

7. Taxes (ZEIKIN)

In Japan, there are more than 50 different kinds of taxes. Listed below are major taxes which are especially important to foreigners living in Japan.

Income Tax (SHOTOKU ZEI)

As a general rule, income tax is imposed on yearly personal income earned from January 1st to December 31st. Under Income Tax Law, how much and how to pay this tax differ between residents and non-residents. (See next page.)

There are 2 ways of paying this tax.

Statement of Earning System (GENSEN CHOSHU SEIDO)

Employers calculate one's annual salary and figure out how much tax is imposed on it. The calculated tax for a year is divided by 12 (months) and this is deducted from one's monthly salary.

⌈ If one has additional income outside of work, it must be reported to the taxation office between February 16th and March 15th. Extra tax will be charged on this additional income. ⌋

Self Reporting Taxation System (SHINKOKU NOZEI SEIDO)

This is for those who run their own business. Calculate your annual income, determine the amount of tax owed on it, report to the taxation office and pay the tax.

As mentioned above, an employee's tax is calculated based on their annual income from the previous year. It is possible, however, that the calculation may sometimes be incorrect. At the end of the fiscal year, the tax is re-calculated resulting in either an additional "tax to pay" or a refund to the employee. In Japan an employee is not required to file a tax return as it is completed by their employer.

Every employee receives a document called "GENSEN CHOSHU-HYO" by the end of January, issued by the company. It states the total amount of the income and how much income tax is withheld from the previous year. This is an important document to state one's annual income and its tax, and needed for final income tax return. Please keep it in a safe place.

《Final Income Tax Return》 (KAKUTEI SHINKOKU)

Even if one is an employee, the following persons need to file a final income tax return and report their actual income to the taxation office from February 16th to March 15th.

Those whose annual income is more than 20,000,000 yen.
Those who receive income from more than 2 places.
Those whose additional income is more than 200,000 yen.

Resident or Non-resident

Under Japanese income tax law, taxpayers are divided into the following groups.

- (1) Residents ... Those who have a registered place of residence in Japan for more than a year.
 - Non-permanent residents ... Those who do not intend to live in Japan permanently and have had residence in Japan for less than 5 years.
 - Permanent residents ... Those to whom do not apply
- (2) Non-residents ... All others

Tax obligations

- (a) Non-permanent Residents () ... Primary income and additional income within Japan and income received from overseas
- (b) Permanent residents () ... All received income
- (c) Non-residents ... All income received from a Japanese source

Resident Taxes (JUMIN ZEI) (city tax, prefectural tax)

Resident taxes are paid by local inhabitants for public expenses.

There are 2 kinds of resident taxes (city and prefecture tax).

They are imposed on individuals who have an address in Toyohashi as of January 1st, and based on one's earnings during the previous year.

There are 2 ways of paying these taxes.

Special Payment (TOKUBETSU CHOSHU)

Most company employees get a certain amount of money deducted from their monthly salary. (The total charge for the year is divided by 12 months.) The deductions are made from June to May of the following year.

Normal Payment (FUTSU CHOSHU)

Company employees for whom does not apply, those who run their own business (shops, agriculture, etc.) and receive bills issued by the city and pay them 4 times a year (in June, August, October and the following January).

Consumption Tax (SHOUHI ZEI) (national tax)

Imposed on sold products and services. The tax is added to the actual price of products and services.

Car Tax (JIDOUSHA ZEI) (prefectural tax)

Imposed on car owners.

Small Car Tax (KEI JIDOUSHA ZEI) (city tax)

Imposed on motorcycles and small cars with yellow number plates whose engine size is less than 660cc.

《 It is recommended to pay taxes through your bank account 》

To avoid forgetting payments and to save time going to banks, it is recommended to pay taxes through your bank account.

- How to apply ... There are application forms at city banks.
When applying, please bring your bankbook and personal seal (inkan) registered with your account.
- Where to apply ... bank branches in the city or post offices.
(Even if you leave Japan, unpaid taxes must be paid.)

For More Information

National Taxes	Toyohashi Taxation Office (TOYOHASHI ZEIMUSHO) 111 Daikoku cho, Toyohashi TEL: 0532-52-6201	(refer to p.109)
Prefectural Taxes	Aichi Prefectural Higashimikawa Regional Office (HIGASHIMIKIWA JIMUSHO) 5-4 Haccho dori, Toyohashi TEL: 0532-54-5111	(refer to p.109)
City Taxes	Toyohashi City Hall Residents' Tax Division (SHIMINZEI-KA) 1 Imahashi cho, Toyohashi TEL: 0532-51-2197	(refer to p.109)