



KPMG Japan e-Tax News

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TAX UPDATE

2020 TAX REFORM — PASSAGE OF THE BILLS

The 2020 tax reform bills were passed by the 201st ordinary session of the Japanese National Diet on 27 March 2020. The main items of the 2020 tax reform are as follows:

■ Corporate Taxation

- Revision to consolidated tax return filing system (Shift to Japanese group relief system)
- Amendments in relation to the introduction of Japanese group relief system to replace the consolidated tax return filing system
- Introduction of special measures for promoting open innovation
- Amendments to restriction on eligible companies for special tax measures
- Amendments to tax credits for acceleration of wage increases and capital investment
- Extension of and amendments to deductible limit of entertainment expenses
- Introduction of special measures for promoting investment in 5G technology
- Amendments to business tax system for companies conducting the supply of electricity etc.

■ International Taxation

- Introduction of new tax rules to prevent tax avoidance by creating tax losses from the transfer of shares in a subsidiary following dividends received from a subsidiary
- Amendments to controlled foreign company (CFC) regime
- Amendments to foreign tax credits
- Amendments to earnings stripping rules

■ Consumption Tax

- Introduction of special measures for filing due date of the consumption tax returns of companies

■ Individual Taxation

- Amendments to reporting requirement for overseas assets
- Amendments to dependent deduction for family members living overseas
- Amendments to special measures for aggregation of profits and losses of real property income derived from second-hand overseas buildings

■ Improvements in Tax Administration Matters

- Amendments to reduction in special rate of interest tax/interest on refunded tax
- Amendments to statute of limitations for reassessments or determinations with respect to taxation on overseas transactions

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The following back issues of the KPMG Japan tax newsletter include brief summaries of the above items:

- [Outline of the 2020 Tax Reform Proposals](#) (20 December 2019)
- [2020 Tax Reform Proposals - Revision to Consolidated Tax Return Filing System](#) (7 February 2020)

KPMG Tax Corporation

info-tax@jp.kpmg.com

home.kpmg/jp/tax-en

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