

# **Order for Enforcement of the Income Tax Act (Limited to the provisions related to nonresidents and foreign corporations)**

(Cabinet Order No. 96 of March 31, 1965)

(Scope of Taxable Amount of Foreign Source Income of Non-Permanent Residents, etc.)

Article 17 The scope of income other than domestic source income prescribed in Article 7(1)(ii) (Scope of Taxable Income of Non-Permanent Residents) of the Act (hereinafter referred to as "foreign source income" in this Article), which is paid in Japan or remitted to Japan from abroad, shall be as provided in the following:

- (i) Where a non-permanent resident has received a remittance from abroad in each year, it shall be deemed that the non-permanent resident's income categorized as foreign source income for the said year that is paid outside Japan has been remitted up to the amount of the remittance received; provided, however, that where the non-permanent resident has any income categorized as domestic source income prescribed in Article 161 (Domestic Source Income) of the Act (hereinafter referred to as "domestic source income" in this Article) for the relevant year that is paid outside Japan, it shall be deemed that income categorized as domestic source income has been remitted, and then, if any amount remains, it shall be deemed that income categorized as foreign source income has been remitted up to the remaining amount.
- (ii) The amount of income prescribed in the preceding item shall be the amount equivalent to the sum of the amounts of various types of income calculated in accordance with the provisions of Article 23 to Article 35 (Types of Income and Amounts of Various Types of Income) and Article 69 (Aggregation of Profits and Losses) of the Act with regard to a non-permanent resident's income categorized as foreign source income that is paid outside Japan and income categorized as domestic source income that is paid outside Japan, respectively. In this case, if these amounts of income include employment income or retirement income, the amount of revenue concerned shall be deemed to be the amount of employment income or amount of retirement income, respectively, and if they include timber income, capital gains or occasional income, the amount calculated by deducting, from the amount of revenue concerned, the amount of necessary expenses prescribed in Article

32(3) (Amount of Timber Income) of the Act, costs for acquisition of assets prescribed in Article 33(3) (Amount of Capital Gains) of the Act and costs for transfer of the acquired assets, and the amount of expenditure prescribed in Article 34(2) (Amount of Occasional Income) of the Act, shall be deemed to be the amount of timber income, amount of capital gains or amount of occasional income, respectively.

- (iii) In the case where the provisions of Article 7(1)(ii) of the Act and the preceding two items shall apply, if any of the various types of income categorized as foreign source income or various types of income categorized as domestic source income is paid in and outside Japan, respectively, the amount calculated by multiplying the amount of each type of income (in the case of the income prescribed in the second sentence of the preceding item, the amount calculated pursuant to the provision of the second sentence of the said item) by the ratio of the amount paid in Japan or amount paid outside Japan, respectively, to the amount of revenue pertaining to the said type of income, shall be deemed to be the amount of the said type of income paid in Japan or paid outside Japan, respectively.
- (iv) In the case referred to in item (i), if there are two or more types of income categorized as foreign source income that is paid outside Japan, it shall be deemed that with regard to the amount of each type of income, the amount equivalent to the amount calculated by multiplying the amount of remittance pertaining to the foreign source income that is deemed to be remitted pursuant to the provision of the said item by the ratio of the amount of the said type of income (in the case of the income prescribed in the second sentence of item (ii), the amount calculated pursuant to the provision of the second sentence of the said item) to the sum of the amounts of the said types of income.
- (v) With regard to each of the various types of income categorized as a non-permanent resident's foreign source income that is paid outside Japan and is deemed to be remitted pursuant to the provision of the preceding items, the amount of the non-permanent resident's gross income, retirement income and timber income shall be calculated, respectively, by combining the said type of income with income categorized as foreign source income that is paid in Japan and income categorized as domestic source income, both of which are of the same type as the former.
- (vi) If, before the end of each year, a resident other than a non-permanent resident or a nonresident becomes a non-permanent resident, or a non-permanent resident becomes a resident other than a non-permanent resident or a nonresident, the provisions of the preceding items shall apply to the amount of income categorized as foreign source income or domestic source income that has arisen during the period when the individual in question has

been a non-permanent resident, which is paid outside Japan, and the amount remitted to Japan from abroad during the said period.

(Income from Business Conducted in Japan)

Article 279 (1) In the case of an individual who conducts a business consisting of operations both in and outside Japan, the income listed in each of the following items for the case listed in the relevant item shall be treated as the individual's income from a business conducted in Japan prescribed in Article 161(i) (Domestic Source Income) of the Act:

- (i) Where the individual transfers, in Japan, inventory assets (limited to movables; hereinafter the same shall apply in this Article) that were transferred to him/her outside Japan, without conducting any act of manufacturing, processing or breeding or any other act aimed at adding value to such inventory assets (hereinafter referred to as an "act of manufacturing, etc." in this Article) outside Japan (including the case where the individual conducts an act of manufacturing, etc. with regard to the said inventory assets in Japan, and then transfers inventory assets acquired through such an act of manufacturing, etc.): All income arising from the transfer conducted in Japan
- (ii) Where the individual conducts an act of manufacturing, etc. (including extraction; hereinafter the same shall apply in this item) outside or in Japan, and then transfers, in or outside Japan, respectively, inventory assets acquired through the said act of manufacturing, etc. (including the case where the individual additionally conducts another act of manufacturing, etc. in or outside Japan, respectively, with regard to the said inventory assets, and then transfers inventory assets thus acquired): Part of the whole income arising from the said transfer which, if the operations performed by the individual in the course of conducting the said transfer or act of manufacturing, etc. were divided into those performed in Japan (hereinafter referred to as "domestic operations" in this Article) and those performed outside Japan (hereinafter referred to as "overseas<sup>4</sup> operations" in this Article) and the overseas operations were performed by a person other than the individual and the said assets were transferred from such other person to the individual under ordinary trade terms, and vice versa, should have arisen from such domestic operations
- (iii) Where the individual, outside Japan, concludes a contract for, or procures personnel or materials necessary for, construction, installation, assembly or any other work, and carries out the work in Japan: All income arising from the work
- (iv) Where the individual conducts a transportation business consisting of operations both in and outside Japan by using vessels or aircrafts: Part of

- the whole income arising from the said business which should be determined as that arising from the individual's domestic operations based on the revenue arising in relation to passengers or cargos taken on board in Japan in the case of the transportation business by vessel, or on the revenue arising or necessary expenses incurred in relation to the domestic operations, the value of the fixed assets used for the domestic operations, or any other factor by which the degree of contribution of the domestic operations to the generation of the income of the transportation business can be sufficiently estimated in the case of the transportation business by aircraft
- (v) Where the individual conducts a casualty insurance or life insurance business consisting of operations both in and outside Japan: Part of the whole income arising from the said business which should arise from insurance contracts concluded via a business office for the said business located in Japan or via a person who acts as an agent for conclusion of insurance contracts in Japan
- (vi) Where the individual engages in a publishing or broadcasting business, and provides advertising services consisting of operations both in and outside Japan for another person: Part of the whole income arising from the said advertising services which arises from the revenue of the advertising conducted in Japan
- (vii) Where the individual conducts any business (including an act conducted as a part of some other business) that consists of operations both in and outside Japan and falls under none of the categories listed in the preceding items: Part of the whole income arising from the said business which should have arisen from the domestic operations if the operations performed in the course of conducting the said business were divided into domestic operations and overseas operations, and these operations were performed by different independent business operators, and transactions were then made between these operators under ordinary trade terms, or which should be determined as that arising from the domestic operations based on the revenue arising from or necessary expenses incurred in relation to the domestic operations, the value of the fixed assets used for the domestic operations, or any other factor by which the degree of contribution of the domestic operations to the generation of the income of the said business can be sufficiently estimated
- (2) Where an individual transfers, outside Japan, inventory assets that were transferred to it in Japan, without conducting any act of manufacturing, etc. with regard to such inventory assets in Japan, income from such transfer shall not be included in the individual's income from a business conducted in Japan prescribed in Article 161(i) of the Act.
- (3) Where an individual prescribed in paragraph (1) conducts any of the following acts, the provision of the said paragraph shall be applied by deeming that no

income arises from that act:

- (i) Advertisement, provision of information, market research, basic research or any other act which is conducted by the individual outside or in Japan and which plays a supplementary function for the implementation of the business conducted by the individual in or outside Japan, respectively
  - (ii) Act of using money, industrial property rights or any other assets which belong to the business conducted by the individual in or outside Japan, for the business conducted by the individual outside or in Japan, respectively
- (4) Where any of the following facts exist with regard to inventory assets prescribed in paragraph (1)(i) or (ii) or paragraph (2), these provisions shall be applied by deeming that the transfer of the said assets has been conducted in Japan:
- (i) Immediately prior to the delivery to the transferee, the inventory assets to be delivered were located in Japan or managed through the business conducted in Japan by the individual who is the transferrer (meaning a business conducted by the individual in Japan at any fixed places for conducting a business as prescribed in Article 164(1)(i) (Nonresidents Having Permanent Establishments in Japan) of the Act or a business prescribed in Article 164(1) (ii) or (iii) of the Act)
  - (ii) A contract on the transfer has been concluded in Japan
  - (iii) An essential part of the receipt of order, negotiation or any other act for concluding the contract on the transfer has been performed in Japan
- (5) Income arising from a money loan, investment or any other act equivalent thereto conducted vis-a-vis a person who is outside Japan by an individual prescribed in paragraph (1) via a place prescribed in Article 164(1)(i) of the Act that the individual holds in Japan, if it is attributable to the business conducted at the said place, shall be treated, notwithstanding the provision of paragraph (1), as the said individual's income from a business conducted in Japan as prescribed in Article 161(i) of the Act; provided, however, that this shall not apply where the individual has attached, to his/her final return form, a document proving the fact that, in the foreign state where the said act has been conducted (excluding a state that imposes a tax on the individual's total income on the basis of his/her domicile, residence, nationality or any other factor similar thereto), foreign income tax prescribed in Article 221(1) (Scope of Foreign Income Tax) has been imposed or is to be imposed on any income from the said act.
- (6) Even where an individual has filed a final return form without the document set forth in the proviso of the preceding paragraph attached thereto, the district director may, when he/she finds any unavoidable reason for the individual's failure to attach such a document, apply the provision of the proviso of the said paragraph, only after the said document has been submitted.

(Income of Assets Located in Japan)

Article 280 (1) Income arising from the utilization or holding of the following assets shall be treated as income arising from the utilization or holding of assets located in Japan prescribed in Article 161(i) (Domestic Source Income) of the Act:

- (i) Japanese national government bonds, Japanese local government bonds, bonds issued by a domestic corporation or promissory notes listed in Article 2(1)(xv) (Definitions) of the Financial Instruments and Exchange Act, all of which fall under the category of government or company bonds
  - (ii) Claims pertaining to loans to residents which are other than those pertaining to operations performed by the said residents
  - (iii) The right to receive the payment of insurance or distribution of surpluses (including those equivalent thereto) based on a life insurance contract or any other similar contract concluded via a business office, office or others equivalent thereto (referred to as a "business office" in the next paragraph) or a person who acts as an agent for the conclusion of contracts in Japan
- (2) Income arising from the transfer of the following assets (including the transfer or extinguishment of rights corresponding to the amount of money and the value of assets other than money with regard to shares, etc. prescribed in Article 37-10(2) (Special Provisions for Taxation on Capital Gains, etc. from Shares, etc.) of the Act on Special Measures Concerning Taxation, which has resulted from the event prescribed in each item of paragraph (3) or paragraph (4) of the said Article that has been the cause of the delivery of the said money and the said assets other than money in the case where the sum of the amount and value thereof shall be deemed to be the amount of revenue pertaining to capital gains, etc. from shares, etc. prescribed in paragraph (1) of the said Article pursuant to the provision of paragraph (3) or paragraph (4) of the said Article; hereinafter the same shall apply in this paragraph) shall be treated as income arising from the transfer of assets located in Japan prescribed in Article 161(i) of the Act:
- (i) Rights established by a license, permission or other similar dispositions based on Japanese laws and regulations
  - (ii) The securities prescribed in Article 2(1) of the Financial Instruments and Exchange Act or the rights listed in Article 4(i) or (iii) (Scope of Those Equivalent to Securities) (excluding rights listed in the next item) which are listed as follows:
    - (a) What are transferred in a financial instruments exchange market prescribed in Article 2(17) of the Financial Instruments and Exchange Act
    - (b) What are transferred via a business office located in Japan
    - (c) The securities or rights for which certificates, instruments, or documents

proving the said rights had been located in Japan immediately prior to the time when the transfer became obligatory based on a contract or other terms

- (iii) The following government or company bonds or equities:
  - (a) National government bonds registered pursuant to the provisions of the Act on National Government Bonds (Act No. 134 of 1906)
  - (b) Government or company bonds entered or recorded in the transfer account book prescribed in the Act on Book-Entry Transfer of Company Bonds, etc.
  - (c) Japanese local government bonds or company bonds registered pursuant to the provisions of the Bond, etc. Registry Act (Act No. 11 of 1942)
  - (d) Equities listed in Article 4(ii) which pertain to domestic corporations
- (iv) Shares, etc. prescribed in Article 291(1)(iii) (Taxable Income of Nonresidents Having No Permanent Establishments) whose transfer yields the income falling under (a) or (b) of the said item
- (v) Shares, etc. prescribed in Article 291(1)(iv) whose transfer yields the income falling under the said item
- (vi) Where owning the shares or capital contributions of a corporation pertaining to the ownership or management of a golf course located in Japan is required so that the owner becomes a person entitled to use the golf course continuously under advantageous terms compared to other ordinary users, the said shares or capital contributions
- (vii) The right concerning deposits or savings, installment savings, or installments prescribed in Article 2(4) (Definitions, etc.) of the Bank Act (Act No. 59 of 1981) which have been received by a business office located in Japan, or the right concerning jointly managed money trusts (excluding loan trusts) which have been entrusted to a business office located in Japan
- (viii) The claims pertaining to loans prescribed in Article 161(vi) of the Act or item (ii) of the preceding paragraph
- (ix) The right to receive a pension prescribed in Article 161 (viii)(b) or (x) of the Act or the right listed in item (iii) of the preceding paragraph
- (x) The claims pertaining to a contract prescribed in Article 161(xi)(c) of the Act
- (xi) The right to receive the distribution of profit prescribed in Article 161(xii) of the Act
- (xii) The business right pertaining to a business conducted in Japan
- (xiii) The right concerning the utilization of golf courses or other facilities located in Japan
- (xiv) In addition to assets listed in the preceding items, assets that had been located in Japan immediately prior to the time when the transfer of the assets became obligatory based on a contract or other terms (excluding

movables that are inventory assets)

(Income Whose Source is Located in Japan)

Article 281 The income specified by a Cabinet Order prescribed in Article 161(i) (Domestic Source Income) of the Act shall be the income listed as follows (excluding those falling under items (i)-2 through (xii) of the said Article):

- (i) Income pertaining to insurance, compensation, or damages (including those similar thereto) that is to be received with regard to operations performed in Japan or assets located in Japan
- (ii) Income arising from receiving, from a corporation, a gift of assets located in Japan
- (iii) Income pertaining to things hidden in the ground that were discovered in Japan or lost property that was found in Japan
- (iv) Income pertaining to money and goods or other economic benefit (excluding such benefit given in the form of travel or other provision of services in lieu of which money or goods may not be chosen) that is received as a prize based on a prize competition held in Japan
- (v) In addition to what is listed in the preceding three items, occasional income acquired upon carrying out any act in Japan
- (vi) In addition to what is listed in the preceding items, income pertaining to economic benefit that is given with regard to operations performed in Japan or assets located in Japan

(Profit from Partnership Business Conducted in Japan)

Article 281-2 (1) The contract specified by a Cabinet Order prescribed in Article 161(i)-2 (Domestic Source Income) of the Act shall be any of the following contracts:

- (i) An investment limited partnership contract prescribed in Article 3(1) (Investment Limited Partnership Contracts) of the Act on Investment Limited Partnership Contracts (Act No. 90 of 1998)
  - (ii) A limited liability business partnership contract prescribed in Article 3(1) (Limited Liability Business Partnership Contracts) of the Act on Limited Liability Business Partnership Contracts (Act No. 40 of 2005)
  - (iii) A contract similar to any of the following contracts in a foreign state:
    - (a) A partnership contract prescribed in Article 667(1) (Partnership Contracts) of the Civil Code
    - (b) Any of the contracts listed in the preceding two items
- (2) The profit specified by a Cabinet Order prescribed in Article 161(i)-2 of the Act shall be the revenue from a business conducted in Japan under a partnership contract prescribed in Article 161(i)-2 of the Act (hereinafter referred to as a "partnership contract" in this paragraph), after deducting

therefrom expenses pertaining to the revenue (including income tax collected pursuant to the provision of Article 212(1) (Withholding Liability) of the Act with respect to the domestic source income listed in Article 161(i)-3 to (xii) of the Act), which is distributed under the said partnership contract to the partners who hold the said partnership contract (including partners who held the said partnership contracts as well as those who hold or held the contract listed in item (iii) of the preceding paragraph).

(Consideration for the Transfer of Land, etc. located in Japan)

Article 281-3 The consideration specified by a Cabinet Order prescribed in Article 161(i)-3 (Domestic Source Income) of the Act shall be the consideration for the transfer of land, etc. (land or any right on land, or any building and auxiliary equipment or structure thereof, all of which are located in Japan; hereinafter the same shall apply in this Article) (excluding one that amounts to more than 100 million yen), which is paid by an individual who has received the said land, etc. for the purpose of using it as his/her own residence or his/her relative's residence.

(Scope of Business that is Mainly Intended to Provide Personal Services)

Article 282 The business specified by a Cabinet Order prescribed in Article 161(ii) (Domestic Source Income) of the Act shall be the business listed as follows:

- (i) A business that is mainly intended to provide the services of motion picture or theatre artistes, musicians and any other entertainers or professional athletes
- (ii) A business that is mainly intended to provide the services of attorneys, certified public accountants, or architects or other professional services
- (iii) A business that is mainly intended to provide services carried out by persons who have expert knowledge or specialist skills in science and technology, business management or other fields by utilizing the said knowledge or skills (excluding a business conducted in association with the principal operations of a person who engages in sales and other businesses concerning machinery and equipment, and a business that is mainly intended to provide services for directing and supervising construction, installation, assembly or any other work as prescribed in Article 164(1)(ii) (Method of Taxation on Nonresidents) of the Act or Article 141(ii) (Tax Base of Corporation Tax in the Case of Foreign Corporations) of the Corporation Tax Act)

(Interest on Loans Pertaining to Domestic Operations)

Article 283 (1) The interest specified by a Cabinet Order prescribed in Article

161(vi) (Domestic Source Income) of the Act shall be the interest on the following claims for which the period between the day of their occurrence and the day on which the obligation shall be performed (for claims for which such period is scheduled to be extended substantially by the renewal of the period or in other ways (hereinafter referred to as the "renewal, etc. of the period" in this paragraph), the said extended period; hereinafter referred to as the "performance period" in this paragraph) does not exceed six months (including claims during the original performance period before the renewal, etc. of the period in the case where the performance period of the claims, whose original performance period at the time of coming into effect did not exceed six months, has come to exceed six months by the renewal, etc. of the period):

- (i) Claims pertaining to a consideration for the transfer of assets or provision of services for a person who performs operations in Japan
  - (ii) Claims which a financial institution holds against a person who performs operations in Japan with regard to the settlement of the consideration prescribed in the preceding item
- (2) The interest prescribed in the preceding paragraph shall not be included in the income arising from the utilization or holding of assets located in Japan under Article 161(i) of the Act but shall be included in the income arising from a business conducted in Japan under the said item.
- (3) With regard to the application of the provisions of Article 161(vi) of the Act, loans provided for a resident or a domestic corporation for the purpose of purchasing a vessel or aircraft to be used for the operations by the said resident or the said domestic corporation shall be treated as loans falling under the provisions of the said item, and loans provided for a nonresident or a foreign corporation for the purpose of purchasing a vessel or an aircraft to be used for the operations by the said nonresident or the said foreign corporation shall be treated as loans other than those falling under the provisions of Article 161(vi) of the Act.

(Royalty, etc. Pertaining to Domestic Operations)

- Article 284 (1) The tools specified by a Cabinet Order prescribed in Article 161(vii)(c) (Domestic Source Income) of the Act shall be vehicles, carriers, industrial tools, apparatus and equipment.
- (2) With regard to the application of the provisions of Article 161(vii) of the Act, royalty for the assets prescribed in (b) or (c) of the said item which are used in a vessel or aircraft used for the operations by a resident or a domestic corporation shall be treated as royalty falling under the provisions of the said item, and royalty for the said assets which are used in a vessel or aircraft used for the operations by a nonresident or a foreign corporation shall be treated as royalty other than that falling under the provisions of the said item.

(Scope of Pay, Remuneration or Pension Arising from the Source in Japan)

Article 285 (1) The provision of personal services specified by a Cabinet Order prescribed in Article 161(viii)(a) (Domestic Source Income) of the Act shall be any of the following work and other provision of personal services:

- (i) Work carried out outside Japan by a person acting as an officer of a domestic corporation (excluding the work carried out by such person acting as an officer in the case where the said person also works full time as an employee of the domestic corporation)
  - (ii) Work and other provision of personal services carried out on a vessel or aircraft operated by a resident or domestic corporation (excluding the temporary provision of personal services carried out at a place of call outside Japan)
- (2) The public pension, etc. specified by a Cabinet Order prescribed in Article 161(viii)(b) of the Act shall be the public pension paid under a scheme prescribed in Article 72(2)(vii) (Lump Sum Payment under Laws and Regulations of Foreign States, etc.) (including benefits similar thereto).
- (3) The provision of personal services specified by a Cabinet Order prescribed in Article 161(viii)(c) of the Act shall be any of the work and other provision of personal services listed in the items of paragraph (1), which has been carried out by a person during the period when he/she has been a nonresident.

(Prize Money for the Advertisement of a Business)

Article 286 The prize money specified by a Cabinet Order prescribed in Article 161(ix) (Domestic Source Income) of the Act shall be money and goods or other economic benefit (excluding such benefit given in the form of travel or other provision of services in lieu of which money or goods may not be chosen) that is paid as a prize for the advertisement of a business conducted in Japan.

(Scope of Contracts for Pensions)

Article 287 The contracts specified by a Cabinet Order prescribed in Article 161(x) (Domestic Source Income) of the Act shall be a life insurance contract, etc. prescribed in Article 183(3) (Meaning of Life Insurance Contract, etc.) or a casualty insurance contract, etc. prescribed in Article 184(1) (Insurance Premiums, etc. Deducted in the Calculation of the Amount of Miscellaneous Income Pertaining to Casualty Insurance Pensions, etc.), which specify the payment of pensions.

(Scope of a Contract Equivalent to a Silent Partnership Contract)

Article 288 The contract specified by a Cabinet Order prescribed in Article 161(xii) (Domestic Source Income) of the Act shall be a contract in which one

party promises to make a capital contribution to the business of the counter party and the counter party promises to allocate profit arising from the said business.

## **Chapter II Tax Liabilities of Nonresidents**

### **Section 1 General Rules**

(Branch Offices and Other Fixed Places for Conducting a Business Held by a Nonresident)

Article 289 (1) The places specified by a Cabinet Order prescribed in Article 164(1)(i) (Method of Taxation on Nonresidents) of the Act shall be the places listed as follows:

- (i) Branch offices, local offices or other places of business or offices, factories, or warehouses (limited to those used by warehousemen for their businesses)
- (ii) Mines, quarries, or other places where natural resources are extracted
- (iii) Any other fixed places for conducting a business equivalent to the places listed in the preceding two items

(2) The following places shall not be included in the places referred to in the preceding paragraph:

- (i) Any fixed places used by a nonresident only for the purpose of operations to purchase assets
- (ii) Any fixed places used by a nonresident only for the purpose of retaining his/her assets
- (iii) Any fixed places used by a nonresident only for the purpose of carrying out advertising, provision of information, market research, basic research or any other act which plays an auxiliary function for the implementation of his/her business

(An Agent, etc. Kept by a Nonresident)

Article 290 The person specified by a Cabinet Order prescribed in Article 164(1)(iii) (Method of Taxation on Nonresidents) shall be a person listed as follows:

- (i) A person who is authorized to conclude, on behalf of a nonresident, a contract regarding its business (excluding a contract which enables the nonresident to purchase assets; hereinafter the same shall apply in this Article) and regularly exercises such authority (excluding a person who conducts the same or a similar business as that of the nonresident and performs operations for concluding the said contract on behalf of the nonresident from an indispensable necessity based on the nature of its business)
- (ii) A person who retains, on behalf of a nonresident, a certain amount of assets

for responding to ordinary requests from customers and delivers the said assets to customers at their request

- (iii) A person who regularly performs, on behalf of, either solely or mainly, a single nonresident (including his/her relatives or other persons who have special relationships with the nonresident) an essential part of the receipt of an order, negotiation or any other act for concluding contracts for its business

(Taxable Income of Nonresidents Having No Permanent Establishments)

Article 291 (1) The domestic source income specified by a Cabinet Order prescribed in Article 164(1)(iv) (Method of Taxation on Nonresidents) of the Act shall be the income listed as follows:

- (i) Income arising from the transfer of a right on real estate located in Japan, a mining right pursuant to the provisions of the Mining Act (Act No. 289 of 1950), or a right of quarrying pursuant to the provisions of the Quarrying Act (Act No. 291 of 1950)
- (ii) Income arising from the cutting or transfer of ownership of forests located in Japan
- (iii) The following income arising from the transfer (meaning the transfer prescribed in Article 280(2) (Income Arising from the Transfer of Assets Located in Japan); hereinafter the same shall apply in this Article) of shares issued by a domestic corporation (including the right to be a shareholder, the right to receive an allotment of shares, and the right to receive a share option and an allotment of share option) or any other equities of a contributory to a domestic corporation (excluding equities of a contributory to a special former specific purpose company prescribed in Article 230(1) (Transitional Measures upon Partial Revision of the Act for Partial Revision of the Act on Securitization of Specific Assets by Specific Purpose Companies) of the Act on the Development of Related Acts Associated with the Enforcement of the Companies Act; hereinafter such shares or any other equities shall be referred to as "shares, etc." in this paragraph and paragraph (4)):
  - (a) Income arising from collecting the same issues of shares, etc. of a domestic corporation and transferring the said shares, etc., by using his/her position as the owner thereof, to the domestic corporation or its specially-related persons or under an agreement made by the domestic corporation or its specially-related persons or a person commissioned by them
  - (b) Income arising from the transfer of shares, etc. of a domestic corporation by a nonresident who is a specially-related shareholder, etc. of the domestic corporation

- (iv) Income arising from the transfer of shares (including capital contributions and units of investments prescribed in Article 2(14) (Definitions) of the Act on Investment Trust and Investment Corporation (hereinafter referred to as "units of investment" in paragraph (9)); the same shall apply in paragraph (8) and paragraph (9)) of a real estate-related corporation
  - (v) Income arising from the transfer of shares, capital contributions, or rights listed in Article 280(2)(vi) or (xiii)
  - (vi) In addition to what is listed in the preceding items, income arising from the transfer of assets located in Japan that is conducted during the period when a nonresident stays in Japan
  - (vii) Income prescribed in Article 281 (Income Whose Source is Located in Japan)
- (2) The collection of shares, etc. prescribed in item (iii)(a) of the preceding paragraph shall be a collection in the case where a financial instruments exchange (meaning a financial instruments exchange prescribed in Article 2(16) (Definitions) of the Financial Instruments and Exchange Act; the same shall apply in paragraph (9)) or the approved financial instruments firms association prescribed in paragraph (13) of the said Article has requested a member thereof (including a trading participant prescribed in paragraph (19) of the said Article) to submit a report or materials with regard to the details of his/her buying and selling as there has been or is suspected to have been a collection of a considerable number of shares that may cause fluctuations in the value of specified issues of shares or other abnormal movements in trading status, or another collection similar thereto.
- (3) The specially-related persons prescribed in paragraph (1)(iii)(a) shall be an officer or a major shareholder, etc. of a domestic corporation (including a person who will become a major shareholder, etc. of the domestic corporation by obtaining shares, etc. prescribed in (a) of the said item from a person who has collected the said shares, etc.) referred to in (a) of the said item, a relative of such persons, a corporation managed by such persons, a major business client of the domestic corporation or any other person who has equivalent special relationships with the domestic corporation.
- (4) The specially-related shareholder, etc. prescribed in paragraph (1)(iii)(b) shall be a person listed as follows:
- (i) A single shareholder, etc. of the domestic corporation referred to in paragraph (1)(iii)(b)
  - (ii) A person who has special relationships prescribed in Article 4 of the Ordinance for Enforcement of the Corporation Tax Act (Scope of Persons or Corporations Connected with Basic Shareholders) or other equivalent relationships with the said single shareholder, etc.
  - (iii) A person who will fall under the category of a shareholder, etc. with regard

- to the shares, etc. of a domestic corporation referred to in paragraph (1)(iii)(b) which belong to partnership property pertaining to a partnership contract (including the following partnership contracts) concluded by the said single shareholder, etc. (excluding persons listed in the preceding two items):
- (a) A partnership contract concluded by a partnership (including those similar thereto; hereinafter the same shall apply in this paragraph) under a partnership contract concluded by the said single shareholder, etc.
  - (b) A partnership contract concluded by a partnership under a partnership contract listed in (a) or (c)
  - (c) A partnership contract concluded by a partnership under a partnership contract listed in (b)
- (5) The partnership contract prescribed in the preceding paragraph and paragraph (10) shall be a contract listed as follows, and the partnership property prescribed in these provisions shall be what is prescribed in the following items in accordance with the contract categories listed in the said respective items:
- (i) A partnership contract prescribed in Article 667(1) (Partnership Contracts) of the Civil Code: Partnership property prescribed in Article 668 (Joint Ownership in Partnership Property) of the said Act
  - (ii) An investment limited partnership contract prescribed in Article 3(1) (Investment Limited Partnership Contracts) of the Act on Investment Limited Partnership Contracts: Partnership property prescribed in Article 668 of the Civil Code which is applied mutatis mutandis pursuant to Article 16 (Mutatis Mutandis Application of the Civil Code) of the Act on Investment Limited Partnership Contracts
  - (iii) A limited liability business partnership contract prescribed in Article 3(1) (Limited Liability Business Partnership Contracts) of the Act on Limited Liability Business Partnership Contracts: Partnership property prescribed in Article 668 of the Civil Code which is applied mutatis mutandis pursuant to Article 56 (Mutatis Mutandis Application of the Civil Code) of the Act on Limited Liability Business Partnership Contracts
  - (iv) A contract similar to contracts listed in the preceding three items in foreign states (hereinafter referred to a "partnership contract in foreign states" in this item): Property similar to the partnership property prescribed in the preceding three items pertaining to the said partnership contract in foreign states
- (6) The transfer of shares, etc. prescribed in paragraph (1)(iii)(b) shall be limited to the transfer of shares or capital contributions prescribed in item (ii) in the year containing the date of the said transfer by the nonresident referred to in item (iii)(b) of the said paragraph (hereinafter referred to as the "year containing the date of transfer" in this paragraph and paragraph (9)) in the

case satisfying the following requirements:

- (i) At any time within three years prior to the final day of the year containing the date of transfer, a specially-related shareholder, etc. of the domestic corporation referred to in paragraph (1)(iii)(b) owned the domestic corporation's issued shares or capital contributions (referred to as "issued shares, etc." in the next item and next paragraph) which are equivalent to 25 percent or more of the total number or total amount of the domestic corporation's issued shares or capital contributions (in the case where the said specially-related shareholder, etc. is a person listed in paragraph (4)(iii), such issued shares or capital contributions shall be limited to those that belong to partnership property; the same shall apply in the next item and next paragraph).
  - (ii) In the year containing the date of transfer, a specially-related shareholder, etc. of the domestic corporation referred to in paragraph (1)(iii)(b), including the nonresident referred to in (b) of the said item, transferred shares or capital contributions which are equivalent to five percent or more of the total number or total amount of the domestic corporation's issued shares, etc. immediately prior to the first transfer of the domestic corporation's shares or capital contributions.
- (7) In the case falling under any of the following items, the provisions of the preceding paragraph shall be applied by deeming that a specially-related shareholder, etc. of the domestic corporation referred to in paragraph (1)(iii)(b) including the nonresident referred to in (b) of the said item has transferred shares or capital contributions prescribed in item (ii) of the preceding paragraph that satisfy the requirements listed in the said item:
- (i) Where the nonresident referred to in paragraph (1)(iii)(b) has received, through a split-off-type company split prescribed in Article 2(xii)-9 (Definitions) of the Corporation Tax Act (hereinafter referred to as a "split-off-type company split" in this item) of the domestic corporation referred to in (b) of the said item which had issued shares or capital contributions that the nonresident owns, which falls under any of the following cases of company splits, a delivery of shares of a succeeding corporation in a company split prescribed in Article 2(xii)-3 of the said Act (hereinafter referred to as a "succeeding corporation in a company split" in this item), shares of a succeeding parent corporation in a company split prescribed in Article 113(1) (Acquisition Cost for Shares, etc. Acquired through Split-Off-Type Company Split) (hereinafter referred to as a "succeeding parent corporation in a company split" in this item) or other assets, when the rate obtained by multiplying the rate pertaining to the said split-off-type company split prescribed in Article 113(2) by the rate of the number or amount of the domestic corporation's shares or capital contributions which the specially-

related shareholder, etc. of the domestic corporation including the nonresident had owned immediately prior to the said split-off-type company split among the total number or total amount of the domestic corporation's issued shares, etc. immediately prior to the said split-off-type company split is five percent or more:

- (a) A split-off-type company split wherein a shareholder, etc. of the split corporation prescribed in Article 2(xii)-2 of the Corporation Tax Act (hereinafter referred to as the "split corporation" in this item) involved in the split-off type company split is provided with assets other than the shares (including capital contributions; hereinafter the same shall apply in this item) of the succeeding corporation in a company split or shares of the succeeding parent corporation in a company split involved in the said split-off-type company split (excluding money and other assets provided for the said shareholder, etc. as a dividend of surplus or dividend of profit pertaining to shares, except for assets as a consideration for a company split prescribed in Article 2(xii)-9 of the said Act)
- (b) A split-off-type company split wherein the shares of the succeeding corporation in a company split or shares of the succeeding parent corporation in a company split involved in the said split-off-type company split are not provided in proportion to the number of shares (or the amount of capital contributions) of the split corporation involved in the said split-off-type company split that are held by each shareholder, etc. of the said split corporation
- (ii) Where the nonresident referred to in paragraph (1)(iii)(b) has received the delivery of money or other assets as the return of the capital (meaning the return of the capital prescribed in Article 25(1)(iii) (The Amount Deemed to be the Amount of Distributions, etc.) of the Act) or the distribution of residual assets through dissolution (hereinafter referred to as the "return, etc." in this item) of the domestic corporation referred to in paragraph (1)(iii)(b) which had issued shares or capital contributions that the nonresident owns, when the rate obtained by multiplying the rate pertaining to the said return, etc. prescribed in Article 114(1) (Acquisition Cost in the Case of the Return, etc. of the Capital) by the rate of the number or amount of the domestic corporation's shares or capital contributions which the specially-related shareholder, etc. of the domestic corporation including the nonresident had owned immediately prior to the said return, etc. among the total number or total amount of the domestic corporation's issued shares, etc. immediately prior to the said return, etc. is five percent or more.
- (8) The real estate-related corporation prescribed in paragraph (1)(iv) shall be a corporation for which the rate of the sum of the values of the following assets accounts for 50 percent or more of the total amount of its gross assets:

- (i) Land, etc. located in Japan (meaning land or the right on land, buildings and facilities attached thereto, or structures; hereinafter the same shall apply in this paragraph)
  - (ii) Shares of a corporation for which the rate of the sum of the values of land, etc. located in Japan accounts for 50 percent or more of the total amount of its gross assets
  - (iii) Shares (excluding those falling under shares listed in the preceding item) of a corporation which owns shares listed in the preceding item or the next item (limited to a corporation for which the rate of the sum of the values of land, etc. located in Japan and shares listed in the preceding item, this item, and the next item among the total amount of its gross assets is 50 percent or more)
  - (iv) Shares (excluding those falling under shares listed in the preceding two items) of a corporation which owns shares listed in the preceding item (limited to a corporation for which the rate of the sum of the values of land, etc. located in Japan and shares listed in the preceding two items and this item among the total amount of its gross assets is 50 percent or more)
- (9) The transfer of shares (including units of investment; hereinafter the same shall apply in this paragraph) prescribed in paragraph (1)(iv) shall be limited to the transfer of shares or capital contributions listed as follows:
- (i) The transfer of shares or capital contributions in the case where a specially-related shareholder, etc. of the real estate-related corporation referred to in paragraph (1)(iv) pertaining to the shares or capital contributions (limited to those listed in a financial instruments exchange or others specified by an Ordinance of the Ministry of Finance as being similar thereto; referred to as "listed shares, etc." in the next item) had owned, on December 31st of the year preceding the year containing the date of transfer (hereinafter referred to as the "base date" in this paragraph), the number or amount of shares or capital contributions accounting for five percent or more of the total number or total amount of the said real estate-related corporation's issued shares (or issued units of investment in the case of an investment corporation prescribed in Article 2(12) of the Act on Investment Trust and Investment Corporation) or capital contributions (excluding own shares or capital contributions that the said real estate-related corporation owns; referred to as "issued shares, etc." in the next item) and the person who transferred the shares or capital contributions is the said specially-related shareholder, etc.
  - (ii) The transfer of shares or capital contributions in the case where a specially-related shareholder, etc. of the real estate-related corporation referred to in paragraph (1)(iv) pertaining to the shares or capital contributions (excluding listed shares, etc.) had owned, on the base date, the number or amount of shares or capital contributions accounting for two

percent or more of the total number or total amount of the said real estate-related corporation's issued shares, etc. (in the case where the said specially-related shareholder, etc. is a person listed in item (iii) of the next paragraph, limited to those that belong to partnership property referred to in the said item) and the person who transferred the shares or contributions is the said specially-related shareholder, etc.

- (10) The specially-related shareholder, etc. prescribed in the preceding paragraph shall be a person listed as follows:
- (i) A single shareholder, etc. of the real estate-related corporation referred to in paragraph (1)(iv)
  - (ii) A person who has special relationships prescribed in Article 4 of the Ordinance for Enforcement of the Corporation Tax Act or other equivalent relationships with the said single shareholder, etc.
  - (iii) A person (excluding those listed in the preceding two items) who will fall under the category of a shareholder, etc. with regard to shares of the real estate-related corporation referred to in paragraph (1)(iv) which belong to partnership property pertaining to a partnership contract (including those listed as follows) concluded by the said single shareholder, etc.
    - (a) A partnership contract concluded by a partnership (including those similar thereto; hereinafter the same shall apply in this paragraph) under a partnership contract concluded by the said single shareholder, etc.
    - (b) A partnership contract concluded by a partnership under a partnership contract listed in (a) or (c)
    - (c) A partnership contract concluded by a partnership under a partnership contract listed in (b)

## **Section 2 Comprehensive Income Taxation on Nonresidents**

### **Subsection 1 Calculation of Tax Base, Tax Amount, etc.**

(Calculation of the Tax Base, etc. of Comprehensive Income Tax on Nonresidents)

Article 292 (1) When calculating the tax base and tax amount of comprehensive income tax prescribed in Article 165 (Calculation of the Tax Base, Tax Amount, etc. of Comprehensive Income Tax) of the Act imposed on a nonresident in accordance with the provisions of the Act listed in the following items pursuant to the provision of the said Article, the provisions of the said respective items shall be applicable:

- (i) Article 24 (Dividend Income) of the Act: The shares and other principal that is to yield dividend income prescribed in paragraph (2) of the said Article shall be limited to such principal held by a nonresident that is to yield dividend, etc. listed in Article 161(v) (Domestic Source Income) of the Act.

- (ii) Article 30 (Retirement Income) of the Act: The amount of deduction for retirement income prescribed in paragraph (3) of the said Article shall be limited to the part of the amount listed in each item of the said paragraph which corresponds to the work and other provision of personal services (including the work and other provision of personal services prescribed in Article 285(3) (Work, etc. Deemed to Be Carried Out in Japan)) which has been carried out by a person who receives a retirement allowance, etc. set forth in paragraph (1) of the said Article during the period when the person has been a resident
- (iii) Article 45 (Exclusion from Necessary Expenses of Expenses Relating to House Keeping, etc.) of the Act: The taxes or delinquent charges or penalties imposed by local governments prescribed in paragraph (1)(ii) to (v) of the said Article (hereinafter referred to as "income tax, etc." in this item) shall include equivalents with income tax, etc. that are imposed by foreign states or local governments thereof.
- (iv) Article 47 (Calculation of the Cost of Sales of Inventory Assets, etc. and Method of Valuation Thereof) of the Act: The inventory assets prescribed in paragraph (1) of the said Article shall be limited to the nonresident's inventory assets located in Japan.
- (v) Article 49 (Calculation of the Depreciation Allowance of Depreciable Assets and Method of Depreciation Thereof) of the Act: The depreciable assets prescribed in paragraph (1) of the said Article shall be limited to the nonresident's depreciable assets located in Japan.
- (vi) Article 50 (Calculation of the Depreciation Allowance of Deferred Assets and Method of Depreciation Thereof) of the Act: The deferred assets prescribed in paragraph (1) of the said Article shall be limited to the nonresident's deferred assets attributable to the business that the nonresident conducts in Japan or those pertaining to the nonresident's assets located in Japan.
- (vii) Article 51 (Inclusion in Necessary Expenses of Loss on Assets) of the Act: the assets prescribed in paragraph (1) and paragraph (4) of the said Article and the forests prescribed in paragraph (3) of the said Article shall be limited to assets and forests held by a nonresident that existed in Japan at the time when the losses prescribed in these provisions occurred, and the accounts receivable, loans, advance payments or any other claims equivalent thereto prescribed in paragraph (2) of the said Article (hereinafter referred to as "accounts receivable, etc." in this item) shall be limited to accounts receivable, etc. pertaining to a business prescribed in the said paragraph which a nonresident conducts in Japan.
- (viii) Article 52 (Reserve for Bad Debts) of the Act: The credits qualifying for a bad debts reserve, etc. prescribed in paragraph (1) of the said Article shall be

- limited to such credits qualifying for a bad debts reserve, etc. pertaining to a business prescribed in the said paragraph which a nonresident conducts in Japan.
- (ix) Article 53 (Reserve for Loss on Goods Unsold) of the Act: The sales of inventory assets pertaining to the business prescribed in paragraph (1) of the said Article shall be limited to the sales of the inventory assets pertaining to a business prescribed in the said paragraph which a nonresident conducts in Japan (excluding inventory assets pertaining to sales on a deferred payment basis prescribed in Article 65(3) (Sales on Deferred Payment Basis, etc.) of the Act, for which the provisions of the main clause of paragraph (1) or paragraph (2) of the said Article have been applied regarding the amount of revenue and expenses thereof).
- (x) Article 54 (Reserve for Retirement Allowance) of the Act: The employees prescribed in paragraph (1) of the said Article shall be limited to the nonresident's employees who work full time in Japan for a business prescribed in the said paragraph which the nonresident conducts in Japan.
- (xi) Article 57-2 (Special Provisions for Deduction of Specific Expenditure of Employment Income Earners) of the Act: The specific expenditure prescribed in paragraph (2) of the said Article shall be limited to the part of the expenditure prescribed in the said paragraph which corresponds to the work and other provision of personal services carried out in Japan (including the work and other provision of personal services prescribed in the items of Article 285(3)).
- (xii) Article 58 (Special Provisions for Capital Gains in the case of Exchange of Fixed Assets) of the Act: The acquired assets and transferred assets prescribed in paragraph (1) of the said Article shall be limited to fixed assets that exist in Japan at the time of the exchange prescribed in the said paragraph.
- (xiii) Article 62 (Disastrous Loss of Assets Not Necessary for Maintenance of Ordinary Livelihood) of the Act: The assets not necessary for maintenance of an ordinary livelihood prescribed in paragraph (1) of the said Article shall be limited to such assets listed in Article 164(1)(i) to (iii) (Method of Taxation on Nonresidents) of the Act held by a nonresident which are located in Japan, and such assets listed in Article 164(1)(iv) of the Act held by a nonresident the transfer of which shall yield income that falls under the category of domestic source income listed in Article 164(1)(iv) of the Act
- (xiv) Article 65 of the Act: The sale on a deferred payment basis, etc. prescribed in paragraph (1) of the said Article shall be limited to the sale on a deferred payment basis, etc. pertaining to a business which a nonresident conducts in Japan.
- (xv) Article 67-2 of the Act (Calculation of the Amount of Income from Lease

Transaction): The lease transaction prescribed in paragraph (1) of the said Article shall be limited to the lease transaction pertaining to the business conducted by a nonresident in Japan or the assets held by a nonresident in Japan

(xvi) Article 72 (Deduction of Casualty Losses) of the Act: The losses from a disaster or theft or embezzlement prescribed in paragraph (1) of the said Article shall be limited to such losses that occurred to assets held by a nonresident that are located in Japan.

(2) When calculating the tax base and tax amount of comprehensive income tax prescribed in Article 165 of the Act imposed on a nonresident in accordance with the provisions of Part II, Chapter I, Chapter II and Chapter IV (Calculation of the Tax Base, etc. for Residents) pursuant to the provision of the said Article, the terms listed in the middle column of the following table in the provisions listed in the left-hand column of the said table shall be deemed to be replaced with the terms listed in the right-hand column of the said table, respectively.

Article 64(2) (Treatment of Installments, etc. under the Constitution for Defined Benefit Corporate Pension Plan, etc.)	the amount paid	the amount paid (the amount paid by deeming that an employee of a nonresident who works full-time in Japan for a business that the nonresident conducts in Japan is a recipient of mutual aid, participant, beneficiary, etc., participant in a corporate pension plan, or beneficiary, etc. of a trust
	value of these shares as of that time)	value of these shares as of that time); limited to the part pertaining to the period of full-time employment in Japan)

<p>Article 82-4(2) (Treatment of Trust Money, etc. Paid under Workers' Property Accumulation Fund Contracts)</p>	<p>the amount paid</p>	<p>the amount paid (the amount paid by deeming that an employee of a nonresident who works full-time in Japan for a business that the nonresident conducts in Japan is a beneficiary, etc. of a trust or worker prescribed in the said paragraph; limited to the part pertaining to the period of full-time employment in Japan)</p>
<p>Article 99(1) (Methods for Valuating Inventory Assets)</p>	<p>shall be the methods listed as follows:</p>	<p>shall be the methods listed as follows. In this case, when the said inventory assets contain assets that a nonresident owned outside Japan but has now transferred to Japan (hereinafter referred to as "transferred assets" in this paragraph), the provisions of this Division shall be applied to the said transferred assets by deeming that the nonresident acquired the said transferred assets at the time of the transfer:</p>
<p>Article 100(2) (Selection of Methods for Valuating Inventory Assets)</p>	<p>commenced the business</p>	<p>commenced the business in Japan</p>
<p>Article 103(1)(i) (Acquisition Cost for Inventory Assets)</p>	<p>inventory assets purchased</p>	<p>inventory assets purchased (including transferred assets prescribed in Article 99(1) (Methods for Valuating Inventory Assets) that were purchased outside Japan)</p>

Article 103(1)(iii)	inventory assets acquired	inventory assets acquired (including transferred assets prescribed in Article 99(1) that are other than those prescribed in item (i))
Article 120(1) and Article 120-2(1) (Methods for Depreciating Depreciable Assets)	shall be the methods prescribed in the said respective items:	shall be the methods prescribed in the said respective items. In this case, when the said depreciable assets contain assets that a nonresident owned outside Japan but has now transferred to Japan (hereinafter referred to as "transferred assets" in this paragraph), the provisions of this Division, Article 138 (Inclusion in Necessary Expenses of Acquisition Costs for Small Amounts of Depreciable Assets), and Article 139 (Inclusion in Necessary Expenses of Lump-Sum Depreciable Assets) shall be applied to the said transferred assets by deeming that the nonresident acquired the said transferred assets at the time of the transfer:
Article 123(2)(i) and (ii) (Selection of Methods for Depreciating Depreciable Assets)	commenced the operations	commenced the operations in Japan
Article 123(2)(iii)	resident who has established a new place of business	nonresident (excluding those falling under item (i)) who has established a new place of business in Japan

Article 126(1)(v) (Acquisition Cost for Depreciable Assets)	depreciable assets acquired	depreciable assets (including transferred assets prescribed in Article 120(1) and transferred assets prescribed in Article 120-2(1)) acquired
Article 132(1) (Special Provisions for Depreciation Allowance of Depreciable Assets, etc. Used for Operations before the End of Each Year)	used for the operations	used for the operations performed in Japan
Article 135 (Special Provisions for Calculation of Depreciation Allowance in the case of Non-Business Assets Being Used for Operations)	assets to be depreciated	assets to be depreciated that are located in Japan
	used for the operations	used for the operations performed in Japan
Article 137(1)(i) (Calculation of Depreciation Allowance of Deferred Assets)	operations yielding real estate income, business income, timber income or miscellaneous income	operations yielding real estate income, business income, timber income or miscellaneous income that are performed in Japan
Article 139(1) and (2) (Inclusion in Necessary Expenses of Lump-Sum Depreciable Assets)	used for the operations	used for the operations performed in Japan

(3) Where a nonresident who conducts, both in and outside Japan, a business consisting of operations yielding real estate income, business income, timber income or miscellaneous income, conducts any of the acts listed in the items of Article 279(3) (Supplementary Acts, etc.), the amount that a department of the nonresident which performs the said operations in Japan receives as expenses related to the said acts attributable to the said department or the amount of money that the said department pays as expenses related to the said acts attributable to a department of the nonresident which performs the said operations outside Japan shall not be included in gross revenue or necessary expenses, respectively, when calculating the amount of the nonresident's real estate income, business income, timber income or miscellaneous income pertaining to the said operations performed in Japan.

#### **Subsection 2 Filing of Return, Payment and Refund**

(Filing of Return, Payment and Refund)

Article 293 With regard to the matters for the application of the provisions of Part II, Chapter V (Filing of Return, Payment and Refund in the case of Residents) as applied mutatis mutandis pursuant to Article 166 (Application Mutatis Mutandis to Nonresidents) of the Act, the provisions of Part II, Chapter V (Filing of Return, Payment and Refund in the case of Residents) shall apply mutatis mutandis.

### **Subsection 3 Special Provisions for Request for Reassessment**

(Special Provisions for Request for Reassessment)

Article 294 With regard to the matters for the application of the provisions of Part II, Chapter VI of the Act (Special Provisions for Request for Reassessment in the case of Residents) as applied mutatis mutandis pursuant to Article 167 (Application Mutatis Mutandis to Nonresidents) of the Act, the provisions of Part II, Chapter VI (Special Provisions for Request for Reassessment in the case of Residents) shall apply mutatis mutandis.

### **Subsection 4 Reassessment and Determination**

(Reassessment and Determination)

Article 295 With regard to the matters for the application of the provisions of Part II, Chapter VII of the Act (Reassessment and Determination in the case of Residents) as applied mutatis mutandis pursuant to Article 168 (Application Mutatis Mutandis to Nonresidents) of the Act, the provisions of Part II, Chapter VII (Reassessment and Determination in the case of Residents) shall apply mutatis mutandis.

## **Section 3 Separate Taxation of Specific Income on Nonresidents**

(Tax Base for Pension, etc. under Life Insurance Contracts, etc.)

Article 296 The amount calculated pursuant to the method specified by a Cabinet Order prescribed in Article 169(v) (Tax Base of Income Tax in the case of Separate Taxation) of the Act shall be the amount listed in each of the following items for the case listed in the relevant item:

- (i) Where the contract prescribed in Article 169(v) of the Act is a life insurance contract, etc. prescribed in Article 287 (Scope of Contracts for Pensions) that is only intended for payment of a pension: The amount calculated by multiplying the amount receivable prescribed in Article 169(v) of the Act by the ratio prescribed in Article 183(1)(ii) (Insurance Premiums, etc. Deducted

in the Calculation of the Amount of Miscellaneous Income Pertaining to Life Insurance Pensions, etc.)

- (ii) Where the contract prescribed in Article 169(v) of the Act is a life insurance contract, etc. prescribed in Article 287 that is intended for a lump sum payment in addition to payment of a pension: The amount specified below for the relevant case listed below:
  - (a) Where the amount receivable prescribed in Article 169(v) of the Act is the amount of a pension: The amount calculated by multiplying the said amount by the ratio prescribed in Article 183(1)(ii) that is obtained through the calculation prescribed in Article 183(1)(iii)
  - (b) Where the amount receivable prescribed in Article 169(v) of the Act is the amount of a lump sum payment: The total amount of insurance premiums or installments prescribed in Article 183(2)(ii) that is obtained through the calculation prescribed in Article 183(2)(iii)
- (iii) Where the contract prescribed in Article 169(v) of the Act is a casualty insurance contract, etc. prescribed in Article 287: The amount calculated by multiplying the amount receivable prescribed in Article 169(v) of the Act by the ratio prescribed in Article 184(1)(ii) (Insurance Premiums, etc. Deducted in the Calculation of the Amount of Miscellaneous Income Pertaining to Casualty Insurance Pensions, etc.)

(Refund Due to Taxation on Retirement Income at the Taxpayer's Option)

- Article 297 (1) A person who files a return form pursuant to the provision of Article 173(1) (Refund Due to Taxation on Retirement Income at the Taxpayer's Option) of the Act shall, if any part of the amount of income tax listed in Article 173(1)(ii) of the Act has been withheld at source, attach to the said final return a written statement of the matters specified by an Ordinance of the Ministry of Finance that explain such withholding at source.
- (2) The person who has filed the return form set forth in the preceding paragraph shall, if any part of the amount of income tax prescribed in the said paragraph that is stated in the said return form had not yet been paid by the time of the filing but has been paid later, submit to the competent district director having jurisdiction over the place for tax payment, without delay, a written notice stating the date of payment, the amount of income tax paid and any other necessary matters.
  - (3) Where the return form set forth in paragraph (1) has been filed, the district director shall, without delay, perform the procedure for making a refund or appropriation pursuant to the provision of Article 173(2) of the Act, except where there is a reason to find the amount listed in Article 173(1)(iii) of the Act that is stated in the said return form to be in excess.

(Domestic Source Income Excluded from the Tax Base of Income Tax in the case of Foreign Corporations)

Article 303-2 The domestic source income specified by a Cabinet Order prescribed in Article 178 (Tax Base of Income Tax in the case of Foreign Corporations) of the Act shall be the following domestic source income:

- (i) A consideration listed in Article 161(ii) (Domestic Source Income) of the Act for the provision of the services of motion picture or theatre artistes, musicians and any other entertainers, or professional athletes, which is paid by many and unspecified persons
- (ii) A consideration listed in Article 161(iii) of the Act for the land or any right on land or a house (hereinafter referred to as "land or house, etc." in this item) held by a foreign corporation, which is paid by an individual who has leased the said land or house, etc. for the purpose of using it as his/her own residence or his/her relative's residence.

(Requirements for Foreign Corporations' Eligibility for the Application of the Special Provisions for Taxation)

Article 304 The requirements specified by a Cabinet Order prescribed in Article 180(1) (Special Provisions for Taxation on Domestic Source Income Received by Foreign Corporations Having Permanent Establishments in Japan) of the Act shall be the following requirements:

- (i) The foreign corporation has submitted a written notice pursuant to the provisions of Article 149(1) (Notice of Acquisition of the Status of Foreign Ordinary Corporations) or Article 150(2) (Notice of the Commencement of Profit-Making Business by Corporations in the Public Interest, etc. or Associations or Foundations without Juridical Personality) of the Corporation Tax Act.
- (ii) Where the foreign corporation is one that shall make a registration pursuant to the provisions of Article 933(1) (Registration of Foreign Juridical Persons) of the Companies Act or Article 49(1) (Registration of Foreign Juridical Persons) of the Civil Code, the foreign corporation has made such registration (in the case of a corporation listed in Article 180(1)(i) of the Act that has made a registration pursuant to the provision of Article 933(1) of the Companies Act, the foreign corporation has made such registration with regard to its business office prescribed in Article 933(1)(ii) of the Companies Act).
- (iii) The domestic source income listed in each item of Article 180(1) of the Act for which the foreign corporation seeks the application of the provision of Article 180(1) of the Act is included in the scope of income on which

corporation tax shall be imposed pursuant to the provisions of laws and regulations concerning corporation tax (including a convention for the avoidance of double taxation with respect to taxes on income Japan has concluded).

- (iv) The foreign corporation has never evaded income tax or corporation tax by deception or other wrongful acts.
- (v) Where, for the purpose of seeking the application of the provision of paragraph (1) of Article 180 of the Act, the foreign corporation presents a certificate set forth in the said paragraph to the payer of domestic source income prescribed in the said paragraph, the foreign corporation is expected to record in books, without fail, the payer's name and domicile, office, place of business or any other place of payment of the relevant domestic source income, and the date on which the certificate is presented.
- (vi) Where domestic source income specified in each item of Article 180(1) of the Act for the category of corporation listed in the relevant item is paid to the corporation's head office or other office, place of business or any other place equivalent thereto located outside Japan, the corporation is expected to, for the purpose of filing a proper return pursuant to the provisions of the Corporation Tax Act with regard to the relevant domestic source income, notify the corporation's office, place of business or any other place equivalent thereto prescribed in Article 17(i) (Place for Tax Payment of Foreign Corporations) of the said Act (in the case where there are two or more such places, the principal one; hereinafter referred to as the "office, etc. at the place for tax payment" in this item, paragraph (1)(ii) of the next Article, and Article 306(1)(i) (Procedures Required Where Foreign Corporations No Longer Satisfy the Requirements under the Special Provisions for Taxation, etc.)) of the type, amount, the basis of calculation of the amount, date of payment and any other necessary matters of the said domestic source income, and record these matters in its books at the said office, etc. at the place for tax payment, without fail, on every occasion that it receives the said domestic source income.

(Procedures Required Where Foreign Corporations Seek the Application of the Special Provisions for Taxation)

Article 305 (1) A corporation that intends to obtain a certificate set forth in Article 180(1) (Special Provisions for Taxation on Domestic Source Income Received by Foreign Corporations Having Permanent Establishments in Japan) of the Act shall submit a written application stating the following matters to the competent district director having jurisdiction over the place for tax payment concerning corporation tax:

- (i) The corporation's name and the location of its head office or principal office

- (ii) The name and location of the corporation's office, etc. at the place for tax payment, and the name of the person representative of or any other person responsible for such office, etc.
  - (iii) The date on which the written notice prescribed in item (i) of the preceding Article has been submitted and the date on which the registration prescribed in item (ii) of the said Article has been made (in the case of a corporation that is unable to make the registration, the detailed statement of the reasons why it is unable to do so)
  - (iv) The outline of the circumstances where the corporation satisfies the requirement listed in item (iii) of the preceding Article
  - (v) The statement that the corporation will keep the records set forth in item (v) of the preceding Article without fail
  - (vi) Where the corporation falls under the case prescribed in item (vi) of the preceding Article, the statement of the circumstances where it falls under the said case and the statement that it will give the notice and keep the records set forth in the said item
  - (vii) Where the contents of the business currently conducted by the corporation in Japan are different from the contents of the said business as of the time when the written notice was submitted pursuant to the provision of item (i) of the preceding Article, the outline of the business currently conducted
  - (viii) The name of the payer of the principal domestic source income for which the corporation seeks the application of the provision of Article 180(1) of the Act by way of the certificate, the payer's domicile, office, place of business or any other place of payment of the said domestic source income and the recipient of the payment, as well as the type of the said domestic source income and the period during which payment of the said domestic source income is expected
  - (ix) Where the corporation falls under any of the categories of foreign corporations prescribed in item (ii) or item (iii) of Article 180(1) of the Act, the statement of the circumstances where the domestic source income for which the corporation seeks the application of the provision of Article 180(1) of the Act by way of the certificate falls under the categories of domestic source income listed in these items
  - (x) Other matters useful for reference purposes
- (2) Where a written application set forth in the preceding paragraph has been submitted, the competent district director set forth in the said paragraph shall, when he/she finds that the corporation that has submitted the written application satisfies the requirements specified in the items of the preceding Article, grant a certificate set forth in the said paragraph.
- (3) The payer of the domestic source income specified in each item of Article 180(1) of the Act to whom a corporation listed in the relevant item has

presented a certificate set forth in paragraph (1) shall keep books with regard to the payment of domestic source income to the said corporation, and state in the books the name of the said corporation and the valid period of the certificate set forth in the said paragraph.

(Scope of Foreign Corporations, etc. Eligible for the Special Provisions for Taxation)

Article 305-2 (1) The person similar to a partner who is specified by a Cabinet Order prescribed in Article 180(1)(i) (Special Provisions for Taxation on Domestic Source Income Received by Foreign Corporations Having Permanent Establishments in Japan) of the Act shall be the person who holds a contract listed in Article 281-2(1)(iii) (Profit from Partnership Business Conducted in Japan).

(2) The corporation specified by a Cabinet Order prescribed in Article 180(1)(i) of the Act shall be the corporation that falls under the category of foreign corporation listed in Article 141(i) (Foreign Corporations Having Permanent Establishments in Japan) of the Corporation Tax Act with regard to a business other than a business conducted under a partnership contract prescribed in Article 180(1)(i) of the Act (hereinafter referred to as a "partnership contract" in this Article).

(3) The corporation specified by a Cabinet Order prescribed in Article 180(1)(ii) of the Act shall be the corporation that falls under the category of foreign corporation listed in Article 141(ii) of the Corporation Tax Act with regard to a business other than a business conducted under a partnership contract.

(4) The corporation specified by a Cabinet Order prescribed in Article 180(1)(iii) of the Act shall be the corporation that falls under the category of foreign corporation listed in Article 141(iii) of the Corporation Tax Act with regard to a business other than a business conducted under a partnership contract.

(Procedures Required Where Foreign Corporations No Longer Satisfy the Requirements under the Special Provisions for Taxation, etc.)

Article 306 (1) A corporation that has obtained a certificate set forth in Article 180(1) (Special Provisions for Taxation on Domestic Source Income Received by Foreign Corporations Having Permanent Establishments in Japan) of the Act shall, in the case prescribed in Article 180(2) of the Act, attach the certificate to a written notice stating the following matters, and submit these to the competent district director having jurisdiction over the place for tax payment concerning corporation tax, and notify the payer of domestic source income to whom the corporation has presented the certificate to that effect without delay:

(i) The name and location of the corporation's office, etc. at the place for tax payment, and the name of the person representative of or any other person

- responsible for such office, etc.
- (ii) The detailed statement of the circumstances where the corporation has ceased to satisfy the requirements listed in the items of Article 304 (Requirements for Foreign Corporations' Eligibility for the Application of the Special Provisions for Taxation) or ceased to fall under any of the categories of foreign corporations prescribed in the items of Article 180(1) of the Act
  - (iii) The name of the payer of domestic source income to whom the corporation has presented the certificate, and the payer's domicile, office, place of business or any other place of payment of the relevant domestic source income
  - (iv) Other matters useful for reference purposes
- (2) The corporation prescribed in the preceding paragraph shall, where there has been any change to the matters listed in Article 305(1)(i) or (ii) (Procedures Required Where Foreign Corporations Seek the Application of the Special Provisions for Taxation) which are stated in a written application set forth in Article 305(1) pertaining to a certificate set forth in the preceding paragraph, submit a written notice to that effect to the competent district director set forth in the preceding paragraph without delay.

(Credit for Income Tax Paid with respect to Trust Property)

Article 306-2 The amount of income tax to be deducted pursuant to the provision of Article 180-2(3) (Special Provisions for Taxation on Interest, etc. on Trust Property) of the Act shall, when a foreign corporation collects income tax pursuant to the provisions of Article 181 (Withholding Liability Regarding Interest Income and Dividend Income) or Article 212 (Withholding Liability Regarding Income of Nonresidents or Corporations) of the Act with regard to distribution of profit prescribed in Article 180-2(3) of the Act (limited to one that corresponds to the accounting period for distribution of profit that includes the day on which the said income tax was paid; in the case where the trust property concerning such payment pertains to a securities investment trust established for the purpose of allowing beneficial rights thereof to be acquired by the trustee of another securities investment trust, which is specified by an Ordinance of the Ministry of Finance prescribed in Article 300(2) (Credit for Income Tax Paid with respect to Trust Property), it shall refer to distribution of profit from a securities investment trust other than a bond investment trust which is established for the purpose of managing the trust property for making an investment in the beneficial rights of the relevant securities investment trust and for which the offering of beneficial rights upon establishment has been conducted through the public offering prescribed in Article 2(1)(xv)-3 (Definitions)), be deducted from the amount of income tax to be collected and paid.

(Domestic Source Income Exempt from Withholding at Source)

Article 328 The domestic source income specified by a Cabinet Order prescribed in Article 212(1) (Domestic Source Income of Nonresidents or Corporations Exempt from Withholding at Source) of the Act shall be any of the following domestic income:

- (i) A consideration or remuneration listed in Article 161(ii) or (viii)(a) (Domestic Source Income) of the Act for the provision of the services of motion picture or theatre artistes, musicians and any other entertainers, or professional athletes, which is paid by many and unspecified persons
- (ii) A consideration listed in Article 161(iii) of the Act for the land or any right on land or a house (hereinafter referred to as "land or house, etc." in this item) held by a nonresident or foreign corporation, which is paid by an individual who has leased the said land or house, etc. for the purpose of using it as his/her own residence or his/her relative's residence.
- (iii) Pay or remuneration listed in Article 161(viii) (a) or (c) of the Act to be paid to a nonresident prescribed in Article 169 (Tax Base of Income Tax in the case of Separate Taxation) of the Act, which was the basis of the calculation of the amount of income tax already paid by the nonresident pursuant to the provision of Article 172 (Tax Payment by Self-Assessment Without Withholding at Source for Pay, etc.) of the Act by the time of payment of such pay or remuneration

(Scope of Persons Similar to Partners)

Article 328-2 The person similar to a partner who is specified by a Cabinet Order prescribed in Article 212(5) (Withholding Liability) of the Act shall be the partner who held a partnership contract prescribed in Article 212(5) of the Act and the person who holds or held a contract listed in Article 281-2(1)(iii) (Profit from Partnership Business Conducted in Japan).

(Value, etc. of Prize Paid in Property Other Than Money)

- Article 329 (1) The amount calculated pursuant to the method specified by a Cabinet Order prescribed in Article 213(1)(i)(b) (Tax Amount Collected for Income of Nonresidents or Foreign Corporations) of the Act shall be the amount calculated in accordance with the provision of Article 321 (Value of Prize Paid in Property Other Than Money) with regard to property other than money prescribed in Article 213(1)(i)(b) of the Act.
- (2) The amount calculated pursuant to the method specified by a Cabinet Order prescribed in Article 213(1)(i)(c) of the Act shall be the amount calculated in accordance with the provision of Article 296 (Tax Base for Pension, etc. under Life Insurance Contracts, etc.) with regard to the amount of pension to be paid

prescribed in Article 213(1)(i)(c) of the Act.

- (3) The amount specified by a Cabinet Order prescribed in Article 213(2)(iii) of the Act shall be the amount prescribed in Article 298(1) (Tax Base of Income Tax in the case of Domestic Corporations).

(Requirements for Nonresidents' Eligibility for Exemption from Withholding at Source)

Article 330 The requirements specified by a Cabinet Order prescribed in Article 214(1) (Domestic Source Income of Nonresidents Exempt from Withholding at Source) of the Act shall be the following requirements:

- (i) The nonresident has submitted a written notice pursuant to the provision of Article 229 (Notice of Commencement of Business, etc.) of the Act
- (ii) In the case of a nonresident who does not currently reside in the place for tax payment, the nonresident has submitted a notification of tax agent pursuant to the provision of Article 117(2) (Tax Agent) of the Act on General Rules for National Taxes.
- (iii) The nonresident has submitted a final return form for the income tax for the year preceding the relevant year.
- (iv) The domestic source income listed in each item of Article 214(1) of the Act for which the nonresident seeks the application of the provision of Article 214(1) of the Act is included in the scope of income on which income tax in the case of comprehensive income taxation prescribed in Article 165 (Calculation of Tax Base, Tax Amount, etc. in the case of Comprehensive Income Taxation) of the Act shall be imposed pursuant to the provisions of the Act and other laws and regulations concerning income tax (including a convention for the avoidance of double taxation with respect to taxes on income Japan has concluded).
- (v) The nonresident has never evaded income tax by deception or other wrongful acts.
- (vi) Where, for the purpose of seeking the application of the provision of paragraph (1) of Article 214 of the Act, the nonresident presents a certificate set forth in the said paragraph to the payer of domestic source income prescribed in the said paragraph, the nonresident is expected to record in books, without fail, the payer's name and domicile, office, place of business or any other place of payment of the relevant domestic source income, and the date on which the certificate is presented.
- (vii) Where domestic source income specified in each item of Article 214(1) of the Act for the category of person listed in the relevant item is paid to the nonresident's domicile, residence, or office, place of business or any other place equivalent thereto located outside Japan, the nonresident is expected to, for the purpose of filing a proper return pursuant to the provision of the

Act with regard to the relevant domestic source income, notify the office, place of business or any other place equivalent thereto pertaining to the business conducted by the nonresident in Japan (in the case where there are two or more such places, the principal one; hereinafter referred to as the "office, etc. located in Japan" in this item, paragraph (1)(ii) of the next Article, and Article 333(1)(i) (Procedures Required Where Nonresidents No Longer Satisfy the Requirements for Eligibility for Exemption from Withholding at Source)) of the type, amount, the basis of calculation of the amount, date of payment and any other necessary matters concerning the said domestic source income, and record these matters in his/her books at the said office, etc. located in Japan, without fail, on every occasion that he/she receives the domestic source income.

(Procedures Required Where Nonresidents Seek Exemption from Withholding at Source)

Article 331 (1) A person who intends to obtain a certificate set forth in Article 214(1) (Domestic Source Income of Nonresidents Exempt from Withholding at Source) of the Act shall submit a written application stating the following matters to the competent district director having jurisdiction over the place for tax payment:

- (i) The person's name and domicile, as well as his/her residence in Japan, if any
- (ii) The name and location of the person's office, etc. located in Japan, as well as the name of the person representative of or any other person responsible for such office, etc., and the name of the tax agent if the tax agent designated in the notification pursuant to the provision of Article 117(2) (Tax Agent) of the Act on General Rules for National Taxes is not the said responsible person
- (iii) The date on which a written notice prescribed in item (i) of the preceding Article has been submitted
- (iv) The outline of the circumstances where the person satisfies the requirement listed in item (iv) of the preceding Article
- (v) The statement that the person will keep records set forth in item (vi) of the preceding Article without fail
- (vi) Where the person falls under the case prescribed in item (vii) of the preceding Article, the statement of the circumstances where he/she falls under the said case and the statement that he/she will give the notice and keep the records set forth in the said item
- (vii) The name of the payer of the principal domestic source income for which the person seeks the application of the provision of Article 214(1) of the Act by way of the certificate, the payer's domicile, office, place of business or any

other place of payment of the said domestic source income and the recipient of the payment, as well as the type of the said domestic source income and the period during which payment of the said domestic source income is expected

(viii) Where the person falls under any of the categories of nonresidents prescribed in item (ii) or item (iii) of Article 214(1) of the Act, the statement of the circumstances where the domestic source income for which the person seeks the application of the provision of Article 214(1) of the Act by way of the certificate falls under the categories of domestic source income listed in these items

(ix) Other matters useful for reference purposes

(2) The provisions of Article 305(2) and (3) (Procedures Required Where Foreign Corporations Seek the Application of the Special Provisions for Taxation) shall apply mutatis mutandis to the certificate set forth in Article 214(1) of the Act for a nonresident.

(Scope of Nonresidents, etc. Exempt from Withholding at Source)

Article 331-2 (1) The person similar to a partner who is specified by a Cabinet Order prescribed in Article 214(1)(i) (Domestic Source Income of Nonresidents Exempt from Withholding at Source) of the Act shall be the person who holds a contract listed in Article 281-2(1)(iii) (Profit from Partnership Business Conducted in Japan).

(2) The person specified by a Cabinet Order prescribed in Article 214(1)(i) of the Act shall be the person who falls under the category of nonresident listed in Article 164(1)(i) (Nonresidents Having Permanent Establishments in Japan) of the Act with regard to a business other than a business conducted under a partnership contract prescribed in Article 214(1)(i) of the Act (hereinafter referred to as a "partnership contract" in this Article).

(3) The person specified by a Cabinet Order prescribed in Article 214(1)(ii) of the Act shall be the person who falls under the category of nonresident listed in Article 164(1)(ii) of the Act with regard to a business other than a business conducted under a partnership contract.

(4) The person specified by a Cabinet Order prescribed in Article 214(1)(iii) of the Act shall be the person who falls under the category of nonresident listed in Article 164(1)(iii) of the Act with regard to a business other than a business conducted under a partnership contract.

(Domestic Source Income of Nonresidents, etc. Not Exempt from Withholding at Source)

Article 332 The domestic source income specified by a Cabinet Order prescribed in Article 214(1)(i) (Domestic Source Income of Nonresidents Exempt from

Withholding at Source) of the Act shall be the following domestic source income:

- (i) A royalty or consideration listed in Article 161(vii) (Domestic Source Income) of the Act, which falls under the category of remuneration or fee listed in Article 204(1)(i) (Withholding Liability for Remuneration, Fee, etc.) of the Act
- (ii) Remuneration listed in Article 161(viii)(a) of the Act, other than remuneration that falls under the category of remuneration or fee for the provision of personal services listed in Article 204(1)(v) of the Act
- (iii) A pension listed in Article 161(x) of the Act, which is paid at 250,000 yen or more

(Procedures Required Where Nonresidents No Longer Satisfy the Requirements for Eligibility for Exemption from Withholding at Source)

Article 333 (1) A person who has obtained a certificate set forth in Article 214(1) (Domestic Source Income of Nonresidents Exempt from Withholding at Source) of the Act shall, in the case prescribed in Article 214(2) of the Act, attach the certificate to a written notice stating the following matters, and submit these to the competent district director having jurisdiction over the place for tax payment, and notify the payer of domestic source income to whom the person has presented the certificate to that effect without delay:

- (i) The name and location of the person's office, etc. located in Japan, as well as the name of the person representative of or any other person responsible for such office, etc., and the name of the tax agent if the tax agent designated in the notification pursuant to the provision of Article 117(2) (Tax Agent) of the Act on General Rules for National Taxes is not the said responsible person
  - (ii) The detailed statement of the circumstances where the person has ceased to satisfy the requirements listed in the items of Article 330 (Requirements for Nonresidents' Eligibility for Exemption from Withholding at Source) or ceased to fall under any of the categories of nonresidents prescribed in the items of Article 214(1) of the Act
  - (iii) The name of the payer of domestic source income to whom the person has presented the certificate, and the payer's domicile, office, place of business or any other place of payment of the relevant domestic source income
  - (iv) Other matters useful for reference purposes
- (2) The person prescribed in the preceding paragraph shall, where there has been any change to the matters listed in Article 331(1)(i) or (ii) (Procedures Required Where Nonresidents Seek Exemption from Withholding) which are stated in a written application set forth in Article 331(1) pertaining to a certificate set forth in the preceding paragraph, submit a written notice to that effect to the competent district director having jurisdiction over the place for

tax payment without delay.

(Pay or Remuneration of Nonresidents Deemed to Be Subject to Withholding at Source)

Article 334 The amount of pay or remuneration for which income tax is deemed to have been collected pursuant to the provision of Article 215 (Special Provisions for Withholding at Source of Pay, etc. for Provision of Personal Services by Nonresidents) of the Act shall, if the total amount of the consideration listed in Article 161(ii) (Domestic Source Income) of the Act that a person who conducts a business prescribed in Article 161(ii) of the Act in Japan has received with regard to the said business conducted in Japan does not reach the sum of the amounts of pay or remuneration listed in Article 161 (viii)(a) or (c) of the Act to be paid to individual nonresidents who provide personal services for the said business conducted in Japan with regard to their provision of personal services, be the amount calculated by multiplying the said total amount of consideration by the ratio of the amount of pay or remuneration to be paid to the respective nonresident to the said sum of the amounts of pay or remuneration.