

Act on General Rules for National Taxes (Extract)

(Act No. 66 of April 2, 1962)

Chapter I General Provisions

Section 1 General Rules

(Definitions)

Article 2

(vi) tax return: a return in which any of the matters listed below, and other necessary matters concerning the matters, are stated in relation to a national tax using the self-assessment system pursuant to the provisions of the national tax laws, including a return for receiving payment of a national tax refund under the provisions of the national tax laws (hereinafter referred to as a "refund") in which any of these matters is stated:

(a) The tax basis (in the case of a national tax for which the tax basis amount or the tax basis quantity is provided under the national tax laws, such tax basis amount or tax basis quantity; the same applies hereinafter);

(b) The amount to be deducted from the tax basis;

(c) Any of the following amounts (hereinafter referred to as the "amount of net loss, etc."):

1. The amount of net loss or casualty loss as prescribed in the Income Tax Act (Act No. 33 of 1965) which arose in or before the relevant year, and which may be carried over and deducted from the calculation of the amount of income for the following and subsequent years, or used as the basis for the calculation of the amount of a refund pertaining to the income for the preceding year, pursuant to the provisions of the Act
2. The amount of net operating loss or consolidated net operating loss prescribed in the Corporation Tax Act (Act No. 34 of 1965) which arose in or before the relevant business year or the relevant consolidated business year (consolidated business year as prescribed in Article 15-2 (Meaning of Consolidated Business Year) of the Act; hereinafter the same applies in this item and in Article 15, paragraph (2), item (iii)) (including any amount deemed to be the amount of net operating loss or consolidated net operating loss pursuant to the provisions of Article 57, paragraph (2) or paragraph (6), Article 58, paragraph (2), or Article 81-9, paragraph (2) (Assumption of Amount of Unappropriated Net Operating Loss of Merged Corporation) of the Act), which may be carried over and deducted from the calculation of the amount of income or consolidated income (meaning consolidated income prescribed in

Article 2, item (xviii)-4 (Definitions) of the Act; hereinafter the same applies in this item and Article 15, paragraph (2), item (iii)) for the following and subsequent business years or consolidated business years, or used as the basis for the calculation of the amount of a refund pertaining to the income or consolidated income for the preceding and prior business years or consolidated business years, pursuant to the provisions of the Act

3. In cases where any amounts are deducted pursuant to the provisions of Article 21-12 (Special Exemption for Gift Tax under Taxation System for Settlement at the Time of Inheritance) of the Inheritance Tax Act (Act No. 73 of 1950), the amount that remains after deducting the total of such amounts from 25 million yen

(d) The payable tax amount;

(e) The tax amount equivalent to the amount of a refund;

(f) The amount to be deducted from the calculation of the tax amount set forth in (d) or the tax amount to be used as the basis for the calculation of the amount of a refund;

(vii) statutory tax return due date: the due date for filing a tax return under the provisions of the national tax laws; or

(viii) statutory payment due date: the due date for payment of a national tax under the provisions of the national tax laws (in the case of the national taxes listed below, the due date or the day specified respectively therein); in this case, the due date advanced as prescribed in Article 38, paragraph (2) (Advance Demand) and the due date extended by postponement of tax payment under the provisions of the Income Tax Act or the Inheritance Tax Act (hereinafter referred to as "postponement of tax payment"), extended under a tax payment grace period as prescribed in Article 47, paragraph (1) (Tax Payment Grace Period) or extended by a collection grace period or a delinquent tax collection procedure execution grace period not be regarded as the due date for payment of the national tax:

(a) A national tax payable under the provisions of Article 35, paragraph (2) (Payment by Return Filed after the Due Date, etc.): the due date for payment of the national tax where the provisions of the national tax laws are applied after deeming the amount of national tax to be the payable tax amount that was stated in the return filed by the due date in connection with the national tax;

(b) A national tax (excluding a national tax which falls under the categories listed in (c) or (d)) for which notice of tax payment is given after a day designated as the due date for payment of the national tax pursuant to the provisions of the national tax laws: the due date;

(c) A national tax subject to the official assessment system that is to be

collected immediately upon the occurrence of a certain event pursuant to the provisions of national tax laws: the day on which the event occurs;

(d) Accessory tax: the due date for payment of the national tax which is the cause of the payment or collection of such accessory tax (if the national tax falls under any of the national tax categories listed in (a) through (c), the due date or day listed respectively in (a) through (c) which pertains to the national tax (in the case of penalty taxes for understatement and for failure to file as well as the heavy penalty tax prescribed in Article 35, paragraph (3) (Payment of Penalty Tax for Understatement), which pertains to land value tax, the earlier due date)).

(Filing of a Return by the Due Date)

Article 17 (1)

(2) A tax return filed pursuant to the provisions of the preceding paragraph is referred to as a "return filed by the due date."

(Amended Return)

Article 19 A person who has submitted a tax return (including their heirs or any other person who has succeeded to all of the rights and obligations included in the property of the person who has submitted (in the case of a corporate split, limited to the corporation that succeeds to the liability of the split corporation to pay national taxes pursuant to the provisions of Article 7-2, paragraph (4) (Succession to Liability to Pay National Taxes Pertaining to Trust)); hereinafter the same applies in Article 23, paragraphs (1) and (2) (Request for Reassessment)) may, if the person falls under any of the following items, file another tax return to amend the tax basis, etc. (meaning the matters listed in Article 2, item (vi) (a) through (c) (Definitions); the same applies hereinafter) or the tax amount, etc. (meaning the matters listed in (d) through (f) of the item; the same applies hereinafter) stated in the initial return, until a reassessment is made of the initial return under the provisions of Article 24 (Reassessment):

- (i) where there is a shortfall in the tax amount payable stated in the initial tax return;
- (ii) where the amount of net loss, etc. is overstated in the initial tax return;
- (iii) where the tax amount equivalent to the amount of a refund is overstated in the initial tax return; or
- (iv) where the initial return contains no statement as to the tax amount payable, despite the fact that such a payable tax amount exists.

(Request for Reassessment)

Article 23 A person who has filed a tax return may request that the district

director of the tax office reassess the tax basis, etc. or tax amount, etc. stated in the return (if a reassessment of such tax basis, etc. or tax amount, etc. has been carried out under the provisions of the following Article or Article 26 (Reassessment of Previous Reassessment), the reassessed tax basis, etc. or tax amount, etc.) within one year from the statutory tax return form due date for the national tax to which the return pertains if the person falls under any of the following items:

- (i) where the tax amount payable by filing the return (if a reassessment of the tax amount has been carried out, the reassessed tax amount) is overestimated due to the fact that the calculation of the tax basis, etc. or tax amount, etc. stated in the return contains errors or does not conform to the provisions of the national tax laws;
- (ii) where the amount of net loss, etc. is understated in the return (or where the reassessed amount is understated, if a reassessment of the amount has been carried out), or where the amount of net loss, etc. is not stated in the return (or in the written notice of reassessment if a reassessment of the amount has been carried out), for the reasons prescribed in the preceding item; or
- (iii) where the tax amount equivalent to the amount of a refund in the return (if a reassessment of the tax amount has been carried out, the reassessed tax amount) is understated, or where the tax amount equivalent to the amount of a refund is not stated in the return (or in the written notice of reassessment if a reassessment of the amount has been carried out) for the reasons prescribed in item (i).

(Reassessment of Previous Reassessment)

Article 26 If the district director of the tax office becomes aware that the tax basis, etc. or tax amount, etc. reassessed or determined under the provisions of the preceding two Articles or this Article has been overestimated or underestimated, they further reassess such reassessed or determined tax basis, etc. or tax amount, etc. based on their examination thereof.

(Assessment and Determination)

Article 32 (1)

- (5) The provisions of Article 27 (Reassessment or Determination Based on Examination by Officials of the National Tax Agency or National Taxation Bureau), the second sentence of Article 28, paragraph (3) (Matters to be Stated as Supplementary Notes to a Written Notice of Determination) and Article 29 (Effect of Reassessment, etc.) apply mutatis mutandis to a determination made under the provisions of paragraph (1) or paragraph (2) (hereinafter referred to as an "assessment and determination").

Chapter III Payment and Collection of National Tax
Section 1 Payment of National Tax

(Payment of National Tax using the Self-Assessment System)

Article 35 (1)

(2) The taxpayer of a national tax equivalent to any of the amounts listed in the following items must pay the national tax by the day specified in the items (in the case of a national tax for which the due date for payment is otherwise specified by the national tax laws pertaining to the postponement of tax payments and other national taxes, by such due date for payment as specified in the relevant law):

- (i) the tax amount stated in a return filed after the due date as the amount payable by filing such return, or the amount set forth in Article 19, paragraph (4), item (iii) (Tax Amount Payable by Amended Return) as stated in an amended return : the day on which such return filed after the due date or amended return is filed; or
- (ii) the amount listed in Article 28, paragraph (2), item (iii) (a) through (c) (Tax Amount Payable by Reassessment) as stated in a written notice of reassessment (where the reassessment reveals any penalty tax amount payable, such tax amount payable), or the tax amount payable as stated in a written notice of determination: the day on which one month has elapsed from the day following the day on which the written notice of reassessment or written notice of determination was given.

(Demand)

Article 37 Where a taxpayer fails to pay a national tax in full by the due date for payment set forth in Article 35 (Payment of National Tax under Self-Assessment System) or paragraph (2) of the preceding Article (in the case of income tax subject to estimated tax prepayment, the due date for payment set forth in Article 104, paragraph (1), Article 107, paragraph (1) or Article 115 (Payment of Amount of Estimated Tax Prepayment) of the Income Tax Act applies (including cases where these provisions are applied mutatis mutandis pursuant to Article 166 (Application Mutatis Mutandis to Nonresidents) of the Act), and in the case of delinquent tax and interest tax, the due date for payment of the national tax used as the basis for the calculation thereof applies; hereinafter referred to as the "due date for payment"), the district director of the tax office must demand that such taxpayer pay the national tax by sending a demand letter, except where the national tax falls into any of the following categories:

- (i) national tax subject to the provisions of paragraph (1) or (3) of the following

Article, or Article 159 (Preservative Seizure) of the National Tax Collection Act; or

- (ii) national tax to be collected immediately upon the occurrence of a certain event pursuant to the provisions of the national tax laws.

(Advance Demand)

Article 38 In any of the cases listed in the following items, if the district director of the tax office finds that there is any national tax for which the payable tax amount has been determined (in the case set forth in item (iii), excluding a national tax for which the liability to pay is an obligation to be paid with the trust property), but such national tax is not expected to be paid in full by the due date for payment, they may accelerate the due date and demand immediate payment of the national tax:

- (i) where a compulsory liquidation procedure has been commenced against the taxpayer's property (including cases in which notice has been given under the provisions of Article 2, paragraph (1) (Limitation on the Effect of a Transfer of Ownership, etc.) of the Act on Contracts for the Establishment of Security Interests by Use of Provisional Registration) (Act No. 78 of 1978) (including cases where applied mutatis mutandis pursuant to Article 20 (Application Mutatis Mutandis to Contracts for Acquisition of Rights other than Ownership of Land, etc.) of the Act);
- (ii) where the taxpayer has died and their heirs have declared their qualified acceptance;
- (iii) where the taxpayer is a corporation and has been dissolved;
- (iv) where the liability to pay involves a national tax that constitutes an obligation covered by the trust property of a trust that has been terminated (excluding cases where the trust has been terminated on the grounds set forth in Article 163, item (v) (Grounds for Termination of a Trust) of the Trust Act);
- (v) where the taxpayer is expected to lose their domicile or residence in the place of enforcement of this Act without appointing a tax agent; or
- (vi) where the taxpayer is found to have evaded or attempted to evade payment of a national tax or to have received or attempted to receive a refund of a national tax by deception or other wrongful acts, or where the taxpayer is found to have evaded or attempted to evade the execution of the delinquent tax collection procedure.

(Requirements for Tax Payment Grace Period)

Article 46 (1) Where a taxpayer has suffered a considerable loss of property due to an earthquake, flood, wind, lightening, fire or any other similar disaster, if the taxpayer has any national tax that falls under any of the following which is

payable within one year from the day on which they suffered such loss, the district director of the tax office (in cases where the director-general of a customs house or the regional commissioner of a Regional Taxation Bureau collects national taxes pursuant to the provisions of the proviso to Article 43, paragraph (1), (3) or (4), or Article 44, paragraph (1) (Competent Agency for Collection of National Taxes), the director-general or the regional commissioner; hereinafter referred to as the "district director of the tax office, etc." in this Chapter) may, based on an application filed by the taxpayer within two months from the day on which such disaster ended, grant a payment grace period for all or part of the national tax for up to one year from the due date for payment (in the case of a national withholding tax for which no notice of tax payment has been given, its statutory payment due date) (in the case of the national tax set forth in item (iii), the grace period is specified by Cabinet Order), as provided for by Cabinet Order:

- (i) a national tax (excluding consumption tax and other national taxes specified by Cabinet Order) for which tax liability has been established on or before the day specified in each of the following for the categories of national taxes listed respectively therein, where the due date for payment (in the case of a national withholding tax for which no notice of tax payment has been given, its statutory payment due date) comes on or after the day on which the taxpayer suffered the loss, and the payable tax amount has been determined on or before the date of their application:
 - (a) A national withholding tax, including consumption tax, etc. (in the case of a petroleum and coal tax on the goods received from a bonded area, limited to such tax payable under the provisions of Article 17, paragraph (3) (Payment of Petroleum and Coal Tax on Crude Oil Received) of the Petroleum and Coal Tax Act (Act No. 25 of 1978)), aviation fuel tax, promotion of energy resources development tax and stamp tax, all of which are subject to the self-assessment system: the last day of the month containing the day on which the disaster ended;
 - (b) National taxes other than those listed in (a): the day on which the disaster ended;
 - (ii) consumption tax on the transfer, etc. of a taxable asset for which the taxable period expired on or before the day on which the disaster ended, where the due date for payment comes on or after the day on which the taxpayer suffered the loss, and where the payable tax amount was determined on or before the date of their application;
 - (iii) income tax subject to estimated tax prepayment and any other national tax specified by Cabinet Order where the due date for payment comes on or after the day on which the taxpayer suffered the loss.
- (6) Where the district director of the tax office, etc. requests security pursuant to

the provisions of the preceding paragraph, if any property is seized through a delinquent tax collection procedure with regard to the national tax under grace period, the amount of such security does not exceed the amount calculated by deducting the value of such property from the amount under the grace period.

(Notice of Tax Payment Grace Period)

Article 47 (1) When the district director of the tax office, etc. has granted a tax payment grace period under the provisions of the preceding Article (hereinafter referred to as a "tax payment grace period") or extended the grace period, they must notify the taxpayer of such fact, the amount under the grace period, the grace period and other necessary matters.

(2) Where an application has been filed under any of paragraphs (1) through (3) or (7) of the preceding Article, if the district director of the tax office, etc. does not grant a tax payment grace period or an extension of the grace period, they must notify the taxpayer of such fact.

(Effect of Tax Payment Grace Period)

Article 48 (1) The district director of the tax office, etc., when they have granted a tax payment grace period, may not make a further demand nor execute the delinquent tax collection procedure (excluding a request for share distribution) within the grace period with regard to the national tax equivalent to the amount under the grace period.

(2) Where the district director of the tax office, etc. has granted a tax payment grace period, if any property has been seized through a delinquent tax collection procedure with regard to the national tax under the grace period, they may cancel the seizure upon application by the recipient of the grace period.

(3) Where the district director of the tax office, etc. has granted a tax payment grace period, if the property seized with regard to the national tax under the grace period contains any property that yields natural fruits, any securities or claims or any incorporeal property, etc. prescribed in Article 72, paragraph (1) (Seizure Procedure for Patent Rights) of the National Tax Collection Act, they may, notwithstanding the provisions of paragraph (1), execute the delinquent tax collection procedure upon the natural fruits acquired or property, other than money, delivered by a third party obligor, etc. prescribed in Article 24, paragraph (5), item (ii) (Limited Tax Liability of Mortgagee by Transfer) of the Act, and appropriate any proceeds, etc. realized by liquidation of such property as prescribed in Article 129, paragraph (1) (Principle of Distribution) of the Act to the national tax under the grace period.

(4) In the case described in the preceding paragraph, if the property delivered by the third party obligor, etc. set forth in the paragraph contains any money,

such money may be appropriated to the national tax under the grace period, notwithstanding paragraph (1).

(Revocation of Tax Payment Grace Period)

Article 49 (1) Where a person who has been granted a tax payment grace period falls under any of the following items, the district director of the tax office, etc. may revoke the grace period or shorten the grace period:

- (i) where there is a fact that falls under any of the items of Article 38, paragraph (1) (Advance Demand), and the person is found to be unable to pay the national tax under the grace period in full within the grace period;
- (ii) where the person does not pay the amount equivalent to each installment set under the provisions of Article 46, paragraph (4) (Installment Payment of Tax Amount under a Grace Period) within the grace period specified for the installment;
- (iii) where the person does not follow an order issued by the district director of the tax office, etc. pursuant to the provisions of Article 51, paragraph (1) (Change to Security) with regard to the security provided for the national tax under the grace period; or
- (iv) except for the cases listed in the preceding three items, where it is found to be inappropriate to maintain the grace period due to any change in the state of the person's property or other circumstances.

(2) Where the district director of the tax office, etc. revokes a tax payment grace period or shortens a grace period pursuant to the provisions of the preceding paragraph, they must hear an explanation in advance from the person who has been granted the grace period, except where there is a fact that falls under any of the items of Article 38, paragraph (1); provided, however, that this does not apply if such person fails to provide an explanation without justifiable grounds.

(3) When the district director of the tax office, etc. has revoked a tax payment grace period or shortened a grace period pursuant to the provisions of paragraph (1), they must notify the taxpayer of such fact.

(Change to Security)

Article 51 Where security has been provided for the national tax, when the district director of the tax office, etc. finds that payment of the national tax cannot be secured due to a decrease in the value of the collateral or financial resources of the guarantor or for any other reason, they may order the provider of such security to provide additional security, change the guarantor or take any other measure necessary to obtain proper security.

(Disposition of the Collateral and Enforcement of Guarantee)

Article 52 If the national tax for which security has been provided has not been

paid in full by the due date for payment (including a due date advanced as prescribed in Article 38, paragraph (2) (Advance Demand) and a due date extended under a tax payment grace period or under a collection grace period or delinquent tax collection procedure execution grace period; hereinafter the same applies in the following Article and Article 63, paragraph (2) (Exemption from Delinquent Tax)), or if the district director of the tax office, etc. has revoked the postponement of tax payment, tax payment grace period or collection grace period or delinquent tax collection procedure execution grace period granted for the national tax for which security has been provided, the district director of the tax office, etc. appropriates cash provided as collateral to the national tax or dispose of property other than cash provided as collateral through a procedure similar to a delinquent tax collection procedure and appropriate money obtained thereby to the national tax and the expenses for the disposition of the property, or has the guarantor pay the national tax.

(Consignment of Payment)

Article 55 Where a taxpayer, for the purpose of paying any of the following national taxes, intends to deliver securities other than those available for payment of a national tax, thereby requesting the liquidation of such securities and the appropriation of the proceeds to payment of the national tax by means of money thus collected, the relevant official of the tax office (in cases where the director-general of a customs house or the regional commissioner of a Regional Taxation Bureau collects national taxes pursuant to the provisions of the proviso to Article 43, paragraph (1), or paragraph (3) or paragraph (4) of the Article, or Article 44, paragraph (1) (Competent Agency for Collection of National Taxes), the customs house or Regional Taxation Bureau; hereinafter the same applies in this Article) may accept the request only when it is found that such securities have been collectable with certainty in the recent past. In this case, if the liquidation of such securities incurs any costs, the person who intends to request the liquidation must also provide an amount equivalent to the amount of such costs:

- (i) a national tax under a tax payment grace period or a delinquent tax collection procedure execution grace period;
- (ii) a national tax whose due date for payment comes on or after the due date for payment of the securities which are requested to be used for the tax payment; and
- (iii) beyond the national taxes listed in the preceding two items, a national tax in delinquency, in cases where it is found that the taxpayer has a sincere intention to make the tax payment, and where accepting the request of such tax payment is beneficial to the collection of the national tax.

(Interest on Refund)

Article 58 Where the regional commissioner of a Regional Taxation Bureau, the district director of a tax office or the director-general of a customs house pays or appropriates a refund, etc., they must multiply the amount to be refunded or appropriated by the rate of 7.3% per annum, and add this amount (hereinafter referred to as the "interest on refund") to the amount to be refunded or appropriated, based on the number of days in the period from the day following the day specified in each of the following items for the category of refund, etc. listed in the relevant item, until the day of the decision to pay the relevant refund or the day on which the relevant refund is appropriated (where appropriation was possible before that date, the day on which it became possible to make the appropriation) (or during the period otherwise specified by other national tax laws):

- (i) a refund or any of the following overpayments: the day on which the national tax causing the refund or overpayment was paid (if such day precedes the statutory payment due date of the national tax, the statutory due date):
 - (a) An overpayment arising from national tax (including any delinquent national tax and interest tax thereon) for which the payable tax amount has been determined by a reassessment or determination under the provisions of Article 25 (Determination) or an assessment and determination (hereinafter referred to as a "reassessment or determination, etc.") (excluding overpayment as set forth in the following item);
 - (b) An overpayment arising from the national tax (including any delinquent national tax) for which the payable tax amount is determined without any special procedure upon the establishment of the tax liability, and for which notice of tax payment has been given;
 - (c) An overpayment specified by Cabinet Order as arising from national tax that is similar to the overpayments listed in (a) or (b);
- (ii) an overpayment arising from national tax (including any delinquent tax and interest tax thereon) for which the payable tax amount has been reduced due to a reassessment based on a request for reassessment (including a determination of the taxation agency, a decision of the National Tax Tribunal or a judicial decision on an appeal of a disposition made in response to such a request): the day on which three months have elapsed from the day following the day on which the request for reassessment was made, or the day on which one month has elapsed from the day following the day on which the reassessment was carried out, whichever comes earlier (if such day precedes the statutory payment due date of the national tax, the statutory due date);
or
- (iii) an overpayment or other payment by mistake arising from national tax,

except for the overpayments listed in the preceding two items: the day on which one month has elapsed from the day following the day specified by Cabinet Order as the day on which such overpayment or payment by mistake occurred.

(Special Provisions for Base Period for Calculation of Amount of Delinquent Tax)

Article 61 Where an amended return has been filed (excluding an amended return filed by a taxpayer who has evaded payment of a national tax or received a national tax refund by deception or other wrongful acts, while anticipating that a reassessment will be made of the national tax because of the examination having been conducted with regard to the national tax) or where a reassessment has been made (excluding a reassessment made of the national tax to be paid by a taxpayer who has evaded payment of a national tax or received a national tax refund by deception or other wrongful acts), if the case falls under any of the following items, the provisions of paragraph (2) of the preceding Article apply to the national tax payable by filing the return or based on the reassessment, with the period set forth in the relevant item being deducted from the period prescribed in the paragraph:

- (i) where a return filed by the due date has been submitted for the national tax to which such amended return or reassessment pertains, and the amended return was filed or a written notice of reassessment concerning the reassessment was given after the day on which one year has elapsed from the statutory tax return due date for the national tax: the period from the day following the day on which one year has elapsed from the statutory tax return due date, until the day on which the amended return was filed or the day on which a written notice of reassessment concerning the reassessment was given; or
- (ii) where a return filed after the due date was submitted for the national tax to which such amended return or reassessment pertains (including a tax return to be filed to receive payment of a refund, which is specified by Cabinet Order (hereinafter referred to as a "return of refund claim"); hereinafter the same applies in this item) , and the amended return was filed or a written notice of reassessment concerning the reassessment was given after the day on which one year has elapsed since the date on which the return filed after the due date was submitted: the period from the day following the day on which one year has elapsed since the date on which the return filed after the due date was submitted, until the day on which the amended return is filed or the day on which a written notice of reassessment concerning the reassessment is given.

(Tax Items for Penalty Tax)

Article 69 Penalty tax for understatement, failure to file, non-payment, and heavy penalty tax (hereinafter collectively referred to as "penalty tax") are to be national tax falling under the tax items which apply to the tax amount that is the basis for the calculation of the amount of such penalty tax.

(Time Limit for Reassessment and Determination, etc. of National Tax)

Article 70 (1) A reassessment or an assessment and determination as listed in the following items may not be carried out more than three years after the due date or day specified in the items (if a return filed after the due date is filed is submitted prior to the lapse of such three-year period, the time limit is the date of this lapse or the date two-years after the date on which the return filed after the due date was submitted, whichever comes later; in the case of a reassessment of the corporation tax, the time limit is the day on which five years have elapsed from the due date or the day specified in item (i)):

- (i) a reassessment (excluding a reassessment subject to the provisions of paragraph (3)): the statutory tax return due date for the national tax to which the reassessment pertains (in the case of a reassessment based on a return claiming a refund, the day on which the return is filed); or
- (ii) an assessment and determination regarding a national tax for which a tax basis return is required to be filed and has been filed: the due date for the filing of the return.

(2) Notwithstanding the provisions of the preceding paragraph, a reassessment or an assessment and determination listed in the items under the paragraph and falling under the following may be carried out until five years have elapsed from the due date or day specified respectively in the items (in the case of the reassessments listed in items (ii) and (iii) (limited to such reassessment of the amount of net loss, etc.) which pertain to corporation tax, the time limit is the day on which seven years have elapsed from the due date or day specified in item (i) of the paragraph):

- (i) a reassessment or an assessment and determination to decrease the payable tax amount;
- (ii) a reassessment to increase the amount of net loss, etc. arising during the taxable period concerned or the refund amount, or a reassessment made on the assumption of the existence of these amounts;
- (iii) a reassessment to decrease the amount of net loss, etc. arising during the taxable period concerned; and
- (iv) except for those listed in the preceding three items, a reassessment of a national tax for which a return filed after the due date was submitted on or after the day on which three years have elapsed since the statutory tax return due date.

- (3) No determination under the provisions of Article 25 (Determination) nor reassessment following such determination may be made on or after the day on which five years have elapsed from the statutory tax return due date for the national tax to which such determination or reassessment pertains (or from the day specified by Cabinet Order in the case of a determination or reassessment to be carried out when no claim for a refund return is filed).
- (4) No assessment and determination may be made with regard to the national taxes listed in the following items on or after the day on which five years have elapsed from the due date or the day specified respectively in the items:
- (i) a national tax requiring a tax basis return for which no such return has been filed: the filing due date of the return; and
 - (ii) a national tax subject to the official assessment system for which a tax basis return is not required: the day on which tax liability was established.
- (5) Notwithstanding the provisions of the preceding paragraphs, a reassessment or determination, etc. of a national tax (including any penalty tax and delinquency tax on the national tax) which a taxpayer evaded in whole or in part or of which the taxpayer received a partial or complete refund through deception or other wrongful acts, and a reassessment of the amount of net loss, etc. stated in a tax return which deceptively or otherwise wrongfully overstates the amount of net loss, etc. arising during the taxable period concerned (or if a reassessment of the amount has been carried out, the reassessed amount) may be carried out until seven years have elapsed from the due date or the day specified in each of the following items for the types of reassessment or determination, etc. listed in the items:
- (i) a reassessment or determination: the statutory tax return due date for the national tax to which the reassessment or determination pertains (in the case of a reassessment based on a refund claim return, the day on which the return was filed);
 - (ii) an assessment and determination regarding the national tax for which a tax basis return is required to be filed: the due date of the filing of such return; or
 - (iii) an assessment and determination regarding the national tax subject to the official assessment system for which no tax basis return is required the day on which tax liability was established.

(Special Provisions on Time Limits for Determination and Reassessment of National Tax)

Article 71 Notwithstanding the provisions of the preceding Article, a reassessment or determination, etc. under the following items may be carried out within the period specified in the items if the day on which such period expires comes after the lapse of the period during which a reassessment or

determination, etc. may be carried out pursuant to the provisions of the preceding Article:

- (i) a reassessment or determination, etc. of national tax of a person who has received a National Tax Tribunal decision, a taxation agency determination or a judicial decision (hereinafter referred to as a "decision, etc." in this item) in an appeal against or action for a reassessment or determination, etc. of a national tax for which the tax basis, etc. or tax amount will change upon the change to the original disposition by such decision, etc. or upon the reassessment based on a request for reassessment (limited to national tax falling under the tax item which applies to the national tax to which the decision, etc. or reassessment pertains): six months from the day on which the decision, etc. or reassessment was made; or
- (ii) a reassessment to be carried out with regard to a national tax subject to the self-assessment system due to the fact that economic benefits arising from an invalid act included among the facts used as the basis for the calculation of the tax have been lost due to the invalidity of the act, or that an act that was voidable but included among these facts has been rescinded, or for other similar reasons specified by Cabinet Order (limited to a reassessment that falls under the provisions of paragraph (2), item (i) or item (ii) of the preceding Article), or an assessment and determination to be made with regard to an penalty tax on such national tax upon such reassessment: three years from the day on which the event constituting the reason occurred.

(Extinctive Prescription of the Right to Collection of National Tax)

Article 72 The right of the State to collect a national tax (hereinafter referred to as the "national tax collection right" in this Section) is extinguished by prescription if it is not exercised within five years from the statutory payment due date of the national tax (in the case of a national tax to be paid based on a reassessment or determination, etc. set forth in paragraph (1), item (i) of the preceding Article, from the day on which the decision, etc. or reassessment prescribed in the item was made; in the case of a national tax to be paid by reason of the overstatement of the tax amount equivalent to the amount of a refund based on a refund claim return, as well as expenses for the delinquent tax collection procedure, from the day on which the right of collection may be exercised for these taxes; and in the case of delinquency tax, from the day on which the tax liability was established; the same applies in paragraph (3) of the following Article).

(Interruption and Suspension of Prescription)

Article 73 (1)

(3) The prescription period of the national tax collection right pertaining to a

national tax which a taxpayer has evaded in whole or in part or of which a taxpayer has received a refund in whole or in part through deception or other wrongful acts do not run for two years from the statutory payment due date of the national tax; provided, however, that where any of the acts or dispositions listed in the following items have been carried out within two years from the day following the statutory payment due date, the prescription period commences to run from the day following the day set forth in each item in relation to each part of the national tax to which such act or disposition pertains for the categories of acts or dispositions listed in the items, and where an act or disposition has been carried out by the statutory payment due date, the prescription commences to run from the day following the statutory payment due date in relation to each part of the national tax to which the act or disposition pertains:

- (i) filing of a tax return: The day on which the return is filed;
 - (ii) a reassessment or determination, etc. (excluding an assessment and determination regarding penalty tax): The day on which the written notice of the reassessment or determination or the written notice of assessment and determination regarding the reassessment or determination, etc. is given;
 - (iii) a notice relating to tax payment (excluding a notice pertaining to national tax for which a written notice of assessment and determination has been given): The day on which the written notice of tax payment is given (where the notice is given orally in lieu of service of written notice, the day on which the notice is given orally); or
 - (iv) payment of a national withholding tax without receiving a notice of tax payment: The day on which the payment is made.
- (4) With regard to national tax subject to the postponement of tax payment, tax payment grace period or collection grace period or of a delinquent tax collection procedure execution grace period (including any delinquent tax and interest tax payable together with the national tax), the prescription period of the national tax collection right the not run during the period in which such postponement or grace period is effective.

(Tax Agent)

Article 117 (1)

- (2) When a taxpayer appoints a tax agent pursuant to the provisions of the preceding paragraph, they must notify the district director of the tax office with jurisdiction over the place of payment of the national tax for which the tax agent is responsible (if a tax agent has been appointed to administer only affairs concerning the consumption tax, etc. on goods received from a bonded area, the director-general of the customs house having jurisdiction over the place of payment of the consumption tax, etc.). The same applies where the

taxpayer has dismissed their tax agent.