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TAX UPDATE

NATIONAL TAX AGENCY — UPDATE OF Q&A ABOUT JAPANESE GROUP RELIEF SYSTEM

By virtue of the 2020 tax reform, the Consolidated Tax Return Filing System was revised fundamentally to the Japanese Group Relief System, which will be applicable for fiscal years beginning on or after 1 April 2022. On 3 June 2020, the National Tax Agency released the first edition of the Q&A (Japanese only, consisting of 43 questions) about the tax treatments, etc. of the Japanese Group Relief System under the reformed tax laws which were promulgated on 31 March 2020. (We set out an outline of the Q&A in the e-Tax News No.199 [‘NTA - COVID-19/Japanese Group Relief System’](#) issued on 8 June 2020.)

On 21 August 2020, the National Tax Agency has released the second edition of the Q&A (Japanese only, consisting of 65 questions) about the Japanese Group Relief System, which reflects the tax treatments, etc. prescribed by the cabinet orders of corporation tax^(*1) which were promulgated on 26 June 2020 and the ministerial ordinances of corporation tax^(*2) which were promulgated on 30 June 2020.

(*1) We set out details in the e-Tax News No.201 [‘Japanese Group Relief System - Cabinet Order’](#) issued on 26 June 2020.

(*2) We set out details in the e-Tax News No.203 [‘Japanese Group Relief System - Ministerial Ordinances’](#) issued on 30 June 2020

■ New Q&As

For example, Q&As about the following are newly added:

- Crystallization of built-in gains/losses (Q32~34,36,37)
- Calculation method of the tax effect from aggregation of profits and losses, etc. (Q50)
- Calculation examples of domestic dividend exclusion received from a related company (Q53), tax credit for total R&D expenditure (Q59, 60) and foreign tax credits (Q62~64)

■ Pre-existing Q&As

The tax treatments, etc. prescribed by the cabinet orders and the ministerial ordinances are added to the pre-existing Q&As with those article numbers. More detailed explanations and amendments of wordings, etc. are also reflected.