



Japan 2020 Take home the gold and your tax refund!



If you do not take action in advance, Japanese Consumption Tax suffered by your business during sports and other major international events held in Japan in 2020 may be unclaimable as a refund. KPMG can support you in understanding your JCT position and ensuring you maximize your refund!

Recently, Japan has hosted major international sporting and other events: 2020 is no exception. For the duration of such events in Japan, we expect many businesses without a Japan tax presence, such as foreign businesses in the media, broadcasting and sponsorship industries, to be procuring goods and services in Japan, on which JCT may be charged. Such service providers could be eligible for the refund of JCT incurred on goods and services during this period.

Who is eligible for the refund of JCT?

A JCT refund claim can only be obtained through the filing of a JCT return by an entity which has "JCT Taxpayer" status.

A JCT Taxpayer in this context specifically refers to company (or individual) who is required to file a JCT return. JCT law provides various tests or thresholds which if met will result in deemed JCT Taxpayer Status. For example, a company which has had JCT Taxable output supplies (e.g., sales/services provisions in Japan) of over JPY 10 million in the fiscal year two years prior to the fiscal year being tested, will have JCT Taxpayer Status for the year tested. (Further, threshold tests that might result in deemed JCT Taxpayer Status would apply in cases of a "New Company" that has been in existence for less than two years, a company which has undergone merger, or a company that has employees on Japanese payroll).

Many companies coming to Japan for the major sporting and other short-term events will likely be in a net JCT refundable position (e.g., if they will be making minimal or not JCT Taxable Supplies while in Japan), but not meet the abovementioned deemed JCT Taxpayer Status tests and therefore would be unable to file a JCT return to obtain such JCT refund.

Did you know?

- **JCT Tax Rate:**
10% (8% on certain items)
- **Who pays:**
Broadly, all businesses and persons who purchase taxable goods and services in Japan.
- **Can it be refunded:**
YES – if a business' creditable Input JCT paid exceeds its Output JCT
- **Who can claim a refund:**
Only those with "JCT Taxpayer Status"

Fortunately, JCT law allows for a company in such a situation to voluntarily elect JCT Taxpayer status, thereby enabling the company to file a JCT return and claim a JCT refund (the amount by which its creditable JCT incurred exceeds JCT due on its JCT Taxable output supplies in Japan, if any).

Typically, the election must be made in advance of the beginning of the fiscal year. However, an election may be applied retrospectively in the first year in which a person commences business operations in Japan resulting in input JCT being incurred if the election is filed prior to the end of such year.

JCT Taxpayer Status Elections are generally irrevocable for a period of two years.

A nonresident person/company without an office in Japan must appoint a Japanese Tax Agent through which the JCT Taxpayer Status Election, JCT Returns, and other JCT related notifications will be conducted.

In addition, JCT refunds are typically only offered through Japanese bank accounts, so services of a tax refund cash-handling provider may also be necessary.

KPMG Service Offerings

- (1) JCT Compliance
 - JCT Taxpayer Status Notification/Election
 - JCT Tax Return Preparation/Submission
- (2) Japan Tax Agency Service
- (3) Tax Payment/Refund Cash-Handling Service
- (4) JCT Tax Advisory Services

We would be very happy to submit a service proposal tailored to your specific business needs and circumstances. For further information or if you have any questions, please do not hesitate to contact one of our service experts.

KPMG Tax Corporation

Takayuki Kozu, Partner
Takayuki.Kozu@jp.kpmg.com

Benjamin Starkey, Senior Manager
Benjamin.Starkey@jp.kpmg.com

Masaharu Umetsuji, Partner
Masaharu.Umetsuji@jp.kpmg.com

Hiroki Koga, Senior Manager
Hiroki.koga@jp.kpmg.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG Tax Corporation, a tax corporation incorporated under the Japanese CPTA Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.