



KPMG Japan e-Tax News

No.193 10 April 2020



TAX UPDATE

COVID-19 RELATED INFORMATION

1. Tax Commission of the Liberal Democratic Party and New Komeito - 'Tax Measures proposed in the 'Emergency Economic Measures for COVID-19''

The cabinet decided the 'Emergency Economic Measures for COVID-19' on 7 April 2020 to deal with the spread of the coronavirus infection. (We set out details in the e-Tax News No. 191 '[Emergency Economic Measures for COVID-19](#)' issued on 8 April 2020.)

In connection with the above, the Tax Commission of the Liberal Democratic Party and New Komeito announced the 'Tax Measures proposed in the 'Emergency Economic Measures for COVID-19'' (Japanese only).

The outline of the tax proposals^(*) set out in the e-Tax News No.191 are addressed in the same form as that of 'Annual Tax Reform Proposals' which are normally published by the Liberal Democratic Party and New Komeito in December.

^(*) Due to the subsequent correction of the explanatory material by the Ministry of Finance on 9 April 2020, there is one revision in the contents about a grace period for tax payment in the e-Tax News No. 191. Please refer to the following '3.' below for details.

2. National Tax Agency - FAQ about the procedures for extension of filing and payment due dates for corporation tax, local corporation tax, consumption tax and withholding income tax by individual application

The National Tax Agency released the 'FAQ about the procedures for extension of filing and payment due dates for corporation tax, local corporation tax, consumption tax and withholding income tax by individual application' (Japanese only) on 8 April 2020.

Due to the spread of the coronavirus infection in various places, it is considered that many companies will face difficulties in filing tax returns by the due date. The FAQ was released for those companies and explains the procedures of the application for individual extension of filing due dates, etc. by the following four Q&As:

Q1 In which case is individual extension allowed?

Where the company cannot file tax returns and pay taxes by due dates for unavoidable reasons due to the effect of the coronavirus infection, the individual extension of filing and payment due dates will be allowed by individual application. The following examples will be treated as 'unavoidable reasons':

- (1) An officer or employee of the company has been infected by coronavirus
- (2) It is difficult to prepare for account settlement and file tax returns by the filing due dates because the company cannot maintain its normal business operation, is forced to reduce their business or the business counter-parties or affiliates are affected by the coronavirus infection with the following examples of the situation:
 - Any person who refrains from going out due to bad physical condition
 - Any person who lives in the local government area which requests remote work on weekdays
 - Any person who works from home etc. due to the recommendation from the company to prevent the spread of infection
 - Any person who refrains from going out to prevent the spread of infection

In addition, the individual extension of filing and payment due dates will be allowed under other conditions if it is difficult to meet filing and payment due dates due to the spread of infection.

Q2 When are the filing and payment due dates in the case of the individual extension?

The filing and payment due dates of the company, which have difficulties in filing tax returns and payment of taxes by the relevant due dates due to the effect of the coronavirus infection, will be extended to the designated date within two months from the day on which the unavoidable reasons have stopped being applicable.

However, this Q&A explains that the company will be allowed to file their tax returns when the company becomes able to prepare and file corporation tax returns, etc.

Q3 Are other procedures (e.g. submission of application or notification) eligible for the individual extension?

Other procedures such as submission of application or notification for corporation tax, consumption tax and withholding income tax will be eligible for the individual extension where the company has difficulties in the submission of them due to the effect from the coronavirus infection.

Q4 What kind of procedures are required for the individual extension?

The Q&A explains that it will be enough to describe the statement 'application of the individual extension due to the coronavirus' in a blank space on the tax returns and the company does not need to submit an application form, etc. separately.

Note that where the company files their tax returns based on the above operation after the original due dates, actual filing and payment dates will be treated as filing and payment due dates of the tax return etc. in principle.

3. National Tax Agency - Update of FAQ about tax treatments relating to the coronavirus

The National Tax Agency has updated the FAQ (Japanese only) about the tax treatment for the tax filing and tax payment procedures etc. relating to the coronavirus released on 25 March 2020 (We set out details in the e-Tax News No. 187 [‘FAQ about the Coronavirus/CSV Format Data’](#) issued on 27 March 2020.) and added the following two Q&As:

■ 2 Individual extension of filing and payment due dates Q2-2 Individual extension for a company (added on 6 April)

This Q&A is added in relation to an announcement (Japanese only) about adopting a flexible approach for the filing due dates of 2019 tax returns released from the National Tax Agency on 6 April 2020 (We set out details in the e-Tax News No. 190 [‘Flexible Approach for Filing Due Dates’](#) issued on 6 April 2020.). The contents of the Q&A are almost the same as ‘Q1’ in the above 2. ‘FAQ about the procedures for extension of filing and payment due dates for corporation tax, local corporation tax, consumption tax and withholding income tax by individual application’.

■ 4 Rules for a grace period for tax payment Q8 Special rules for a grace period for tax payment included in the ‘Emergency Economic Measures for COVID-19’ (added on 8 April)

This Q&A introduces explanatory material^(*) about the special rules for a grace period for tax payment included in the ‘Emergency Economic Measures for COVID-19’ issued by the Ministry of Finance and clarifies the following treatments:

- The special rules for a grace period for tax payment will be applied after the bills related to the ‘Emergency Economic Measures for COVID-19’ are enacted. Therefore, the tax offices will follow the current rules until the bills are enacted.
- It is considered that the special rules for a grace period for tax payment can be applied for tax payers who applied the current rules for a grace period retroactively. Thus, the tax offices will introduce necessary procedures for tax payers who applied the current rules for a grace period for tax payment after the bills are enacted.

^(*) This explanatory material which has been issued on 7 April 2020 was corrected on 9 April 2020. Therefore, the description marked <> indicated in [Before correction] which is shown in ‘(1) Grace period for the tax payment’ of <National Tax> in the e-Tax News No. 191 [‘Emergency Economic Measures for COVID-19’](#) (issued on 8 April 2020) is replaced by the description indicated in [After correction].

[Before correction]

(1) [Grace period for the tax payment](#)

For almost all national taxes, for which the payment due dates fall between 1 February 2020 and 31 January 2021, regardless of individual or company, the deferral of the national tax payment will be permitted for one year or less without provision of collateral and payment of the delinquent tax as far as revenue is decreased by 20% compared with that in the prior year during any one month or longer period [<between February 2020 and the original payment due date selected at the taxpayer's discretion>](#) and it is difficult to pay national taxes.

[After correction]

(1) [Grace period for the tax payment](#)

For almost all national taxes, for which the payment due dates fall between 1 February 2020 and 31 January 2021, regardless of individual or company, the deferral of the national tax payment will be permitted for one year or less without provision of collateral and payment of the delinquent tax as far as revenue is decreased by 20% compared with that in the prior year during [<a certain period after 1 February 2020 \(one month or more\) selected at the taxpayer's discretion>](#) and it is difficult to pay national taxes.

KPMG Tax Corporation

info-tax@jp.kpmg.com

home.kpmg/jp/tax-en

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.

© 2020 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.