

Japan tax newsletter

Ernst & Young Tax Co.

2023 Japan tax reform outline: taxation related to finance and real estate

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Contents

▶ Financial services and securities taxation	2
▶ Optimization of the tax burden of ultra-high-net-worth individuals	5
▶ Measures in accordance with revisions to the Payment Services Act	6
▶ Crypto asset taxation	8
▶ Tax measures for business turnarounds	9
▶ Real estate taxation	10
▶ Other	13

The 2023 tax reform outline (hereinafter, "Outline") was released on 16 December 2022 by the LDP/Komeito ruling coalition.

This newsletter introduces the major reforms contained in the Outline specific to finance- and real estate-related tax rules, as well as financial institutions.

Please click here to access the overall [2023 Japan tax reform outline](#) as released in EY Japan tax newsletter published 23 March 2023.

Please note that the contents of this newsletter may be revised in response to future Diet deliberations concerning the reform bill.

1. Financial services and securities taxation

(1) Drastic expansion of NISA scope and duration

In an effort to achieve the Doubling Asset-based Incomes Plan, the NISA investment scheme will be drastically expanded, with the permanent changes being implemented from January of 2024. A description of the major revisions are as follows.

- ▶ The tax-free holding period will become indefinite in order to allow investors to continuously grow their long-term, installment, and diversified investments throughout their entire lifetime.
- ▶ The annual maximum investment amount will be raised to JPY3.6 million in order to support the needs of individuals at each stage of their lives, especially during periods when they have access to funds for investment and want to make short-term, targeted investments.
 - ▶ Of this amount, JPY1.2 million will be the investment limit for the framework for long-term, installment, and diversified investment targeting certain investment trusts (the accumulation-type framework), which is triple the limit of JPY400k for the current accumulation NISA account.
 - ▶ In addition to the new accumulation-type framework, the growth-type framework will replace the current ordinary NISA, which could be used for investing in publicly traded shares as well as certain investment trusts. Individuals will also be allowed to use both the growth-type framework and accumulation-type framework simultaneously.
 - ▶ The annual investment limit for the growth-type framework will be JPY2.4 million, which is double of the limit of JPY1.2 million for the current ordinary NISA account.
- ▶ However, as a means of ensuring the NISA will not become an excessive tax incentive for high-income earners, a tax-free lifetime investment limit of JPY18 million will be added in addition to the annual limit. Of this JPY18 million limit, a maximum of JPY12 million will be allotted for growth-type investments.
- ▶ In regard to the investment products covered by the growth-type framework, products such as highly leveraged mutual funds will be excluded, and supervisory authorities are revising their supervision guidelines and enhance their oversight and monitoring of financial institutions in order to regulate and prevent them from forcibly soliciting customers to engage in stock churning via the growth-type framework.
- ▶ The current accumulation and ordinary NISA accounts will cease at the end of 2023, and investment products held in tax-free accounts under the current system will have their current treatments apply into the future, completely separate from the new system's tax-free limits beginning from 2024.

Expansion of NISA scope and duration

	Accumulation-type framework	Both useable	Growth-type framework
Maximum annual investment amount	JPY1.2 million		JPY2.4 million
Tax-free holding period (Note 1)	Indefinite		Indefinite
Maximum tax-free holding amount (ordinary) (Note 2)	JPY18 million <i>*if managed via book value method (allows for reuse of the framework if there are available amounts under the maximums)</i>		JPY12 million (included amount)
Period account was opened	Permanent		Permanent
Eligible investment products	Installment and diversified investments appropriate for certain investment trusts		Publicly traded shares and certain investment trusts (Note 3)
	[Same products as the current accumulation NISA account]		[Excluding ① Delisting and listings under supervision ② Trust period under 20 years, highly-leveraged and/or monthly-distribution investment trusts]
Eligible ages	18 or older		18 or older
Relationship with current rules	Products that are invested in until the end of 2023 using the current ordinary or general NISA accounts will be considered outside the scope of the new NISA and will be subject to the current tax-exemption rules. <i>*There are no rollovers from the current NISA to the new NISA</i>		

(Note 1) With the tax-free holding period becoming indefinite, the address and other information of users will be periodically confirmed to ensure proper operation of the system, as is the case with the current accumulation NISA account.

(Note 2) The NTA will use certain cloud services to manage the tax-free holding limit for each user based on the information provided by financial institutions.

(Note 3) The FSA has revised its guidelines for supervising financial institutions for soliciting stock churning using the growth-type framework, and is conducting supervision and oversight based on laws and regulations.

(Note 4) For products invested in by the end of 2023 using the Junior NISA, even after the expiration of the five-year tax-free period such products are currently exempt from taxation until the age of 18 after following prescribed procedures. However, these procedures will no longer be required in order to make the process more convenient for users.

Source: FSA home page → FSA "New NISA," www.fsa.go.jp/policy/nisa2/about/nisa2024/index.html (accessed 17 January 2023)

(2) Clarification of accumulation NISA account incentive payments in regard to the corporate tax incentives for encouraging wage increases

From the perspective of strengthening the support companies give to their employees to allow them to grow their assets, it will be clarified that the accumulation NISA account incentive payments paid by a corporation to an employee that are categorized as salary income under the Income Tax Act will be considered as salary and other income eligible for the corporate tax credits available when a company increases for employee wages.

(3) Measures in anticipation of revisions to laws concerning the provision of financial services

In anticipation of revisions to laws concerning the provisions of financial services, new tax measures will be introduced for newly established organization that promotes financial and economic education¹.

- Income tax → Stipulated as public corporations, etc. (as listed in Appended Table 1 of the Income Tax Act)
- Corporate income tax → Stipulated as public interest corporations, etc. (as listed in Appended Table 2 of the Corporate Tax Act)
- Consumption tax → Stipulated as corporations described in Appended Table 3 of the Consumption Tax Act
- Business premises tax → Stipulated as tax-exempt with regard to business premises tax in relation to businesses other than profit-making businesses

This year's NISA revisions will encourage increased usage and should accelerate the public's transition from savings to investments and allow them to steadily build up their assets.

On the other hand, as the two-tier NISA system commencing from 2024 was established in the 2020 tax reform, financial institutions should have introduced systems and made preparations for those, and they will most likely have need to make additional implementations to account for this year's tax reform. At the same time, investment amounts until 2023 that are in the current ordinary and accumulation NISA systems will be outside of the scope of the new NISA scheme and will need to continue to be managed until their tax-free periods end.

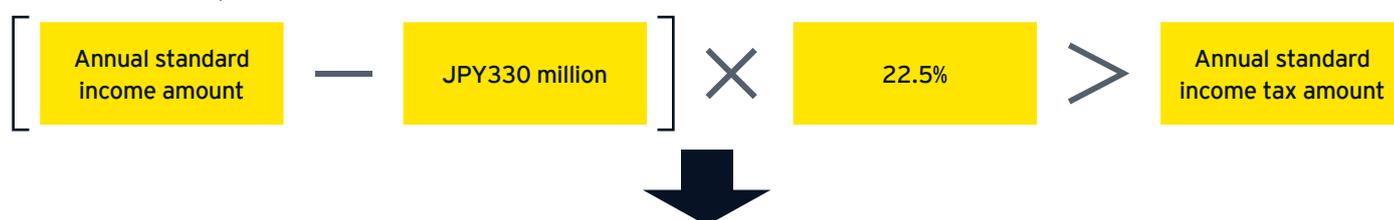
1. The Doubling Asset-based Incomes Plan, which was approved by the Headquarters for Achieving a New Form of Capitalism on 28 November 2022, calls for a new public organization to be established in 2024 to promote financial and economic education. In order to improve the environment for the smooth provision of advice and to train advisors, the organization will provide certification of neutral advisors and support these advisors in ensuring they continue to provide quality services.

2. Optimization of the tax burden of ultra-high-net-worth individuals

Alongside the drastic changes to NISA and the radical strengthening of the startup ecosystem, and in an effort to promote fairness in taxation, measures will be introduced which will require a minimum tax burden of individuals with extremely high-income levels. The specifics of the measures are described below, and they will apply to individual income tax beginning from 2025 - which should be ample time for the general public to become aware of these measures.

- (1) Instances in which the amount of income calculated by deducting JPY330 million from an individual's standard taxable income for the year and multiplying that amount by 22.5% exceeds the amount of income tax liability for the year will have an additional income tax imposed equal to the excess amount.

(Calculation example)



In the above scenario, an additional income tax is imposed equal to the amount that exceeds the standard income tax amount and additional filings/payments will be required.

Term	Description
Standard income amount	Total amount of income calculated without applying the Voluntary filing-free rules (defined per below) for the relevant year's income tax (after deducting any special tax credits applicable to the relevant year's income tax). The total amount of income shall not include the amount of income subject to separate withholding taxation (and shall not include tax-free amounts as prescribed by the NISA system and the special measure to allow certain residents who acquired shares issued at the time of the establishment by a specified SME).
Standard income tax amount	The amount of income tax on the standard income for the year (the amount before deducting foreign tax credits on profit distribution of investment trusts or foreign tax credits and excluding incidental taxes and/or the income taxes imposed pursuant to (1) above).
Voluntary filing-free rules	The following special measures are included ² . 1) Special measures for dividend income not requiring filing income tax returns 2) Special measures for capital gain from transfers of publicly traded shares or other instruments not requiring filing income tax returns

- (2) In addition to stipulating the final income tax return items that must be completed in the event (1) applies, other necessary measures will also be stipulated.

2. Special Taxation Measures Law (STML) Article 8-5 and Article 37-11-5.

3. Measures in accordance with revisions to the Payment Services Act³

(1) Scope of securities

In accordance with the revisions to the Payment Services Act, specified trust beneficiary rights⁴, which are among the electronic payment methods stipulated in the Act, shall be excluded from the scope of securities as stipulated in the Income Tax Act and the Corporation Tax Act, and other necessary measures will also be stipulated.

(2) Notice of transfer of specified trust beneficiary rights

Where the consideration for the transfer of a specified trust beneficiary right is something other than cash, the recipient of the consideration is not required to give the following notice⁵.

- ▶ Notice by recipients, etc. of consideration for transfer of shares, etc.
- ▶ Notice by recipients of consideration for transfer of trust beneficiary rights

(3) Payment record for transfer of specific trust beneficiary rights

Where the consideration for the transfer of a specified trust beneficiary right is something other than cash, the recipient of the consideration is not required to submit the following record⁶.

- ▶ Payment record of consideration for the transfer of shares, etc.
- ▶ Payment record of consideration for transfer of trust beneficiary rights
- ▶ Record of consideration for transfer of shares, etc. by registered person

3. Established 3 June 2022, promulgated 10 June 2022.

4. Post-reform Payment Services Act Article 2-5-3. Paragraph 9 of the Payment Services Act specifies it as "the beneficiary rights of a money trust (limited to cases where the beneficiary rights are represented by a property value (limited to that which is recorded on an electronic device or any other object by electronic means) which can be transferred by means of an electronic data processing system), and the trustee manages the entire amount of money accepted under the trust agreement by means of a savings account, and other requirements specified by Cabinet Officer Order," and stipulates electronic payment methods that use money trusts as an example of a reserve-backed stable coin.

5. Income Tax Act Article 224-3 and Article 224-4. The domestic recipient of the consideration must present identification documents to the payer by the time of receipt and provide their name, address, and personal/corporate number, among other information. The payer must also confirm the details of the information provided.

6. Income Tax Act Article 225-1-10, 225-1-12, and Article 228-2.

(4) Obligation to submit a record for transfer by electronic payment method to an intermediary that handles electronic payment methods

Beginning from 1 January 2024, when there is a transfer between domestic⁷ and foreign⁸ electronic payment method accounts at the request of a customer, the intermediary that handles the electronic payment method shall submit a record describing the type, value, and other necessary information related to the electronic payment method used for that transfer to the director of the jurisdictional competent tax office (except when the value of the transfer using an electronic payment method is JPY1 million or less).

(5) Consumption tax related to transfers via electronic payment methods

In accordance with the revisions to the Payment Services Act, transfers via electronic payment methods will be non-taxable for consumption tax purposes, and other necessary measures will also be stipulated⁹.

In conjunction with the above measures, individual inhabitant tax will also have other necessary measures implemented.

In regard to the beneficial rights in a trust issuing beneficiary certificates, which are among the trust beneficiary rights stipulated under the current system, these rights are considered securities for tax purposes due to falling under the securities category stipulated in Article 2-1 of the Financial Instruments and Exchange Act. In addition, a payment statement must be submitted for those trusts considered to be specified trusts issuing beneficiary certificates for tax purposes.

As a result of the revised Payment Services Act, specified trust beneficiary rights are stipulated as one of the electronic payment methods that are assumed to be crypto currency stable coins, and this year's tax reform has likely established necessary measures to ensure they are used in the same manner as other electronic payment methods.

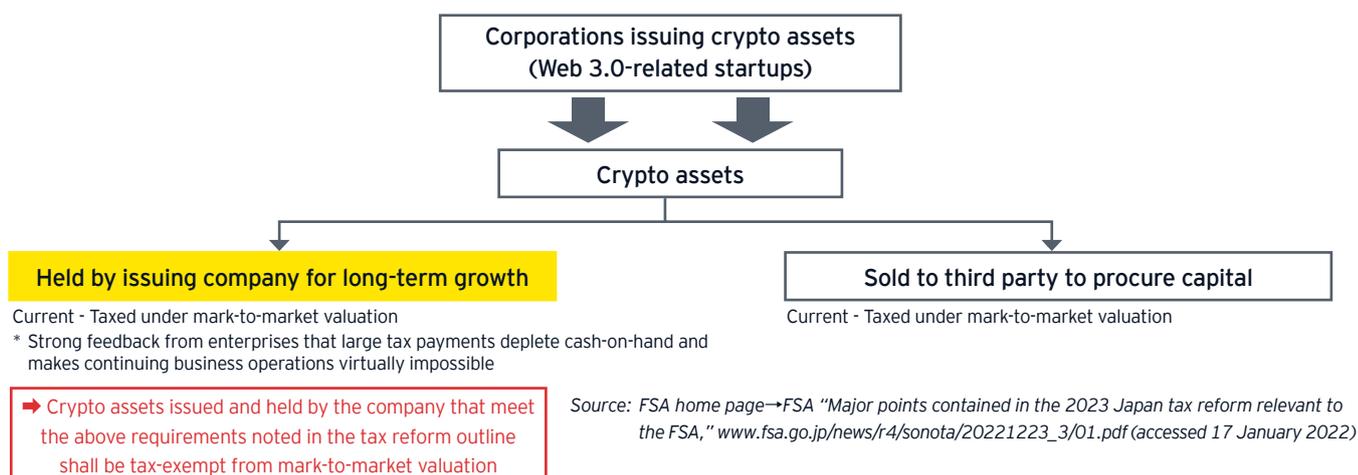
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7. An account for the management of electronic payment methods established at the business location of the intermediary dealing with the electronic payment method.
 8. An account for the management of electronic payment methods established at the domestic business location of the intermediary conducting business with the electronic payment method.
 9. In regard to crypto assets as defined in Article 2-5 of the Payment Services Act, the current Consumption Tax Act stipulates them as a payment method exempt from consumption tax (Consumption Tax Act Appended table 1-2, Article 9-4).

4. Crypto asset taxation

The second pillar of the “Startup Development Five Year Plan,” which was approved by the Headquarters for Achieving a New Form of Capitalism on 28 November 2022, is for enhancing funding provision for startups and diversifying exit strategies. One of the initiatives under this pillar is the development of a Web 3.0 environment. This initiative is the backdrop for the revisions related to the valuation methodology of crypto assets.

(1) Among crypto assets held at the end of a period by a company, those crypto assets that meet the following requirements will be excluded from the scope¹⁰ of crypto assets that must be recorded using mark-to-market valuation.

- 1) Crypto assets issued by the company itself and held continuously by the company since issuance.
- 2) Crypto assets held continuously since issuance which are subject to the following transfer restrictions.
 - ▶ Technical measures restrict the transfer of said crypto assets to other parties.
 - ▶ The crypto assets that are trust assets of trusts that meet certain requirements.



- (2) The acquisition cost of crypto assets issued by the company itself will be as expenses necessary for their issuance under both the Income Tax Act and the Corporation Tax Act.
- (3) In the event that a corporation transfers crypto assets borrowed from a party other than a crypto asset exchange service provider and does not repurchase crypto assets of the same type as those borrowed by the end of the fiscal year in which the date of transfer occurs, the repurchase of those crypto assets will be deemed to have happened and an amount equivalent to the calculated gain or loss must be recorded.
- (4) Other necessary measures will also be established.

This year’s tax reform should establish a tax environment that encourages a concentration of domestic innovation in the blockchain arena and will thereby enhance the international competitiveness of Japan.

10. Under current corporate tax law, certain crypto assets for which an active market exists were made subject to mark-to-market valuation under the 2019 tax reform (Corporate Tax Act, Article 61-2, and Cabinet Order Article 118-7), however the treatment did not distinguish whether those crypto assets were issued and held since issuance by the company.

5. Tax measures for business turnarounds

Promoting open innovation is one of the three pillars set forth by the “Startup Development Five Year Plan.” One initiative within this pillar is to push for a legal system which allows for voluntary liquidations with the purpose of business restructuring. Accordingly, a bill to facilitate business restructuring via voluntary liquidation will be submitted to the Diet. This bill would make voluntary liquidation (debt liquidation) possible with just a majority vote of creditors rather than requiring the consent of all creditors. With such initiatives in mind, the following tax measures are being established to enable business turnarounds.

- (1) The following measures are in anticipation of the introduction of a legal system which allows for voluntary liquidations with the purpose of business restructuring.
 - 1) In regard to allowance for doubtful account rules in relation to individually assessed monetary claims¹¹, a provision will be added for the granting of a grace of payment or allowing installment payments based on the establishment of a business restructuring plan which uses provisions for allowance of doubtful accounts related to debtors of monetary claims as a reason for the establishment of such plan. In such cases, the provision limit shall be the amount other than the amount of the monetary claim to be repaid within 5 years.
 - 2) In regard to loss carryforward rules, the establishment of a business restructuring plan will be added as criteria¹² for the NOL deduction limit to be the income amount prior to the deduction.
 - 3) In regard to corporate tax credit and refund rules in conjunction with corrections made in the event excessive taxable income based on falsified accounting are reported in tax returns, the establishment of a business restructuring plan will be added as eligible grounds¹³ for requesting a refund.
 - 4) The write-off of receivables as a result of establishing a business restructuring plan will be added to the scope of bad debts¹⁴ relating to consumption tax.
- (2) In regard to the allowance for doubtful account rules in relation to individually assessed monetary claims, it will be clarified for said rules that circumstances equivalent to the fact that the approval of a turn-around plan under the business turn-around rules has been determined will also be acceptable for said rules.
- (3) If the gain or loss resulting from valuation of assets is not recorded in a scenario in which a determination was made regarding the approval of a turn-around plan or equivalent circumstances occurred, it will be clarified that the rules for being allowed to take NOL deductions after blue-filer loss deductions have been taken are applicable for cases in which debt forgiveness or other certain equivalent events have occurred as stipulated by the Civil Rehabilitation Act.

11. For corporate income tax, Corporate Tax Act Article 42-1 and Cabinet Order Article 96-1 For income tax, Income Tax Act Article 52-1, and Cabinet Order Article 144-1 Same for (2) above.

12. Corporate Tax Act Article 57-1 and 57-11 The NOL deduction limit for losses of a blue filer is set at 50% of the income amount prior to the deduction in the relevant business year. However, the limit shall be 100% of the income amount prior to the deduction for a business year in which a corporation is undergoing restructuring after having performed certain procedures, such as initiating reorganization procedures, provided the corporation attaches the necessary documentation to its final tax return.

13. Corporation Tax Act Article 135-4, Local Corporation Tax Act Article 29-4.

14. Consumption Tax Act Article 39-1 and Cabinet Order Article 59.

6. Real estate taxation

(1) Extension of the measure for the reduction of registration and license taxes levied upon registrations of transfers of ownership rights of land

The effective period of the measure for the reduction of tax rates in relation to the registration and license taxes levied upon registrations of transfers of ownership rights of land by purchase, will be extended by three years (until 31 March 2026).

(2) Measures pertaining to real estate transaction taxes in relation to the acquisition of real estate by investment corporations and specified purpose companies (TMK)

1) Extension of the effective period of the tax rate reduction measure concerning the registration and license tax

The effective period of the measure for the reduction of tax rates in relation to the registration and license taxes levied upon registration of a transfer of ownership rights (2% in general (1.5% for land under special provisions); reduced tax rate of 1.3%) in cases wherein investment corporations, specific purpose companies, etc. acquire specified real estate, etc. will be extended by 2 years (until 31 March 2025).

2) Extension of the effective period of the special measure for the tax base of real estate acquisition taxes

The effective period of the special measure for the taxable bases of real estate acquisition taxes in relation to certain real estate acquired by investment corporations, specific purpose companies, etc. (reduction of the tax base to two-fifths the original amount) will be extended by 2 years (until 31 March 2025).

(3) Measures pertaining to real estate transaction taxes in relation to the acquisition of real estate by special enterprises prescribed by the Act on Specified Joint Real Estate Ventures

1) The applicable period of the reduction of tax rates in relation to the registration and license taxes levied upon registration of a transfer of ownership rights (2% in general (1.5% for land under special provisions); reduced tax rate of 1.3%) in cases wherein special enterprises acquire real estate pursuant to a specified joint real estate venture agreement will be extended by 2 years (until 31 March 2025).

2) In regard to special measure for the taxable bases of real estate acquisition taxes in relation to certain real estate acquired by special enterprises prescribed by the Act on Specified Joint Real Estate Ventures pursuant to a specified joint real estate venture agreement (reduction of the taxable base to half the original amount), nursery schools will be added to eligible real estate, while theaters will be removed from eligible real estate, and the applicable period of the measure will be extended by two years (until 31 March 2025).

(4) Special tax measure for the replacement of specified assets through purchase

In regard to the special tax measure for the replacement of specified assets through purchase, the following revisions on the scope of qualified transfer assets and replacement assets through purchase will be implemented and the application period will be extended by 3 years (until 31 March 2026).

- 1) Replacement through purchase of specified assets from inside existing urban areas to outside of those areas will no longer be eligible for application under the measure.
- 2) In regard to the replacement through purchase from long-term owned land to land located in Japan, the tax deferral ratio for replacement through purchase involving the transfer of the location of a head office or principal business location from areas in the Tokyo Metropolitan Special Wards to areas other than those core areas as prescribed in the Regional Revitalization Act will be increased to 90% (currently 80%), and the tax deferral ratio for replacement through purchase involving the transfer of the location of a head office or principal business location from areas other than those core areas as prescribed in the Regional Revitalization Act to areas in the Tokyo Metropolitan Special Wards will be decreased to 60% (currently 70%), both changes serving as a means of encouraging local revitalization.
- 3) In the case of the aforementioned transactions, barring the special measure for taxation in the case where a special account is established in conjunction with the transfer of certain assets and the special measure for taxation in the case where certain assets are exchanged, a requirement will be added requiring the submission of a notification to the director of the jurisdictional competent tax office within two months of the date after the last day of the three-month period in which the date of the asset transfer or date of the replacement occurred, whichever comes earlier, stating the intention to apply this special measure, as well as a description of the type of assets to be acquired or transferred. The above-mentioned “three-month period” refers to fiscal period divided into separate three-month periods beginning from the first date of the fiscal period.
- 4) The items to be completed on the notification form for the aforementioned transactions shall have the same revisions as 3) above applied to them.

The revisions for 3) and 4) above apply to notifications for cases where the transferred asset is transferred on or after 1 April 2024 and the replacement asset is acquired on or after that date.

Under the current system, regardless of when the replacement asset tied to the transferred asset was acquired, it is possible to apply the special measure for taxation even in a case where the replacement asset is tied to transferred asset placement asset after the fact.

This year’s tax reform will make the application of this special measure stricter by requiring that a notification be submitted detailing the relationship between the transferred asset and the replacement asset by describing the replacement asset expected to be acquired in the event of an asset transfer or describing the asset expected to be transferred in the event of acquiring a replacement asset.

It will be necessary to confirm what extent of collateral is needed for the business ties between the transferred assets and the replacement assets, as well as to keep an eye on the laws and regulations to be announced in the future.

(5) Revision of the special rules concerning taxation pertaining to investment corporations

In regard to the measures for renewable energy generation facilities as prescribed in the special rules concerning taxation pertaining to investment corporations, the deadline for acquiring renewable energy generation facilities will be extended by three years (until 31 March 2026), and the requirement that the total issue price of investment equity issued through public offering upon establishment must be JPY100 million or more will be abolished.

(6) Extension of tax exemption measures¹⁵ concerning real estate acquisition tax levied on contracted banks

The effective period of the tax exemption measures concerning real estate acquisition tax described below will be extended by 2 years.

- 1) Real estate acquisition tax pertaining to real estate acquired by contracted banks prescribed by the Deposit Insurance Act through the transfer of businesses of failed financial institutions, etc., or through the purchase of assets based on entrustment by the Deposit Insurance Corporation of Japan as prescribed by the contract and interceded for by the Prime Minister of Japan
- 2) Real estate acquisition tax pertaining to real estate acquired by contracted banks prescribed by the Insurance Business Act through the purchase of assets of failed insurance companies, etc. based on entrustment by a policyholders protection corporation as prescribed by the contract

15. Supplementary Provisions of the Local Tax Act, Article 10, paragraph (1) (Contracted Banks Prescribed by the Deposit Insurance Act), and paragraph (3) (Contracted Banks Prescribed by the Insurance Business Act).

7. Other

(1) Extension of the tax exemption measure relating to cross-border bond repurchase agreements

With regard to the special measure for the taxation of interest relating to bond repurchase agreements (*gensaki*) of foreign financial institutions, the effective period of the tax exemption measure¹⁶ for the interest on bond repurchase agreements concluded between specified foreign entities and specified financial institutions will be extended by three years (to 31 March 2026).

(2) Measures concerning special provisions for the taxation of interest relating to cross-border transactions

- 1) In regard to the special measures for withholding tax exemptions on interest from Japanese government bonds and other instruments, documents (tax exemption application forms and special measure documentation) submitted to the director of the competent tax office via e-Tax will need to be in XML or CSV format beginning from 1 July 2024.
- 2) In regard to procedures for the application of tax treaty conventions related to dividends from publicly traded shares or other instruments, in addition to the submission of information relating to the recipient of the payment by the party handling the payment to the director of the competent tax office via optical disk drive, beginning from 1 July 2024 the information can only also be submitted in CSV format via e-Tax.

(3) Stamp duties of loan agreements in relation to special loans provided due to the COVID-19 pandemic

The tax exemption measure concerning stamp duties of loan agreements in relation to special loans provided to enterprises whose management has been impacted by measures to prevent the spread of COVID-19¹⁷ grants non-taxable treatment to agreements created up until 31 March 2023, but the applicable period of this non-taxable treatment¹⁸ will be extended by one year.

16. STML Article 42-2-3

17. The Act on Special Measures to Temporarily Revise National Tax-related Acts in Response to the Impact of COVID-19, Article 11-1, and Article 8-2.

18. The Act on Special Measures to Temporarily Revise National Tax-related Acts in Response to the Impact of COVID-19, Article 11-1, and Article 8-3.

(4) Extension of the special measure for the capital-based taxation pertaining to the Banks' Shareholding Purchase Corporation

Since the special measure for the capital-based taxation of the corporate enterprise taxes pertaining to the Banks' Shareholding Purchase Corporation¹⁹ will expire at the end of March 2023, its application period will be extended by 3 years.

(5) Establishment of regulations relating low-value depreciable assets

In accordance with the 2022 tax revisions to the special measure for deduction of the acquisition price of low-value depreciable assets and lump-sum depreciable assets, which excluded any such assets used for leasing (excluding that conducted as a primary business) from the scope of the measure²⁰, other necessary measures in relation to fixed asset taxation of depreciable assets were established.

(6) Unification of financial income taxation on derivative transactions (matter for consideration)

In regard to further unification of financial income taxation on derivative transactions, relevant matters will be comprehensively considered while taking into consideration the results of prior deliberations on measures to prevent intentional tax avoidance.

19. Article 9, paragraph (3) of the Supplementary Provisions provided at the time the Local Tax Act was formulated: Regulations that stipulate that the amount of stated capital that serves as the taxable base of capital-based taxation be set at JPY1 billion.

20. Corporate Tax Act Article 133 (deduction of the acquisition price of low-value depreciable assets) Article 133-2 (deduction of lump-sum depreciable assets), and STML Article 67-5 (special measure for the deduction of the acquisition price of low-value depreciable assets by SMEs).



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