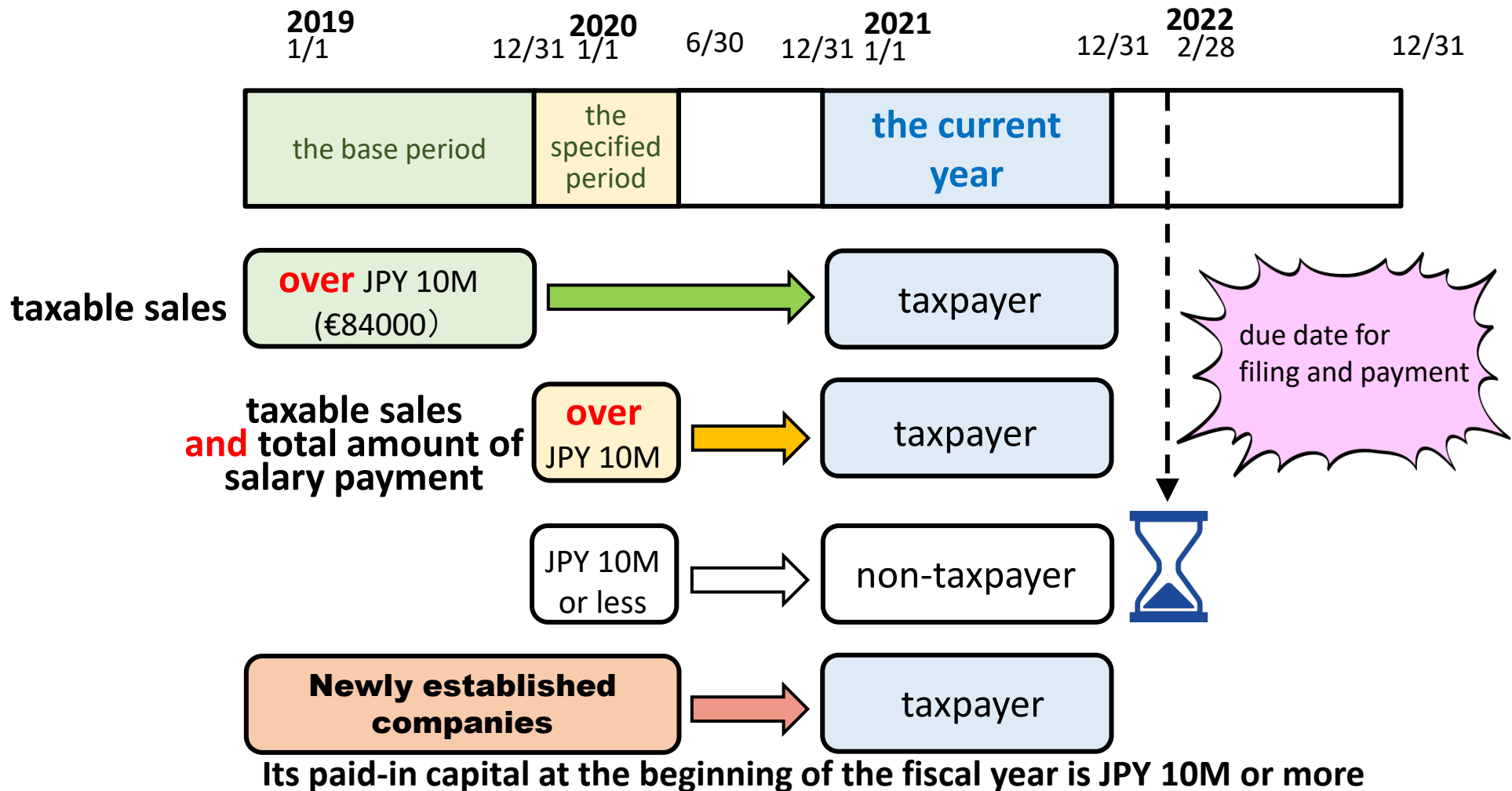
-  sales or leases of **land**
-  Certain services for the handicapped
-  insurance premiums
-  services carried out by the central/local government
-  medical care, certain education related services and social welfare services
-  rental of housing
-  services performed in an international context (transaction, communication services.)
-  exported goods and services
-  goods purchased from tax-free shopping for non-residents
-  Other items because of political reasons



Filing and payments

- 📌 Filing and payments annually.
- 📌 Due within 2 months of the end of a corporation's fiscal year.
For individuals , due by March 31 of the year following the end of calendar year.
- 📌 The interim return is required depending on the amount paid as CTax for the previous year.
(The interim payments are required at the semi-annual basis , quarterly basis or monthly basis.)

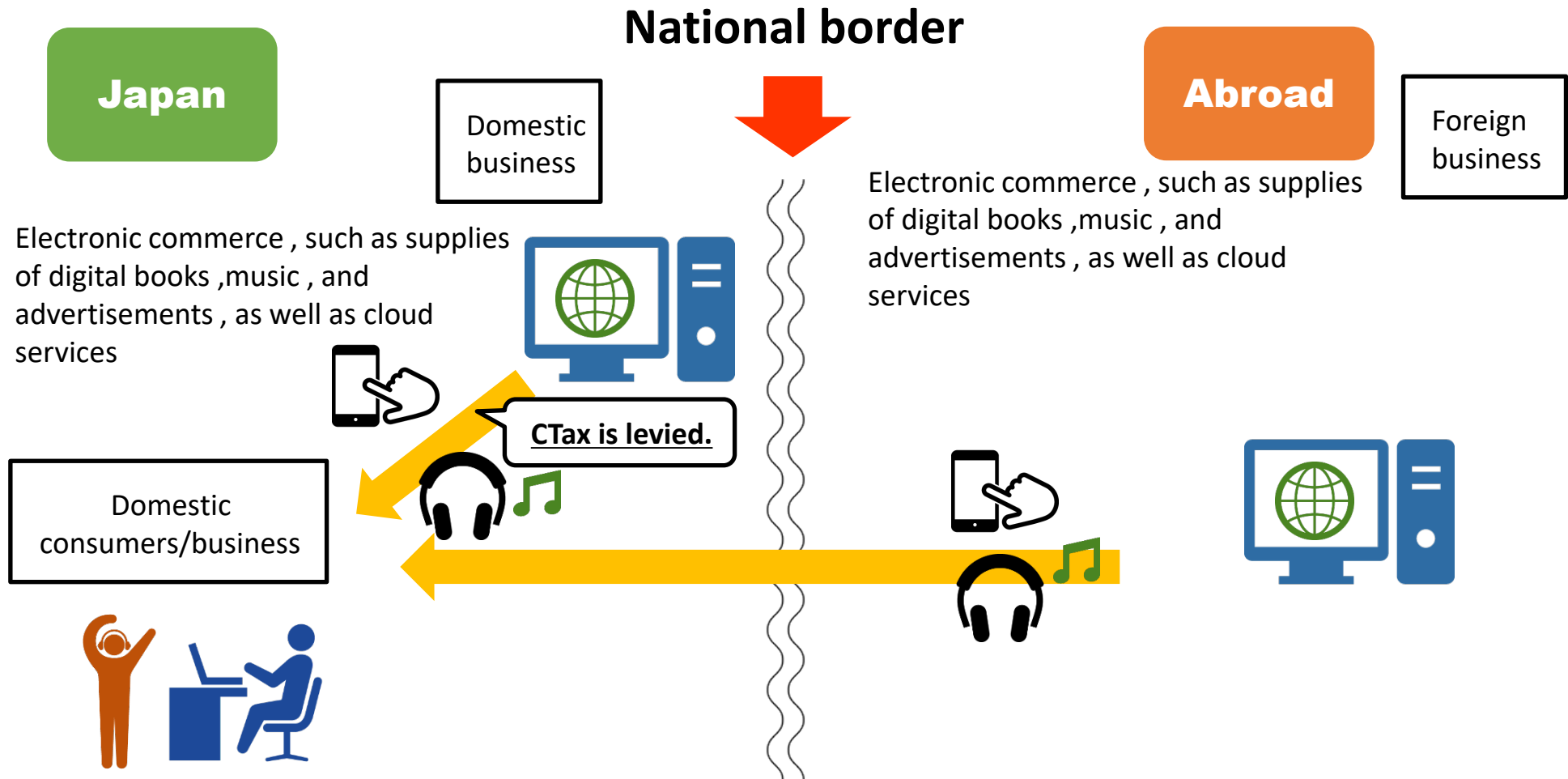
Filing and payments ~taxpayer



(Q) Some business can elect a taxpayer status, even if it has no obligation, why?

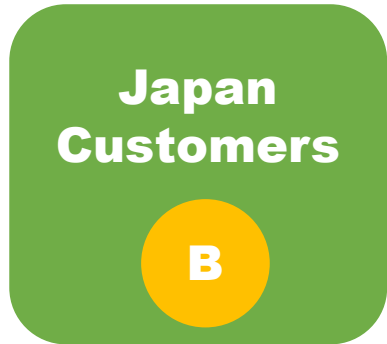
**(A) He may get a tax refund.
Exporters have strong incentives.**

Ctax on cross-border supplies of services

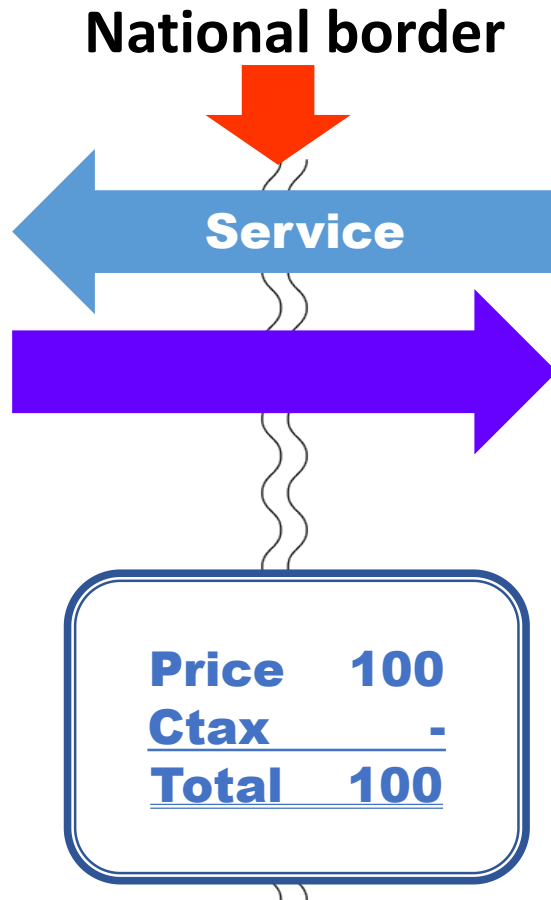


Rule for "B2B"

~Reverse Charge mechanism



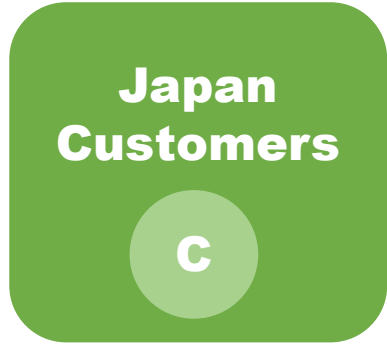
Clear that they are Business customers



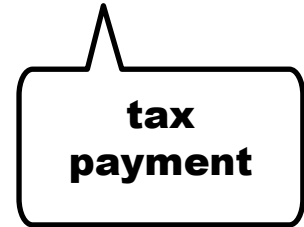
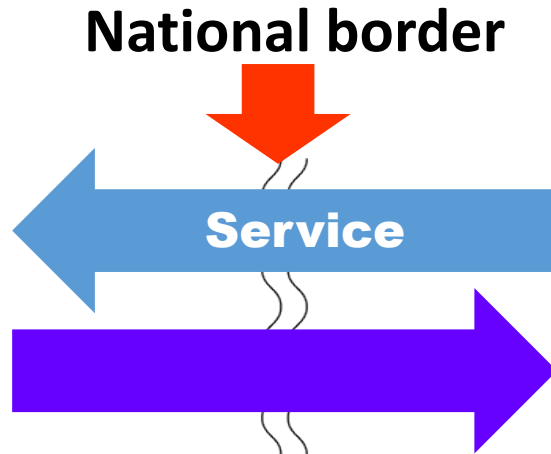
No tax payment

Rule for "B2C"

~Foreign suppliers filing system



Not Clear that they are Business customers



Price	100
Ctax	10
<u>Total</u>	<u>110</u>

© Registration of foreign suppliers

(Q) EU business “X” distributes the game contents to their users in the world.

Should they pay C-tax for sales in Japan?

(A) Yes, it is B2C transaction just for the Japanese users in Japan. If they have an obligation as a C-tax payer, they should pay it.

As “X” is a foreign company, it has to appoint a tax administrator to make a tax return.

**(Q) EU business “X” holds an asset in Japan and outsourced its management.
“X” received an invoice which included C-tax”.
Should “X” pay it?**

(A) Yes.

Services provided to non-resident will be treated as export transactions **except provision of services only beneficial in Japan.**

The services of management of assets in Japan is one of examples.

THANK

YOU!