

KPMG Japan e-Tax News



Tax Updates

2016 Tax Reform – Passage of the Bills

The 2016 tax reform bills were passed by the National Diet on 29 March 2016. The main items of the 2016 tax reform are as follows:

Effective Corporate Tax Rates

By virtue of the amendments, the effective corporate tax rates for a company which is liable for size-based business taxes (broadly, a company whose stated capital is over JPY100 million) will be reduced as follows:

	Before amendment	After amendment	
	from 1 April 2015 to 31 March 2016	from 1 April 2016 to 31 March 2018	from 1 April 2018
Fiscal years beginning in the periods indicated in right columns			
Standard tax rates	32.11%	29.97%	29.74%

Once the Tokyo business tax rates for a company which is liable for size-based business taxes for fiscal years beginning on or after 1 April 2016 become available, we will release another e-Tax News to inform you of such tax rates. We expect the rates to be available shortly.

Other Main Items of the Amendments

Corporate taxation

- Increase in the size-based business tax rates, and special measures to minimize a rapid increase in the tax burden
- Amendments to the deductible amount of tax losses
- Amendments to depreciation methods
- Amendments to deductible directors' compensation
- Introduction of corporate version of hometown taxes

International taxation

- Amendments to the transfer pricing documentation rules
- Amendments to the anti-tax haven (CFC) rules

Consumption taxation

- Introduction of a reduced consumption tax rate for certain transactions
- Introduction of the invoicing system
- Transitional measures before the introduction of the invoicing system

The following back issue of the [KPMG Japan tax newsletter](#) includes more details of the above items:

[Outline of the 2016 Tax Reform Proposals](#) (18 December 2015)

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